



IN THIS SPECIAL ISSUE:

IN A FORTNIGHT

By Joseph E. Lin.....1

CHINA'S MOST POWERFUL "PRINCELINGS": HOW MANY WILL ENTER THE NEW POLITBURO?

By Cheng Li.....2

HU'S DISAPPOINTMENTS AT THE 17TH PARTY CONGRESS

By Willy Lam.....6

YASUO FUKUDA AND THE FUTURE OF THE SINO-JAPANESE RELATIONSHIP

By Christopher Griffin.....8

CHINA, BURMA, AND THE "SAFFRON REVOLUTION"

By Ian Storey.....10



China's 17th Party Congress
Currently Underway

China Brief is a bi-weekly journal of information and analysis covering Greater China in Eurasia.

China Brief is a publication of The Jamestown Foundation, a private non-profit organization based in Washington, D.C. and is edited by Joseph E. Lin.

The opinions expressed in China Brief are solely those of the authors, and do not necessarily reflect the views of The Jamestown Foundation.



For comments or questions about *China Brief*, please contact us at pubs@jamestown.org

1111 16th St. NW, Suite #320
Washington, DC 20036
Tel: (202) 483-8888
Fax: (202) 483-8337

Copyright © 2007

In a Fortnight

By Joseph E. Lin

RETIRED CADRE CRITICIZE CCP FOR STIFLING DEBATE AND IGNORING THE POOR

In an open letter to the Chinese Communist Party's (CCP) Politburo Standing Committee, 170 retired senior cadre denounced the current government's economic policies as unfair toward the working class and harmful to the environment, adding that they had departed drastically from the original socialist values of Mao Zedong. The signatories of the letter, which included former government ministers, intellectuals, and senior officials, are considered "leftists" within the CCP who hold dearly to orthodox Communist ideals, including Mao's teachings. In their letter posted on the leftist website Maoflag.net—promptly shut down by the government a few days later—the Leftist officials singled out the policies of Deng Xiaoping as having been responsible for instituting the liberal economic reforms, and the ensuing exploitation of China's workers by the wealthy. Former President Jiang Zemin was also not immune from criticism, with the letter calling for Jiang's "Theory of the Three Represents" to be removed from the CCP's constitution. Li Chengrui, 85, a former director of the National Bureau of Statistics, was one of the signatories of the letter who publicly condemned China for being "a capitalist society in the disguise of socialism." "China's capitalism," he said, was "bred in the days of Deng Xiaoping, grew under Jiang Zemin and is ripe in Hu Jintao and Wen Jiabao's regime" (*South China Morning Post*, October 10).

This is certainly not the first instance in which members of the CCP's old guard

have been openly critical of Beijing's policies. Li Rui, 89, who once served as the personal secretary of Mao Zedong, has attracted considerable attention in recent years with calls for the CCP to embrace free speech and political reform. Prior to the ongoing Party Congress, Li Rui had also submitted a separate letter to the leadership calling for the CCP to liberalize the political system of the country (see Willy Lam, "Hu's Disappointments at the 17th Party Congress"). Yet, the growing number of protests from the CCP's retired ranks has done little to affect the Chinese leadership's policies, with the latter even attempting to stifle the critics. In his interview with Agence France-Presse, Li Rui lamented the lack of free speech and healthy debates in China, saying, "Before I die, I want to express my views...why can't we debate freely? Marx was not afraid to debate" (AFP, October 15). Li emphasized his concerns, stating, "It makes me want to shed tears when I see a Community Party like this...they don't have to listen to us but history is ruthless, only regimes which respect their people will last."

Joseph E. Lin is the Associate Editor of China Brief at The Jamestown Foundation.

China's Most Powerful "Princelings": How Many Will Enter the New Politburo?

By Cheng Li

High on the list of conceivable outcomes of the 17th Party Congress that will cause strong social resentment in China is the possibility that the newly established Politburo will be filled with many "princelings," leaders who come from families of former high-ranking officials. In the eyes of the Chinese public, market reforms in the past three decades have not only brought about rapid economic growth, but have also led to the rise of enormous economic disparities. It has been widely noted that large numbers of Communist Party leaders have taken advantage of their political power to convert the assets of the state into their own private wealth. The presence of a large number of princelings in the new Politburo would likely reinforce public perceptions of the convergence of power and wealth in the country.

Family ties and nepotism in elite recruitment are certainly not unique to China, and they are at times instrumental in the political career advancements of leaders in democratic countries. Yet, general elections in democracies tend to

confer legitimacy on politicians even if they hail from a politically powerful family or were born with a "silver spoon" in their mouth. In an authoritarian regime such as China where leaders are *selected* rather than *elected*, however, the top officials who come from privileged family backgrounds are generally suspected of having reached their high positions primarily because of political nepotism. At a time when Hu Jintao presents himself as a populist leader whose administration places a top priority on increasing social fairness and equality, the presence of a large contingent of princelings in the next Politburo would be seen as a great irony, thus significantly undermining Hu's populist claims.

LEADING PRINCELINGS FOR SEATS ON THE 17TH POLITBURO

To a greater extent at this upcoming Congress than at any previous Congress in the history of the Chinese Communist Party (CCP), princelings are poised to assume more seats in the Politburo, including its Standing Committee. In the 24-member 15th Politburo, which was formed in 1997, four members were princelings—Party General-Secretary Jiang Zemin, Chairman of the National People's Congress (NPC) Li Peng, Vice Chairman of the NPC Li Tieying, and Director of the General Office of the CCP Central Committee Zeng Qinghong—whose fathers were former leaders at the vice ministerial level or above. Jiang Zemin and Li Peng both came from families of Communist martyrs; their deceased fathers' comrades-in-arms were undoubtedly helpful to their political careers. In the 25-member 16th Politburo selected in 2002, three members were princelings: Party Secretary of Hubei Yu Zhengsheng and Minister of Public Security Zhou Yongkang, as well as Vice President Zeng Qinghong, a holdover from the 15th Politburo.

