SUMMARY: THE FIFTH PLENUM LEADERSHIP RESHUFFLES RESULTED IN THE "TRANSFER OF POWER" FROM DENG XIAOPING TO JIANG ZEMIN AND THE ELEVATION OF YANG SHANGKUN AND YANG BAIBING. THESE CHANGES, HOWEVER, OFFER ONLY A SHORT-TERM SOLUTION TO THE CHINESE LEADERSHIP CRISIS.

TIONAL CHANGES, AND SUBSEQUENT EVENTS WHICH FOLLOWED AT THE HEEL OF THE APPOINTMENTS.

2. (U) BACKGROUND.
   A. (U) JIANG'S MILITARY APPOINTMENT TO THE MC CAME LESS THAN FIVE MONTHS AFTER HE WAS MADE PARTY GENERAL SECRETARY; BEFORE HE WAS FIRMLY ESTABLISHED AS THE NEW PARTY BOSS. TO COMPLICATE THE MATTER, JIANG IS TAKING COMMAND OF A MILITARY THAT IS BESET WITH PROBLEMS. SOME OF THESE PROBLEMS HAD EXISTED BEFORE THE JUNE CRACKDOWN, SUCH AS CORRUPTION AND DETERIORATING ARMY-PeOPLE RELATIONS. HOWEVER, THE SITUATION HAS GOTTEN WORSE AS A RESULT OF THE IMPOSITION OF MARTIAL LAW AND THE SUBSEQUENT MILITARY CRACKDOWN ON THE STUDENT-LED PROTEST IN BEIJING IN JUNE.
   B. (U) IT APPEARS THAT SOME OF THE REPERCUSSIONS AND EFFECTS OF THE TIANANMEN CRACKDOWN ON THE PLA ARE JUST NOW EVIDENT. LIBERATION ARMY DAILY ADMITTED ON 7 SEPTEMBER THAT THE IMPOSITION OF MARTIAL LAW, FIRST IN LHASA AND THEN IN BEIJING, HAS CAUSED "GENERAL CONCERN AMONG THE GREAT MASSES OF CITIZENS." THE ARTICLE WARNED THAT A PROLONGED ENFORCEMENT OF MARTIAL LAW IS BOUND TO BRING PROBLEMS TO THE COUNTRY AND SOCIETY.
   C. (U) (GUO) LINXIANG, SECRETARY OF THE MC DISCIPLINE INSPECTION COMMISSION, ISSUED A CALL ON 15 NOVEMBER FOR ALL PARTY ORGANIZATIONS AND MEMBERS IN THE ARMY TO "SELF-CONSCIOUSLY" IMPLEMENT POLICIES AND DECISIONS OF THE PARTY, STATE COUNCIL, AND THE MC. HE FOUND IT NECESSARY TO RESORT TO WORDS SUCH AS "USE IRON-LIKE DISCIPLINE" TO ENSURE THE "SmoOTH IMPLEMENTATION OF MAJOR POLICY DECISIONS" BY THE PARTY CENTRAL COMMITTEE AND THE MC, "RESOLUTELY OPPOSE DECENTRALISM (FENsan ZHUYI) (STC--0433/2414/ 0031/5030)," AND TO ENSURE THAT THE ARMY IS "POLITICALLY QUALIFIED FOREVER" TO DESCRIBE ACTIONS REQUIRED FOR THE IMPLEMENTATION OF POLICIES AND DECISIONS. THE CALL IS TANTAMOUNT TO ADMITTING THAT SOME UNITS OR INDIVIDUALS IN THE PLA ARE NOT STRICTLY ADHERING TO CENTRAL POLICIES AND DECISIONS. FURTHERMORE, HIS WORDS HINTED THE RESURGENCE OF THE "RED" VS "EXPERT" ERA IN WHICH POLITICAL AND IDEOLOGICAL LEANING IS MORE IMPORTANT THAN TECHNICAL AND PROFESSIONAL EXPERTISE.

3. (U) PERSONALITIES.
   A. (U) DENG XIAOPING.
   - (1) (U) DENG XIAOPING RETIRED AS CHAIRMAN OF THE PARTY MC ON 9 NOV. IT IS LIKELY THAT HE WILL ALSO STEP DOWN FROM THE STATE CMC CHAIRMAN'S POSITION WHEN THE NATIONAL PEOPLE'S CONGRESS NEXT MEETS IN THE SPRING OF 1990. DENG WILL THEN HAVE NO PARTY OR STATE POSITIONS. HOWEVER, IN A COUNTRY OF "GUANXI" WHERE RELATIONSHIPS ARE MORE IMPORTANT THAN FORMAL POSITIONS OR ORGANIZATIONS, DENG IS EXPECTED TO CONTINUE TO INFLUENCE POLICY FROM BEHIND THE SCENES. DENG, WHO HAS NOT BEEN
SUCCESSFUL IN PROVIDING SUPPORT TO HIS TWO PREVIOUS PROTEGES, ((HU)) YAOBANG AND ((ZHAO)) ZIYANG, NOW WILL DEVOTE HIS ENERGIES TO SUPPORTING HIS CURRENT PROTEGE, JIANG ZEMIN.

