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President Xi Jinping's Most Dangerous Venture Yet: Remaking China's Military

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BEIJINGð China's stock market was swooning. Investors were panicking. Yet when Chinese President Xi Jinping spoke that first Monday in January, he didn't address the global angst about the world's second-largest economy.

Clad in an olive-green Mao suit, he was talking instead to Chinese troops about another challenge that consumes his time and political capital: the biggest restructuring of the People's Liberation Army since the 1950s, a plan that unnerves America and its Asian allies and could upset the global balance of power.

ñWe must emancipate our minds and change with the times,ò he told troops of the 13th Group Army on Jan. 4. They should not, he said, ñwear new shoes to walk the old road.ò

Four days earlier, Mr. Xi had started to implement a plan to transform the Soviet-modelled military, long focused on defending China from invasion, into a smaller, modern force capable of projecting power far from its shores.

The plan, to be implemented by 2020, is one of Mr. Xi's most ambitious and politically risky undertakings yet.

If it succeeds, it could lay the ground for China to conduct combat operations as far afield as the Middle East and Africa. That would mark a milestone in the nation's emergence from a period of isolationism that began under the Ming Dynasty in the 15th century.

It could enable China not just to challenge U.S. military dominance in Asia, but also to intervene militarily elsewhere to protect its shipping lanes, resource supplies and expatriates, as other world powers have. While an expeditionary Chinese military could help in humanitarian and counterterror operations, the concern for the U.S. and its allies is that Beijing might use force in ways that conflict with Western interests.

The challenge for Mr. Xi is that his overhaul strikes at the core of one of China's most powerful interest groups, an institution that swept the Communist Party to power in 1949 and enforced its rule against Tiananmen Square's pro-democracy protests 40 years later.

The president's plan is ñmuch more complex and disruptive than previous military reforms, which just tinkered within the existing system,ò said Yue Gang, a retired PLA colonel and military analyst.

ñIf the reforms fail, you could lose popularity and have to take responsibility and resign, so there's a big political risk,ò he said in an unusually stark warning from a Chinese military figure about the high stakes involved.

Chinaôs State Council Information Office, the governmentôs official mouthpiece, referred inquiries to the defense ministry, which responded in a faxed statement saying The Wall Street Journalôs queries contained ñpure speculation and did not correspond to factsò without specifying what points were inaccurate. The ministry said military and civilian authorities had done ñintensive studiesò to ñensure the smooth transition from the old system to the new one and also the security and stability of the troops.ò

The PLA had begun taking tentative steps abroad even before Mr. Xiôs plan. It has sent ships and submarines into the Pacific and Indian Oceans, installed military equipment on reclaimed land in the South China Sea and challenged U.S. naval forces around Chinaôs coast.

Internally, though, the PLA has been hobbled by a structure and mind-set rooted in the revolution and dominated by the Army, which before the overhaul accounted for some 70% of troops and seven of 11 officers on the Central Military Commission that commands Chinaôs armed forces.

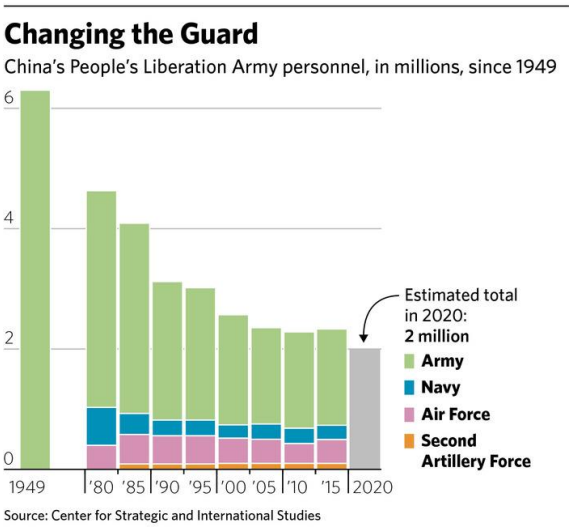
Interests abroad

Under his new plan, Mr. Xi, who heads that commission, is trying to shift power to naval, air and missile forces, which are vital for his ambitions to enforce territorial claims in Asia and protect Chinaôs swelling economic interests elsewhere. He is doing that by forming new service branches and downgrading the status of the Army.

He is wresting power from senior generals by dismantling command structures including the PLAôs seven ñMilitary Regionsò and four ñGeneral Departments,ò through which its officers have for years wielded authority, resisted central oversight and sometimes lined their pockets.

He is taking direct command of combat operations: Official media named him for the first time as ñcommander-in-chiefò of a new joint battle command center that he visited on Wednesday in a rare appearance in camouflage fatigues and combat boots.

