

CHINESE POLITICS IN THE POST-DENG ERA: CHALLENGES AND SCENARIOS*

Chito Sta. Romana

With the death of Deng Xiaoping on February 19, 1997, there is renewed international attention on China and its political situation. Many observers are wondering what will happen next in China. Will China continue to embark on the path of economic modernization pioneered by Deng, or will China return to the ideological purity and revolutionary values of Mao Zedong? Will Jiang Zemin last as Deng's designated successor, or will he suffer the fate of other transition figures in the history of communist regimes? Somehow, there are more questions than answers as the historical

*This speech was revised recently, taking into consideration Deng Xiaoping's death in February 1997.

drama of the post-Deng era slowly unfolds in China.

To understand the dynamics of Chinese politics in the post-Deng era, it is necessary to understand the legacy Deng Xiaoping passed on to Jiang Zemin, who must now confront the immediate challenges to his own leadership as he struggles to consolidate his position. It is certainly possible to sketch several scenarios in the post-Deng era, but readers should bear in mind that scenarios are at best educated guesses that will have to stand the test of time. Moreover, forecasting the direction China will take is always fraught with risks since the assumptions on which scenarios are based can easily change over time, particularly in the complex labyrinth of Chinese politics and the rapidly changing geopolitical stage of the Asia-Pacific region.

The Legacy of Deng Xiaoping

To gain an insight into Deng Xiaoping's legacy, it is useful to first understand what I would term Deng's version of a social contract or a New Deal with the Chinese people. During the past two decades since the death of Mao Zedong in 1976, and particularly since Deng's return to power in 1978, what we have seen in China has essentially been the implementation of Deng's strategy to modernize China by emphasizing economic reform and opening China to the global economy. The results have been impressive as China accelerated its economic growth to become one of the fastest growing economy during the 1980s and 1990s.

Faced with a political and economic crisis after the death of Mao, Deng Xiaoping formed a coalition of forces that were essentially opposed to Mao's Cultural Revolution and the chaos and ultra-leftist excesses

associated with it. And since Mao was the "great helmsman" behind the Cultural Revolution, Deng's coalition assumed a very distinct anti-Maoist orientation. What kept the coalition together was the strong desire to avoid the chaos and disunity that had resulted from the turbulent struggles of Mao's last decade in power, and the determination to rebuild the Chinese economy from the stagnation and destruction of that period.

Deng's key move was to shift the focus of national policy from class struggle to economic development. Thus, while Mao had put politics in command, Deng put economics in command. While Mao liked to put ideology and class struggle as the key link, Deng's response was somewhat similar to the campaign line the Clinton campaigners used against George Bush in the U.S. presidential election — "it's the economy, stupid!"

In a sense, Deng's deal with the Chinese people amounted to something like this: Deng gave the Chinese masses the freedom to make money and become prosperous (in line with the slogan "to get rich is glorious!") and his regime dramatically improved the people's living standards; in exchange, the Chinese people gave their support for Deng's regime. However, Deng laid one crucial condition in his social contract with the Chinese people: there cannot be any organized opposition to him, the Chinese Communist Party and the Chinese government. Hence, the legacy of Deng's rule is one that emphasizes economic freedom but does not allow room for political freedom. At the risk of oversimplification, Deng basically conveyed this message to ordinary Chinese: You are free to make money and even get rich, but you're not free to oppose the Communist Party; you are free to enjoy yourself in a restaurant, a disco or a karaoke bar, but you're

not free to put up a *dazibao* (wall poster used for protest) or to stage a demonstration.

This dichotomy of political and economic freedom—the absence of the former and the stress on the latter—is an underlying theme that permeates the evolution of Chinese society under Deng's regime. The tremendous economic growth during the past 17 years (propelled by such factors as the rise of the private sector in both rural and urban sectors, the unprecedented entry of foreign investment and technology, a vigorous export-oriented trade strategy, and the development of the market economy) is a dramatic contrast to the tragic crackdown in Tiananmen Square in 1989 and the continuing persecution of political and religious dissidents throughout China, including those in Tibet and Xinjiang.