Table 1 lists fifteen leading candidates for the next Politburo who come from princeling backgrounds. All but one of these individuals currently serve on the 16th Central Committee, including one Politburo Standing Committee member, two Politburo members, nine full members, and two alternate members. The one exception is Lou Jiwei, Deputy Secretary-General of the State Council, who serves as a member of the 16th Central Discipline Inspection Commission. Their previous leadership experiences, current positions, relatively young ages (in most cases) and political favoritism make them leading contenders for seats on the next Politburo.

At present, it is not clear whether Zeng, Yu and Zhou will manage to keep their seats on the 17th Politburo. The most likely scenario is that Zeng will voluntarily retire, but Yu and Zhou will retain their seats, perhaps even advancing to become members of the Standing Committee. Moreover, several rising stars with princeling backgrounds in the

Table 1: China's Most Powerful Princelings to Watch

Name	Current Position	Family Background
Zeng Qinghong	Vice President, Politburo Standing Committee member	Father: Zeng Shan, former Minister of Interior Affairs
Yu Zhengsheng	Politburo member, Party Secretary of Hubei	Father: Yu Qiwei (aka Huang Jing), former Mayor of Tianjin
Zhou Yongkang	Politburo member, Minister of Public Security	Father: Zhou Yiping, former Vice Commissar of the Commission of Science, Technology, & Industry for National Defense
Liu Yandong	Director, CCP United Front Work Department	Father: Liu Ruilong, former Vice Minister of Agriculture
Li Yuanchao	Party Secretary of Jiangsu	Father: Li Gancheng, former Vice Mayor of Shanghai
Xi Jinping	Party Secretary of Shanghai	Father: Xi Zhongxun, former Vice Premier, former Politburo member
Dai Bingguo	Party Secretary of the Ministry of Foreign Affairs	Father-in-law: Huang Zhen, former Minister of Culture
Wang Qishan	Mayor of Beijing	Father-in-law: Yao Yilin, former Politburo Standing Committee member
Ma Kai	Minister of the National Development and Reform Commission	Father: former Vice Minister-level leader
Bo Xilai	Minister of Commerce	Father: Bo Yibo, former Vice Premier, former Politburo member
Zhou Xiaochuan	Governor of the People's Bank of China	Father: Zhou Jinan, former Minister of the First Machine-Building Industry
Zhang Qingli	Party Secretary of Tibet	Uncle: General Zhang Wannian, former Vice Chairman of the Central Military Commission
Li Jianguo	Party Secretary of Shandong	Father: Li Yunchuan, former Vice Minister of Personnel
Chen Yuan	Governor of China Development Bank	Father: Chen Yun, former Vice Premier and Politburo Standing Committee member
Lou Jiwei	Deputy Secretary-General of the State Council	Father: former Vice Minister-level leader

Sources: Cheng Li, *China's Leaders: The New Generation* (Lanham, MD: Rowman & Littlefield, 2001), pp. 127-47; and Ding Wang, "Shiqida quanli guafen: gaogan zidi zouhong" (The power distribution in the 17th Party Congress: the advantages of the princelings). <http://www.bbc.co.uk>, July 31, 2007. Also see <http://boxun.com>. August 2, 2007.

so-called fifth generation of Chinese leaders will almost certainly obtain seats in the next Politburo, and some may even become members of the Politburo Standing Committee. The princelings with the best chances of making this leap include Liu Yandong (Director of the United Front Work Department of the CCP), Li Yuanchao (Party Secretary of Jiangsu) and Xi Jinping (Party Secretary of Shanghai).

In addition, Dai Bingguo (Party Secretary of the Ministry of Foreign Affairs), Wang Qishan (Mayor of Beijing), and Ma Kai (Minister of the National Development and Reform Commission) are likely to assume positions as vice premiers or state councilors in March 2008 when the NPC convenes to appoint new state leaders. If the current top leadership plans to make these appointments, then these

officials will first be promoted within the Party, making them likely candidates to serve on the Politburo of the 17th Central Committee. Six other princelings from the list above, including Bo Xilai (Minister of Commerce), Zhou Xiaochuan (Governor of the People's Bank of China), Zhang Qingli (Party Secretary of Tibet), Li Jianguo (Party Secretary of Shandong), Chen Yuan (Governor of the China Development Bank), and Lou Jiwei (mentioned above), may be slightly weaker candidates compared to the aforementioned princelings, though one or two of them may turn out to be dark horse candidates who are given seats on the next Politburo.

Based on this analysis, the next Politburo will likely consist of eight or nine princelings, a record-breaking figure for this distinct elite group in China's top leadership. If so, the number of princelings on this powerful decision-making body will have increased about two-fold compared with the previous Congress. Princelings would therefore account for one-third of the next Politburo, assuming that the total number of people sitting on this leadership organ remains roughly the same.

COLLECTIVE IDENTITY AND SHORT-CUT CAREER PATHS

In China, children of high-ranking officials are usually called *taizidang* (the party of princes). The English translation can be misleading, however, because those who are princelings are not necessarily part of a monolithic organization or a formal network and do not have strong patron-client ties among themselves. In addition, the political interests of the princelings are not always identical, and there is often infighting over power and wealth. As an elite group, princelings are far less cohesive than any of the other political networks that were once dominant or are still powerful in the Chinese leadership, such as the "field army association," the "Qinghua clique," "the Shanghai gang," and the Chinese Communist Youth League (CCYL) faction (known as *tuanpai*) [1]. In fact, a few of the rising stars with princeling backgrounds, for example, Liu Yandong, Li Yuanchao and Zhang Qingli, are most closely associated with the *tuanpai*. Princelings also differ significantly among themselves in terms of leadership skills, educational backgrounds, and personalities.

Princelings, however, share a strong political identity. With no exception, all prominent leaders with princeling backgrounds greatly benefited from their family ties early in their careers. They were "born red"—a large number of them were born during the late 1940s and 1950s as their parents' generation won civil war victories and became the new rulers of the Communist regime. They usually received the best education available; for example, Ma Kai, Bo Xilai, and Chen Yuan all attended Beijing Number Four Boys

High School, one of the best high schools in the country. The formal education of those younger princelings was interrupted during the Cultural Revolution. Xi Jinping, Li Yuanchao, Wang Qishan, and Zhou Xiaochuan, for instance, were sent to the countryside where they worked as farmers for a number of years. Yet, largely due to their family ties, all four of these princelings returned to college in the early 1970s.