- (2) (U) SINCE THE SO-CALLED ORDERLY TRANSFER OF POWER FROM DENG TO JIANG, DENG HAS BEEN LOBBYING FOR JIANG IN AN ATTEMPT TO HELP JIANG TO CONSOLIDATE HIS POWER BASE. ALTHOUGH JIANG HAD STATED AT THE 4TH PLENUM IN JUNE THAT HE WAS "UNPREPARED TO BECOME PARTY SECRETARY GENERAL" AND AT THE 5TH PLENUM IN NOVEMBER THAT HE WAS "NOT FULLY PREPARED" TO ASSUME THE LEADERSHIP OF THE MC, DENG HAS BEEN TRYING TO PERSUADE THE LEADERSHIP OF THE PARTY AND THE MILITARY THAT JIANG IS BOTH A QUALIFIED MC CHAIRMAN AND A QUALIFIED PARTY GENERAL SECRETARY. AT THE 12 NOV ENLARGED MC MEETING, APPARENTLY IN AN ATTEMPT TO PRESERVE STABILITY, PROMOTE SUPPORT FOR JIANG AND PLACATE THE HARDLINERS, DENG DECLARED THAT HE HIMSELF WILL CONTINUE TO TAKE AN INTEREST IN THE FUTURE OF THE ARMY DESPITE HIS RETIREMENT.

- (3) (U) HOWEVER, DENG'S ABILITY TO INFLUENCE AFTER HIS RETIREMENT IS QUESTIONABLE. BELIEVE DENG'S INFLUENCE HAS BEEN ON A STEADY DECLINE SINCE JUNE. ALREADY WE SEE HIS INFLUENCE WANING IN THE ECONOMIC AREA. IN HIS 4 SEPTEMBER RESIGNATION LETTER TO THE POLITBURO, HE SPOKE FONDLY OF THE "CAUSE OF REFORM AND OPENING UP WHICH HAS JUST TAKEN THE FIRST STEPS..." YET, THE 5TH PLENUM HAS ALREADY PUT A HALT TO THOSE STEPS WITH A RETRENCHMENT POLICY. DENG'S DEFENSE MODERNIZATION, TOO, MAY BE SLOWING DOWN. A FIRST POSSIBLE SIGN IS SEEN IN THE REMARKS MADE BY ((ZHENG)) WENHAN, COMMANDANT OF THE PLA ACADEMY OF MILITARY SCIENCES (AMS). ZHENG, WHO PROPAGATES THE IDEA THAT FUNDAMENTAL PRINCIPLES OF ((MAO)) ZEDONG'S DIALECTICAL MILITARY THINKING WILL PLAY A GUIDING ROLE IN THE "STUDY AND COMMAND" OF MODERN WARFARE, HINTED AT THE COMEBACK OF THE OLD SYSTEM OF SOCIALISM. ZHENG'S REMARKS WERE VERY CRITICAL OF THE THE POWER EFFECTIVELY. ASIDE FROM DENG'S INSISTENCE THAT HE IS THE "NUCLEUS" AND THAT HE IS "QUALIFIED," JIANG HAS LARGELY BEEN PLAYING THE ROLE OF A DEFERENTIAL YOUNGSTER TO HIS FELLOW POLITBURO STANDING COMMITTEE AND MC MEMBERS. INTERVIEWED SHORTLY AFTER BECOMING PARTY GENERAL SECRETARY, HE TOLD A CHINESE-AMERICAN JOURNALIST THAT "AS THE PERSON RUNNING THE POLITBURO STANDING COMMITTEE, HE WANTS TO ADOPT THE VIEWS OF ALL AND CARRY THEM THROUGH, SO AS NOT TO FAIL THE EXPECTATIONS OF THE LEADERS OF THE OLDER GENERATION." (HONG KONG TA KUNG PAO, 12 NOVEMBER) IN A MAJOR POLICY SPEECH DELIVERED AT THE RECENT 5TH PLENUM, IT WAS REVEALED THAT JIANG DECLARED HIMSELF ILL-PREPARED TO BECOME HEAD OF CHINA'S MILITARY AND HAS APPEALED FOR STRONGER "COLLECTIVE LEADERSHIP." UNDOUBTEDLY, JIANG IS EMPLOYING THE STRATEGY OF APPEASEMENT IN HOPE TO BETTER
HIS CHANCES OF SURVIVAL IN THE HOSTILE POLITICAL ENVIRONMENT.

