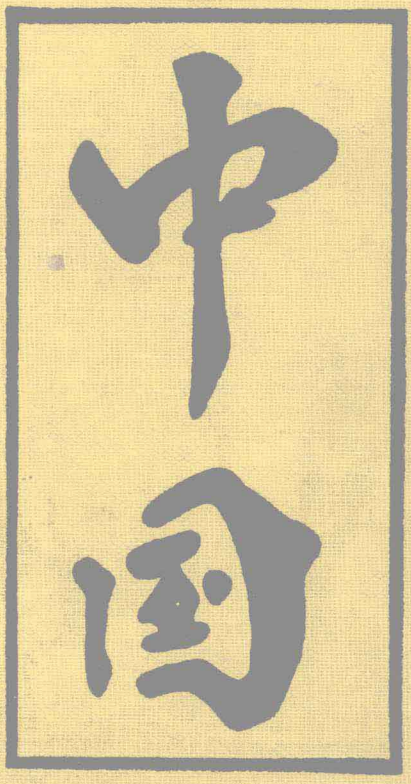
China Briefing, 1985

edited by
John S. Major



Published in cooperation with the
China Council of The Asia Society

China Briefing, 1985

edited by
John S. Major

Published in cooperation with the
China Council of The Asia Society

Westview Press / Boulder and London

Published in 1986 in the United States of America by Westview Press, Inc.; Frederick A. Praeger, Publisher; 5500 Central Avenue, Boulder, Colorado 80301

Library of Congress ISSN: 0740-8005
ISBN: 0-8133-0382-6
0-8133-0383-4 (pbk.)

Composition for this book was provided by the editor.
This book was produced without formal editing by the publisher.

Printed and bound in the United States of America

The paper used in this publication meets the requirements of the American National Standard for Permanence of Paper for Printed Library Materials Z39.48-1984.

6 5 4 3 2 1

China Briefing, 1985

中国

Also of Interest

†*China Briefing, 1984,* edited by Steven M. Goldstein

†*China Briefing, 1982,* edited by Richard C. Bush

†*China Briefing, 1981,* edited by Robert B. Oxnam and Richard C. Bush

†*China Briefing, 1980,* edited by Robert B. Oxnam and Richard C. Bush

China Geographer, No. 12: The Environment, edited by Clifton W. Pannell and Christopher L. Salter

†*Modernizing China: Post-Mao Reform and Development,* edited by A. Doak Barnett and Ralph N. Clough

†*The Making of Foreign Policy in China: Structure and Process,* A. Doak Barnett

†*The Government and Politics of the PRC: A Time of Transition,* Jürgen Domes

†*China Through the Ages,* Franz Michael, with an Introduction by Robert Scalapino

Power and Policy in the PRC, edited by Yu-ming Shaw

Mainland China: Politics, Economics, and Reform, edited by Yu-ming Shaw

Six Chapters of Life in a Cadre School: Memoirs from China's Cultural Revolution, Yang Chiang, translated and annotated by Djang Chu

†Available in hardcover and paperback.