A review of the career paths of these most prominent princelings in present-day China also reveals three shared traits. First, many of them served as *mishu* (personal secretaries) to senior leaders who are their fathers' old comrades-in-arms. For example, Zeng Qinghong served as *mishu* to Yu Qiuli (then chairman of the State Planning Commission), Xi Jinping served as *mishu* to Geng Biao (then minister of defense), Lou Jiwei served as *mishu* to Zhu Rongji (then mayor of Shanghai), and Li Jianguo served as *mishu* to Li Ruihuan (then party secretary of Tianjin). Wang Qishan and Bo Xilai worked as clerks in the general office of the Secretariat of the CCP Central Committee early in their careers. These experiences as *mishu* not only provided valuable opportunities for princelings to be familiar with the work and decision-making process at the national and provincial levels of leadership, but also accelerated their political careers.

Second, princelings often received shortcuts for their career advancement. For example, Yu Zhengsheng, Xi Jinping and Bo Xilai all previously served as either mayor or Party secretary of Qingdao, Fuzhou, and Dalian, respectively, cities whose economic planning is under the direct supervision of the State Council. Such appointments to top municipal leadership positions were catalysts for additional promotions, given that these coastal cities with special economic zone status witnessed high economic growth rates and had the potential for even greater growth. Municipal leaders, therefore, could receive credit for economic achievements in these rich coastal cities much more easily than those leaders who worked in other cities. Furthermore, the top municipal leaders in the coastal cities automatically receive the administrative rank of vice provincial governor or deputy provincial Party secretary.

Third, a majority of these princelings, especially the younger ones in their 50s, have had substantial leadership experiences in economic administration, finance, foreign investment, and foreign trade. Wang Qishan, Ma Kai, Bo Xilai, Zhou Xiaochuan, Chen Yuan, and Lou Jiwei are among the most experienced economic leaders in China today. Li Yuanchao and Xi Jinping have had considerable leadership experience in running China's most market-oriented provinces. Economic expertise and administrative credentials are among the most important political assets as

these princelings now compete for the top leadership with their same-age cohorts who usually lack such experience.

PRINCELINGS: POOR RECORDS IN ELECTIONS AND EXTRAORDINARY FIGURES

Princelings' privileged life experiences and "helicopter-style" career advancements have often received growing criticism and opposition, not only from the Chinese society, but also from the deputies of both the Party Congress and the NPC. The strongest evidence of opposition to nepotism in the selection of Central Committee (CC) members is that many candidates on the ballot for the CC were not elected despite (or perhaps because of) their high-ranking family backgrounds. Bo Xilai, Xi Jinping, and Chen Yuan, for example, were on the ballot for membership on the 14th CC in 1992, but none of them was elected [2]. In the election for the alternate members of the 15th CC in 1997, Xi Jinping received the lowest number of votes among the 151 alternate members elected. Wang Qishan and Liu Yandong were also among the bottom ten people in terms of the number of votes received. In 2003, Zhou Xiaochuan received the fewest votes among the 29 ministers on the State Council during the confirmation vote of the NPC.

It seems that as these princelings move to the highest levels of authority, the family ties that previously enabled them to advance may have become a liability. Some princelings, however, have changed their previously poor public images by demonstrating their leadership skills. Zeng Qinghong, for example, has become one of the most respected political leaders in the country. His talent as a dealmaker in politics and a consensus-builder in policy formation has been a major contributing factor for China's ongoing political institutionalization, especially regarding the peaceful transition of power from Jiang to Hu. Zeng's likely retirement at this upcoming Party Congress will further earn him great respect in the country.

Wang Qishan is another example of a leader whom the Chinese public regards as capable and trustworthy during times of emergency or crisis. This was evident in the way in which he handled the severe acute respiratory syndrome (SARS) epidemic in the spring of 2003. Beijing was severely hit by the epidemic and when Wang was appointed as the city's acting mayor, a large number of patients were already dying and medical facilities were far from adequate. Residents had begun panicking and the government had lost credibility (due to its initial attempts to cover up the epidemic), with some foreign observers calling the crisis "China's Chernobyl." Nevertheless, in the following months, Wang proved that he was truly an effective "chief of the fire brigade," his current moniker in China, as he instituted measures that helped to control the spread of the

disease. Not surprisingly, at the Beijing municipal congress meeting the following year, Wang was confirmed as the mayor of Beijing with 742 "yes" votes and only one "no" vote from the delegates [3].

Zeng Qinghong and Wang Qishan, however, are extraordinary figures among the princelings, and they do not necessarily represent this distinct elite group. In fact, most princelings, especially those in the fifth generation, are quite controversial from both the public's perception and the view of the political establishment. Yet, the shared political identity of the princelings may push them to work together as a more cohesive political force—serving as checks and balances to other powerful elite groups—especially at a time when Hu Jintao's *tuanpai* leaders are expected to obtain several seats in the next Politburo [4]. It will be worth noting how the delegates at the 17th Party Congress and the Chinese public will respond to the growing numbers of both *princelings* and *tuanpai* and to a great extent, the unfolding drama of competition between these two factions.

Dr. Cheng Li is a Senior Fellow at the John L. Thornton China Center of the Brookings Institution in Washington, DC, and the William R. Kenan Professor of Government at Hamilton College in New York. Dr. Li is the author of China's Leaders: The New Generation and the editor of the upcoming volume China's Changing Political Landscape (The Brookings Institution Press).

