

# Through a *Jingzi*, Darkly

By DEAN CHENG

**F**or much of the past two decades, the concern of many in the U.S. Government and throughout Asia has been the impact of China's growing economy and concomitant political and military power—that is, the focus has been on the impact of China's success on the region and the world.

The very success that has led so many to worry about how China might exploit it, however, has also led to a variety of contradictions and tensions within that country. These are generating significant challenges to the leadership. With the current economic crisis, many of these issues are now coming

to a head. It is therefore appropriate to ask the question, "What would be the impact of Chinese failure?"

## The Legitimacy of the Party

When Mao Tse-tung and the Chinese Communist Party (CCP) first came to power, their claim to legitimacy (beyond having defeated the Kuomintang) was that they would allow the country to "stand up." China, under the rule of the CCP, would finally cast off what has been termed the "century of

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PLAN marines stand in formation during port visit by USS Juneau

U.S. Marine Corps (J.J. Harper)

humiliation,” when it lost control of its own destiny. To this end, China would develop the economic, political, industrial, and military wherewithal to resist foreign incursion, garner international respect, and control its own territory. At the same time, the people were promised a better life.

During Mao’s quarter-century of rule, he did succeed in elevating the place of the People’s Republic of China (PRC) in the international order. Under Mao, it was no longer a weak state at the mercy of various neighbors, but a more unified nation that was not easily intimidated by either the United States or the Soviet Union. This progress was achieved in large part through forced draft industrialization. From a largely agrarian society with a minimal industrial base, Mao transformed the nation into a major industrial power armed with a nuclear arsenal.

Even as Mao was restructuring the economy, he was also preparing for war. He was a fervent believer in ideological struggle and was convinced that China was confronted with a global political situation marked by “war and revolution.” This necessitated constant preparations for “early war, major war, nuclear war.” Consequently, he focused the economy on heavy industrial production and oriented it toward preparing for a massive, immediate conflict. Factories were scattered throughout the country, sacrificing efficiency for survivability, in order to support the postnuclear conflict that Mao assumed was imminent.

The economic inefficiencies were compounded by the domestic ideological and political campaigns Mao instituted at enormous human cost. These included such disasters as the Great Leap Forward (1957–1961), which led to the deaths of some 30 million by famine, and the Great Proletarian Cultural Revolution (1966–1976), in which China came close to disintegrating.<sup>1</sup>

When Mao died in 1976, Deng Xiaoping assumed the role of paramount leader and fundamentally altered the direction of the PRC. From the strategic perspective, Deng believed that, instead of “war and revolution,” the “keynote of the times” was marked by “peace and development.” This shift meant the PRC no longer had to be constantly preparing for imminent war. Instead, it could afford to reallocate its investments away from heavy industry and military production toward light industry and consumer goods. This became a cornerstone of Deng’s program of “reform and opening.”

At the same time, Deng introduced a much more pragmatic approach toward domestic governance, reducing the role of ideology in favor of “seeking truth from facts.” The emphasis was on pragmatism and stability, rather than grandiose schemes, in order to provide the conditions necessary for sustained economic development. As Deng himself observed, “The issue confronting China comes down to the need for stability. Without a stable environment, nothing can be achieved, and what has already been attained will be lost.”<sup>2</sup>

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In essence, Deng made a tacit bargain with the Chinese population. The CCP would jettison ideology and the attendant chaos and turmoil, doing no more than pay lip service to communism. Instead, it would focus on internal improvement and garnering international respect. The average Chinese could expect to see noticeable improvements, not only in their

own standard of living, but also that of their children. In exchange, the Party would retain sole control over the instruments of national power.

As a result of Deng’s policies, the economy markedly improved. The results in the first decade of reform were impressive by almost any measure. By the time of the Tiananmen Square massacre in 1989, national income had nearly quadrupled, from 301 billion *yuan* (or *renminbi*) in 1978 to 1,153 billion *yuan*. Average per capita income for rural peasants had grown from 134 *yuan* to 545 *yuan*, while that for urban residents had grown even more, from 316 to 1,119 *yuan*.<sup>3</sup> Nor was this simply statistical legerdemain. The average Chinese, who had once aspired simply to own wristwatches and bicycles, now had access to refrigerators and television sets. Deng’s policies succeeded in improving the lot of many Chinese, both urban and rural.