And he is trimming 300,000 of the PLAôs 2.3 million troops, a move he announced last year, the biggest cut in two decades. That means putting out of work large numbers of soldiers experienced with weapons, just as the state sector, which absorbed previous troops cuts, also plans to lay off millions.



The cuts add to a pool of at least six million PLA veterans, thousands of whom have joined well organized protests in recent years, including one last June outside Central Military Commission offices in Beijing, over what they see as insufficient government support.

The government has ordered state firms to reserve 5% of new jobs for veterans and pledged at a March parliament meeting to spend 39.8 billion yuan ($6.1 billion) this year on allowances for demobilized troops, a 13% increase over 2015. Premier Li Keqiang told parliament: ñWe will see that demobilized military personnel are settled into new jobs or have good access to employment and business startup services.ò

Chinaôs restrictive political system makes it hard for the planôs opponents to speak freely. Top military figures have warned officers in speeches not to express opinions on the subject.

Still, there are signs of dissent. The PLA Daily, the main military newspaper, in November posted online and then removed an article warning that if restructuring is ñnot done properly, this could affect the stability of the military or even all of society.ò

Retired Maj. General Wang Hongguang, a former deputy head of one of Chinaôs military regions, told reporters at the March parliament meeting that local authorities canôt afford to support all the demobilized soldiers. ñThis is hundreds of billionsò of yuan, he said, adding that the defense budget needed to increase by more than 10%. The next day, the government announced a 7.6 % increase, the lowest in six years.

Mr. Xiôs ultimate goal is to enable the PLA to conduct complex joint operations combining air, sea and ground forces with information technologyð the kind of operation the U.S. has pioneered.

Reagan-era echoes

His plan echoes the Reagan-era Goldwater-Nichols Act of 1986, which revamped the U.S. military to address the inter-services rivalry and insufficient civilian control exposed during the Vietnam War and 1983 Grenada invasion. Despite fierce institutional resistance, it cut American forces and reduced powers of the heads of the Army, Navy, Air Force and Marines. It bolstered the authority of regional commanders to oversee all services in combat. That ñjoint operationsò approach means commanders can mobilize whatever air, navy or other forces they need when trouble arises.

Chinese leaders have hankered after similar capabilities since observing the 1991 Gulf War, when U.S. leaders coordinated a complex array of forces to devastating effect, say Chinese officers and military historians. Mr. Xi has indicated he sees a comparable capability as essential to the ñChina Dreamò he outlined after taking power in 2012, when he ordered the military to prepare to ñfight and win wars.ò

A defense white paper last year gave the PLA a new strategic task to ñsafeguard the security of Chinaôs overseas interestsò on top of its traditional defensive duties. Beijing has since announced plans to build its first overseas military outpost, in the African nation of Djibouti, which is home to U.S. and Japanese bases and has served as a supply stop for Chinese naval ships on antipiracy patrols in the Gulf of Aden. The PLA has also established an Overseas Operations Office as part of its overhaul.

China must adapt to a ñglobal revolutionò in warfare as threats to its expanding interests intensify, said Maj. Gen. Chen Zhou, a top PLA strategist who led the government white-paper team, in a group interview in March. He cited the Chinese navyôs evacuation of Chinese citizens last year from Yemen, in the midst of a civil war, as an example.

Restructuring and finding jobs for 300,000 troops is an unprecedented challenge, he said. But ñany revolution has a price to pay.ò

Mr. Xi first must strengthen his control over the military, which has long been a rival power center to Chinaôs civilian leadership. Founded in 1927, the PLA formed the backbone of the Communist uprising that ushered Mao Zedong into power in 1949. For years afterward, military officers were central in Party leadership.

When Deng Xiaoping came to power in 1978, he started sidelining the military from politics, winning support by letting it build business empires spanning nightclubs, pharmaceuticals and real estate.

By the 1990s, though, Beijing worried about the militaryôs readiness, especially after a 1996 standoff with the U.S. over Taiwan. In 1998, then-President Jiang Zemin started crowbarring the PLA out of business, extending budget increases in return.

His successor, Hu Jintao, struggled to stamp his authority over the PLA. In 2011, U.S. officials said President Hu seemed unaware of a provocative test flight of Chinaôs new stealth fighter hours before meeting Robert Gates, U.S. Defense Secretary at the time.

The incident fueled speculation among military experts that hawkish elements in Chinaôs armed forces were increasingly driving Chinese foreign policy. Chinese officials declined to comment.

Corruption was also becoming endemic, especially the buying and selling of ranks, with a generalship costing at least 10 million yuan ($1.5 million) but generating far more through graft, according to Chinese officers.