Preface

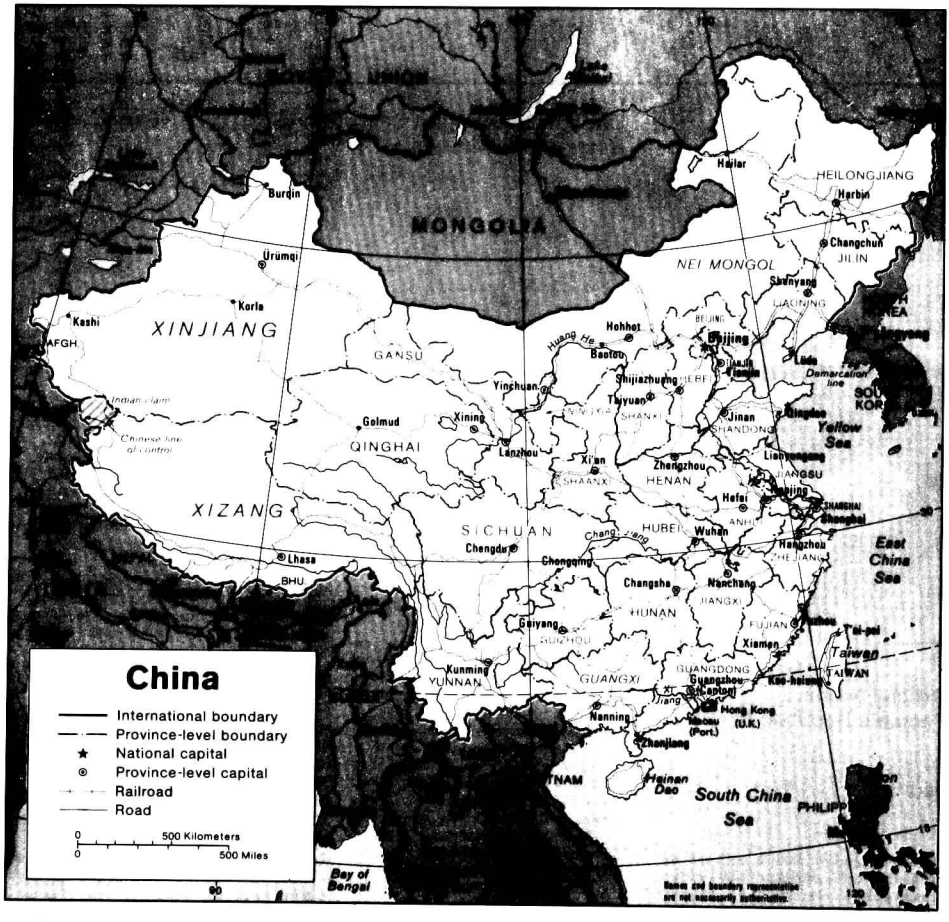
The China Council of The Asia Society is a non-profit, non-partisan educational organization. In keeping with its mission of providing accurate and impartial information on China and U.S.-China relations to the American public, it has in every year but one since 1980 published an annual *China Briefing*. It is a pleasure to present *China Briefing, 1985* to the large and growing number of persons in the United States and overseas who wish to deepen their understanding of contemporary China.

As with *China Briefing, 1984*, all of the essays in this volume were specially commissioned and have not been previously published. Although each volume of the *China Briefing* series is intended to stand on its own as a review of the year in question, it is also our hope that the volumes taken together will serve as a cumulative account of events in China over a period of years marked by rapid and exciting changes. Some topics—for example, politics and international relations—are dealt with in these volumes year after year; others, such as culture and education, appear less frequently. Thus the general approach of Merle Goldman's article on culture in *China Briefing, 1984* remains valid in the current year; Peter Seybolt's essay on education in this volume provides a review of salient events in the past few years as well as detailed information for 1985. This year, for the first time since 1982, a chapter is devoted exclusively to Taiwan.

I wish to express my appreciation to all of the authors for producing their chapters with both the necessary speed and efficiency and the hoped-for high quality. Harry Harding's incisive comments as manuscript reader made my editorial task a light one. Corey McDonnell, the China Council's program assistant, handled the manuscript preparation with

her customary cheerfulness and efficiency, and in addition prepared the chronology that appears at the end of this volume. Our typists, Mike Franks and Lorri Kaye, were models of coolness and accuracy under pressure. Finally, Susan McEachern, acquisitions editor at Westview Press, was a delight to work with and has my deepest thanks for her patience and cooperation.

John S. Major



Source: U.S. Department of State, "Background Notes: China," December 1983.

Contents

1
Domestic Politics

David Bachman

If reform dominated the news in Chinese domestic politics in 1984,[1] the biggest story to emerge in Chinese politics in 1985 was the discovery of the limits of reform. This is not to say that reform is dead in China, but that throughout 1985, especially in the second half of the year, a diffuse but very broad segment of the Chinese polity made its opposition to elements of the reform program clear. Students, cadres, urban dwellers, national minorities, and others all expressed some degree of dissatisfaction with aspects of the reform program. The views of these groups, the unintended negative consequences of the reforms themselves, the pervasive corruption found in the Chinese Communist Party (CCP), and the failure of official ideology to guide and inspire the Party and the Chinese people, left Deng Xiaoping and his allies with the need to rethink their strategy and tactics fundamentally.