Since the collapse of the communist regimes in Eastern Europe and the former Soviet Union, many observers have wondered how the Chinese Communist Party has managed to avoid the same fate thus far. The simple answer lies in the economic prosperity Deng Xiaoping achieved with his reform-oriented policies, which enabled his regime to continue garnering the people's support, and in the use of repressive tactics to prevent any organized opposition from gaining enough strength to pose a direct threat to the regime. At the same time, China under Deng has evolved from the totalitarian regime under Mao where the party and state exercised control over practically all aspects of society to an authoritarian one where there is a repressive one-party regime that allows some room for economic freedom. In short, Deng's China has become a regime where the Communist Party brooked no opposition but forsook total control over society; where there is scope for economic, social and some personal freedoms, but none for

political and some aspects of religious freedom (Chinese Catholics can worship the Christian God but cannot pledge allegiance to the Pope; Tibetan Buddhists can practise their religious rites, but the Dalai Lama is considered as a "splittist" who cannot be allowed to return to Tibet).

Radical and Moderate Reformers

The coalition that Deng Xiaoping put together and presided over as China rose from the ashes of the Cultural Revolution included at least two major groups of leaders—the radical reformers and the moderate reformers. While both sides were unanimous in pursuing Deng's strategic goals of economic modernization, political stability and the continuation of Communist Party rule, they had different perspectives and prescriptions on the pace and scope of economic reform, as well as different attitudes on how to deal with the side effects of China's economic boom.

The radical or liberal reformers, typified by Deng's close associates like former top leaders Hu Yaobang, Zhao Ziyang and Wan Li, advocated rapid economic growth by accelerating market-oriented reforms, opening China's doors as wide as possible to foreign investors, transforming the Chinese economy into a market economy as quickly as possible, and relaxing—if not eliminating—ideological controls. The moderate or conservative reformers, represented by figures like Chen Yun, Li Peng and Deng Liqun, called for less rapid economic growth, a slower and more deliberate pace of reforming the economic system and opening to the global economy, an appropriate combination of market forces and central planning, and the continued use of ideological controls.

Using the analogy of the bird representing the free market inside the birdcage of central planning, as Chen

Yun liked to do before he passed away in 1995, the moderate reformers sought to gradually expand the size of the birdcage while the radical reformers wanted to rapidly enlarge the birdcage or even to let the bird fly out of the birdcage.

Compared to the liberals in Deng's coalition, the conservatives were more alarmed by the negative consequences of Deng's economic policies, such as the spread of corruption, spiralling inflation, the widening disparity between the coastal and inland areas, the increasing inequality between the private entrepreneurs and the working classes, and the decline in ideological education and moral values. The liberals were also concerned by the emergence of these phenomena, but considered these side effects as the price of economic growth that can be managed by policy adjustments. The conservatives argued that the rapid growth of the private sector and the increasing role of foreign investment in China were resulting in the rise of a new bourgeois class that will eventually threaten the Communist Party's rule and lead to the collapse of socialism. Thus, they stood for a more controlled approach to economic growth, while the liberal reformers argued in favor of attaining greater economic prosperity through faster growth as the best way to win people's support and to prevent the downfall of the party's rule.

Given the divergence in thinking within his coalition, Deng's approach—in contrast to Mao's confrontational style during the Cultural Revolution—was to reconcile the differences whenever possible, moving forward by building consensus on his policy preferences, and whenever necessary compromising with the coalition's members in order to preserve political unity and stability.

On the surface, Deng's tactical direction sometimes appeared contradictory as he tried to maneuver and reconcile differences between the liberals and conservatives within his coalition. And, as in any coalition, there were members who straddled the middle ground or followed the prevailing direction so as not to fall out of step with Deng.

But Deng remained the ultimate arbiter of policy debates within his coalition. He sought to avoid a repeat of Cultural Revolution-style political struggles and did not resort to the practice of eliminating political rivals to resolve policy disputes. True to his pragmatic style, he tried to argue his case and convince his rivals with concrete results and economic progress. However, like Mao, Deng didn't hesitate to dump his designated successors, Hu Yaobang in 1987 and Zhao Ziyang in 1989, when they disagreed with him by refusing to implement his hardline approach towards student protestors.

Given Deng's legacy of placing economic development at the top of national priorities, understanding the underlying differences between the radical and moderate wings of Deng's reformist coalition and his tactical method of arbitrating and reconciling these policy disputes is a valuable way of gaining an insight to the challenges facing Deng's successor, Jiang Zemin, and post-Deng China.

With the death of Deng Xiaoping, what will now happen in China? Will there be a repeat of the dramatic events that unfolded right after Mao's death in 1976? Will there be a military coup against Deng's associates, similar to the arrest of the Gang of Four? Will there be a reversal of the verdict on the June 4th crackdown on Tiananmen Square? Will Deng's legacy be continued or will it be criticized, as Deng did with Mao's legacy? In short, will

history repeat itself in Chinese politics?