At the same time, however, the Party would brook no challenges to its authority, as was clearly demonstrated in 1989. The unrest and the response by the Ministry of Public Security were not limited to Beijing but were felt nationwide.<sup>4</sup> Indeed, it is worth recalling that current President Hu Jintao was party secretary of Tibet in 1989 and authorized martial law to maintain order at the time.<sup>5</sup>

The bargain was sustained by Deng’s successor Jiang Zemin. Jiang, like Deng, emphasized stability, stating, “Stability is the prerequisite for reform and development. Development must have stability in the political and social environment.”<sup>6</sup> At the same time, however, in recognition of the shifts in the Chinese polity generated by Deng’s reforms, Jiang extended Party membership to the new entrepreneurial class. Now, one was not compelled to choose between becoming rich and being a Party member—one could do both.



Container trucks en route to shipping terminal in Shenzhen Special Economic Zone in southern China



Migrant workers at railroad station in Haidian district of Beijing



Beijing protest of bombing of Chinese embassy in Belgrade, 1999

Both Jiang and his successor Hu Jintao have sought to maintain economic development and have by and large succeeded. China's economy is currently the third largest and is likely to become second within the next year. It is one of the largest producers of coal, steel, and gold.<sup>7</sup> Its auto factories are now the busiest in the world.<sup>8</sup>

### The Price of Success

As Chinese (and Western) analyses recognize, however, as a society becomes wealthier, pressures are generated that increase instability. Chinese analyses identify four broad sources of instability: social, economic, political, and cultural.<sup>9</sup> Perhaps most prominent today are the economic and social concerns.

Chinese analysts see economic issues as rooted in the shift away from a planned economy dominated by agriculture to a more industrial, market-oriented one.<sup>10</sup> Along with this shift comes growing economic inequality. China today has over 100 billionaires (based on dollar equivalent holdings), while at the same time, tens of millions are calculated by the China National Bureau of Statistics as living in poverty.<sup>11</sup> By providing more opportunities for people to improve their lives, China's economic success has also led to a widening gap between the more successful and the less fortunate.

Complicating matters, and marking the overlap of economic and social concerns, is the regional disparity in economic growth. The coastal regions were among the first to benefit from economic reform, with the creation of special economic zones designed to attract foreign investment. These have seen the greatest leap in standards of living and general levels of wealth.

By contrast, the inland provinces have yet to share in the higher stages of economic development. The China National Bureau of Statistics in 2004 concluded that 58.6 percent of China's poor lived in 12 western regions. Among the 31 provinces, 7 had 5 to 10 percent of their populations living in poverty and 3 had over 10 percent, including a province that registered 15.6 percent.<sup>12</sup> Those at the bottom are all inland provinces.

This disparity drives the massive flows of itinerant labor in the PRC. Estimated at some 150 to 200 million, this floating population moves from the countryside to the cities in search of temporary or permanent work.<sup>13</sup> It is the core of an essential pool of

low-wage labor. At the same time, however, it also exposes peasants from the countryside to a different standard of living that they are unlikely to attain for themselves.

Exacerbating the disparity of economic power is the issue of political corruption. As the U.S. Department of State noted in 2009, "Chinese leaders acknowledge that China has a very serious corruption problem."<sup>14</sup> This echoed an earlier U.S. assessment, which reported that Chinese officials had investigated more than 32,000 individuals accused of corruption and found over half to be guilty.<sup>15</sup> The consequences of such corruption go beyond bribery. The Chinese handling of melamine-contaminated milk powder (where milk powder found to be contaminated in 2008 was repackaged and sold until 2010) is suggestive of the range of social, political, and economic stresses.<sup>16</sup>

