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THE CASE FOR CAUTIOUSLY RESUMING WASHINGTON-BEIJING MILITARY TIES

INTRODUCTION

Evidence of grumbling in mainland China's military grows. In early February, reports surfaced that 3,500 officers, including political commissars, were under investigation for suspected involvement in the 1989 pro-democracy movement.¹ In September, a poster appeared on the campus of a military academy in Beijing, critical of the People's Liberation Army's (PLA) top brass.² And in some of China's largest cities, disillusioned soldiers are said to have formed secret groups intent on reinstating Zhao Ziyang, the disgraced former Communist Party chief.³

The impact of the violence in Beijing in June 1989 seems to have tested the loyalty of China's soldiers more seriously than Zhongnanhai, the nation's Kremlin, openly is willing to admit. Clearly, Beijing's elderly leadership is worried. In March, China's rulers increased spending on the 3.1 million man armed forces by 15 percent to \$6.2 billion, an \$807 million increase over the previous year. This "Tiananmen Square pay-off" came despite a burgeoning \$9 billion budget gap and persistent economic difficulties.⁴ And since the

1 Tai Ming Cheung, "Rank Insubordination," *Far Eastern Economic Review*, February 1, 1990, p. 22.

2 See: "Character Assassination," *Far Eastern Economic Review*, September 20, 1990, p. 9.

3 Peter Ellingsen, "Officers in Move to Restore Zhao," *Financial Times*, October 15, 1990, p. 8.

4 See: Nicholas D. Kristof, "China's Army is Cared for in Lean Budget," *The New York Times*, March 22, 1990, p. A17, and Daniel Southerland, "China Increases Spending on Military by 15 Percent," *The Washington Post*, March 22, 1990, p. A12.

crackdown in Beijing, the military has been turned upside down by so-called "hardliners" seeking to shore up its political loyalties. Over the summer, for example, senior commanders and political commissars were reshuffled in the country's seven military regions.

Indeed, while the leadership ceaselessly portrays the PLA as the Communist Party's loyal servant, speeches by top leaders unambiguously demand that "gun barrels be in the firm grip of those who are loyal to Marxism."⁵

Instructive Developments. For Washington policy makers, such developments should be instructive. Since the violence in Beijing last year, the military no longer appears the bedrock of Chinese Communist power that it once was. Arguably, in fact, it is split over the same elemental issues that have divided the ruling elite: dealing with recriminations from the Tiananmen Square massacre and defining the future pace and scope of the nation's economic and political reform. As is the case at the highest echelons of Chinese power, these divisions in the PLA fundamentally could define the future of China and its role in the world community.

In such light, the muzzle placed on the American defense establishment's contact with their Chinese counterparts since the 1989 massacre should be reviewed and then removed. The military sanctions adequately have expressed U.S. repugnance at the 1989 killings. But the silence now serves no purpose. Worse, it is counterproductive.

Recent events in the Persian Gulf and Indochina clearly illustrate that Beijing continues to play a significant role in international security issues. On the one hand, China has supported the United States-led initiative against Iraq at the United Nations and largely has played a constructive role in the resolution of Cambodia's civil war. On the other hand, Beijing's involvement in international arms sales, especially to the Middle East, requires closer defense contact than Washington's current policy provides.

Monitoring Moscow. Significant too, is the role China's military plays as the Soviet Union crumbles. Despite Soviet President Mikhail Gorbachev's political liberalizations, Moscow still controls the world's largest conventional and nuclear arsenals, the majority of which is aimed at the U.S. and China. Sharing a 4,670-mile border with the Soviet Union and confronting some 50,000 Russian troops, Beijing is widely believed to provide important intelligence information to Washington on Moscow's Asian military operations and capabilities. As Beijing and Moscow negotiate force reductions along their mutual border, it is crucially important for the U.S. defense establishment to have high-level contacts with its Chinese counterpart.

Re-establishing Sino-American defense contacts may also be the key to effectively monitoring domestic developments in China. Indeed, it is not incon-

5 Speech by President Yang Shangkun to Beijing military region party committee meeting, May 1990. Text courtesy of the Press Office, Embassy of the People's Republic of China.

ceivable that the PLA could emerge as a force for moderation in a future power struggle.

