Leadership Sustains Public Unity amid Stress

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Since the fall of 2008, Beijing has faced the PRC's most severe economic downturn in the recent past. In addition, the year 2009 has brought several sensitive anniversaries, each of which might prompt political agitation and protest. Nevertheless, the regime leadership from all appearances has thus far weathered these stresses with a consistent public façade of unity and discipline. This performance contrasts starkly with the failure of the regime leadership to do so two decades ago.

The leadership's concern over the impact of the global financial crisis on China's economy emerged last fall as an economic slowdown began to be felt in China's critically important export industries, triggering accelerating unemployment and a growing potential for consequent social distress and political unrest. Since then, addressing the strains in China's economy has remained the foremost priority on the leadership's agenda.

The list of politically sensitive anniversaries that coincide with the present economic downturn and that may occasion either celebrations or protests is daunting:

- The 10th anniversary of the suppression of the Falun Gong sect;
- the 20th anniversary of the April–June Tiananmen crisis, which ended with the brutal suppression of demonstrations in Beijing on 4 June;
- the 30th anniversary of the launching of the "reform and opening" policies inaugurated by Deng Xiaoping that set China on its present path of rising prosperity and power, usually marked on the occasion of the 18–23 December 1978 Third Plenum of the 11th Central Committee;
- the 50th anniversary of the 1959 Tibetan revolt, during which the Dalai Lama fled Tibet for refuge in Dharamsala, in northern India;
- the 60th anniversary of the founding of the People's Republic, on 1 October;
- the 90th anniversary of the 1919 May Fourth movement, which protested the Versailles Conference's awarding German concessions in China to Japan rather than the Republic of China, usually celebrated as marking the emergence of mass nationalism in China and as leading to the founding of the Chinese Communist Party (CCP) in 1921;

- the 170th anniversary of the 1839–1842 Opium War, inaugurating what PRC historiography has called China's "century of humiliation" at the hands of foreign power; and
- the 220th anniversary of the French Revolution and the Declaration of the Rights of Man, events celebrated both in the Marxist political tradition and also in liberal human-rights advocacy.

This is not the first time that economic stress and its attendant potential for social and political unrest have coincided with such a daunting array of politically sensitive anniversaries. Nearly the same array of anniversaries loomed in 1989 in the context of a surge of inflation in the summer of 1988 and leadership efforts to establish policy to deal with it. Those efforts produced a deep split in the Party leadership that thereafter crippled its ability to address immediately and effectively the burgeoning demonstrations in Tiananmen Square the following spring. That train of events offers a stark baseline from which to judge the actions of the Hu Jintao leadership in dealing with a comparable set of challenges now.

Activist Leadership Response

The activism of the central leadership in responding to the economic downturn and its repercussions was evident last fall. As late as 25 July 2008, on the eve of the Beijing Olympics, the leadership had taken note of deteriorating trends in the international economy that might affect China, but effectively reauthorized the prevailing line in economic policy. A Politburo meeting that day reviewing economic trends and policy for the second half of 2008 took note that "factors of uncertainty and instability" were growing in the international economy and were beginning to have a "quite pronounced" impact on the functioning of China's economy, "making it more challenging and difficult to maintain steady and fairly rapid development." Nevertheless, the Politburo prescribed "maintaining the continuity and stability of macroeconomic policies," including continued efforts to control inflation and to improve macroeconomic regulation and control to make it "more farsighted, targeted, and flexible" (Xinhua, 25 July 2008).

By early November, the central leadership was moving quickly to address economic problems it now recognized as serious. On 5 November, the State Council under Premier Wen Jiabao authorized a 4 trillion RMB investment stimulus. Around the same time, the leadership authorized the dissemination through internal channels of Central Document 2008/18, which put forward 10 new policies to "expand domestic demand and assure stable rapid growth."¹ On 28 November, a Politburo meeting reassessed the impact of deteriorating trends in the world economy and concluded that "we should step up our sense of alarm." In setting down policy priorities for 2009, the Politburo called for "focusing on maintaining stable and fairly rapid economic growth by expanding domestic demand, by accelerating the transformation the pattern of growth, and by restructuring" as the primary task. It authorized "proactive fiscal and appropriately loose monetary policies," as well as "comprehensive application of various means to support people's livelihoods," including tax reduction and expanded investment by the central government. With respect to the impact of the economic downturn on China's society, the meeting also called for aggressive steps to resolve pressing and thorny issues that involve the interests of the people" (Xinhua, 28 November 2008). The annual national conference on economic work reinforced these assessments and priorities in early December. (Xinhua, 10 December 2008)