The reformers did advance the transformation of the Chinese economic system during 1985 and appear to have achieved a number of important goals that seemed to strengthen their political position. In the first half of 1985, major programmatic reforms of the science and technology and educational systems were launched. Prices for many agricultural products were allowed to reflect supply and demand. The rural reforms were further consolidated. A major shake-up of the military was undertaken. Personnel changes and policy decisions made at the National Party Conference in September further aided the reformers' cause. While there may have been opposition to these developments, it did not hinder the formulation and at least partial implementation of these measures.

However, in the second half of 1985, the Dengist revolution from above in the name of reform bumped up against "the social limits of politically induced change."[2] Groups, such as students and urban dwellers, which had previously gone along with the reforms now began to express anxiety or dissatisfaction with elements of the reformers' program. By itself, this opposition may not have been very threatening to Deng

and his allies. But when coupled with the revelation of wide-spread corruption in the Party and the government, it presented China's top reformers with a basic and not easily resolved problem by the end of the year. In the short-run (and perhaps longer), some of the key elements of the reformers' constituency had serious doubts about the reform program. Moreover, by the end of the year, it was an open question whether the Party had become so corrupt that it was incapable of pushing through further initiatives. To rephrase the dilemma facing Deng, Hu Yaobang, Zhao Ziyang, and other reformers, they had to continue to rely on an organizational weapon that may no longer be a reliable instrument in carrying out the reforms in the face of mounting opposition from society. Whether the leadership can minimize social discontent while reinvigorating the Party and other major bureaucratic organizations is the crucial issue as China enters the Seventh Five Year Plan (1986–1990).

In this essay, we will examine the progress reformers made in advancing their revolution from above during the first half of 1985. Next, we will turn to ideological developments. Third, we will look at the transformation of the Party leadership, and particularly the emergence of a new elite from a series of meetings in September 1985. We will then focus on the problems and the sources of opposition facing Deng and his colleagues in the second half of 1985. Finally we will conclude with some brief comments on prospects for China in 1986 and beyond.

The Reform/Revolution from Above

In 1985, the Chinese leadership achieved successes in five major areas: science and technology, education, prices, the rural sector, and the military. In addition, continued progress was made in two other areas: the development of the legal system and the open door policy (at least until mid-1985). We shall briefly review the policies in each of these areas.

On March 13, 1985, the Central Committee of the Chinese Communist Party (CCP) released a major document on the reform of the science and technology management system. The goal of this reform was to integrate scientific and technological developments more thoroughly with economic construction. Science and technology were to concentrate on applied, as opposed to basic, research. Scientific research institutes were to engage in contract work for economic enterprises. A "technology market" was to be established. Science foundations, apparently modeled on the U.S. National Science Foundation, were to be founded. Management of research institutes was to be reformed and made more responsive to a changing domestic economy.[3] Many of the individual

proposals in this document were not new developments in 1985. Some had been discussed since 1979. What was important was the comprehensive nature of the document, and the imprimatur of Central Committee approval.

Two months later, the Central Committee announced another major decision, this time on the reform of the educational system. In line with the science and technology decision, this document gave colleges and universities expanded autonomy in managing their own affairs, in contracting out their services to other institutions, and in enrolling students who paid their own tuition. The document also stipulated that a 9-year mandatory system of education be gradually implemented. A scholarship program for college students was to be introduced, and the previous system whereby all college students within the state plan had their fees paid by the state was to change.[4]

In early 1985, it was announced that prices for most agricultural commodities could fluctuate with market demands, or within broad price bands set by the state. Pork, vegetables, and other perishable products were subject to market regulation, though the prices for grain, oil, and other basic commodities remained fixed or these commodities remained subject to rationing. Prices for various industrial commodities, particularly when a surplus of the product existed, were increasingly subject to the dictates of the market. Even the determination of prices of previously controlled items, such as railway haulage fees and coal, was to be based increasingly upon economic factors.[5] China seemed to be making real progress in dealing with the classic stumbling block of all reform efforts in socialist economic systems: irrational prices.