From Guns to Teddy Bears. It can be argued that dissent in the PLA's ranks largely is due to its advent as an "entrepreneurial army." In the ten years up to the Tiananmen Square Massacre, China's military steadfastly avoided politics and pursued programs designed to build a professional, "non-political" armed force. In many instances, this meant going into business. Across China today, military-run ordnance factories produce not only bullets but also fertilizers, refrigerators, and civilian aircraft. A military complex once dedicated to producing mostly guns and uniforms for the soldier has learned to produce T-shirts and teddy bears for the populace as well.

The venture has been remarkably successful. It also profoundly has affected the military's view of itself. For one thing, the Chinese soldier directly has seen the benefits of the nation's program of economic reform. The PLA's business interests amply have improved the common soldier's standard of living and self-image. It is today one of the most significant pro-reform elements in China. For another thing, ten years of economic reform has seen an expansion of defense ties with foreign nations, like the U.S., that has become crucial to acquiring the advanced technology, skill, and knowledge needed to pursue the Chinese military's ultimate goal: modernization.

Nominal increases in military budgets, accompanied by large doses of political study sessions, are unlikely to achieve such ends. Disgruntled PLA soldiers clearly know this and have begun to question their masters. Noted an important military newspaper, the *Liberation Army Daily*, earlier this year: "Some soldiers...have become doubtful of the leadership of the communist party and the superiority of the socialist system."⁶

Holding the Keys. Dissent in the ranks especially is important because the military may hold the keys to China's future. The scenario: Deng Xiaoping, the nation's 86-year-old paramount leader, is trying to arrange his succession behind a circle of younger leaders headed by Jiang Zemin, the new Communist Party chief. Jiang, though, is relatively weak and is likely to face a power struggle as soon as Deng passes from the scene. "It is at that point," one Beijing scholar recently commented, "that the army could be called into action to help determine the next generation of leadership."⁷

Such a scenario could prove strikingly similar to last December's events in Romania, where that country's army's decision to change sides brought a sudden end to Nicolae Ceausescu's regime. The elderly Chinese leadership surely senses this. When the violence in Romania broke out, top political and military leaders met regularly to monitor the events, and security forces around Beijing were placed on high alert.⁸

6 The *Liberation Army Daily*, February 13, 1990, p. 1.

7 Discussions in Beijing, May 1990.

8 See Tai Ming Cheung, "Haunted Dreams," *Far Eastern Economic Review*, January 18, 1990, p. 16.

Although dissent among troops came nowhere near the possibility of civil war among rival military units as suggested by some media accounts in early June 1989, divisions have appeared in the PLA that merit close monitoring by the U.S. Washington thus should move to reopen lines of communication with the PLA. Specifically, the Bush Administration should:

- ◆ Renew the high-level defense ties with the PLA that have been cut off since June 4, 1989. This should begin at the Assistant Secretary of Defense level and include members of the Joint Chiefs of Staff.
- ◆ Re-establish PLA and U.S. military exchanges, particularly in the medical and academic fields, which have ceased since last year's violence at Tiananmen Square.
- ◆ Request the Secretaries of Commerce, Defense, and State to create an inter-agency group to make a detailed study of the nature of American technology transfer to China, clearly defining the circumstances under which it would be possible to resume transfers. Before Tiananmen Square, U.S. military exports to China included such key technologies as computers and telecommunications equipment. The report also should consider Hong Kong's future access to high technology. Under current regulations, Hong Kong after 1997 will be subject to the same restrictions governing trade of high-technology products with China. Such restrictions could affect the territory's competitiveness significantly.

CHINA'S ENTREPRENEURIAL MILITARY

For a decade until June 4, 1989, the People's Liberation Army devoted much of its time to beating swords into ploughshares. The Shenyang Aircraft Company, home of the Chinese F-8 jet fighter project, produced sports equipment and garbage compactors as well. The Shanghai Broadcast Equipment Factory, converted from a civilian radio factory in 1961 to a missile-monitoring systems and satellite parts manufacturer, largely has made television sets since 1979. The Guangdong PLA built hotels. And the military-run Jia He United Development Company dabbled in electronic components, building materials, vehicle parts, and agricultural products. In China, the military-industrial complex has become a business.