On the morning of 23 February, the Politburo convened to review the report on the work of the State Council to be delivered by Premier Wen Jiabao at the upcoming session on the National People's Congress. According to Xinhua's report the same day, the Politburo called 2009 "the most difficult year in China's economic development since the beginning of the new century" and concluded that "we must thoroughly recognize "the severity and complexity of the international and domestic economic situations, raise awareness of the potential dangers . . . and go all out to deal with the various challenges." The Politburo reaffirmed the economic policy line that emerged in November and charged the State Council with "addressing the international financial crisis and facilitating stable and relatively fast economic growth as the main theme in mapping out overall plans." On the afternoon of the 23rd, the Politburo convened a study session devoted to the world economic situation and its impact on China's economy (Xinhua, 23 February 2009). In his report to the NPC session on 5 March, Wen Jiabao underscored the severity of the economic crisis, but he also expressed confidence in the prevailing economic policy line and projected an annual GPD growth rate of 8 percent for the year. (Xinhua, 14 March 2009)

After the 23 February meeting, no Politburo meeting was reported for another three months—the longest gap since Xinhua began routine reporting of Politburo meetings in November 2002. When the Politburo did finally re-convene in May, it did not take up economic policy, although the Politburo study session the same day did take up the related question of China's social security system. (Xinhua, 23 May 2009).

Across the period from early November, when the stimulus program was announced, to June, Xinhua has reported the State Council Executive Committee holding 13 meetings on specific efforts to counteract the economic downturn. These included sessions on: aiding the light and textile industries (19 November); steps to alleviate enterprise problems and to stabilize oil product prices (26 November); steps to mitigate risks to financial institutions and to facilitate credit (3 December); migrant worker employment (10 December); improving distribution networks in rural areas and sustaining growth in foreign trade (24 December); improvement of the health and medical system (21 January); reviewing first-quarter 2009 economic statistics (15 April); economic reform steps in 2009 (29 April); enhancing consumer demand by encouraging trade-ins of old automobiles, motorcycles, and household appliances (19 May); steps to enhance external demand (27 May); stabilizing unemployment (3 June); and reviewing current economic trends and tasks (17 June).

Finally, after the State Council Information Office released mid-year economic statistics on 16 July, the Politburo met on 23 July to assess the economic situation and to

lay out economic policy for the rest of 2009. The Politburo affirmed the effectiveness of the economic policies authorized in early November 2008 and endorsed their continuation. "We must continue to regard promoting steady and relatively fast economic development as the most important task in economic work, maintain the continuity and stability of macreconomic policies, continue to implement the proactive fiscal and appropriately loose monetary policies, comprehensively implement, substantiate, and perfect the economic stimulus package plan and relevant measures and policies, consolidate the economic momentum of stopping the decline and taking a turn for the better, and strive to realize the expected goal" of the year.

Apparently in response to pressures from various quarters to modify the policy, the meeting "demanded that various localities and departments seek unity of thinking and action on the basis of the central analysis and judgment of the situation and the center's general arrangements for work" (Xinhua, 23 July). One such pressure may have come from the People's Bank over concerns about looming inflation. According to a 22 July article in the PRC-owned Hong Kong newspaper *Wen Wei Po*, the Bank has taken note of price rises in several key sectors over the past 3–4 months and, "abandoning its past 'all talk and no action' strategy," it has "hinted at its intent to make micro-adjustments in monetary policy." At pains to suggest that the Bank's intentions do not contradict the continuation of stimulus policies as endorsed by the central leadership, the article noted that "when it sounded the alarm about inflation, the central bank was proposing to make adjustments within the framework of the economic stimulus policy," and so there is "no contradiction" between the Bank and the central leadership.²

Despite apparent pressures from various constituents in the central and local bureaucracies, there has been no discernible hint of divisions within the Politburo leadership on the subject of the overall economic stimulus policy or its reaffirmation in July. Even though past NPC sessions have provided glimpses of differences among the top leadership, statements on economic policy by members of the Politburo Standing Committee in meetings with various constituent delegations attending the 5–13 March NPC session all hewed closely to the prevailing economic policy line. Similarly, public statements by top leaders in PRC media have uniformly betrayed no misgivings about the continuation of the policies into the second half of the year. Speaking at a "recent" national conference on financial work, for example, Vice Premier Li Keqiang underscored the necessity of "strengthening confidence" in the stimulus policies. (Xinhua, 26 July 2009).