The rural reforms were further consolidated in the Central Committee's Document No. 1. State procurement quotas for agricultural products were abolished. From now on, grain and cotton would be sold to the state on the basis of contracts. Other agricultural commodities would be supplied on the basis of market relations. The expansion of small towns and cities in the countryside was encouraged. All round development of the rural economy was promoted, especially rural industry.[6]

Finally, and perhaps most significant of all the reform efforts of the first half of 1985, the People's Liberation Army was also transformed. The army was to be reduced in size by a million troops over 1985–1986, with many of the retirees to come from the officer corps. The eleven military regions were to be reduced to seven, further diminishing the size of the officer corps. Younger, more professionally competent officers were promoted, and older officers who had grumbled about Deng's reforms were forced out of power.[7] While it is conventional wisdom that a number of veterans of the PLA oppose Deng's reforms, it is hard to argue that the military has fought the reformers relentlessly

over recent policy changes. Nonetheless, this cut in the military and the continuing removal of the old guard no doubt strengthen Deng's political position. Moreover, U.S. military sales, of turbine engines to the Chinese navy, of artillery manufacturing facilities to the ground forces, and proposed sales of advanced avionics to the air force, may further encourage the military to support the Dengist line.[8]

In addition to these major initiatives, progress was made in other areas of concern to Chinese leaders. The drive towards legal codification continued with new inheritance and accountancy laws taking effect, and a law on state-owned enterprises was under consideration. In connection with the open door policy, a law on economic contracts with foreigners went into force, and detailed regulations on the patent law were formulated. More ports were opened to foreign trade, a new round of bidding for off-shore oil development was solicited, and the Chinese also declared that foreigners could participate in the development of on-shore oil fields.

Thus, through the first half of 1985, Deng Xiaoping and his allies seemed to have no trouble maintaining the political initiative. Major new reforms were launched, and existing reforms were consolidated and further developed. This is not to say that the reforms have worked, or been implemented as the policy documents say they should. Opposition elements did not object to the reforms, or if they did, their views went unheeded. The revolution from above in the name of reform seemed to be well on track throughout the first part of 1985. But developments in other areas suggested that the reformist groups' hold over the political situation was more tenuous than their successes in pushing these reforms through might imply. Serious economic problems were already apparent by March and April 1985, and developments in other areas were not overly auspicious.

Rethinking Ideology

While reforms were undertaken in the areas of science, education, the economy, and the military in early 1985, Deng Xiaoping and Hu Yaobang were rethinking their views on ideology. In December 1984, it appeared to many foreign observers that China was preparing to jettison Marxism. But throughout 1985, Deng and Hu made it clear that capitalism was unacceptable to the leadership and that reform was merely a means of perfecting socialism. To be sure, the type of socialism being built in China would be a pragmatic type heretofore unseen in socialist systems. But for Deng et al., the four basic principles—Party leadership, the socialist road, Marxist-Leninist-Mao Zedong thought, and the people's democratic dictatorship—remained inviolable. Some might argue that

Deng's position on a number of ideological issues is a retreat, either to combat his opponents or forced on him by his opponents. While there may be some political maneuvering inherent in Deng's ideological pronouncements in 1985, it should not be forgotten that it was Deng who proposed the four basic principles in the first place, raised the issue of spiritual pollution in 1983, and has always argued that China was building socialism.