There are several reasons why the PLA pursued profits. For one thing, a professional, non-political military that produced goods not only for war but also civilians helped make clear the leadership's commitment to improving the Chinese people's standard of living and its program of economic reform. For another thing, the international environment did not pose the kind of imminent danger that required China to invest a major portion of its scientific

and technically-trained personnel in programs designed to quickly update the PLA's conventional or nuclear forces.⁹ China would use diplomacy as a "counterweight" to its strategic threats, principally from the Soviet Union. Deng's reform program – the so-called "Four Modernizations" of agriculture, industry, science and technology, and defense – meaningfully ranked the military last in priority.

Sensible Strategy. Most important, perhaps, a military establishment that made money could provide for itself. The notion of PLA self-sufficiency was not new. Mao Zedong spent an estimated \$54 billion between the mid-1960s and mid-1970s building some 30,000 factories in a "Third Front Strategy" designed to support national defense. But as was often the case, Mao's dreams translated into China's burdens. Many of the factories ran at a loss and by the time Deng took power were idle or severely under-utilized. Revitalizing them to support China's civilian economy simply made sense.

A 1986 report to the U.S. Congress explained the role of the military in the Chinese economy.¹⁰ Deng's military modernization program had five objectives. Specifically, it sought to:

- ◆ Employ the defense sector, with its often well-trained personnel and advanced technology, to manufacture goods for the civilian populace.
- ◆ Improve the image of the PLA. The logic: a people's army that produced consumer goods for the people would both help raise Chinese standards of living and improve a damaged PLA image after a disastrous war with Vietnam between February 17 and March 5, 1979. By some estimates, that short conflict cost the PLA some 26,000 lives.¹¹
- ◆ Allow defense industries to produce items for export, enabling China to earn more foreign exchange to purchase the equipment and technology vital to "The Four Modernizations" program.
- ◆ Free the PLA from intrusive micromanagement by the state. A military that produced goods for the civilian market and made profits, the reformers argued, would not need to be subsidized by the central government and might even bring in tax revenues. The military's ties to the Communist Party, moreover, would be loosened.

9 See: Paul H.B. Godwin, "The Chinese Defense Establishment in Transition: The Passing of a Revolutionary Army?" in A. Doak Barnett and Ralph N. Clough, eds., *Modernizing China* (Boulder, Colorado: Westview Press, 1986).

10 See: June Teufel Dreyer, "The Role of the Military in the Chinese Economy," in *China's Economy Toward The Year 2000*, U.S. Congress, Joint Economic Committee, 1986, p. 189-190.

11 See: King C. Chen, *China's War with Vietnam, 1979* (Stanford, California: The Hoover Institution Press, 1987) p. 114.

- ◆ Produce so-called technological “spin-offs.” Chinese leaders keenly were aware that many significant industrial advances in the developed world came about because of military research and manufacturing.

The military’s focus on producing consumer goods has compensated for the consistent fall in the defense budget as a share of China’s total budget. According to official Chinese figures, military spending as a share of national budgetary outlays dropped from 17.5 percent in 1979 to 7.4 percent in 1989.¹² The share of consumer goods made in military factories, meanwhile, doubled between 1978 and 1983 to 20 percent of the defense budget, rose to 40 percent of the budget by 1987 and, according to Chinese military sources, will rise to half of the defense budget by the year 2000. The PLA offered a breakdown of its use of the profits in 1986: some 30 percent of the military’s business earnings subsidized “troop costs,”¹³ 34 percent “maintained barracks,” and 11 percent went towards training.

The products manufactured by the military include socks, underwear, motorcycles, microwave ovens, and heavy machinery. And top-of-the-line products, such as nuclear-power generators and Long March satellite-launching equipment, are available for export.

Courting the Military. As the products multiplied, so too did the number of trading companies handling the new business. Foreign Trade Corporations (FTCs) within various government ministries today compete with one another to secure the military’s business. The better known FTCs include Poly Technologies, a subsidiary of the powerful China International Trust and Investment Corporation (CITIC), and China North Industries Corporation, or NORINCO. These companies are influential in high places too; the President of Poly Technologies is He Ping, Deng Xiaoping’s son-in-law.¹⁴

The FTCs’ emergence has been championed by a new generation of field officers and cadres with a large stake in China’s economic reforms. For these people, the commercialization of the PLA has been crucial to obtaining adequate funding for defense programs and improving the standard of living for the common soldier. Said one Shanghai military official in conversations with The Heritage Foundation this May: “The economic reforms are vital to us in the defense establishment. Curtailing them definitely harms our interests.”