NOTES

1. For further discussion of the factional networks in the CCP, see Jing Huang, *Factionalism in Chinese Communist Politics* (Cambridge University Press, 2000); and Cheng Li, *China's Leaders: The New Generation* (Lanham, MD: Rowman & Littlefield, 2001).
2. Xiao Chong, *Zhong gong disidai mengren* (The fourth generation of leaders of the Chinese Communist Party). (Hong Kong: Xiafeier Guoji Chubangongsi, 1998), p. 337
3. *Xinjing bao* (New Beijing daily), February 23, 2004, 1.
4. For the rise of *tuanpai*, see Cheng Li, "Hu's Policy Shift and the Tuanpai's Coming-of-Age." *China Leadership Monitor*, (Summer 2005), accessible from www.chinaleadershipmonitor.org.

Hu's Disappointments at the 17th Party Congress

By Willy Lam

The selection of the new Beijing leadership, which will be endorsed by the ongoing 17th Chinese Communist Party (CCP) Congress, has revealed disturbing schisms among the major factions and, in particular, President Hu Jintao's failure to establish overriding authority five years after acceding to the country's top job. The Hu Faction's apparent inability to dominate the new Politburo Standing Committee (PBSC) could engender either policy paralysis or an aversion toward taking risks regarding potentially destabilizing issues such as political reform. Equally possible is Hu's support of hawkish foreign policies, including ones toward Taiwan, so as to consolidate the loyalty of the generals, which could become a useful tool in his battles against rival party cliques.

Barring last-minute developments, the nine-member PBSC to be announced the day after the Congress closes on Sunday, October 21, is: President Hu; National People's Congress Standing Committee Chairman Wu Bangguo; Premier Wen Jiabao; Chinese People's Political Consultative Conference (CPPCC) Chairman Jia Qinglin; Shanghai Party Secretary Xi Jinping; Liaoning Party Secretary Li Keqiang; CCP Organization Department director He Guoqiang; ideology and propaganda czar Li Changchun; and Minister of Public Security Zhou Yongkang. Of these nine potentates, only Xi, 54, and Li, 52, are members of the so-called fifth generation of leaders—officials in their late 40s to mid-50s. The rankings indicate that Xi, a princeling and the son of liberal party elder Xi Zhongxun, will take over from Zeng Qinghong, 68, the post of first-ranked secretary of the CCP Secretariat and state vice-president. According to time-honored tradition, Xi is well-positioned to succeed Hu as the general secretary of the CCP and chairman of the Central Military Commission (CMC) at the 18th Party Congress in 2012. And Li, a former head of the Chinese Communist Youth League (CCYL)—President Hu's primary power base—is scheduled to become executive vice-premier and then premier five years down the road (*New York Times*, October 5; Reuters October 12, *Apple Daily* [Hong Kong], October 8).

Xi, whose father was a comrade of Hu's mentor, former General Secretary Hu Yaobang, has received the approval of the president. The Shaanxi Province native's low-key, consensus-building style has also made him acceptable to most CCP factions. Yet, it seems clear that Hu would prefer his long-time protégé Li Keqiang to succeed himself, rather than Premier Wen, in 2012. Most significantly, Hu and the members of his faction are miffed that the sudden

ascendancy of Xi, who only became Shanghai party boss in March this year, was engineered by outgoing Vice President Zeng and former president Jiang Zemin, deemed the two heads of the still-powerful Shanghai Faction. While Xi, a former party secretary of the coastal Zhejiang Province, has never been a Shanghai Faction affiliate, Zeng and Jiang desired a cadre with ample experience in governing China's eastern coast to be the Communist Party's next leader. More importantly, Shanghai Faction stalwarts sought to check the fast-expanding clout of President Hu, who in the past few years has raised eyebrows by promoting more than two dozen CCYL alumni to senior positions at both the central and regional levels.

Particularly since President Jiang's retirement from his last post of chairman of the CMC in late 2004, Hu has had a satisfactory working relationship with Zeng, who is widely regarded as the former president's hatchet man. A Beijing source close to Hu's inner circle, however, has said that the president has had reservations about Zeng's two affiliates handling the critical portfolios of fighting corruption and controlling the police and judicial apparatus. He, a colorless but efficient apparatchik, will head the Central Commission on Disciplinary Inspection (CCDI), a slot that until recently was occupied by Hu loyalist Wu Guanzheng. And Zhou, who is related to Zeng by marriage, will become Secretary of the Political and Legal Affairs Commission, which has jurisdiction over the police, the procuratorate and the courts. "Hu and his advisers were able to remove [former Shanghai party boss] Chen Liangyu last year owing to their control over corruption-related dossiers," said the Beijing source. "Hu will lose a valuable political weapon if the CCDI comes under the sway of Zeng's people."

Even more problematic is the staying power of CPPCC Chairman Jia Qinglin, who barely missed the informal retirement age for PBSC members, 68, by one year. Jia, a former party secretary of Fujian Province and Beijing, has long been dogged by innuendo about corruption, particularly in regards to smuggling in Fujian and real estate speculation in the Chinese capital. While Jia has little connection with the Shanghai Faction, he has been close to Jiang since the 1970s, when both worked in the Ministry of Machine-Building Industry. A number of delegates to the Party Congress have reportedly voiced dissatisfaction about giving Jia another five-year term (Reuters October 16).

Hu's apparent inability to dominate the current and upcoming PBSC has considerably weakened his message at the 17th Congress, which was contained in his speech, entitled "Political Report to the Congress," that was delivered on Monday. The gist of the two-and-half-hour address was the CCP's determination to construct

a “harmonious society” by adhering to the theory of “scientific development”: the latter concept includes “putting people first,” shrinking the wealth gap, extending the social security net to the countryside, boosting social justice, and curbing corruption and other abuses. In the section on “party construction,” Hu underscored the importance of fostering clean government, stating that curtailing corruption was “a matter of life and death for the party” (*People’s Daily*, October 16). While the outgoing CCP Central Committee had confirmed last week the expulsion of Shanghai’s Chen Liangyu from all party posts, Hu’s inability to deny the tainted Jia a second term of office has cast doubt on the party’s sincerity about eradicating graft.