From my personal experience in China for the past 25 years, there are no easy answers to this question and only a fool will try to predict what exactly will happen next. When I first arrived in China in August 1971, Lin Biao was Mao's designated successor and this designation was even enshrined in the Communist Party constitution. But that didn't stop Lin Biao from staging a power struggle and unsuccessfully attempting to assassinate Mao. A few weeks after my arrival in Beijing, Lin Biao perished in a plane crash while trying to flee China. Mao designated Hua Guofeng as his successor before his death in 1976, but Deng Xiaoping resurrected from his political death after the military coup against the Gang of Four—and the rest is history. Meanwhile, I last saw Hua Guofeng at the Party Congress in 1992 as he raised his hand to vote in favor of Deng's political program. The dramatic shifts and reversals in Chinese politics can only make any serious China watcher proceed with caution and care in predicting the course of future events there.

The Challenges Facing Jiang Zemin

As Deng Xiaoping's designated successor, Jiang Zemin's immediate goal is to continue with Deng's legacy and consolidate his position while maintaining unity among the leaders and political stability throughout the country. The goal of political unity and stability is one that appears to be shared by all key players in the top leadership. What this means is that Jiang and his colleagues will seek to put stability above everything, keep power struggle and policy disputes behind the scenes, and act quickly to suppress any organized opposition to the post-Deng regime. Whether they will succeed in doing so

still remains to be seen.

As 1997 unfolds following the death of Deng in February, Jiang Zemin will face three major political challenges that will test his leadership skills as he strives to strengthen his position as Deng's successor.

The most important challenge to his political future this year will happen when the 15th Party Congress is convened sometime in autumn. The Party Congress, which is held by the Communist Party of China every five years, will be very important for Jiang Zemin since this congress—the first one since Deng's passing—will ratify the major policy direction and the membership of the top party leadership for the next five years. Most of the political deals and compromises are expected to be made before the Party Congress, particularly during the annual summer break when the Politburo members meet informally in the beach resort of Beidaihe in north China. But the Party Congress will show how successful Jiang Zemin is in accomplishing his task of consolidating his position in the post-Deng era. In short, the 15th Party Congress will be a major test for Jiang Zemin and his ability to survive the succession struggle and avoid the fate of becoming just another transition figure like Hua Guofeng.

As Deng's successor, Jiang faces a classic dilemma with respect to Deng's legacy: how to inherit and defend the positive aspects of Deng's policies and yet not be burdened by the negative aspects, such as the verdict on the Tiananmen Square crackdown and the side effects of economic reform; how to carry forward Deng's legacy and yet carve his own niche and make his own contribution to Chinese history; how to pledge allegiance to Deng's legacy and yet build his own independent power base in the party, military and government bureaucracy.

Having allies in the military is especially critical in an authoritarian state like China: If there is a key rule of survival in Chinese politics, it is this—without the support of the military, one cannot survive as top party leader. Having the military's support was the key to Mao's dominance vis-a-vis his rivals and to Deng's triumphant return to power. This was also the lesson after Mao's death: The Gang of Four relied completely on Mao's political support while he was alive, but after Mao died the military could easily go after them. There are indications that Jiang Zemin is taking this lesson seriously. Although Jiang himself doesn't have any military experience, Chinese press reports show that he has already done a lot of work in promoting key allies in the military and in building a coalition within the military hierarchy.

What Will Happen to Hong Kong?

The second major challenge that Jiang will face in 1997—and it will occur even before the 15th Party Congress—will be the reversion of Hong Kong to China on July 1st. The Chinese political leadership is currently preoccupied with ensuring the smooth turnover in Hong Kong. The Chinese intention is to take over Hong Kong with the least political and economic damage, and the goal is to have “two systems in one country”—practice socialism in China but let capitalism flourish in Hong Kong for at least another 50 years—so that Hong Kong can still continue to play the role of a regional financial center.

Given the Chinese intention and goal, the question naturally arises: Do the Chinese leaders understand what makes Hong Kong work, what makes it an economic success? Do the Chinese authorities have the capability and management experience to run Hong Kong? Or will the

fate of Hong Kong be similar to Shanghai's fate after 1949?

When the Chinese Communists took over Shanghai in 1949, Shanghai was considered the Paris of the Orient and it was the most cosmopolitan Asian city at that time. After six years, the authorities began to nationalize the factories and to buy out the assets of Chinese industrialists and businessmen in Shanghai. Moreover, the central government took more revenue than it invested and as a result Shanghai practically stood still in its economic development. It almost seemed like the city was frozen in time for more than three decades until Deng unveiled his policy to rebuild Shanghai and let it regain its past glory.