12 See: Richard E. Gillespie, “The Military’s New Muscle,” *The China Business Review*, September-October 1989, p. 27.

13 See: “China Invents The Entrepreneurial Army,” *The Economist*, May 14, 1988, p. 67.

14 See: Richard E. Gillespie, “The Military’s New Muscle,” *The China Business Review*, September-October 1989, p. 30.

THE U.S.-PRC MILITARY RELATIONSHIP

To help the PLA successfully make the transition into an “entrepreneurial army,” defense contacts were opened with the West. Modern day U.S.-China military contacts are characterized by fits and starts, and date back to January 6, 1980, when then-Secretary of Defense Harold Brown arrived in Beijing for strategic discussions with Chinese leaders.

The trip was anything but a courtesy call. Brown’s Beijing visit came on the heels of Moscow’s December 1979 invasion of Afghanistan and Vietnam’s December 1978 occupation of Cambodia. U.S. and Chinese influence in Asia was at a post-World War II low. Talk of a Sino-American “strategic alliance” was in the air.¹⁵

But the strategic alliance never developed. Although the Chinese dispatched a high-level defense team to Washington six months later to discuss prospective military deals, the Sino-American relationship stalled, a state of affairs that would become familiar.

Two issues appeared to be at the heart of the problem in the summer of 1980: Washington’s continuing arms sales to Taipei and Beijing’s desire to get more favorable American terms in technology transfers. Deeper, though, was the symbolism of Washington’s military contact with the Chinese on both sides of the Taiwan Strait: Since the 1979 normalization of U.S.-PRC relations, weapons sales to Beijing and Taipei had come to dramatize the durability – or lack of it – of the U.S. commitment to the status quo.¹⁶

Clearing Hurdles. It was not until August 1982 that Washington and Beijing cleared the symbolic hurdles surrounding military ties. For one thing, the August 17, 1982, “Shanghai II” Communique addressed the issue of Washington’s arms sales to Taipei, noting that the U.S. “appreciates the Chinese policy of striving for a peaceful resolution of the Taiwan question... and it intends to reduce gradually its sale of arms to Taiwan, leading over a period of time to a final resolution.”¹⁷ For another thing, restrictions on technology transfers to Beijing markedly were eased in May 1983, when Reagan Administration Secretary of Commerce Malcolm Baldrige traveled to Beijing.

Baldrige’s China trip set the stage for a take-off in Sino-American military ties. U.S. defense policy toward China, as defined in a September 1983 Beijing trip by Secretary of Defense Caspar Weinberger, would be based on “three pillars”: high-level Sino-American visits, functional-level exchanges, and military technology cooperation.

15 See: Eden Y. Woon, “Chinese Arms Sales and U.S.-China Military Relations,” *Asian Survey*, Volume XXIX, Number 6 (June 1989), p. 601.

16 See: Charles T. Cross, “Taipei’s Identity Crisis,” *Foreign Policy*, Number 51, Summer 1983, p. 50.

17 Department of State Bulletin, Washington, D.C., September 1982.

China was granted Foreign Military Sale (FMS) eligibility in June 1984. Several high level defense visits, including a May 1987 visit to the U.S. by then Vice-Chairman of the Chinese Military Commission Yang Shangkun, took place. Working-level contacts occurred in numerous fields: training, logistics, military education, systems analysis, and military medicine. The U.S. helped the PLA plan for a Chinese National Defense University, whose doors opened on September 1, 1986.