Also disappointing to the nation’s intellectuals is the party chief’s failure to address political reform, seen as the only solution to the scourge of privileged sectors preying on the weak. This is despite a last-minute petition written by respected party elder Li Rui—who played a key role in Hu’s promotion to a ministerial-level post in the early 1980s—to the leadership asking for a resumption of liberalization (*Economist*, October 11). To be sure, Hu devoted a whole section of his speech to “unswervingly developing socialist democracy.” The president also pledged to “implement democratic elections [and] democratic decision-making according to law” and to “ensure that the people enjoy democratic rights in a more extensive and practical way.” Hot-button issues, however, such as implementing direct elections—currently present at the village level—to higher administrative units such as the town and township were not touched. Hu merely promised to give peasants the same level of representation as urban residents in lower-level people’s congresses.

Indeed, the president noted in no uncertain terms that the purpose of the reforms of the political structure was to “provide the political and legal guarantees for the long reign and perennial stability of the party and state.” A good number of Congress delegates were also surprised that the president saluted the ultra-conservative “Four Cardinal Principles”—a reference to Marxist-Leninist precepts, strict party leadership, the socialist road and “proletariat dictatorship”—four times during his speech. Since coming to power in 2002, Hu has seldom cited such concepts from the Maoist era.

The party chief had precious little to offer even concerning the circumscribed goal of “democracy within the party.” He pledged to “gradually extend the parameters for the direct election of members of the leading corps of grassroots party organizations.” Experiments would continue to be made to enable county-level party congresses to exercise supervision over ruling party committees of the same level.

Yet Hu did not even hold out the possibility for more thorough liberalization measures, such as competitive elections for picking cadres at the Politburo level.

On the foreign policy front, Hu has sought to combat the “China threat” theory by hoisting the banner of “the harmonious world.” “China will adopt a defensive policy of national defense,” said Hu. “It will not engage in arms races; nor will it constitute a military threat to any country.” Indeed, the Congress is set to approve a revision of the CCP charter that will enshrine the principles of “scientific development,” as well as the construction of a harmonious society and a harmonious world (*Wen Wei Po*, October 14).

Hu sounded an apparently conciliatory note even regarding Taiwan, which has repeatedly incurred Beijing’s ire by going ahead with plans to hold a referendum on joining the United Nations. The president noted that Beijing was willing to conclude a “peace accord” with the island provided that Taiwanese authorities recognized the “one China principle.” In the section on military modernization, however, Hu sounded a much more strident note when he played up the People’s Liberation Army’s ability to “acquit itself well in preparations for military struggles.” More significantly, Hu redoubled his administration’s commitment to “the unity between [the principles of] enriching the country and strengthening the army.” Hu called upon “party and government organizations of all levels as well as the masses to support national defense and military construction.” With five years left as China’s leader, Hu must have felt it safer—and more worthwhile—to devote himself to causes and actions that tend to unite all party factions, such as fanning the sentiments of nationalism and patriotism. Moreover, as the only PBSC member with authority over the military, the president who is deprived of the right to name his own successor can yet augment his stature and clout by garnering the unquestioned loyalty of the top brass.

Dr. Willy Wo-Lap Lam is a Senior Fellow at The Jamestown Foundation. He has worked in senior editorial positions in international media including Asiaweek newsmagazine, South China Morning Post, and the Asia-Pacific Headquarters of CNN.

Yasuo Fukuda and the Future of the Sino-Japanese Relationship

By Christopher Griffin

The unexpected resignation of Shinzo Abe and election of Yasuo Fukuda as Japan's prime minister has turned a page in Sino-Japanese relations. Unlike his predecessors Abe and Junichiro Koizumi, Fukuda does not have a hawkish reputation, and is indeed considered to be relatively friendly to China. The Chinese media was positive about Fukuda's ascension, noting in particular that Fukuda's father, Takeo, signed the December 1978 Treaty of Peace and Friendship between Japan and China, and his longstanding opposition to prime ministerial visits to the Yasukuni Shrine (People's Daily, September 23).

The optimism that surrounded the Fukuda government was complemented by the prime minister's first official measure toward Beijing, a September 29 message he sent to Chinese Premier Wen Jiabao celebrating thirty-five years of normal diplomatic relations. In his note, Fukuda promised premier Wen that he would maintain a policy of "strategically cooperative relations," the term that the Abe government had coined to describe the future model for Sino-Japanese relations [1].

The two sides appear to have wasted no time in further pressing the bilateral relationship. Although Prime Minister Fukuda has indicated that he plans to visit Washington before Beijing, it appears his government is already leaking details about the latter trip. Fukuda is reportedly planning to make a trip to China in February, followed by a reciprocal visit by Chinese president Hu Jintao to Japan in April 2008 (*Nikkei Shimbun*, October 14). The latter trip is especially notable, and will be the first such exchange since Jiang Zemin met with Keizo Obuchi in 1998.

These positive developments, however, should not obscure the many significant challenges that remain for Sino-Japanese relations. Indeed, as Beijing attempts to work with Fukuda, it may gradually realize that the problem with Japan is not the deadlock created by such leaders as Koizumi, but the limits on progress that can be achieved even with a more cooperative partner in Tokyo. Likewise, while Fukuda may seek to improve bilateral relations with the People's Republic of China, he will have difficulty surmounting a trio of obstacles in the relationship: the sheer difficulty of the bilateral agenda, the political constraints on each side, and the vulnerability of the relationship to surprises.

A DIFFICULT AGENDA

The essential obstacle to improved Sino-Japanese relations is the two country's vast and largely disputatious agenda. After five years of mutual hostility in the Koizumi era, the "ice breaking" visit by Abe to Beijing in September 2006 and reciprocal "ice melting" visit by Wen to Tokyo in April 2007 set the relationship back on track, but did not resolve any significant issues. In many ways, the relationship was easier to manage in the Koizumi era, when the focus on the prime minister's visits to the Yasukuni Shrine, where Japan's war dead are memorialized along with fifteen Class A war criminals from the Second World War, meant the two countries ignored most substantive issues on the agenda.