The elite Shanghainese families who fled the city to escape communist rule were the same people who made Hong Kong prosperous, together with other Cantonese clans. But hopefully the Chinese authorities have learned from their lesson in taking over Shanghai, and will leave Hong Kong alone as much as possible and simply let Hong Kong people govern Hong Kong.

There are at least two important reasons why some analysts believe China will strive to make the handover of Hong Kong proceed as smoothly as possible. First, there is the massive Chinese economic stake in Hong Kong in terms of investments and trade. For the Chinese, Hong Kong is like the proverbial goose that lays the golden egg. Hurting or even killing the goose will also hurt Chinese interests. Thus, the Chinese have a very strong stake in preventing any mismanagement of Hong Kong affairs and in continuing Hong Kong's prosperity.

The second reason has to do with China's strategic objective of peaceful reunification with Taiwan. The Chinese agenda is to deal first with the return of Hong Kong in 1997, followed by Macao in 1999, and ultimately

the reunification with Taiwan sometime in the 21st century. Macao, being smaller than Hong Kong, will probably be an easier issue to deal with, but after Hong Kong's handover the Taiwan issue will most likely become one of the biggest challenges that the Chinese leaders will face in the decades to come. If China succeeds in preserving Hong Kong's autonomy, stability and prosperity after the handover, then the people of Taiwan will have one less worry in considering peaceful reunification with the mainland, though the case for Taiwan's independence or simply for the island's status quo certainly cannot be considered as closed. But if China bungles the case of Hong Kong, then peaceful reunification with Taiwan will somehow become a more remote possibility, if not an impossible dream, for the Chinese leaders.

In contrast with these two reasons for optimism on the outcome of Hong Kong's handover, there are recent cases of Chinese behavior that provide the basis for serious concern in the international community. One is the formation of the provisional legislature last December that will replace the elected Legislative Council (Legco), which will be abolished after the handover on July 1st; another is the proposal to remove the bill of rights from Hong Kong's statutes; and the latest is the publication of rules restricting Hong Kong people's freedom of assembly under the name of protecting "national security." While the Chinese authorities are obviously concerned about preventing the use of Hong Kong as a "base for the subversion of the mainland," the picture that is slowly emerging from these recent Chinese moves is somewhat analogous to the dichotomy of political and economic freedom in China. In other words, it seems likely that after

July 1st China will let Hong Kong continue to be a free market economy where people will enjoy economic freedom, but where democracy and the political freedom associated with it—freedom of speech, assembly, association, etc.—will slowly be restricted and perhaps eventually vanish from the scene. Hong Kong will probably not become just another Chinese city right away, but it will also be a different Hong Kong from the place we know at present—imagine a prosperous Hong Kong free port without British rule and without its present degree of political freedom.

For Jiang Zemin, the smooth handover of Hong Kong can serve to boost his international and domestic prestige, an additional feather in his cap as he maneuvers to bolster his standing before the convening of the 15th Party Congress. For China, the Hong Kong issue will be a major test of the country's willingness to abide by its international commitments, a useful measure of its sensitivity to the concerns of the international community, and an important indicator of whether its leaders will approach the issue of Taiwan in a flexible or hardline manner.

Will Jiang Be Welcomed in Washington?

The third major challenge Jiang will face this year has to do with the relations between China and the United States. After the collapse of the Soviet Union, the United States became the only remaining superpower in the global scene. With the tremendous growth of China's economy, China was transformed into a major regional power in the Asia-Pacific region and is poised to become a global power in the 21st century. The emergence of China as a global power is transforming the balance of power in world politics and is a major factor affecting regional

stability. Thus, the direction of United States-China relations will have a major impact on global and regional stability and prosperity in the next century.

Following a period of strained relations between the United States and China after the crackdown on Tiananmen Square, the United States continued to tussle with China over a range of issues such as violations of human rights, copyright theft, trade access, proliferation of nuclear arms and missiles, Harry Wu's detention, Lee Tenghui's visit to the Cornell University, and China-Taiwan relations. But after U.S. President Bill Clinton decided to delink human rights from trade with China in 1994, and especially after a series of recent high-level visits between Chinese and American leaders, the state of US-China relations began to improve significantly. A plan to hold summit meetings between Bill Clinton and Jiang Zemin is now being worked out, with Jiang most likely making his first state visit to Washington in the second half of 1997 after the 15th Party Congress, while Clinton will be going to China sometime in 1998.