The U.S. Navy made port calls in China, including a visit to Qingdao in November 1986. The U.S. Air Force *Thunderbirds* put on an air show in Beijing in September 1987. U.S. military sales to China grew as well. Chinese purchases included: \$22 million for large-caliber artillery plant modernization; \$8 million for MK 46 Mod 2 torpedoes; \$62 million for AN/TPQ-37 artillery-locating radar; and \$500 million for F-8 interceptor avionics modernization, labeled project Peace Pearl, which was cancelled by the Chinese this May because of cost overruns.¹⁸

CHINESE MISSILE SALE PROBLEMS

The U.S.-China military honeymoon proved short-lived, however, when in October 1987 Washington imposed sanctions on high-technology deals with Beijing in response to the alleged sale of Chinese-made HY-2 *Silkworm* anti-ship missiles to Iran. The *Silkworm* is a tactical surface-to-surface missile with a range of 37 miles. As Chinese officials publicly denied that China had ever provided *Silkworms* to Iran, U.S. warships escorted reflagged Kuwaiti oil tankers through the Persian Gulf. Wrote Lt. Colonel Eden Woon, a prominent American analyst on the Chinese military: "Their lack of candor, compounded by speculations about...[the] deliveries...and the anxiety about the safety of U.S. naval vessels in the Gulf escort operation, eroded the earlier goodwill toward China felt by many in the U.S. defense establishment. Some even questioned the basic worth of a military relationship."¹⁹ The frustration was not limited to the military establishment. Other U.S. government agencies, the press, and Congress also were angered by Beijing.

Although China thought the U.S. reaction to the *Silkworm* issue unfair, Beijing nonetheless took measures in March 1988 to rekindle the relationship. Beijing assured Reagan Administration officials that it would take steps to stop the delivery of *Silkworms* to Iran. Beijing also dispatched then Foreign Minister Wu Xueqian to Washington to pledge Chinese support for United Nations Resolution 598 calling on Iran to accept a cease fire in its war with Iraq. The U.S. was willing to reciprocate. Anonymously remarked one Reagan Administration official: "We want to get [relations] out of this stall... [we want to] get things moving again."²⁰

18 Lena H. Sun, "China to Drop Arms Deal with U.S.," *The Washington Post*, May 16, 1990, p. A15.

19 Woon, *op. cit.*, p. 612.

20 See Jim Mann, "U.S. Acts to Mend Its China Fences," *Los Angeles Times*, March 12, 1988, p. I-16.

Revelations in April 1988 of Chinese sales of CSS-2 Intermediate Range Ballistic Missiles (IBRMs) to Saudi Arabia, however, again slowed progress in Sino-American military ties. The CSS-2 is a mobile, liquid-fueled, single-stage missile that has a range of around 1,500 miles. Its sale to Riyadh endangered Israel. Notes Woon: "To many who did not trust China because of the *Silkworm*...the sales to Saudi Arabia provided further proof that the Chinese arms sales policy was in conflict with U.S. interests."²¹ Indeed, Woon went on to note, no country had ever transferred a missile with such range before.²² Subsequent press reports hinted at other Chinese missile sales, including possible delivery of its M-Family of Short Range Ballistic Missiles (SRBMs) to Syria and Iran.²³

As the Iran-Iraq War ended and tensions in the Middle East calmed in summer 1988, Washington and Beijing tried again at military ties. In July, Secretary of State George Shultz traveled to Beijing and expressed to Chinese leaders American dismay over recent events. Secretary of Defense Frank Carlucci followed in September. "We are certain that the Chinese will behave in a responsible way in the future," said Carlucci in a press conference in Beijing, "...and I am hopeful that as a result, we can put [the missile sale] issue behind us."²⁴ Again, the military relationship slowly began to gain momentum, culminating in a visit by ships of the U.S. Seventh Fleet at Shanghai on May 18, 1989. This was the last day of the first Sino-Soviet summit in 30 years – and, ominously, was in the middle of the mounting student confrontation with the regime.

JUNE 4, 1989, AND MILITARY SANCTIONS

When the violence erupted in Beijing scarcely two weeks later, Sino-American relations were placed on indefinite hold. The massacre scenes from China, vividly relayed via television, portrayed an armed suppression of student demonstrators. Tanks, soldiers, armored personnel carriers – the trappings of the military repression – came into American homes with terrifying clarity. Commentators glibly captured the event: The People's Liberation Army had turned on the people.

