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Developments in China

Deng Xiaoping remains the dominant, driving political force in China. At 77, his first priority is to ensure that reliable successors will continue his work after he dies. In the last eighteen months, Deng has engineered the removal of Mao's successor, Hua Guofeng, from his top jobs and replaced him with a party chairman and premier of Deng's own choosing. To keep his designated heirs in power, Deng is spearheading efforts to reform the bureaucracy and economy and to reduce further the political influence of the army.

Resistance to Deng's Reforms

There is strong resistance to Deng's personnel appointments and reform program. Party conservatives object to the pace and scope of the changes in China's economy and society since 1979 fearing they will threaten the party's grip on power as in Poland. Deng shares some of these concerns himself.

"Leftist leaders," who advocate Mao's radical policies of the late 1960s, are opposed to Deng's reforms but they are few in number. Millions of mid-level officials who feel threatened by Deng's changes form a far greater obstacle.

The Military

The military poses special problems. Elements within the army leadership are unhappy with the choice of Hu Yaobang to be Party Chairman. Because of Hu's low standing with the military, Deng has had to take charge of the party's military commission himself. Armymen have argued with the reformers on some bread-and-butter issues, including cuts in defense spending, and accommodations have been made. The military would also like to see more emphasis on ideology, and many are unhappy with the criticism of Mao that has occurred since 1980. However, the army at present does not constitute a unified opposition.

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Deng is also trying to upgrade the quality of the military, a program that has considerable military support. Bloated units of the army are being pressed to meet higher performance standards, retire elderly commanders, and demobilize excess and unskilled troops.

Mixed Results in the Economy

The party's leaders have resigned themselves to another year of low growth and a sizeable budget deficit. Economic policymakers had originally hoped to complete a readjustment of the economy in favor of light industry and agriculture by next year, but they now realize that it will take longer. This slow growth scenario leaves little cushion for exigencies and will make restructuring the economy more difficult. Attempts to restrict the size of bonuses or to raise the price of some staples to reduce the deficit run the risk of worker unrest.

Government Reorganization

With his men in place at the top, Deng is moving to reduce opposition to his program among former "leftist leaders" and mid-level officials. Beijing has announced its intention to reduce the size of the bureaucracy and the number of agencies. Essentially a purge of political enemies in the guise of disinterested reform, this will be a major test of Deng's group. Given the compromises Deng has made to get this far, it is extremely unlikely he will reach his maximum goals. With his opponents on the defensive, however, Deng intends to divide and neutralize enough of them to reduce the threat to his chosen successors.

What if Deng Leaves the Scene?

Deng needs the next several years to accomplish his basic objectives. If he departs in the next few years, party Chairman Hu Yaobang may have a hard time hanging on. But should the reform coalition fall apart, the outlook

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would not necessarily be drastic for the US. Beijing's fundamental anti-Soviet orientation appears firm. The Chinese still appear determined to expand their trade and technology transfer with the West, although they are concerned about the social consequences of such contacts. The lack of a coherent coalition to step into the breach, however, would complicate China's dealings with the US. As leaders struggled for dominance, US-China relations would encounter indecision, delay and increased caution.

Sino-US Relations and Taiwan

Relations with China have continued to develop, but in the past year the issue of US arms sales to Taiwan has become the main stumbling block to progress in several areas. Notwithstanding these bilateral difficulties, tensions in the Taiwan Strait remain low and Beijing continues to highlight its call for peaceful reunification. Contacts, correspondence and trade between the mainland and the island have increased significantly in the last several years; last fall, China publicized widely its latest set of proposals to facilitate reunification. Taipei has repeatedly and categorically rejected these initiatives, but has made no moves to increase tensions with the mainland.

Despite the fact that China is not presently capable of invading Taiwan, Taipei insists that the threat from the mainland is immediate and real and that it needs advanced US weaponry to ensure its security. Privately, however, officials in Taipei have accepted the current level of US support -- including the latest US decisions on arms sales -- and have been pleased with the course of bilateral relations in the last year. But Taipei remains basically uncertain about its long term security -- and about the reliability of the US as an arms supplier -- and it is certain to continue to seek other sources of supply and to press the US in private for increased assistance and guarantees.

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Sino-Soviet Relations

Hostility to the USSR remains at the core of China's foreign policy, which explicitly rejects the idea of adopting an equidistant stand between Washington and Moscow or of playing American or Soviet "cards." The Chinese leadership believes that the Soviets are the major threat to world peace and the greatest immediate threat to China. Although China has recently become more critical of US tendencies toward "hegemony" -- partly because of differences over Taiwan -- Beijing is also seeking to encourage efforts to combat the expansion of Soviet influence. In the Third World, for example, the Chinese have criticized US policies which in their view undercut the anti-Soviet campaign.