All of these factors strike at the legitimacy of the rule of the CCP. Economic disparity calls into question the validity of the implicit bargain; if the majority of the citizenry, whether they are rural peasants still on the farm or migrant laborers, cannot hope to improve their lives, then the CCP's claim to power becomes suspect. Similarly, corruption involves not only bribery, but also failure to safeguard the lives of Chinese citizens from a variety of dangers such as melamine, chemical waste products, and substandard construction. In particular, threats to children are likely to arouse a reaction since many families are likely to have only one child.<sup>17</sup>

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The population has reacted to these internal pressures by protesting in ever larger numbers. The number of "mass incidents" has steadily grown, from 8,700 in 1993 to 10,000 in 1994, 32,000 in 1999, 58,000 in 2003, and 74,000 in 2004.<sup>18</sup> As one Chinese study examining the causes of "mass incidents" bluntly observed, "The current expansion of mass incidents, [and] the adverse consequences they have created, have become the salient issue affecting social stability."<sup>19</sup>

For much of the first decade of the new century, this growing unrest was still at the margins. So long as the economy continued to expand at 5 to 8 percent annually, domestic standards of living for many Chinese contin-

ued to improve. This level of growth is essential in order for the economy to employ the millions of young men who reach working age every year.<sup>20</sup> Failure to create sufficient jobs, Chinese officials acknowledge, is the factor most likely to lead to social unrest.<sup>21</sup>

All of this has been called into question, however, over the past 2 years. A combination of global economic downturn and a turning away from the fundamentals of economic reform and liberalization has resulted in a slowing down of the Chinese economy.<sup>22</sup> In response, Beijing has engaged in massive stimulus spending in order for the government to claim economic growth in the essential 5 to 8 percent range.<sup>23</sup>

Such measures, however, have not entirely solved the problem. The global nature of the recession has meant that the demand for Chinese goods has dropped worldwide. This has led to both foreign and domestic companies reducing their work forces.<sup>24</sup> Consequently, millions of migrant laborers have had to return to their villages, unable to find work in the cities.

This situation will only get worse if the economic downturn is prolonged. Under such circumstances, it is reasonable to expect that the Chinese authorities will have even more difficulty maintaining control, as the fundamental social contract frays. If the CCP is unable to provide sufficient jobs for its workforce, and is unable to fight corruption or ameliorate inequality, then the ability of the Party to remain in power is called into question.

### Potential Responses

For the CCP, there would appear to be only a limited set of choices, none especially palatable. Least likely would be a liberalization of Chinese politics in order to accommodate those elements of society that are most unhappy. Indeed, the CCP's key lesson from the collapse of the Soviet Union would seem to be that the Soviet Communist Party had lost the will to rule.<sup>25</sup> The CCP is intent on avoiding that mistake, and has therefore opposed even moderate political reform.<sup>26</sup>

Rather than conciliation, history suggests that the Chinese leadership is far more likely to take a hard line against any who would challenge its rule. That is how it dealt

with the protestors in Tiananmen Square in 1989, and more recently in Tibet in 2008 and Xinjiang in 2009. Beijing has clearly demonstrated that it is prepared to go to extreme measures to deal with open dissension. Yet increasing internal controls can likely only go so far. The CCP, as noted above, is already confronted with growing numbers of “mass incidents.” Chinese leaders have already responded by increasing surveillance and attempting to crack down on potential leaders of protests.<sup>27</sup> Thus, in many ways, the easier measures of internal control have already been undertaken.

A different option for the CCP would be to invoke nationalism to rally popular support around itself. Such a move, however, would require a centerpiece upon which to focus attention. One possibility would be to invoke national unity against separatist movements in Tibet and Xinjiang. An essential aspect of CCP legitimacy is the ability of Beijing to exercise sovereignty over its territory. Such a move, moreover, would also implicitly play to Han ethnocentrism, as these regions are dominated by the Tibetan and Uighur ethnic minorities.<sup>28</sup>

Alternatively, Beijing may direct its nationalism outward. The most proximate issue would be the perennial question of Taiwan. Beijing has never renounced the option of using force against the island. Moreover, the issue of sovereignty is perhaps most salient with regard to the island's status, as it was among the territories that were lost to foreign intervention during the century of humiliation.