The Bush Administration responded to the assault on Tiananmen Square by suspending high-level visits, government-to-government sales, and commercial exports of weapons. It blocked munitions deliveries under Foreign Military Sales (FMS) programs and suspended all 493 Munitions Control List (MCL) export licenses and export license applications. The ban led to the

21 Woon, *op. cit.*, p. 613.

22 *Ibid.*

23 See: Michael R. Gordon, "Beijing Avoids New Missile Sale Assurances," *New York Times*, March 30, 1989.

24 See: David Holley, "China to Limit Arms Sales, Carlucci Says," *The Los Angeles Times*, September 8, 1988, p. I-9.

suspension of work on about \$602 million in FMS sales and \$425 million of MCL commercial sales. Crime-control items were likewise forbidden to be sold, including portable night-operable television surveillance monitors and fingerprint equipment. And the U.S. suspended all efforts to liberalize controls on high-technology exports to China. In separate sanctions, the Senate and House of Representatives passed into law measures that essentially codified the Administration's actions.²⁵

After a case-by-case review, the Administration subsequently reinstated, approved, or even ignored some licenses, stressing each time that the export was for commercial or civilian use, and was not a "weapons" export applicable to suspension. The Administration, for example, allowed Hughes Aircraft Company to continue work through the summer following the Tiananmen Massacre on two satellite programs, one with Australia's AUS-SAT and the other with the British/Hong Kong/Chinese consortium AsiaSat, involving the Chinese launch of its satellites. The AsiaSat launch went off this April 7. In the now cancelled \$500 million Peace Pearl project to upgrade China's F-8 fighter jets, the Bush Administration simply allowed work to continue.

UNEASE IN BEIJING AND A NEW AMERICAN RESPONSE

If Washington has been uneasy dealing with the PLA, so too has the leadership in Beijing been uneasy with Washington's contacts with the Chinese military. Since the repression of the pro-democracy demonstrations, "hardline" officials – rumors tend to focus on the efforts of State President Yang Shangkun and his younger brother, General Yang Baibing, head of the Central Military Commission – have been rooting out potentially unreliable soldiers. Of particular concern: mid-level officers, the majors and captains, who have come to see the past decade of reform as crucial to their, and the PLA's, interests.

Tough articles in the Chinese press scourge "domestic and foreign hostile forces...[that have]...tried in every possible way to carry out infiltration, disintegration, and erosion in a vain attempt to alter the nature of our army." To stem the subversion, soldiers spend six hours a day in political study sessions. And freshman at Beijing University now mandatorily pass their first year in college in army fatigues doing likewise. Said one editorial in the *Liberation People's Daily*: "Stepping up political work is not only an important guarantee for our army's modernization drive, but also necessary for building a modern revolutionary army."²⁶

25 "Report of the President to the Congress of the United States on Bilateral and Multilateral Measures Taken in Response to the Military Crackdown in China," May 16, 1990.

26 For more on this, see: Tai Ming Cheung, "Basic Marxist Training," *Far Eastern Economic Review*, August 23, 1990, p. 46.

Hollow Words. For many of China's younger soldiers, though, such words ring hollow. Evidence suggests they do not believe the rhetoric. Like the Chinese nation, the PLA is burdened by its own generational split: an elderly leadership appears dreadfully out of sync with its front-line troops.

The Bush Administration should now focus its policy on this split. To do so, it should:

- ◆ Restore high-level visits, beginning at least at the Assistant Secretary of Defense level, that have been cut off since the violence in China over a year ago. Until June 4, 1989, there was a wide-ranging and substantive dialogue between American and Chinese military leaders. Since then, there has been no contact. The events in the Persian Gulf, Cambodia, and the Soviet Union, however, illustrate the need for Sino-American defense consultation. It is important that the Chinese and American defense communities consult on a wide array of topics, ranging from international issues like Chinese missile sales to the Middle East to Chinese domestic concerns that unrest in the Soviet Union's Muslim republics might spill over into China's own contentious minorities and prompt Beijing to again call on the PLA to put down dissent.
- ◆ Re-establish so-called "functional" exchanges between members of the two defense establishments. Such exchanges should concentrate on academic ties and initially could be coordinated through the nations' respective defense universities.
- ◆ Form an inter-agency task force under the aegis of the Secretaries of Commerce, Defense, and State to analyze and simplify the so-called "third pillar" of defense ties: military technology transfer. Before last year's carnage in Beijing, U.S. policy supported the transfer of technology to China, but within certain limits set by national security considerations. The rationale for the policy, supported by four U.S. administrations, is that assisting China in its modernization served American interests. The task force should determine if such is still the case and under what circumstances military ties should again proceed.²⁷

The task force also should consider Hong Kong's future access to high technology. Under current regulations, Hong Kong after July 1, 1997, would be subject to the restrictions that would apply to China governing the import of high-technology products. If Hong Kong were subject to these restrictions, it could lose its attractiveness as an international commercial, financial, and telecommunications center. Hong Kong is a major buyer and user of American-made high technologies; its 1989 purchases were valued at \$2.8 billion.

