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**Central Intelligence Agency, National Foreign
Assessment Center, 'Deng Xiaoping and the Taiwan
Question'**

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Summary:

The CIA evaluates Deng Xiaoping's views on Taiwan and how we will likely calibrate PRC policy toward the island.

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CENTRAL INTELLIGENCE AGENCY
NATIONAL FOREIGN ASSESSMENT CENTER

27 March 1981

MEMORANDUMsent to NSC
Son Lilley

DENG XIAOPING AND THE TAIWAN QUESTION

Summary

Deng's vulnerability on the Taiwan issue must be assessed in a broader context than a specific foreign policy question. Taiwan represents a fundamental issue because it raises questions of sovereignty and legitimacy. Changes in Taiwan's status promoted by other countries--particularly the US--would require Deng to make corresponding adjustments in Beijing's relations with those countries; these would be calibrated to match the perceived provocation. Such changes could be made without basic shifts in China's foreign policy orientation and in themselves would not seriously undercut Deng's political position. [redacted]

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But in certain circumstances, where Deng's policy lines were under serious challenge across a broad front and reversals began to become cumulative, a perceived setback on the Taiwan question could gravely undermine Deng's position. This would be particularly the case if strong nationalistic sentiments--deep sources tapped by Mao in creating the "Yanan spirit" and in staging his revolution--became aroused and were turned against Deng while he was weakened as a result of economic policy failures, social unrest, and a deepening sense of malaise. In such circumstances Taiwan would be an inflammatory issue that damage-limiting maneuvers by a weakened Deng might fail to control. [redacted]

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[redacted] Office of Political Analysis, National Foreign Assessment Center, in response to a request from Mr. James Lilley, Office of the Assistant to the President for National Security Affairs. Research for this report was completed 17 March 1981. This paper was coordinated with the National Intelligence Officer for East Asia. Comments and questions may be addressed [redacted]

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In less adverse circumstances, Deng could manage a retrogression of US-China relations, probably by seizing the initiative to take retaliatory measures against the US. Recovery from such a situation would require time as well as the initiative and commitment to repair the damage. Deng has the commitment--his assessment of China's strategic situation has not changed, and it is unlikely he would accept the idea of a real turn toward the USSR as punishment for US perfidy. At 76, however, Deng may not have the time, and as policy setbacks weaken his credibility, he may find his initiative so restricted that he would not be able to put his policies firmly back on track. [redacted]

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How vulnerable is Deng Xiaoping on the question of Taiwan? Would an upgrading of US relations with Taiwan weaken him politically to such an extent that he might lose his position as China's preeminent leader? Is the US connection now, or is it likely to become, a political liability for Deng? [redacted]

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These questions are complex because they raise fundamental questions about Chinese political dynamics and stretch our limited understanding of China's decisionmaking process. An assessment of Deng's vulnerability on the Taiwan question must address three aspects: The relationship between foreign policy and domestic politics since 1949; the Taiwan question and leadership sensitivities regarding it; and Deng's position in the current power structure. [redacted]

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The Historical Record

Chinese foreign policy since the founding of the PRC has undergone a series of radical shifts, some influenced heavily by domestic politics, but the historical record indicates that foreign policy differences have played a secondary part in leadership struggles. While Mao Zedong and Zhou Enlai were alive, they dominated China's foreign policymaking. Other leaders could exert some general influence but they had less responsibility for the formulation of basic policy. [redacted]

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During the period up to the death of Mao, the many political struggles in Beijing were precipitated almost

exclusively by domestic concerns. Foreign policy aspects, however, may for tactical reasons have become an element in the infighting. The fall of Politburo member Gao Gang in the early 1950s, still a murky matter, may have had an important foreign dimension in view of the charge Gao had covert ties to Moscow. Former Defense Minister Peng Dehuai challenged Mao's agrarian policy at the Lushan Plenum of 1959, and paid the price of opposing Mao by losing all his posts. The additional charge of being pro-Soviet and opposing Mao's foreign policy line was a subsidiary issue. The Cultural Revolution was an intensely domestic affair, and the foreign policy-related charge against former State Chairman Liu Shaoqi--being a "Khrushchev-type revisionist"--was not a major factor in his downfall. Lin Biao, who died while fleeing to the Soviet Union and had earlier expressed reservations about and had tried to block China's opening to the United States, got in political trouble primarily for reasons unrelated to the orientation or conduct of China's foreign policy, and he fell in the climax of a domestic power struggle. [REDACTED]