At the same time, however, Taiwan is also much more risky. Taipei has more international standing than either Lhasa or Urumqi. Furthermore, the United States, under the Taiwan Relations Act, has a commitment to Taiwan in a way that is not replicated to any other part of China. Any conflict involving the island would likely lead to a confrontation with the United States.

It is therefore possible that Beijing may consider Taiwan to be too risky an objective (especially given the additional difficulties attendant with conducting operations across the Taiwan Strait in the face of significant resistance). To this end, there are a host of other unresolved border issues that Beijing might choose to exploit in order to generate nationalist fervor. These include:

- the Spratly Islands in the South China Sea, where China is a claimant along with Taiwan, the Philippines, Malaysia, Vietnam, and Brunei
- the Senkaku/Diaoyutai islands, between Taiwan and Okinawa
- Aksai Chin and Arunachal Pradesh, on the Sino-Indian border.

Another possibility, given the growth in the Chinese navy and the acquisition of at least rudimentary expeditionary capabilities, is that Beijing may choose to be more interventionist, without necessarily seizing territory. For example, should ethnic Chinese in any neighbor countries be the subject of ethnic cleansing or violence, it is conceivable that Beijing might use its newfound capabilities to intervene on their behalf, either by helping to evacuate them or by creating safe zones for them. This could well be styled as intervention on behalf of ethnic compatriots. It would be an unprecedented use of Chinese military power, but would be less risky, and could generate less international opprobrium, than an attempt to secure disputed territory by force.

Finally, there is some chance that the CCP might fail to cope with domestic unrest. Past instances of Chinese crisis management, at least as reflected in such events as the EP-3 incident in 2001 and the bombing of the

Chinese Embassy in Belgrade in 1999, suggest that Chinese authorities have difficulty responding to rapidly evolving contingencies. A confluence of crises, such as domestic unrest coupled with external confrontations, might therefore affect the ability of Beijing to exercise control over the situation.

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In this regard, it is possible that the central government's harsh reactions to the recent protests in Xinjiang and Tibet seek to ensure that Beijing is not, in fact, seen as unable to cope with emerging crises. By publicly suppressing these protests, the CCP may be sending a signal to the citizens, and especially to potential and actual dissidents, that the central authorities are prepared to use force to maintain order and retain power.

#### **Implications for the United States**

While much attention has been paid in U.S. Government circles to how to handle China's rise, it is also important to consider how the United States should deal with a failing

U.S. Navy (Alan D. Monyelle)



EP-3 Aries crewmembers detained after collision with PLAN fighter arrive in Guam, April 2001

China. Of special importance is dissuading the CCP from believing that it can engage in externally oriented activities in order to distract its population from internal concerns.

This is essential, as the externally oriented options all hold significant risks of escalation. The number of claimants to the Spratly Islands, for example, makes it one of the few potential issues in Asia that might ignite a regional conflict rather than just a bilateral one. Moreover, the islands straddle some of the main shipping routes to Northeast Asia. Any use of force in that area could affect the flow of oil to Japan and the Republic of Korea.

In the case of the territorial disputes between India and the PRC, the legacy of the 1962 Sino-Indian war has meant that India is extremely sensitive to the security of its northern borders. Chinese claims to Tawang, rooted in the larger issues of control over the whole of historical Tibet and discomfiture with the Dalai Lama, have already led to Indian reinforcement of its border garrisons.<sup>29</sup> The potential for conflict between two nuclear-armed states, each with large conventional militaries as well, cannot be faced with equanimity.

For the United States, then, it is important not only to engage in contingency planning with key allies about what to do in the event of Chinese failure, but also to maintain current security relationships, and do so publicly. It is essential that the Chinese authorities are under no illusion that they can safely engage in nationalist activities to distract their population and retain power.

This is not to suggest that the United States should seek to exacerbate Chinese internal tensions. Instability in a nuclear-armed state, much less in one of the world's three largest economies, is undesirable at best. Indeed, such reassurances are also crucial for the United States, in preparing for the potential of Chinese failure. Just as Beijing should not believe that it can exploit foreign relations, it should also not labor under the wrongful belief that its situation is due to external machinations. Ultimately, whether China succeeds or fails is a function of the Chinese themselves. The United States should not allow itself to be seen as either a scapegoat or an enabler. **JFQ**

## NOTES

<sup>1</sup> For further details, see Jasper Becker, *Hungry Ghosts* (New York: Free Press, 1996); and Roderick MacFarquhar and Michael Schoenhals, *Mao's Last*

*Revolution* (Cambridge: Harvard University Press, 2006).