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- (2) (U) HOWEVER, IT BECOMES DIFFICULT TO DISCERN AND ASSESS THE CAPABILITY OF JIANG AS A LEADER WHO BELIEVES IN COLLECTIVE LEADERSHIP AND WHO HUMBLES HIMSELF BEFORE OTHERS IN DECISION MAKING. IT SEEMS THAT JIANG IS SO "GENERAL," A SECRETARY THAT HE APPEARS TO BE IN CHARGE OF NOTHING. EVEN HIS NATIONAL DAY SPEECH, WHICH THE ENTIRE COUNTRY HAS BEEN EXHORTED TO STUDY, IS SAID TO BE THE HANDIWORK OF LI PENG'S TEAM. (YUAN)

MU, A PARTY SPOKESMAN, REPORTED THAT THE SPEECH HAD BEEN "DISCUSSED AND REVISED BY THOUSANDS OF COMRADES, MAKING IT A CONDENSATION OF THE COLLECTIVE WISDOM OF THE PARTY AND THE PEOPLE."
- (3) (U) AS HEAD OF THE PARTY AND THE MILITARY, JIANG WILL HAVE TO SHARE HIS TIME WITH THE TWO ORGANIZATIONS. HOWEVER, BECAUSE THE "RUNNING" OF THE PARTY WILL REQUIRE A LARGE MEASURE OF HIS EFFORT AND THE FACT THAT JIANG DOESN'T HAVE THE CLOUT TO RUN THE MILITARY, THE OPERATIONS OF THE MILITARY WILL BE, MOST LIKELY, RELINQUISHED TO HIS FIRST VICE CHAIRMAN YANG SHANGKUN; MAKING YANG A "NEAR-PARAMOUNT" LEADER OF CHINA.
- C. (U) YANG SHANGKUN. YANG, WHO PLAYED A KEY ROLE IN THE TIANANMEN CRACKDOWN, IS NO NEWCOMER IN CHINESE POLITICS. SINCE 4 JUNE, HE HAS BEEN AN ACKNOWLEDGED STRONGMAN OF THE PLA, NEXT ONLY TO DENG. YANG'S ELEVATION TO MC FIRST VICE CHAIRMAN PROBABLY INDICATES THAT HE IS STILL DENG'S TRUSTED DEPUTY. HOWEVER, SOME LOCAL PRESS HAD RUMORED THAT YANG'S ELEVATION WAS THE RESULT OF A COMPROMISE; THAT THE ELDERS AND, PERHAPS, THE PLA WERE ONLY PREPARED TO ACCEPT JIANG IF YANG WAS UPHELD. REGARDLESS, AS THE FIRST VICE CHAIRMAN OF THE MC, YANG CAN BE A KING-MAKER OR KING-BREAKER WHEN DENG IS GONE. IF HE CHOOSES TO BE THE FORMER, HE WILL BE THE PUPPETEER PULLING THE STRINGS OF JIANG ZEMIN. IF LATTER, HE WILL PROBABLY ADVANCE HIS OWN AND/OR HIS BROTHER'S INTERESTS. HOWEVER, HIS ASSOCIATION WITH THE JUNE CRACKDOWN HAS ALSO RENDERED YANG SHANGKUN AN UNPOPULAR FIGURE WITH SOME GROUPS WITHIN THE PLA AND THE PUBLIC. THIS, TO SOME DEGREE, MAY ACT AS A CHECK ON ANY POSSIBILITY OF HIS SUDDEN RISE TO POWER. IN THE MEANTIME, WHILE DENG IS STILL ALIVE, YANG IS OBLIGATED TO "HELP" JIANG ZEMIN TO ESTABLISH HIS AUTHORITY OVER THE MILITARY, WHILE HE HIMSELF IS FURTHER ENTRANCED IN THE RUNNING OF THE PLA.
- D. (J) ((YANG)) BAIBING.
- (1) (U) AS THE NEW MC SECRETARY GENERAL, YANG BAIBING, A YOUNGER BROTHER OF YANG SHANGKUN, YANG BAIBING IS STRONGLY RUMORED TO BE A TANGDI OR COUSIN OF YANG SHANGKUN. YANG BAIBING'S LATEST OFFICIAL
BIOGRAPHY DOES NOT ADDRESS HIS RELATIONSHIP WITH YANG SHANGKUN. WILL BE IN CHARGE OF THE DAY-TO-DAY ACTIVITIES OF THE PLA; ALL ORDERS FROM ABOVE AND ALL REPORTS AND VIEWS FROM BELOW WILL BE PASSING THROUGH HIS HANDS. YANG'S ELEVATION TO THE MC IS MOST LIKELY A REWARD FOR SERVICE RENDERED DURING THE JUNE CRACKDOWN. THE SECRETARY GENERAL POSITION, WHICH REQUIRES MUCH TIME AND EFFORT, WILL PROBABLY CAUSE YANG BAIBING TO RELINQUISH HIS POSITION AS DIRECTOR OF THE GENERAL POLITICAL DEPARTMENT.