As Zhou's health failed in the early 1970s, Mao came to rely increasingly on Deng Xiaoping for help in carrying out China's outward-looking foreign policy. Mao turned against Deng in 1976, after Zhou's death, for domestic policy and power reasons, not because of foreign policy differences. But even in this instance foreign policy issues may have been at play. [REDACTED]

The historical record thus indicates that while specific foreign policy issues have repeatedly figured as tactical ploys within a larger struggle, domestic considerations have overwhelmingly been central to Chinese politics. These ploys are useful in power struggles because particular issues assume importance as part of an indictment of a leader's overall performance; if a case can be developed against a leader for faltering on a range of issues, a foreign policy question could act as a catalyst for a major political struggle. [REDACTED]

The Taiwan Question

The question of Taiwan's international status has great symbolic importance for PRC leaders, and it is potentially an explosive foreign policy issue. For the PRC leaders, many of whom played an important part in the "liberation" of the

mainland, Kuomintang control of the island is a constant reminder that the long civil war is not over, and remains a blatant challenge to the legitimacy, credibility and strength of the Communist regime. It is important, however, to distinguish between the problem of acquiring physical control over the island and that of defending the PRC's formal claim to sovereignty over Taiwan. Beijing cannot now conquer Taiwan by force of arms; it knows this but is not making the military preparations to change this fact. What the PRC has done--with many nations that maintain "informal" relations with the island but particularly with United States--is to trade off the substance of actual separation of the island from the mainland for the symbolism of "one China." [redacted]

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The PRC leaders are particularly sensitive to any action that negates Beijing's symbolic claim to sovereignty over the island. Such actions leave the PRC with neither the substance nor the symbol and tend to raise fundamental questions about the nature of the bargain its leaders have accepted. These leaders rode nationalist currents--among others--to power 30 years ago, and they do not want those currents to be turned against them now. [redacted]

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There is another salient aspect of the Taiwan question. Since 1954, PRC leaders have regarded the US approach to this issue as a crucial indicator of basic US attitudes toward Beijing. This was true during the period of Sino-US estrangement, and it has remained so in the period of rapprochement since 1971. Since rapprochement, moreover, the Taiwan issue has acquired a broad strategic context: from Beijing's perspective, for the US to permit its parochial concerns with Taiwan to damage the anti-Soviet front would indicate that it is not a reliable partner. Thus, for the US to default in Beijing's eyes by failing both to take into account Chinese sensitivities and to act according to strategic imperatives would raise basic questions about the utility of the Sino-US relationship as a whole. No Chinese leader can afford to forget this. [redacted]

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Thus, the response of a large proportion of China's leaders to a perceived change in the status of Taiwan, brought about by the US, would be an emotional as well as a reasoned one. Arguments to the effect that the larger strategic

situation needs to be borne in mind or that the benefits of good relations with the US still outweigh the costs might very well be unavailing. Like many relatively weak countries, China tends to stand on principle because it does not find it easy to throw its weight around. Since 1949 it has repeatedly sacrificed possible advantage to uphold principle. In response to a perceived provocation on the Taiwan question, there would be considerable pressure within China to take the kind of retaliatory measures against the US that could severely strain the overall relationship. [REDACTED]

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Deng's Power Position

Since his return to power in 1977, Deng has made impressive gains in strengthening his position in the leadership and has become the paramount force in Chinese decisionmaking. But though he is generally regarded as the regime's strongman or preeminent leader, Deng cannot dictate policy to the Politburo. He must wheel and deal to accomplish his ends, and on more than one occasion he has been obliged to change policies or accept compromises and setbacks in the face of opposition. [REDACTED]

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Deng's authority within the Politburo derives from three main sources: his prestige and experience as one of China's most capable senior leaders; his intricate and broad web of personal contacts throughout the Chinese party, government, and military bureaucracies; and the aggressive use of his political resources to propose, detail, and implement specific policy initiatives. A few Chinese leaders have prestige comparable to Deng's, but very few can match his access to important leaders and levers within the bureaucracy. [REDACTED]

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Deng's willingness to expend political capital to bring about change has in varying degrees alienated segments of the leadership--veteran party cadre, parts of the military establishment, and some economic managers, for example. It is in dealing with such opponents that Deng has demonstrated his adroit political maneuvering as he resorts to improvisation, compromise, and retreat from time to time. It was only a few months after Deng's greatest political triumph, at the Third Plenum of the current Central Committee in late 1978,

for example, that he was under political attack, not only by leftist leaders who had apparently been discredited and lost ground at the plenum, but also by former political allies. Characteristically, however, he returned to the offensive and by the time of the Fifth Plenum, in early 1980, he scored major new successes in strengthening his position in the power structure. [redacted]