<sup>2</sup> China Administrative Management Society Study Group, *China Mass Incidents: Causes and Policies* (Beijing: National Academy of Administration Publishing House, 2009), 001.

<sup>3</sup> Joseph Fewsmith, *Dilemmas of Reform in China* (Armonk, NY: M.E. Sharpe, 1994), 3.

<sup>4</sup> Liang Zhang, Andrew J. Nathan, Perry Link, and Orville Schell, *The Tiananmen Papers* (New York: Public Affairs Publishing, 2001), 392–416.

<sup>5</sup> *Ibid.*, xviii; and Edward Cody, “Backstage Role of China’s Army in Tibet Unrest Is a Contrast to 1989,” *The Washington Post*, April 13, 2008, available at <[www.washingtonpost.com/wp-dyn/content/article/2008/04/12/AR2008041202215.html](http://www.washingtonpost.com/wp-dyn/content/article/2008/04/12/AR2008041202215.html)>.

<sup>6</sup> China Administrative Management Society Study Group, 001.

<sup>7</sup> Laura Mandaro, “China Pushes to Top as World’s Largest Gold Miners,” January 17, 2008, available at <[www.marketwatch.com/story/china-now-worlds-largest-gold-producer-foreign-miners-at-door](http://www.marketwatch.com/story/china-now-worlds-largest-gold-producer-foreign-miners-at-door)>; World Steel Association, “Crude Steel Statistics, Monthly Statistics,” available at <[www.worldsteel.org/?action=stats&type=steel&period=la](http://www.worldsteel.org/?action=stats&type=steel&period=la) test>; and World Coal Institute, “Top Ten Hard Coal Producers (2008e),” available at <[www.worldcoal.org/coal/coal-mining/](http://www.worldcoal.org/coal/coal-mining/)>.

<sup>8</sup> “China: World’s Biggest Auto Producer, Consumer,” *China Daily*, January 12, 2010, available at <[www.chinadaily.com.cn/bizchina/2010-01/12/content\\_9309129.htm](http://www.chinadaily.com.cn/bizchina/2010-01/12/content_9309129.htm)>.

<sup>9</sup> Drawn from China Administrative Management Society Study Group, 003, 006–008.

<sup>10</sup> *Ibid.*, 003.

<sup>11</sup> “China’s Growing Economy Mints Billionaires,” *The New York Times*, October 14, 2009, available at <[www.nytimes.com/2009/10/14/business/global/14rich.html](http://www.nytimes.com/2009/10/14/business/global/14rich.html)>; and China National Bureau of Statistics calculations are based on minimum food consumption and percentage of consumption that is food (2004 statistics). Rural Survey Organization of the China National Bureau of Statistics (RSOCNBS), “Poverty Statistics in China,” paper presented at the 2004 International Conference on Official Poverty Statistics Methodology and Comparability, October 4–6, 2004, available at <[www.nscb.gov.ph/poverty/conference/papers/4\\_poverty%20statistics%20in%20china.pdf](http://www.nscb.gov.ph/poverty/conference/papers/4_poverty%20statistics%20in%20china.pdf)>.

<sup>12</sup> RSOCNBS.

<sup>13</sup> Andrew Scheineson, *China’s Internal Migrants* (Washington, DC: Council on Foreign Relations, May 14, 2009), available at <[www.cfr.org/publication/12943/](http://www.cfr.org/publication/12943/)>.

<sup>14</sup> U.S. Department of State, *International Narcotics Control Strategy Report*, vol. I, *Country Reports* (Washington, DC: Department of State, February 27, 2009), available at <[www.state.gov/p/inl/rls/nrcrpt/2009/vol1/116520.htm](http://www.state.gov/p/inl/rls/nrcrpt/2009/vol1/116520.htm)>.