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IN ADDITION, YANG HAS ALSO PICKED UP MEMBERSHIP ON THE PARTY SECRETARIAT. ALTHOUGH THE POSITION IS NOT AS IMPORTANT AS THAT OF THE POLITIBURO, WHICH YANG WAS RUMORED TO GET, IT IS A FIRST INDICATION THAT THE MILITARY MAY HAVE A DIRECT INPUT TO AFFECT THE DAY TO DAY OPERATIONS OF THE PARTY. OVERALL, IT APPEARS HE AND HIS BROTHER YANG SHANGKUN WILL FORM A STRONG TEAM ON THE MC. SUCH PERCEIVED NEPOTISM, HOWEVER, CANNOT BUT AROUSE FURTHER SUSPICION AND RESENTMENT AMONG THOSE WITHIN AND WITHOUT THE PLA WHO WERE ALREADY ALIENATED BY THE USE OF TROOPS TO CRACKDOWN THE PRODEMOCRACY MOVEMENT. AGAIN, THIS MAY ACT AS A LIMITED CHECK ON THE YANGS' RISING AMBITION.

E. (J) (LIU) HUAQING. LIU, THE SECOND RANKING VICE CHAIRMAN, IS A PROFESSIONAL SOLDIER AND A LONGTIME SUBORDINATE OF DENG XIAOPING. REGARDLESS OF WHAT HAS BEEN SAID ABOUT LIU BEING A "DENGIST" OR "YANGIST," LIU IS STRONGLY COMMITTED TO MILITARY REFORM. AS A FORMER COMMANDER OF THE NAVY, LIU'S RECORD SHOWS THAT HE IS A STAUNCH PROMOTER OF PLA MODERNIZATION. HIS PRESENCE ON THE MC MAY HELP THE PLA TO PRESERVE ITS GAINS IN THE AREAS OF PROFESSIONALISM AND MODERNIZATION; POSSIBLY A COUNTERWEIGHT TO THE CONSERVATIVES (NOT NECESSARY THE YANG BROTHERS). PRESUMABLY HIS MILITARY KNOWLEDGE WILL MAKE UP FOR JIANG ZEMIN'S LACK OF IT. BUT, BECAUSE LIU IS A PROFESSIONAL SOLDIER, HE MAY LACK POLITICAL CLOUT, WHICH IS ESSENTIAL AT SUCH A HIGH LEVEL POSITION.

4. (U) ORGANIZATIONAL CHANGES.

A. (U) THE 9 NOVEMBER DECISION BY THE 5TH PLENUM TO READJUST THE LEADERSHIP OF THE MC CONSISTS OF APPOINTMENTS, DISMISSALS, AND TERMINATIONS. THE LAST, WHICH IS EASILY OVERLOOKED, CAUSED CHANGES IN THE ORGANIZATIONAL STRUCTURE OF THE MC. THE FOLLOWING IS A QUICK RECAPITULATION OF THE MC REHUFFLE: JIANG ZEMIN WAS APPOINTED AS CHAIRMAN, YANG SHANGKUN WAS RELIEVED OF HIS POST AS SECRETARY GENERAL AND WAS PROMOTED TO FIRST VICE CHAIRMAN; (HONG) XUEZHI AND LIU HUAQING WERE RELIEVED OF THEIR POSTS AS DEPUTIES SECRETARIES GENERAL AND LIU WAS PROMOTED TO SECOND-RANKING VICE CHAIRMAN, AND YANG BAIBING WAS APPOINTED TO THE POSITION OF SECRETARY GENERAL.