Impact of Economic Downturn on Society

The activism of the top leadership in economic policy since early November last year was also evident in its concurrent efforts to address the potential consequences of the downturn on society. In mid-November, Zhou Yongkang, the Politburo Standing Committee member in charge of law and order, called on local authorities to contain disruptions of social order at the local level. Also in November, out of a concern that mishandling of stimulus investment might spark social protests over corruption, Beijing announced the creation of a new joint Party Central Discipline Inspection Commission (CDIC)-Ministry of Supervision leading group to inspect handling of stimulus efforts. And in early 2009, Beijing set up a "6521 Group" under the direction of Politburo Standing Committee members Xi Jinping and Zhou Yongkang to manage agitation attending upcoming anniversaries.³

With respect to the CCP itself, in November the leadership re-directed a study campaign mandated by the 17th CCP Congress as a means to enforce Party discipline in the context of the economic downturn. The campaign, which had already been officially launched in September 2008 to re-study the "scientific development concept," shifted focus in early November to stress the priority of Party unity behind the Hu leadership, apparently in an effort to squelch intra-Party debate and splits as tensions in China's society sharpened from the economic crisis.⁴

Anniversaries

The anniversaries holding the greatest potential as focuses for popular mobilization and agitation in China proper are of the 1919 May Fourth demonstrations and of the 1989 Tiananmen crisis. In each case, Beijing hewed broadly to past practice in managing the occasion, though with some modification to suit current circumstances.

May Fourth

Beijing marked the May Fourth anniversary this year more elaborately than it did in 1999, the previous decennial. As in 1999, the full Politburo Standing Committee turned out on 4 May for a commemorative meeting in the Great Hall of the People, sponsored by the Party Propaganda Department, the Ministry of Education, and the Communist Youth League (CYL) (Xinhua, 4 May 2009). The meeting was addressed by Politburo Standing Committee member and propaganda czar Li Changchun; Hu Jintao addressed the comparable 1999 gathering. In addition to this standard celebration, this year Hu Jintao also marked the occasion by speaking to assembled students at China Agricultural University in Beijing on 2 May; in 1999, then Party General Secretary Jiang Zemin gave no comparable speech. In 1999, a CYL circular mandated study by all CYL members; this year, a CYL circular mandated study of both the Hu and Li speeches. (Xinhua, 5 May 1999 and 6 May 2009)

As in 1999, the Party paper *People's Daily* marked the anniversary on 4 May with an editorial. In addition, it went beyond the 1999 precedent by publishing three authoritative commentator articles (本报评论员) on 6, 7, and 8 May. The paper also published on the 4th a long commentary on the significance of the May Fourth anniversary by former Party Documents Research Office Executive Deputy Director Jin Chongji. On 1 May 1999, the paper published a commemorative article by the politically conservative quantum field theorist He Zuoxiu championing the spirit of science heralded by the May Fourth movement. It was He's article in a Tianjin social sciences journal criticizing the practices of Falun Gong as superstition that sparked the sect's protests in front of Zhongnanhai on 25 April 1999. The May Fourth anniversary has traditionally been celebrated in the PRC concurrently as national youth day, and in past years the anniversary has focused on themes of May Fourth as a movement of intellectual liberation that contributed to the birth of the CCP, of patriotic idealism, and of the responsibilities of China's young people. Broadly speaking, the speeches and commentary this year addressed all three but focused heavily on the latter two. In his speech, Li Changchun called on Chinese youth "to carry forward the May Fourth spirit and regard patriotism as a brilliant banner to be held high at all times, regard diligent study as an important ladder to advancement in life, regard in-depth practice as the only way to grow into productive people, and regard dedication to society as fine moral character that should be pursued tirelessly." (Xinhua, 4 May 2009)