In its propaganda, Beijing has played up the difficulties facing the USSR -- with its economy at home and with its positions in Poland, Afghanistan, and Indochina -- and also has tried to appear reasonable in its dealings with Moscow. Beijing has not rejected the latest Soviet initiative to reopen border talks, which have been in abeyance since 1978. Even if the talks are resumed, however, Chinese officials have all but stated that Sino-Soviet relations will not improve so long as the Soviets maintain their occupation of Afghanistan and their aggressive behavior elsewhere.

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The Conflict in Kampuchea

There has been no meaningful change in the overall strategic military situation in Kampuchea during the past year. Over the past three months, however, the People's Army of Vietnam (PAVN) has worked hard to replenish and reorganize its forces in Kampuchea, to strengthen and broaden its logistics routes to the Thai border, and to improve troop morale. With little advance warning, the Vietnamese could carry out sharp, hard-hitting thrusts against several vulnerable Khmer resistance camps. Recent Vietnamese reconnaissance probes and limited offensive initiatives along the border have raised tensions, but actual fighting has been light.

Military Balance in Kampuchea

Vietnam has 18-20 divisions (an estimated 180,000 troops) in Kampuchea. Nearly half are near the Thai border. These troops are well armed and equipped with conventional weapons provided primarily by the Soviet Union. They control major population centers, most principal lines of communication, and are effectively protecting key rice-growing areas.

Vietnam could draw on reserves to reinforce its position in Kampuchea if challenged by greater resistance activity. Vietnam will be able to meet the costs of occupation as long as Soviet aid bolsters it against the domestic and international pressures that might otherwise alter its behavior.

Democratic Kampuchea (DK) guerrilla forces (estimated to be at least 35,000 troops) bear the brunt of fighting against the Vietnamese. Small DK units operate in virtually every region of Kampuchea but they do not attempt to hold territory or expel the Vietnamese from major positions.

While the DK are now stronger than at any time over the past three years, they are totally dependent on Chinese financial and military support

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and on Thai cooperation. The DK does not have sufficient recruits to expand its forces rapidly, and conservation of manpower is an overriding DK concern.

In general, the DK aim to keep up the military pressure that it has applied over the past three years. They are seeking to wear down the Vietnamese physically and mentally through sustained but low level conflict.

The Khmer People's National Liberation Force (KPRLF) is the largest and most active non-Communist resistance group operating in Kampuchea. The KPRLF forces (estimated at 6-8,000 troops) will not soon achieve military parity with the DK. The majority of the KPRLF's armed forces lack training, combat experience, and leadership. While the nucleus of a good KPRLF guerrilla force (2,000 troops) is developing along the Thai border, growth is hindered by recruitment, financial and supply problems.

The KPRLF does not have the potential to develop into a force strong enough to challenge the Vietnamese in Kampuchea.

Non-Communist resistance forces loyal to Prince Sihanouk number less than 1,000 troops. These troops do not carry out any meaningful military operations and are not a factor in the Kampuchean conflict.

Status of Coalition Talks

There have been numerous attempts to get the various Khmer resistance factions to form a united front to add political pressure on Vietnam. Thus far, all have failed. Political maneuvering currently is focused on Singapore's loose coalition proposal. The non-Communists support the proposal. The DK are expected to reject it because they believe it assigns them a subordinate role in the resistance.

The DK, nonetheless, believe some form of united front is essential to defeat the Vietnamese, and are expected to make a counterproposal during the next few weeks.

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The prospects for an effective coalition of the divided and antagonistic Khmer resistance groups are not good. Even if some form of association among them is eventually established, the groups will -- for all practical purposes -- continue to operate as separate entities.

Soviet and Chinese Goals in Indochina

In attempting to expand its influence in Southeast Asia, Moscow's principal concerns are to contain China and diminish US influence, for the present complementing Vietnam's national interests. For their sizable economic investment in support of Vietnamese policy in Indochina, the Soviets have already realized substantial returns. They have a highly visible advisory presence throughout Indochina, and have gained access to Vietnamese air and naval facilities which enhance their military capabilities in Southeast Asia. These facilities enable the Soviets to better support Indian Ocean deployments and to expand intelligence collection capabilities in the region. Moscow will seek greater influence in Southeast Asia over the longer term by using Vietnam and the neighboring Indochina states to strengthen its presence in the region.

China's principal goal in Kampuchea is to prevent the expansion of Vietnamese and Soviet influence. Beijing probably perceives little alternative to a relationship with Hanoi marked by long-term hostility and has sought few alternatives to a policy aimed at keeping pressure on Vietnam. The Chinese believe such a strategy will eventually force Hanoi to retrench in Kampuchea and loosen its ties to the Soviets. Chinese interests thus are served by protracted warfare in Kampuchea -- it weakens Vietnam, creates opportunities to strengthen Chinese influence in Thailand, and gives Beijing the opportunity to visibly demonstrate its support for ASEAN policies.

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