SECOND, GONE ARE THE POSTS OF DEPUTY SECRETARIES GENERAL, LEAVING THE NEW SECRETARY GENERAL YANG BAIBING IN SOLE CHARGE OF THE MC SECRETARIAT. C. (U) HONG XUEZHI, WHOSE JUNIOR PARTNER LIU HUAQING HAS BEEN PROMOTED TO VICE CHAIRMAN OVER HIM, APPEARS TO BE IN LINE FOR RETIREMENT. HE HAS Appeared At SUBSEQUENT TURNOUTS OF THE NEW MC LEADERSHIP AS A "MEMBER" -- WITHOUT PORTFOLIO. THE TITLE OF "MEMBER" IS ACTUALLY USED IN CONNECTION WITH THE STATE CENTRAL MILITARY COMMISSION. PRESUMABLY, HONG WILL BE ALLOWED TO KEEP IT UNTIL HE IS RELIEVED BY THE NEXT NATIONAL PEOPLE'S CONGRESS IN SPRING NEXT YEAR. EARLIER UNCONFIRMED REPORTS HAD HONG OPPOSING THE USE OF TROOPS AGAINST DEMONSTRATING STUDENTS. PERHAPS THAT MAY EXPLAIN WHY HE HAS BEEN STRIPPED OF POWER.

5. (U) SUBSEQUENT EVENTS.

A. (U) SINCE THE RESHUFFLE OF THE MC ON 9 NOVEMBER, THE NEW MC LEADERSHIP HAS TURNED OUT IN FULL ON TWO OCCASIONS, AND JIANG ZEMIN HAS DISCUSSED HIS NEW ROLE IN A PRESS INTERVIEW. IT APPEARS THAT ALL EVIDENCES ARE POINTING TO JIANG ZEMIN TAKING A BACKSEAT WHILE YANG SHANGKUN STEERS THE COURSE OF THE PLA AS POSSIBLE EXECUTIVE AS WELL AS FIRST VICE CHAIRMAN.

B. (U) WHEN JIANG WAS INTERVIEWED BY THE JAPANESE JIJI PRESS ON 10 NOVEMBER, HE ACKNOWLEDGED HIS LACK OF MILITARY EXPERIENCE. IN ADDITION, HE MADE THREE POINTS: FIRST, IT IS THE PARTY'S HISTORICAL TRADITION FOR THE PARTY TO COMMAND THE ARMED FORCES; SECOND, THERE ARE MANY WELL EXPERIENCED COMRADES IN THE ARMED FORCES; THIRD, HIS OWN MOTTO IS TO LEARN ABOUT EVERYTHING, AND IN MILITARY AFFAIRS HE WILL ALSO BE LEARNING FROM EXPERIENCED COMRADES. FOR RICH EXPERIENCE HE SPECIFICALLY NAMED YANG SHANGKUN, LIU HUAQING AND YANG BAIBING; INDICATING THAT WITH THEIR HELP, HE IS DETERMINED TO DO A GOOD JOB ON THE MC.

C. (U) THE FIRST FULL TURNOUT OF THE NEW MC LEADERSHIP ALSO TOOK PLACE ON 10 NOVEMBER. IT WAS THE 40TH FOUNDING ANNIVERSARY OF THE PLA AIR FORCE. AS REQUIRED BY PROTOCOL, JIANG'S NAME LED THE LIST; HOWEVER, IT WAS YANG SHANGKUN WHO EXTENDED CONGRATULATIONS TO THE AIR FORCE "ON BEHALF OF THE NEWLY ADJUSTED MC LEADERSHIP."

D. (U) THE MESSAGE WAS EVEN CLEARER AT THE ENLARGED MC MEETING, HELD FROM 10-12 NOVEMBER. ALTHOUGH THE MAIN

/***** BEGINNING OF SECTION 005 *****/
PURPOSE OF THE MC MEETING WAS SPELLED OUT BY NCNA AS "TO STUDY AND MAKE ARRANGEMENTS FOR ARMY WORK NEXT YEAR," JIANG ONLY MADE A SPEECH EULOGIZING DENG'S HISTORIC ROLE AS FORMER MC CHAIRMAN AND THE PLA'S ACHIEVEMENTS UNDER HIS LEADERSHIP. IT WAS YANG SHANGKUN WHO ADDRESSED THE MAIN ISSUES. HE SPOKE ON: (1) THE BASIC GUIDING IDEOLOGY FOR NEXT YEAR'S ARMY WORK, (2) THE STRENGTHENING OF POLITICAL BUILDING IN THE ARMY, AND (3) WORK ARRANGEMENTS TO ENHANCE THE ARMY'S COMBAT CAPABILITY.
ADMIN  [U]
PROJ:  [U]
INSTR:  [U]
PREP:  [U]
ACQ:  [U]
DISSEM:  [U]
WARNING:  [U]

END OF MESSAGE