The East China Sea is probably the most complicated element in that agenda today. Japan and China have competing claims to exclusive economic zones (EEZs) that overlap several major undersea gas fields. Tokyo claims the EEZs should meet at the midway line between the countries, while Beijing seeks an EEZ based upon its continental shelf. Under the UN Convention on the Law of the Sea, both claims are legitimate bases for defining an EEZ and should be settled through negotiation. But the two countries have instead resorted to unilateral exploration, and Chinese warships have repeatedly intruded into waters claimed by Japan (Japan Defense White Paper, 2006).

The East China Sea question was a focus of Wen Jiabao's April 2007 visit to Tokyo, and the two sides announced that they would make the area a "Sea of Peace, Cooperation, and Friendship," but made little progress on the issue, instead calling for bilateral exchanges between their foreign ministries.

With Fukuda's ascension, the Chinese government expects that he will take steps toward resolving the dispute over the gas fields (*Asahi Shimbun*, September 23), but the first set of director general-level talks since have revealed that neither side has yet budged on its basic position. The talks gave each an opportunity to reiterate their respective positions and common theoretical desire to achieve a solution to the dispute, but emerged no closer to that goal (*Nikkei Shimbun*, October 11). If Japan and China are going to break through the significant impasses they face on this type of substantive issue, the senior leadership on both sides will have to intervene.

THE SURLY BONDS OF POLITICS

The obstacle to such senior intervention is a set of domestic political circumstances that will make it difficult for Fukuda to compromise. At home, Fukuda is on the defensive against the Democratic Party of Japan (DPJ), which in July took

control of the Diet's upper house and can now block the government's legislation. Although the Democratic Party is not opposed to improved Sino-Japanese relations—its president will lead a party delegation to Beijing in December—it is looking for any opportunity to undermine Fukuda's authority (AFP, September 18).

Given Tokyo's divided government, most pundits expect that a snap election will be called for the lower house by April of next year, either confirming that the popular mandate has shifted to the DPJ or bolstering the LDP's demands that the Democrats allow the legislative process to proceed unhindered. Until this election occurs, almost every public act in Japan will be a matter of parrying and feints as Fukuda and Ozawa attempt to develop any conceivable electoral advantage, precisely an environment that does not favor bold diplomatic steps.

While a preoccupation with the lead-up to elections will distract Fukuda from any major changes in China policy, so too does the nature of intra-party politics. Fukuda snatched a surprise victory in September's race for the LDP presidency from the hawkish Taro Aso, whose supporters are looking for any sign of weak knees, especially on issues such as the Yasukuni Shrine. One Aso supporter directly attacked Fukuda for supporting a state-run facility to replace the shrine after the LDP's presidential election (*Yomiuri Shimbun*, September 25), and former Abe adviser Hisabiko Okazaki has suggested that Fukuda should visit the shrine in order to demonstrate to China that any future prime minister may do so (*Japan Times*, October 12).

In an analogy to the U.S. experience, whereas Abe could play the role of Japan's Nixon by making concessions as a conservative, Fukuda must be wary of his unguarded right flank. The nature of Fukuda's weakness within the party has been demonstrated clearly in the context of the Six Party Talks, where he has indicated that he would like to shift away from the Abe government's policy of refusing to support the most recent agreement until it receives closure on the “abductees” issue, concerning some twenty Japanese citizens who were kidnapped by North Korea in the 1970s and early 1980s, but cannot do so in light of LDP opposition (*Yomirui Shimbun*, September 26).

The Chinese government is aware of Fukuda's domestic liabilities and appears to be avoiding any rash bets on his success as a prime minister. Major Chinese media observed upon his victory in the LDP presidential race that Japan would likely have a parliamentary election by April 2008 (*People's Daily*, September 23). Indeed, reports that Hu Jintao is looking to visit Tokyo in April indicate that he may be hedging his bets in the event of a Japanese election, making sure that he does not show up at a time when parties

on any side of the aisle may be looking to make political grist out of a visit, and when any Japanese government may be strong enough to engage in substantive negotiations.

But even after Tokyo gets its house together, the leadership in Beijing has its own reasons not to embrace any serious agreements with Japan for the immediate future. The history issue appears to leave Beijing once-burned, twice-shy. After Jiang visited Japan in 1998, he was accused of making significant concessions to Japan on the history issue without gaining Japanese support on his position. Hu does not want to find himself in a similar position, especially given the risk that Fukuda may be followed by a more hawkish leader, or that the relationship may be overtaken by other developments in the region.

A TAIWANESE SURPRISE?

Perhaps the greatest, continual obstacle for the Sino-Japanese relationship under the Fukuda government is its perennial vulnerability to strategic surprise. Although Japan and China can sublimate their competing interests in Asia so long as there is no crisis to exacerbate them, each side is cautious of developing too close a relationship in the case of such an event. As Tokyo and Beijing look at the opportunities for developments on the Korean Peninsula and the Taiwan Strait, they are each aware of sharply divergent interests and the potential for sudden developments.

The Taiwan Strait has been a perpetual challenge for the two countries, but it appears especially precarious today. Since July 2007, Taiwan's President Chen Shui-bian and his Democratic Progressive Party (DPP) have been pushing for a referendum seeking a national mandate to apply to the United Nations under the name of Taiwan, rather than the country's constitutional title, the Republic of China. Beijing has responded to this effort by issuing private threats, mostly in Washington, to undertake “non-peaceful measures” under the Anti-Secession Law directed at Taipei. Since Taiwan's officials have indicated that they would view such acts as grounds to undertake a “defensive referendum” directly addressing the question of independence, there is a real possibility of a tit-for-tat escalation toward conflict.

In private discussions, Japanese officials are relatively confident that the Chinese threats are simply intended to coerce U.S. criticism of President Chen, likely in order to hurt the DPP's prospects in upcoming legislative and presidential elections. To bolster this argument, they point to the fact that when such senior Chinese officials as Minister of National Defense Cao Gangchuan visited Japan this year, they did not emphasize their position

on the Taiwan referendum, focusing instead on strictly bilateral affairs [2].