Hu Jintao's speech at the agricultural college was devoted solely to themes of patriotism and the responsibilities of Chinese youth, elaborating on each of the elements—patriotism, study, practice, and morality—encapsulated in Li's exhortation. "The best way for young people of the contemporary generation to commemorate the May Fourth movement," Hu urged, "is, under the leadership of the Party, to bravely undertake the heavy responsibility entrusted by history and, with persevering conviction, fine moral quality, ample knowledge, and masterful skills, work together with the broad masses of people to open up a new situation in the cause of socialism with Chinese characteristics." (Xinhua, 2 May 2009)

Tiananmen and the Iran Election Crisis

Nor surprisingly, consistent with past years, PRC media let the 20th anniversary of the 1989 Tiananmen crisis pass in virtual silence. The single exception to the overall silence was a series of four commentaries transmitted by the Hong Kong–based communist news agency Zhongguo Tongxunshe. Available evidence indicates that these commentaries were not publicized in mainland media, and their content suggests that they were intended solely for audiences in Hong Kong, seeking to blunt any effort by "so-called democrats" to mark the occasion with demonstrations to advance their cause as in past years, and for overseas Chinese audiences.

The first two commentaries—on 26 and 27 May—criticized the publication of the memoir of former Party General Secretary Zhao Ziyang, who was purged during the Tiananmen crisis—published in the West as *Prisoner of the State*. The latter two—on 3 and 4 June—rebutted the assertions of Western media that China needs "Western-style democracy," arguing that the stability and prosperity of China since 1989 demonstrates the correctness of the Party's leadership.⁵

The eruption of massive protest demonstrations in Iran only several days after the 4 June Tiananmen anniversary might have prompted a defensive effort by Beijing to deter any attempt to draw inspiration from what was happening in Iran in China's own domestic politics. Instead, Beijing's treatment of the Iranian election protests seemed far more aimed at not getting out in front of an evolving and uncertain political situation in a country in which Beijing has significant strategic and economic interests.

PRC media, for instance, neither suppressed nor markedly skewed reporting on the unfolding events in Iran. Xinhua's Chinese-language service, which provides dispatches for China's domestic press, carried 38 items—nearly four items a day—on what was developing in Iran over the 10 days from 12 June, the day of the elections, down to 21 June, when the Basij militia began suppressing demonstrations. These items included a report on the 13th on the announcement that President Ahmadinejad had won a purported 63 percent of the vote and a report the same day on former Prime Minister Moussavi's charges that of election fraud, reports on foreign reaction, accounts of the demonstrations, and reports on subsequent actions and statements by Moussavi, Ahmadinejad, Supreme Leader Khamenei, and other leaders.

Nor has Beijing indicated its acceptance of the regime's claim that Ahmadinejad won re-election. There is no indication that Hu Jintao has sent Ahmadinejad a message of congratulations—Beijing's normal practice is to send such greetings once an election result has been announced, as Hu and Premier Wen Jiaobao did immediately after President Obama's election last November. In addition, contrary to claims by Western media that PRC media reported Hu extending congratulations to Ahmadinejad during their meeting on 16 September at the Shanghai Cooperation Organization summit in Yekaterinburg, Xinhua's 16 June account of the meeting—as frontpaged on *People's Daily* on the 17th—stated no such thing. According to Xinhua, Hu and Ahmadinejad discussed the state of bilateral relations, and Hu laid out four principles for their advancement. Simply meeting with Ahmadinejad in this setting also does not connote recognition by Beijing of his re-election—Ahmadinejad's current term as Iran's president does not expire until early August.

Authoritative comment on Iran's election through the end of June has been lowlevel—consisting of three comments by the PRC Foreign Ministry spokesman Qin Gang, on the 16th, the 18th, and the 23rd—and cautious. Qin's statement in each instance was substantively the same: "We respect the Iranian people's choice and hope that Iran's stability and unity can be safeguarded"—an ambiguous formulation that does not commit Beijing to any particular outcome in the election dispute. On the 23rd, Qin added that "the results of Iran's election should be decided by the Iranian people, and the disputes and problems revolving around the election should also be decided by Iran." Xinhua's 23 June report on this statement by Qin Gang added as context that Iran's Ministry of the Interior had announced on the 13th that Ahmadinejad had won the election, that Moussavi had demanded nullification of the election results, and that "in recent days, supporters of Moussavi have held protests in Tehran and other provinces and cities of Iran and conflicted with the police and supporters of Ahmadinejad." (Xinhua, 16, 18, and 23 June 2009)