<sup>15</sup> U.S. Department of State, *International Narcotics Control Strategy Report*, vol. I, *Drug and Chemical Control* (Washington, DC: Department of State,

March 2006), available at <[http://beijing.usembassy-china.org.cn/incsr06\\_chn.html](http://beijing.usembassy-china.org.cn/incsr06_chn.html)>.

<sup>16</sup> Jane Byrne, “Chinese Dairies Shut Down on Melamine Discovery,” *AP-FoodTechnology.com*, February 8, 2010, available at <[www.ap-foodtechnology.com/Processing/Chinese-dairies-shut-down-on-melamine-discovery](http://www.ap-foodtechnology.com/Processing/Chinese-dairies-shut-down-on-melamine-discovery)>, and Rory Harrington, “China Forced to Relaunch Food Safety Crackdown,” *AP-FoodTechnology.com*, February 10, 2010, available at <[www.ap-foodtechnology.com/Processing/China-forced-to-relaunch-food-safety-crackdown](http://www.ap-foodtechnology.com/Processing/China-forced-to-relaunch-food-safety-crackdown)>.

<sup>17</sup> In the 2008 Sichuan earthquake, many children were killed when their schools collapsed. While officials jailed the inspector responsible for checking the schools, they also jailed a newspaper editor who was investigating the collapses. See “Man Charged after Quake in China Gets 3 Years,” *The New York Times*, November 23, 2009.

<sup>18</sup> “Mass incidents are defined as protests involving over 100 people.” Susan Shirk, *China: The Fragile Superpower* (New York: Oxford University Press, 2007), 57.

<sup>19</sup> China Administrative Management Society Study Group, 001.

<sup>20</sup> “China’s Urban Unemployment Rate Reached 4.3% in H-1,” *China Daily*, July 24, 2009, available at <[www.chinadaily.com.cn/bizchina/2009-07/24/content\\_8468884.htm](http://www.chinadaily.com.cn/bizchina/2009-07/24/content_8468884.htm)>.

<sup>21</sup> Tim Bowler, “China Warns of Unemployment Risk,” BBC, February 27, 2009, available at <<http://news.bbc.co.uk/2/hi/business/7915372.stm>>.

<sup>22</sup> For a discussion of China’s shift away from sustained economic reform, see Derek Scissors, “Deng Undone,” *Foreign Affairs* (May–June 2009).

<sup>23</sup> “Chinese Premier Wen Jiabao Predicts 8% Economic Growth,” *Los Angeles Times*, January 29, 2009, available at <<http://articles.latimes.com/2009/jan/29/business/ft-china-davos29>>.

<sup>24</sup> Diarmuid S. O’Brien, “Reducing Work Force in China,” *Squire Sanders China Update*, January 2009, 9–13, available at <[www.squiresanders.com/files/Publication/7ff85b68-ec1-4d0a-8ae7-2ae1c46948c3/Presentation/PublicationAttachment/755c31e9-1f6e-4be3-9a83-2b32241fc1f6/China\\_Update\\_January\\_2009.pdf](http://www.squiresanders.com/files/Publication/7ff85b68-ec1-4d0a-8ae7-2ae1c46948c3/Presentation/PublicationAttachment/755c31e9-1f6e-4be3-9a83-2b32241fc1f6/China_Update_January_2009.pdf)>, and Chi-Chu Tschang, “A Tough New Year for China’s Migrant Workers,” *Business Week*, February 4, 2009.

<sup>25</sup> Bruce Gilley, *Tiger on the Brink* (Los Angeles: University of California Press, 1998), 169–170, 176–177.

<sup>26</sup> Arthur Waldron, “Chinese Analyses of Soviet Failure: The Party,” *Jamestown Foundation China Brief*, November 19, 2009.

<sup>27</sup> China Administrative Management Society Study Group, 044–054.

<sup>28</sup> Central Intelligence Agency, *World Factbook 2010*, “China,” available at <<https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>>.

<sup>29</sup> Edward Wong, “Uneasy Engagement—China and India Dispute Enclave on Edge of Tibet,” *The New York Times*, September 3, 2009.