From the American perspective, the idea behind holding summit meetings is to follow the method the United States employed in dealing with the Soviet Union during the Cold War. Even though both countries then had differences on a wide range of issues, they still held annual summits. Thus, why not also hold regular summits between the United States and China? The political leadership in the United States and China has now agreed that despite their differences in various issues they will proceed with summit meetings. The whole gambit here is that dialogue and personal diplomacy at the highest levels between the United States and China will help in managing the relations between a superpower and an

rapidly emerging global power. Institutionalizing the practice of holding regular summit meetings will hopefully help in stabilizing the situation in the Asia-Pacific region and in promoting regional prosperity in the 21st century.

For Jiang Zemin, the challenge is to gain a strong domestic position after the 15th Party Congress in time for his summit meeting with Bill Clinton in Washington and to boost his international standing with a successful state visit to the United States, the first one by a Chinese President since the Tiananmen crackdown.

A Shift in the Geopolitical Equation

China's emergence as a global power in the 21st century comes at a historical juncture when the geopolitical context in the Asia-Pacific region is undergoing a transformation. The United States remains a dominant power in the region, though its strength has declined compared to the past. Japan continues to be a key regional power, while ASEAN (the Association of Southeast Asian Nations) is also emerging as an important regional power. While Russia, India and the two Koreas are also influential actors in the stage of Asian geopolitics, the multipolar picture that is emerging with the approach of the 21st century is being shaped by these four key players, or centers of power: the United States, China, Japan and ASEAN.

The interaction among these four will have a major impact on regional stability and prosperity. Whenever bilateral disputes erupt between two of these players, there are considerable repercussions throughout the region, as shown by the China's missile exercises and U.S. deployment of aircraft carriers during Taiwan's

presidential election, the controversy between Japan and China over the Senkakus or Diaoyu islands, and the conflicting claims between China and ASEAN over the Nansha or Spratly Islands.

At present, China's foreign policy seeks to maintain good relations with the United States, Japan and ASEAN as much as possible. But unlike the situation in the 1970s and 1980s when the fear of Soviet hegemony drove China to forge a united front with the United States, Japan and ASEAN, the current situation is shifting due to a growing Chinese perception that there are efforts by forces in the United States to contain China's emerging power. Chinese policymakers are increasingly expressing their apprehension that the U.S.-Japan Security treaty is being transformed from a mutual defense pact to a military alliance against China. In response, the Chinese approach is to win over ASEAN as an ally in meeting the challenge from the United States and Japan. Jiang Zemin has also called for "strategic partnership" with Russia as a foil to any containment strategy directed by the United States against China.

It is within this context that the dispute between China and the Philippines over the Nansha or Spratly islands is worth noting. The issue actually looms larger in the Philippines due to the extensive media coverage of the controversy over the Chinese installation of facilities on Mischief Reef, while in China the media coverage is very limited, with the Chinese press reporting simply short comments by the Foreign Ministry spokesman on the issue and occasionally publishing feature stories on PLA soldiers stationed on some of the islands in the South China sea. From the Chinese perspective, the Philippines certainly does not constitute a military threat, but from the

Philippine point of view there is a growing perception of a Chinese military threat largely due to China's recent assertiveness over its claim to the Nansha/Spratlys.

While the Chinese public position on this issue is consistent in stating that Chinese sovereignty over these islands is indisputable and that China is also willing to set this dispute aside and develop the resources of the Nansha/Spratlys together with the Philippines, there are indications that China is showing more sensitivity to the reaction of the Philippines and ASEAN in its handling of this issue. After all, China does not want this dispute to derail its efforts to strengthen unity with ASEAN.

The strong reaction from the Philippines, ASEAN and the United States over the Mischief Reef controversy did not fall on deaf ears in Beijing. The concerns voiced by the international community were very useful in conveying the message to the Chinese authorities that assertiveness over the Nansha/Spratlys will have an adverse impact on China's relations with ASEAN and on its international reputation. While there is unlikely to be a final resolution of this issue in the immediate future, the shifting geopolitical equation in the Asia-Pacific region may be advantageous to the position of the Philippines and ASEAN as China strives to lessen ASEAN's suspicions of its intentions in order to win over ASEAN as a regional ally.

Possible Scenarios in the Post-Deng Era

With the passing away of Deng Xiaoping, there are at least four general scenarios of the direction Chinese politics will take in the years to come. These four possibilities, which are listed below, do not pretend to cover the range of possible options or variations. But sketching

these scenarios here can be a useful exercise in the art of China-watching.