Xinhua reporting did pick up charges by Tehran accusing various Western countries of attempting to interfere in Iran's domestic political situation, and what little commentary on the Iranian events as there has been—and there has been very little, all low-level, and lacking in authority—has focused on those charges. An editorial in the English-language *China Daily* on 18 June urged international non-interference in a context of escalating conflict in Iran:

The international community is worried over the developments in Iran. But it has to have faith in the Iranian people to solve their problem peacefully...Hopefully, the Iranian people will avoid spreading the violence and all parties will accept the results after the recounting of votes next week. The international community, on its part, has to leave Iran's internal problems to the Iranian people and accept their verdict. This is the best way the international community can deal with Iran now because it does not help to add fuel to the already burning issue. Attempts to push the so-called color revolution toward chaos will prove very dangerous. A destabilized Iran is in nobody's interest if we want to maintain peace and stability in the Middle East and the world beyond.

A 24 June account in *Enlightenment Daily* (光明日报) projected that "there is now every indication that Iran's election crisis will intensify" because "Western powers are fanning the flames." It then catalogued statements by President Obama, British Foreign Secretary David Miliband, and Israeli Prime Minister Netanyahu as examples of "official pressure" on Tehran, Iranian regime charges of efforts by Western intelligence to incite subversion, and Western use of the media and the Internet "for purposes of instigation and sensationalism."

A lone commentary, carried by Zhongguo xinwenshe (Beijing's news agency serving overseas Chinese subscribers) on 18 June, speculated about the eventual outcome of the election crisis, reporting the analysis of Chinese Academy of Social Sciences West Asia and Africa Institute Iran specialist Wang Feng. While acknowledging that the demonstrations on Moussavi's behalf have been "powerful and stormy," Wang noted that the "conservative faction" in Iran's politics still held great power and predicted that Supreme Leader Khamenei would attempt to stabilize the situation by attempting to balance power among the competing factions.⁶ No commentary in PRC domestic media has been observed offering a projection on the outcome as of the end of June.

Significance of Leadership Unity

The pressures of dealing with the economic downturn and its social consequences concurrently with the run of politically sensitive anniversaries—and the eruption of interethnic rioting in Urumqi on 5 July—is making 2009 a severely challenging year for the Chinese leadership. What impresses is that the leadership has addressed all of these challenges thus far with a consistent public façade of unity and discipline.

The issues that the Hu leadership has confronted over the months since it began to address the economic downturn last November are as difficult as any confronted by Beijing since the early 1990s, and it is impossible to believe that they have not provoked serious differences among the top leadership over how to assess and respond to them. It is striking, therefore, that there has been no clear evidence of leadership divisions leaking into public view. This performance by the Hu leadership under pressure contrasts starkly with the failure of the top leadership to deal with parallel pressures two decades ago, beginning with severe economic stresses in the summer of 1988 and leading into the Tiananmen crisis of April–June 1989. Amid surging inflation in Chinese cities, and in plain view in PRC media reporting, the Politburo leadership split over economic policy, with conservative leaders such as Premier Li Peng, Vice Premier Yao Yilin, and the retired economic planners Chen Yun and Li Xiannian favoring economic retrenchment to control inflation and opposing efforts by Party General Secretary Zhao Ziyang, backed by Deng Xiaoping himself, to press ahead with a new round of wage and price reforms. At the 13th Central Committee's Third Plenum in September 1988, the conservatives scored a signal victory on economic policy, imposing a three-year program that put new economic reforms on hold indefinitely, and severely weakened the power of Zhao Ziyang.⁷

Over the next several months, the conservatives pressed to weaken Zhao further, even while intellectuals and students began to mobilize out of uncertainty over the future of reforms. The year 1989 presented nearly the same array of politically sensitive anniversaries that the Hu leadership is addressing this year. Many observers anticipated that the May Fourth anniversary would see student demonstrations—students had agitated every year since the mid-1980s over a broad range of complaints and issues. But when Hu Yaobang—deposed as Party general secretary only two years earlier—keeled over of a heart attack during a Politburo meeting on 16 April and students began commemorating him as a symbol of liberalizing reform by laying wreaths at the Monument to the Martyrs of the Revolution in Tiananmen Square, an already split top leadership divided further over how to deal with the burgeoning demonstrations, leading ultimately to the reprehensible outcome on 4 June.