This confidence that the current cross-Strait spat will not explode, however, may be too optimistic. The Chinese government has a strong incentive to avoid alarming Japan, which following the 1995-96 Taiwan missile crisis declared its intentions to support the United States in the case of “situations in areas surrounding Japan.” More recently, the two sides adopted a 2005 joint statement identifying the peaceful settlement of issues concerning Taiwan as a common strategic goal. Beijing has, by its own lights, clear reasons to avoid inviting greater Japanese participation in the Taiwan question, and seeks to keep Tokyo out of the equation as much as possible.

This Damoclean risk simply drives home the point that while Japan and China have much to gain from developing a stronger political and economic relationship, both sides will remain wary of the other’s intentions and limitations. There is cause for cautious optimism in Sino-Japanese relations under the aegis of Yasuo Fukuda, but the first priority in each capital will remain to proceed with caution.

Christopher Griffin is a research fellow in Asian Studies at the American Enterprise Institute.

NOTES

1. Prime Minister’s Office, “Message from Prime Minister Fukuda to Premier Wen,” September 9, 2007.
2. Author’s interviews with Japanese officials conducted in Tokyo on October 9-12, 2007.

China, Burma, and the “Saffron Revolution”

By Ian Storey

The violent crackdown against anti-government protesters in Rangoon at the end of September shone a spotlight on China’s interests, influence, and objectives in Burma, Beijing’s closest ally in Southeast Asia. The abortive “Saffron Revolution” was an unwelcome development for the Chinese leadership, not only because it came under intense international pressure to use its influence to end the bloodshed, but also because it has tarnished China’s international image in the run-up to the 2008 Beijing Olympics. Moreover, at a deeper level, the events of the past few months have heightened Beijing’s latent anxiety over the junta’s complete lack of legitimacy, the potential

for greater instability, and the implications for China’s long-term position in Burma.

CHINA’S INTERESTS IN BURMA

Burma and China have forged a symbiotic relationship since the suppression of pro-democracy protests in their respective capitals in September 1988 and June 1989 (*China Brief*, February 7). China’s interests in Burma are manifold:

- Since its founding in 1949, China has sought to install or cultivate friendly, and preferably pliant, regimes along its periphery. After 1988, in the face of international disapprobation, Burma dropped its policy of equidistance between its two giant neighbors India and China, and became a de facto ally of Beijing.
- China needs the military junta to keep ethnic rebel armies along the 1,350-mile Sino-Burmese border in check. Since 1989, with China’s encouragement, the regime has signed ceasefire agreements with the majority of the ethnic armies, stabilizing the border region.
- China has vast economic interests in Burma and is one of the biggest consumers of Burmese raw materials, including timber, gold and precious stones. Burma’s domestic market has also been flooded with cheap, low-quality, Chinese manufactured goods. To facilitate this economic nexus, China has invested hundreds of millions of dollars in the country’s transportation infrastructure, including rail, road, river, and air networks.
- To further advance its economic interests, China has allowed an exodus of illegal immigrants, primarily from Yunnan province, into Upper Burma. There are an estimated 1.5 million Chinese immigrants in the country who dominate the retail, hotel, and restaurant sectors in Mandalay, Lashio, and Muse.
- Burma has significant reserves of natural gas, and all of China’s state-owned energy companies have signed major contracts with the junta to exploit off-shore gas fields.
- Burma figures prominently in China’s efforts to enhance the country’s energy security. Not only does oil and gas from Burma help China lessen its dependence on energy resources from the politically unstable Middle East, but the planned construction of oil and gas pipelines (financed by Beijing) from Burma to Yunnan will allow China to reduce its reliance on the Strait of Malacca, which Chinese security analysts perceive as a strategic vulnerability (*China Brief*, 12 April 2006).
- Close relations with Burma allow China to exert

pressure on India on both its eastern and western (through Pakistan) flanks.

- China has invested in the upgrade and expansion of port facilities along the Burmese coast. This raises the possibility of regular Chinese naval visits in the future, allowing China to project power into the Indian Ocean and the northern approaches of the Strait of Malacca.
- Burma's membership in the Association of Southeast Asian Nations (ASEAN) provides Beijing with a voice in this important diplomatic community.
- Close Sino-Burmese relations significantly reduce Indian, Japanese, and U.S. influence in a country on China's southern flank.

In return, Burma receives economic and technical aid from China, military hardware for both internal security and external defense, and diplomatic protection at the United Nations Security Council (UNSC) where China wields a veto. Even as China's support enabled the junta to consolidate power in the early 1990s, however, the generals were never comfortable with their dependence on China. Looking to diversify the country's foreign relations and expand its diplomatic room for maneuver, Burma joined ASEAN in 1997 and, since 2000, has allowed itself to be courted by India and Russia. Nevertheless, China still enjoys a privileged position within the hierarchy of Burma's foreign relations.

CHINA'S REACTION TO THE SAFFRON REVOLUTION

The unrest in Burma was sparked in the middle of August when the junta slashed fuel subsidies—reputedly to help pay for the construction of the new administrative capital of Naypyidaw 400 miles north of Rangoon—doubling fuel prices. Anti-government protests began on August 19 and were quickly joined by Buddhist monks. When the junta failed to apologize for a violent incident involving monks on September 5, the monks began to protest in ever increasing numbers. By September 24, the number of protesters, both monks and civilians, had swelled to over 50,000 and spread beyond Rangoon. On September 26, the authorities launched a violent crackdown on unarmed demonstrators, killing an unknown number of people and detaining several thousand.

When the protests first started, Beijing chose to remain silent. It was not until September 13, when the demonstrations were well underway, that Beijing was forced to comment. In a meeting with Burma's Foreign Minister U Nyan Win in Beijing, State Councilor Tang Jiaxuan expressed the hope that Burma would “push forward a democracy process that is appropriate for the country” and “restore internal stability as soon as possible, properly handle issues and

actively promote national reconciliation” [1]. On September 25, the day before the crackdown commenced, China's Foreign Ministry blandly stated that it was committed to a policy of non-interference in Burma's internal affairs, but reiterated that Beijing hoped to see “stability and economic development” in the country. On September 27, as violence was taking place on the streets of Rangoon, the Chinese Foreign Ministry called on all parties to “exercise restraint” so as not to “escalate” the situation. When the United States and some European countries attempted to push through a resolution that would condemn the Burmese government, China blocked the attempt; China's Ambassador to the UN, Wang Guangya, declared that such a move would “not be useful” as the protests were a domestic issue and did not constitute a threat to regional and international peace (*International Herald Tribune*, September 27). China did, however, give its full backing to the dispatch of the UN Special Envoy Ibrahim Gambari in an effort to promote dialogue between detained opposition leader Aung San Suu Kyi and the ruling generals.