²⁷ See: Asian Studies Center *Backgrounder* No. 89, "The Bush Administration and U.S.-China Trade," March 31, 1989. Also instructive is the U.S. Congress, Office of Technology Assessment, "Technology Transfer to China," OTA-ISC-340 (Washington, D.C.: Government Printing Office, July 1987).

CONCLUSION

Wrote Major General Wu Jiamin, one of the army officials who participated in the military action to recapture Tiananmen Square:

In 1949, I was a 17-year-old foot soldier. Our infantry division participated in the battle to liberate Beijing. That was my first time in the capital. As we marched across the city, we were showered with bouquets and ribbons. There were cries of joy and laughter along the way. I knew only glory and honor then. Forty years later, I marched into the capital for the second time...[in charge] of the same division. We traced the same route. But this time, people looked at us with a cold glare. They hurled insults at us and pelted us with bricks and soft-drink bottles.²⁸

The bloody crackdown in Beijing has opened deep fissures in the People's Liberation Army. There are wide and growing generational gaps among ideologically driven veterans of Maoist times and the younger, better-educated officers who want to make the PLA into a modern, professional military machine.

Determining China's Future. For Washington, their split is important because it is possible that the PLA could be called upon to determine the future of China. Noted one U.S. official to The Heritage Foundation: "The army could be decisive in clearing out the political rhetoric and determining which political leaders finally emerge. And with these leaders will come the kind of China which we will have to deal with in the future."

Washington must be aware of this and accordingly change its defense policy to better monitor the events in Beijing. Military links thus should be re-established. It is time to start talking again.

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28 See: Julia Leung and Lau Yui-siu, "Tiananmen Tales from the People's Army," *The Asian Wall Street Journal*, July 16, 1990.

Appendix

THE PEOPLE'S LIBERATION ARMY

MILITARY BUDGET			MANPOWER	
Growth in Yuan				
1988	\$5.86 billion	+3.9%	Active:	
1989	\$6.67 billion	+15.1%	Army:	2,300,000
1990	\$6.13 billion	+15.4%	Navy:	260,000
			Air Force:	470,000
			Reserves:	1,200,000 +

STRATEGIC FORCES

MISSILES

Category	Designation	Deployed	Range (miles)	Warheads	Number Deployed
ICBM	CSS-4	1980	6,200	1	2
ICBM	CSS-3	1978	5,000	1	6
IRBM	CSS-2	1971	1,800	1	60
SLBM	CSS-N-3	1986	1,600	1	12
SRBM	M-9	early 1990's	360	1	—

SUBMARINES

				Missiles		
SSBN	Xia	1982	NA	12		1

BOMBERS

				Bombs		
Medium	H-6	1968	NA	1		50

ORGANIZATION

Army: 80 Infantry Divisions
10 Armored Divisions
5-6 Field and Air Defense Artillery Divisions
50 Independent Engineering Regiments
2 Group Helicopter Battalions
12 + Reserve Infantry Divisions

Navy: **Coastal Defense Forces**
35 Artillery and Surface-to-Surface Missile Regiments
Marines
One Brigade and Special Reconnaissance Units
Naval Air Force
3 Bomber Divisions
6 Fighter Divisions

EQUIPMENT

Army: 7,500-8,000 Main Battle Tanks
2,000 Light Tanks
2,800 Armored Personnel Carriers
14,500 Towed Artillery Pieces
3,800 Motorized Rocket Launchers
15,000 Air Defense Guns
Large Numbers of Mortars, Self-Propelled Artillery,
Anti-Tank Guns, Anti-Tank Missiles, Surface-to-Surface
Missiles, Rocket Launchers and Recoilless Rifles

Navy: 1 Ballistic Missile Submarine, 1 Cruise Missile
Submarine, 91 Attack Submarines, 18 Destroyers, 37
Frigates, 10 Corvettes, 110 Coastal Patrol Craft,
380 Inshore Patrol Craft, 215 Fast-Attack Craft
(missile), 160 Fast-Attack Craft (torpedo),
52 Minesweepers, 58 Amphibious Landing Craft