One scenario consists of what Deng Xiaoping devoted in his last years to achieve: a relatively orderly succession by Jiang Zemin as his successor and a smooth and stable transition to a post-Deng era. Under this scenario, Jiang Zemin is able to consolidate his position as the "core" of the new leadership and essentially continues to uphold Deng's policies. The economy continues to grow at a moderately high growth rate and economic prosperity continues to improve the people's living standards and ensures popular support for the regime.

It is worth noting that, if this scenario prevails, it will be unprecedented in Chinese communist history, since successions politics have been fraught with danger. But Jiang Zemin has an advantage because he has been under Deng's tutelage since 1989 and has been able to cultivate, if not appoint, key allies in the party, military and government bureaucracy. However, while Mao and Deng were both political giants, so to speak, Jiang Zemin is a leader of a much lesser stature. Hence, since Jiang is simply the first among equals, he may be more vulnerable than Deng to political pressures from conservatives within the ruling coalition. Even when Deng was still alive, Jiang Zemin was concerned with the negative consequences of rapid economic growth and became identified with the recent campaigns against crime and corruption. He also initiated the drive to promote "socialist spiritual civilization," a drive to improve moral values and ethical standards. While on the surface Jiang Zemin appeared to moving left in the political spectrum due to these campaigns, his moves are probably aimed at pacifying

the conservatives to ensure his political survival. Thus far, Jiang seems to be pushing forward with Deng's reform policies while making some corrections or adjustments in the general course charted by Deng.

A second scenario consists of a reassessment of the Tiananmen Square crackdown and a political resurrection of Zhao Ziyang. This scenario parallels somewhat the events that unfolded after the death of Mao, but it will need a broad coalition that includes a figure like Yang Shangkun, key elements of the military and radical reformers. If ever this scenario materializes, and it is not likely though at the same time it cannot be totally ruled out in light of China's history, it will represent another dramatic shift in Chinese politics and lead to more radical reforms not only in the economy but also in the political realm. Moreover, a review of Deng's contributions and mistakes—again very similar to the evaluation of Mao's record after his death—will be part of this scenario.

A third scenario consists of a Maoist restoration, a return to a period of strong state controls and strident nationalism identified with Mao Zedong's era. Under this scenario, free markets and foreign investments will be banned, and totalitarian controls will be restored. While this scenario remains highly improbable, it cannot be totally excluded due to the resurgence among some Chinese of a nostalgia for the Maoist period where crime, corruption and inflation were not pervasive. However, this so-called nostalgia seems to be less a desire to return to the chaos of the Cultural Revolution than a longing for the 1950s when inflation and corruption were unheard of. In fact, this phenomenon appears to reflect a wish by some to combine the economic growth identified with Deng with

the socialist values associated with Mao, the proverbial best of both worlds.

A fourth scenario consists of a civil war breaking out in China, resulting in the breakup of the country. This worst-case scenario is possible only if an intense power struggle between Jiang Zemin and his rivals spins out of control and the ruling coalition and the military split into warring factions, or if the problems between the central government and local authorities intensify with the localities attempting to break away from Beijing's control. This scenario is also possible if Taiwan declares formal independence and China resorts to military force against Taiwan. If the United States defends Taiwan, the ensuing conflict between China and the United States may result in the international community's cut-off of the flow of foreign investments to China, a rapid decline in China's economic growth and then prolonged economic stagnation. Under these conditions, the possibility of civil unrest and chaos breaking out is all too real. Again, while this seems highly improbable at present, it cannot be totally ruled out.

In conclusion, the only thing one can say for certain in the uncertain world of Chinese politics is that the post-Deng era will continue to draw the world's attention as its drama unfolds with all its twists and turns in the years to come.

CHINA IN THE ASIA-PACIFIC CENTURY: UNDERSTANDING CHINA'S ECONOMIC STRATEGY

Ericson M. Baculinao

We gather here today to discuss the momentous changes in the People's Republic of China, which could have a major impact on our well-being as a nation. These changes are taking place as the world's economic center of gravity is shifting to the Asia-Pacific region.

In the late 70s, North America's trans-Pacific trade surpassed trans-Atlantic trade for the first time, signifying indeed a historic shift of the world's great battlegrounds for trade and economic growth to the Asia-Pacific region. The rise of China as the fastest growing economy and potentially the biggest market in the world, has accelerated that global shift.

China used to be the sick man of Asia. Feudal and colonial depredation kept the country backward, driving