Confusion about ideological questions began with a special commentator's article that appeared in *Renmin Ribao* on December 7, 1984, which stated that the works of Marx and Engels could not solve China's problems today. This was quickly corrected on December 10 to say that the works of Marx and Engels could not solve *all* of China's problems today.[9]

Even with the correction to the December 7 commentary, a more liberal ideological atmosphere continued into 1985. At the Fourth Congress of the Chinese Writers Association, rising political star Hu Qili encouraged writers to say what they think, demanding "the freedom of literary and art creation." Yet Hu also warned that this freedom was to be used to serve reform. Decadent bourgeois ideas were not part of this artistic freedom.[10]

On January 1, 1985, a small booklet of Deng Xiaoping's writings from September 1, 1982 to November 1, 1984 was released, under the title *Build Socialism with Chinese Characteristics*. Much of the content of this work dealt with China's open door policy, the Hong Kong and Taiwan questions, and the reform program. But a number of the writings repeated that Marxism had to be sinicized and that China was building socialism with Chinese characteristics. Deng conceded that some veteran officials worried that the open door policy might lead to the restoration of capitalism. But Deng assured them that although the open policy might introduce some negative factors, the restoration of capitalism was impossible.[11]

Yet Deng and other commentators on ideological questions failed to provide much in the way of content for Chinese socialism. To be sure, they repeatedly mentioned increasing China's output and preventing polarization of wealth as some got rich before others, but a compelling ideological vision that might appeal to the Chinese people or the CCP was not articulated. Idealistic appeals were unpersuasive because the ideals of the Party leadership were quite vague. The regime has been unable to formulate a set of broad ideological principles, or even convene an often mentioned national conference on ideology to discuss them. Even in Deng's case, after a brief round of publicity in January 1985, references to *Build Socialism with Chinese Characteristics* have declined drastically.

Shortly after the publication of *Build Socialism*, Deng and Hu Yaobang began to reconsider some of the recent ideological statements of the regime. Deng's seeming confidence that capitalism posed no danger to the regime was rethought, and the apparent freedom of creation Hu Qili applied to writers was limited. Thus, in a speech to journalists in February, which was published in April, Hu Yaobang told journalists they should not copy the slogan "freedom of creation," and that Party journalists should be mouthpieces of the Party. He argued that Chinese journalists had nothing to learn from western societies about freedom of the press. In his speech Hu took pains to point out that central authorities have consistently upheld opposition to decadent and moribund capitalist ideas, and that Deng had particularly pointed this out in his talks on ideological work, especially in his speech to the Second Plenum of the Twelfth Central Committee.[12] It was this speech of Deng's that raised the issue of "spiritual pollution". Nor did Hu say that the campaign against spiritual pollution was wrong, only that the Party Secretariat and the State Council had failed to exert adequate guidance over it. It is true that Chinese communism places journalism in a different category of activity than literature and art, demanding greater conformity from reporters and editors, but Hu seemed to present a particularly hard line.

Deng, too, began to reemphasize ideological goals. At the National Science Conference, which discussed the reform of the science and technology management system, he urged people to have "lofty ideals, moral integrity, education, and a sense of discipline." It was particularly important, he argued, that lofty ideals and a sense of discipline be stressed at the present time. Moreover, he said, "Some people are worried that China will turn capitalist. You cannot say that they are worried for nothing. We should use facts, not empty words, to dispel this worry and answer those who really hope us to turn capitalist."[13] Thus, Deng back-tracked from his earlier view that the open policy could not bring about capitalist restoration. He was still confident that capitalism could not be restored in China, but he was now willing to concede that this idea had some merit and had to be refuted concretely. Deng's chosen audience for these pronouncements is also significant. If any group is likely to have suffered inordinately from ideology in the past, or is not likely to be particularly interested in ideology at present, it is Chinese scientists and technical experts, and intellectuals more generally. Yet it is precisely this group which Deng chose to hear his reemphasis on more ideological themes.

By June and early July, Deng was prepared to label the newly established special economic zones "experiments." "We hope they will succeed. But if it [the special economic zone policy] fails, we can draw

lessons from it."[14] His talks on the special zones in *Build Socialism* evinced no sense that Shenzhen and other special zones were experiments.[15] Deng was still confident that the zones would succeed, but his backing for them was no longer as unequivocal as it had been. Surely the failure of Shenzhen to perform as expected and the repeated cases of corruption uncovered there forced him to retreat on this point. In any event, Deng was partially distancing himself from a policy he had favored since 1978. In other, broader terms, he implicitly admitted that there were minimum standards of "socialism" that had to be met by the reforms. The uninhibited capitalism of the special economic zones was at the borderline of the ideologically acceptable.