The crisis of 1989, of course, provided a powerful lesson that has not been lost on all subsequent CCP leaders. The structure of power and the norms of leadership politics have evolved, however. In 1989, leadership politics still operated under the aegis of paramount leader Deng Xiaoping, together with the cast of retired veteran revolutionaries who dominated the politics of the 1980s. One might have expected that if any Chinese leadership could meet the challenges of concurrent economic stress and potential political agitation in society decisively, it would have been the leadership around Deng Xiaoping.

In contrast, the present leadership operates under principles of collective leadership that Deng Xiaoping himself sought to inculcate as a foremost priority among his political reforms. These principles deliberately confine the status of the Party general secretary to first among equals and also attempt to inhibit any bloc in the leadership collective in the Politburo from reaching out to other constituencies in the political order to enhance its power over others in the Politburo. This politics of oligarchy thus seeks to inhibit both centripetal and centrifugal political tendencies at the same time, and on reflection it would seem inherently difficult to sustain.⁸ To the extent that the Hu leadership has been able to maintain collective unity in the face of the challenges it has faced in recent months, it would seem therefore to be passing a potent test. And while Deng Xiaoping may have failed to inhibit open splits in the leadership during the stresses

of 1988–89, the system of collective leadership he designed appears to be succeeding under Hu Jintao 20 years later.

Notes

⁵ Qi Lin 启霖, "人间正道是沧桑" (Humanity's True Path is One of Great Change), Zhongguo tongxunshe, 26 May 2009, available in translation as CPP20090526004019; Zhong Zhengping 钟正平, "说清楚三个问题: 评'国家囚徒:赵紫阳秘密回忆录'" (Clarifying Three Issues—Criticizing *Prisoner of the State: The Secret Journal of Premier Zhao Ziyang*), Zhongguo tongxunshe, 27 May 2009, available in translation as CPP20090527073002; Liang Jiwen 梁基文, "西式'民主'并非普世皆通" (Western-style 'Democracy' is Not Universally Suitable), Zhongguo tongxunshe, 3 June 2009, available in translation as CPP20090603074033; and Lin Yin 林阴, 二十年中国佐证: 稳定是福 (China's Past 20 Years Prove: Stability is

a Blessing), Zhongguo tongxunshe, 4 June 2009, available in translation as CPP20090604004004.

⁸ For an elaboration on the dilemmas of oligarchy in Chinese leadership politics, see Alice Miller, "Institutionalization and the Changing Dynamics of Chinese Leadership Politics," Cheng Li, ed., *China's Changing Political Landscape* (Brookings Institution Press: 2008). This topic is also the focus of a new book project by this author in collaboration with Professor Susan Shirk.

¹ For a thorough analysis of the stimulus and the policies of CD 200/18, see Barry Naughton, "Understanding the Chinese Stimulus Package," *China Leadership Monitor*, No. 28.

² Hai Yan, "Central Bank Calls for 'Inflation Prevention' for the First Time Following Six Months' Grain Price Increases," *Wen Wei Po*, 22 July 2009, as translated in CPP20090722710012. See also the Xinhua piece on the same topic: Wang Yu and Yao Junfang, "Central Bank Again Says Keynote of China's 'Moderately Liberal' Monetary Policy Has Not Changed," Xinhua, 23 July 2009, as translated in CPP20090723074012.

³ For analysis all of these steps in their broader social context, see Joseph Fewsmith, "Social Order in the Wake of Economic Crisis," *China Leadership Monitor*, No. 28, 8–9.

⁴ See Alice Miller, "Leadership Presses Party Unity in Time of Economic Stress," *China Leadership Monitor*, No.28.

⁶ De Yongjian, "How Far Can Iran's 'Street Revolution' Go?" Zhongguo xinwenshe, 18 June 2009, as translated in CPP20090618722009.

⁷ Zhao Ziyang provides his own account of these events in *Prisoner of the State: The Secret Journal of Zhao Ziyang*, translated and edited by Bao Pu, Renee Chiang, and Adi Ignatius (New York: Simon & Schuster, 2009, 217–244.