Following Gambari's 4-day visit—during which he met separately with Suu Kyi and the junta—China declared itself “gratified” with the results of the trip: “We took notice that the situation in Myanmar has been calm recently, due to joint efforts by relevant parties in Myanmar and the international community” (Xinhua, October 4). After Gambari's briefing to the UN, Chinese diplomats went to bat for their Southeast Asian ally and succeeded in softening the tone of a UNSC statement, replacing “condemn” with “strongly deploring” the use of violence against the demonstrators [2]. Earlier on October 10, the Chinese Foreign Ministry had stressed its opposition to the imposition of UN sanctions against Burma because it would not “ease the situation in Myanmar or resolve the issue” [3]. Naturally, Beijing would never support sanctions that might jeopardize its own substantial economic interests in Burma.

During the demonstrations, China had come under sustained pressure from the United States, Australia, ASEAN, and many other countries and organizations to use its influence to restrain the generals and put an end to the violence. The extent of China's influence over the junta, however, was almost certainly exaggerated by the press. While China is Burma's closest friend and supporter, its ability to control the decision-making process in Naypyidaw is limited. The junta undoubtedly took note of China's advice, but in the end, it was the generals—and Senior General Than Shwe in particular—who made the decisions, which were based on their own self-interests, and not Beijing's. China was also aware that overt pressure might have been counterproductive, and could have pushed the nationalistic generals into adopting an even

more hardline policy toward the protesters.

WHAT DOES CHINA WANT?

Ultimately, China needs a stable polity in Burma so that it can reap the long-term returns on its considerable investments in the country. Stability requires an end to the political inertia in Burma, and forward momentum toward limited political reform. This does not mean regime change; what China wants to see happen is the civilianization of the Burmese regime and an amelioration of oppressive measures. Indeed, China has been quietly pushing the junta on the issue of reform for several years. In 2004, for instance, Chinese Premier Wen Jiabao called on the Burmese government to accelerate “political settlements of existing disputes so as to enhance stability and peaceful development” (*People’s Daily*, July 13, 2004). Wen repeated this message to then Burmese Prime Minister Soe Win at the China-ASEAN Summit in Nanning in November 2006. Prodding from Beijing seems to have had an effect; in July 2007, during a trip to China, acting Prime Minister Thein Sein announced the resumption of the stalled National Convention that is tasked with drawing up a new constitution. The new constitution will be finalized later this year and will undoubtedly see the military retain control of the government, though in civilian garb. In China’s view, civilianization presents the best hope the regime has of gaining legitimacy.

Stability also requires a less confrontational relationship between Naypyidaw and Washington, which has labeled Burma an “outpost of tyranny” and a threat to regional and international peace and stability. China believes that a more cordial relationship between the two countries—notwithstanding major disagreements—may assuage the junta’s paranoid fears over an American military intervention, and result in more moderate government policies. In an effort to bring the two sides closer together, China brokered talks between Eric John, deputy assistant secretary of state for East Asian and Pacific Affairs, and two Burmese government ministers in Beijing in June 2007. In light of the recent events, however, further talks seem unlikely.

Stability also requires the Burmese authorities to prioritize economic development, as rising living standards are likely to mitigate popular dissatisfaction with the regime and hence defuse further unrest. But China has been sorely disappointed with the junta’s gross mismanagement of the economy and rising poverty levels. Beijing is particularly anxious about the widening income disparities between ordinary Burmese and China’s economic migrants in the north of the country who are enriching themselves at the expense of the local people. A popular backlash against

1.5 million PRC nationals would pose a major security headache for the Chinese authorities.

What China does not want to see in the coming months and years is regime change in which the armed forces are ousted from power. China believes that after 45 years of rule, the military is the only functioning state institution in Burma, and that without it, the country would be in danger of collapse. Above all else, China seeks to avoid political chaos, waves of refugees, and violent ethnic secessionism on its southern flank.

Beijing must be heartened that the demonstrations have been snuffed out with relatively little loss of life and that the junta seems to be firmly back in charge, especially at a time when it faces pressing issues in the Taiwan Strait and on the Korean Peninsula. The Chinese government must also be gratified that the demonstrations did not did not assume an overt anti-China character. China has thrown its support behind the Gambari Process, so that the UN can help Burma “achieve internal stability and national reconciliation, provide constructive assistance to the country in addressing economic, social, humanitarian and human rights problems” [4].

But the Chinese leadership must also be worried that the recent unrest has introduced an element of uncertainty into Burma’s political dynamics and economic prospects. The bloody crackdown against the country’s deeply revered monks may have engendered splits within the armed forces, and these divisions could widen over time, possibly leading to an internal coup, dialogue with the opposition, and perhaps even political transition toward a more pluralistic system. Such developments would not, in China’s view, bode well for stability and the protection of its economic interests and political influence.

Dr. Ian Storey is a Fellow at the Institute of Southeast Asian Studies (ISEAS), Singapore.

NOTES

1. State Councilor Tang Jiaxuan Meets with Special Envoy of SPDC Chairman of Myanmar, PRC Foreign Ministry, September 13, 2007.
2. Security Council SC/9139, October 11, 2007.
3. Foreign Ministry Spokesperson Liu Jianchao’s Regular Press Conference on October 9, 2007, PRC Foreign Ministry.
4. Statement on Myanmar at the United Nations Security Council Open Briefing by H.E. Ambassador Wang Guangya, Permanent Representative of the People’s Republic of China to the UN, October 5, 2007.