Deng's concern with ideological themes continued into September, in his speech to the Party Conference. But we will consider that speech in connection with the other developments associated with that conclave. Suffice it to say here that throughout 1985 Deng and other reformers were increasingly concerned about ideological issues. They agreed that ideological and moral education should be strengthened to limit the effect of the decadent influences introduced by the open door policy. They also seemed to imply that ideology was still important in evaluating the progress China was making under the reforms, and as a guide for "correct behavior." In short, they seemed to be arguing that ideology deserved a higher place on the political agenda, and during 1985, their views on ideological questions appeared more restrictive than they had been in 1984.

Transforming the Leadership

Throughout 1985, the leadership of the Chinese Communist Party was revivified. Younger, more competent cadres who favored reform replaced more senior political figures. Some of those replaced clearly were political conservatives. In other cases, the change-over in leadership reflected attempts to institute, or regularize, a system of retirement and promotion. Whatever the reason, by the end of the year Deng and his allies could be well pleased with their efforts. Leaders at all levels of the political system were increasingly cut from reformist cloth.

In most general terms, the highlight of leadership transformation was the cultivation of the "third echelon" of leaders. This group was young by Chinese political standards—mostly in their early 50s—and with at least some higher education. It was to be groomed to be "the next generation" of Party leadership. Not coincidentally, the promotion of this group was designed to insure that reform was institutionalized in the leadership, and would not end with Deng Xiaoping's death.

The first stage in the development of the third line of leadership occurred in late April, when 1,000 young and middle aged leaders were singled out for rapid advancement at the central level. Shortly thereafter, the Party decided to put 30,000 younger cadres at the provincial and prefectural levels on the "fast track." An additional 100,000 younger leaders were to take on leading positions at the county level.[16]

In addition to the advance of the younger generation as a whole, a number of individual personnel moves attracted wide attention. Of greatest note, the long-time commander of the Northeast Military Region, Li Desheng, was removed from that post, and later in the year from the Politburo. Li is thought to have had mixed feelings about the reforms, and he ran Manchuria according to his own ideas. Similarly, Deng Liqun was removed from his post as head of the Party Propaganda Department. Deng Liqun was the point man in the drive against spiritual pollution in late 1983, and had shown himself to be a conservative on ideological issues. But despite his loss of control over the Propaganda Department (he was replaced by the relatively unknown Zhu Houze), Deng Liqun retained his seat on the Party Secretariat, maintaining his influence over propaganda issues from there. Finally, in a perhaps less politically motivated move, Wang Hai replaced Politburo member Zhang Tingfa as commander of the Chinese Air Force. Zhang lost his politburo seat in September.[17]

But the real shake-up in the leadership came at the 4th and 5th Plenums of the 12th Central Committee and the National Party Conference, all held in September 1985. At the 4th Plenum, 131 members of the Politburo, the Central Committee, the Discipline Inspection Commission, and the Advisory Commission resigned. Most significantly, 10 of the 24 members of the Politburo and about 20 percent of the Central Committee stepped down. In a number of cases, the resignations were entirely voluntary. In others, Deng Xiaoping probably pushed people out. The net result of these retirements was that military representation on the Politburo (and the Central Committee) dropped significantly, from 40 to 18 percent, and the average age of the Politburo declined from about 77, as Ye Jianying and others in their 80s and 70s left the political stage, to about 70 in the new Politburo.

At the 5th Plenum, which followed the 4th Plenum and the Party Conference (where proposals for the 7th Five Year Plan were presented and new Central Committee members were chosen), new members of the Politburo were selected. Yao Yilin was promoted from alternate member of the Politburo to full member, and Wu Xuegian, Qiao Shi, Li Peng, Tian Jiyun, and Hu Qili were all made full members of the Politburo. Most observers see Qiao, Li, Tian, and particularly Hu Qili as China's top leaders of the future. The Party Secretariat also saw