Naval Air: 30 Medium Bombers
130 Light Bombers
650 Fighters
61 Armed Helicopters

Air Force: 120 Medium Bombers
 350 Light Bombers
 500 Ground-Attack Aircraft
 4,000 Fighters
 290 Reconnaissance Aircraft
 600 Transport Aircraft
 400 Helicopters
 Soviet-style Anti-Aircraft and Anti-Ship Missiles

Air Defense:
 16,000 Air Defense Guns
 100 Surface-to-Air Missile Units

**U.S. ARMS SALES TO PRC
 MILLIONS OF \$**

	1987	1988	1989	1990
Foreign Military Sales Orders	550.75	14.11	000	10.0*
Foreign Military Sales Deliveries	3.9	39.3	35.4	NA
Commercial Exports	24.4	43.0	81.2*	48.7*

* estimated

Sources: *The Military Balance: 1990-1991*, International Institute of Strategic Studies; *Jane's Strategic Weapons Systems*, Jane's Information Group, 1989; Kerry Dumbaugh and Larry Nowles, *China-U.S. Cooperation*, Congressional Research Service, July 14, 1989.

U.S. AND CHINESE MILITARY VISITS

1985

- January:** Melvin Paisley, Assistant Secretary of the Navy for Research, Engineering, and Systems, visits China.
General John W. Vessey, Chairman of the Joint Chiefs of Staff, and Admiral William J. Crowe, Commander-in-Chief, Pacific, visit China.
- October:** Charles Gabriel, Air Force Chief of Staff, visits China.
- November:** Xu Xin, Deputy Chief of the General Staff, visits the U.S.
Liu Huaqing, Commander PLA-Navy visits the U.S.
- December:** Xie Guang, Vice Minister National Defense, Science, Technology and Industry Commission, visits the U.S.

1986

- April:** Admiral James D. Watkins, Chief of Naval Operations, visits China.
- May:** Yang Dezhi, Chief of General Staff, visits the U.S.
- October:** Caspar Weinberger, Secretary of Defense, visits China.
- November:** General John Wickham, Chief of Staff, visits China.
Port Call in China made by *USS Oldendorf*, *USS Reeves*, and *USS Rentz*.

1987

- March:** General P.X. Kelley, Commandant of the Marine Corps, visits China.
- April:** Wang Hai, Chinese Air Force Commander, visits the U.S.
- May:** Chinese Delegation visits U.S., including: Yang Shangkun, Vice Chairman; Central Military Commission, Fang Yi, State Councillor; Zhu Qizhen, Vice Minister of Foreign Affairs; Xu Xin, Deputy Chief of Staff of the PLA.
Zhang Zhen, President of the PLA-National Defense University, visits the U.S.
- June:** Admiral Ronald J. Hays, Commander-in-Chief, Pacific, visits China.
- August:** Robert Costella, Assistant Secretary of Defense for Production and Logistics, visits China.
- September:** Edward Aldridge, Air Force Secretary, visit China.
- October:** Charles Gabriel, Air Force Chief of Staff, visits China.

1988

- July:** General Maxwell Thurman, Commander of the U.S. Army Training and Doctrine Command, visits China.
- August:** Zhu Qizhen, Vice Minister of Foreign Affairs meets in China with William Burns, Director of the U.S. Arms Control and Disarmament Agency.
- September:** Frank Carlucci, Secretary of Defense, visits China.
- October:** Admiral A.H. Carlisle Trost, U.S. Chief of Naval Operations, visits China.
- November:** Lieutenant General Zhu Guang, Political Commissar of China's Air Force heads a delegation to the U.S.

1989

- April:** Larry Welsh, Air Force Chief of Staff, visits China.
Vice Admiral Ma Xinchun, Commander of China's North Sea Fleet, aboard the *Zheng He*, makes port call at Pearl Harbor.
- May:** Vice Admiral Henry E. Mauz Jr., Commander, U.S. 7th Fleet, makes port call at Shanghai with *USS Blueridge*, *USS Sterett* and *USS Rodney M. Davis*.

Sources: U.S. Department of Defense, and other sources.