This volatility in the political setting is thus largely Deng's own doing as he presses ahead to realize his objectives. His initiatives arouse opposition among those with vested interests in the status quo; he forms new coalitions to isolate the opposition and consolidate his position; and then these coalitions come apart as the cycle begins once again. In recent months Deng and his allies have been in retreat. Economic policies with which Deng has been associated have not been as successful as he had hoped and have had to be altered, efforts to reform the party and loosen its rigid control of society have met stiff opposition and created unrest, and the show trial of the Gang of Four seemed to have created more problems than it solved. Deng has found it necessary to placate the military and other elements concerned over too rapid change, and although he has recently won a signal victory in overcoming strong objections to his choice for a new defense minister, pockets of discontent remain among the military. The absorption in struggles of power has created impressions of disarray that adversely affect the image Deng wishes to project of a confident leadership ably and effectively bringing China into the modern world. Nonetheless, Deng seems to have again managed the adjustments required to regain his balance, his opponents have been unable to form a cohesive alliance that could threaten his position, and we can expect him to return to the offensive in the coming months. [redacted]

Deng and the Taiwan Issue

Deng expects to be judged on whether or not his policies bring about the intended results. His image is one of a pragmatist--one who believes that if a policy works, it must be right. This approach works to Deng's advantage in that it gives him great flexibility. Implicit in his policy initiatives is the assumption that they will work, and that if they do not, they can and must be changed. It is unlikely that he would

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allow a situation to develop in which he alone among ranking leaders was held responsible for a failed policy; he would act preemptively to change the policy first. But pragmatism cuts both ways; he himself will be judged on the success of his policies. [REDACTED]

Though the Taiwan issue is not likely in itself to be the crucial test for Dengist policies, it is one in which he has the least room to maneuver by sharing responsibility with other leaders. At the crucial moment in the development of Sino-US relations, Deng deliberately trained the spotlight on himself. He personally conducted the final phase of the normalization negotiations. He undoubtedly sold the pending agreement to the Third Plenum, which met just before the agreement was concluded--and it is not irrelevant to note that the decisions of this plenum legitimate much of Deng's reform program and, by implication, much of his authority. It was, moreover, Deng who visited the US in January 1979 and who personally and politically benefited from the accompanying applause; and it was Deng who made the substantive decisions during the visits of virtually all the US leaders who traveled to China in 1979 and 1980. In these circumstances, he would have to defend himself against the charge that he personally miscalculated or was tricked by Washington during the normalization negotiations and their aftermath. [REDACTED]

Deng, of course, is prepared to take measures that would set back the development of Sino-US relations if he believed it necessary to do so. Such an action could spring from his own belief that the US was deviating from the basic normalization principles, or from his perception that a demand for retaliation against US actions was building within the Politburo. Deng is responsible for China's foreign policy, and he is not likely to stand by passively in the face of potential affronts to China's sense of sovereignty. [REDACTED]

Deng has placed many allies in key power positions, and in current circumstances anything less than a drastic downturn in Sino-US relations resulting from a unilateral US action would be very unlikely to precipitate Deng's fall. It is clear, however, that he would not emerge from a setback on

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the Taiwan issue without suffering political damage. If such a development coincided with serious troubles in other areas, the Taiwan issue could provide a dangerous weapon to opponents holding Deng to account for policy failures, and particularly for allowing China to be humiliated again by foreigners. Thus, Deng's frequent warnings to the US Government about the adverse repercussions of a change in policy toward Taiwan is likely to stem from several motives: genuine concern about the issue itself, an attempt to preempt criticism about Deng's handling of the Taiwan issue the past several years, and awareness that political damage to himself and his programs could be considerable. [REDACTED]

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In sum, we believe that a major change in US-Taiwan relations would contribute to a weakening of Deng's position within the leadership, and would lead him to retaliate against the United States in proportion to the perceived provocation. Given the present state of political play in Beijing, we believe it unlikely that any prospective change in US relations with Taiwan would lead to Deng's fall. Repair of Sino-US relations and of Deng's political standing, however, would take time, and at age 76 he may not have enough. [REDACTED]

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