Social Change and Political Reform in China: Meeting the Challenge of Success

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ABSTRACT This article discusses how two decades of economic reforms have intensified popular unrest and redefined the composition, interests and political attitudes of China’s ever more complex social strata. It then analyses some of the fundamental domestic and international issues facing Beijing in the course of those reforms and the social problems that have accompanied economic growth. The Communist Party has responded to the challenges generated by these problems and been forced to undertake more active political reforms or face an even greater loss of its authority. The article explains how the Party under the slogan the “three represents” cast its lot with the emerging beneficiaries of its economic reforms in the belief that only continued rapid development can mitigate the most pressing social problems and ensure stability.

The concept of reform connotes a deliberate and managed process of change. For more than a decade, it has been fashionable to contrast the Russian emphasis on immediate and radical political reform with the Chinese concentration on economic development. It has almost become a cliché to assert that the Chinese way created stable growth, while the Russian path was far more chaotic and painful.

While these comparisons warrant careful reconsideration after a reasonably long record, this article begins with a challenge to the idea that any reform can ever be deliberate for very long or managed with any real certainty about the ultimate outcomes. In the Chinese case, major political changes came after the end of Mao Zedong’s rule in 1976. His vaunted rural people’s communes collapsed, and vast rural areas reverted to more traditional ways. Moreover, the flood of policies to reorganize the Soviet-style ministries and state-owned enterprises (SOEs) began a process of institutional change with profound implications for central control and bureaucratic planning. The near explosion in telecommunications and access to foreign people, knowledge and cultural values dramatically altered political and social discourse.

This article, which is principally based on extensive interviews in China over the past three years, argues that these underlying changes that accompanied dramatic economic growth created serious internal problems, and these problems in turn forced the leadership to undertake more open political reforms or face rising dissent, deepening corruption and an even greater loss of Party authority. It also looks briefly at the beneficiaries of the economic reforms and the dramatic successes that have paralleled the many unmet challenges. In simplified terms, the forces causing instability have been matched by those advancing broad
economic growth. The article first discusses the challenges and then, with these in mind, examines Jiang Zemin’s formulation of political reform in terms of the “three represents.” It seeks to demonstrate how the Chinese Communist Party (CCP) has cast its lot with the beneficiaries in the apparent belief that only development and expanding opportunities can ensure stability and mitigate the problems. It shows that the promotion of the “three represents” slogan itself brought about several distinct phases in the quest for reform prior to the 16th CCP Congress in November 2002.

Understanding the Causes

In the 1980s and 1990s, China faced daunting internal obstacles to orderly economic growth and social stability. In the Party’s lexicon, these obstacles are deemed “contradictions” and are considered normal, even inevitable. All developing nations, as they mature, confront such contradictions, but how each copes with them markedly and uniquely shapes its politics and society. These consequential effects are caused by the demands of the newly affluent and advanced intellectuals for empowerment, by the societal and personal costs of accelerating growth, and by the unexpected institutional adjustments needed to build support and control opposition. The fundamental problems which are of concern here are, first, positive economic growth and the rising social costs of that growth; secondly, the mounting pressures for political reform and the stronger opposition to reform from political losers and entrenched conservatives; and thirdly, increasing international power matched by an ever-greater sense of insecurity.

Positive economic growth and the rising social costs of that growth. At the last national count, China’s industrial economy was growing at an annual rate of over 7 per cent, with millions making over $20,000 per year.\(^1\) Even though China is principally a continental economy, its export-driven economic policies have yielded huge foreign currency reserves and billions in foreign investment. The rapid but socially disruptive shift from state-owned to private enterprises and an expanding market economy are producing an ever-larger class of entrepreneurs. In hi-tech manufacturing, China is becoming a global leader.

Yet, the costs of this growth are huge: potential financial and banking crises, corruption, massive unemployment, a rising crime rate, uncontrolled urbanization and overpopulation.\(^2\) In common with many nations, economic successes accentuate social inequities and environmental degra-

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1. According to the China News Agency, 3,000,000 Chinese currently have assets of more than one million yuan. Quoted in www.zaobao.com/special/newspapers/003/02//xmrb2003.html (7 February 2003).
2. For a typical document on the official response to these problems, see the State Council and CCP Central Committee, “Opinion on further strengthening the comprehensive management of public order” (5 September 2001), Xinhua, 18 November 2001.
dation. The ugly head of corruption has come to plague China’s body politic. Indeed, success can become as demanding as failure though, of course, in different ways. The costs have generated a persistent debate about priorities and resource allocation, but the debate about corruption and the rule of law is the one that is of most concern here. Corruption is pervasive and corrosive, and many senior leaders have been tainted by it. So long as the nouveaux riches and potentially well-connected are denied legitimate access to power, they will use money, special knowledge and personal relationships to achieve it and to influence policies that affect them. This is true everywhere, but a political system heavily burdened by corruption can quickly lose its cohesion and a unifying commitment to the public interest.

The mounting pressures for and stronger opposition to political reform. The “bottom up” momentum of political reform begun in the late 1970s has now extended throughout society. The signs of change in China are everywhere: ever more open competition for village leadership (though often manipulated), worker and farmer demonstrations against loss of jobs and social displacement, young iconoclasts in ministries and academies demanding more democratic and “objective” decision making, and the onslaught of Western culture – technology, dress, films, fast food, literature and, most importantly, ideas. Revolutionary politics are for the future, not just the past.

To deal with this future, Beijing faces three choices that need not be mutually exclusive: suppression, corruption or more open participation. The most intense reaction by the leadership to these developments is directed against those suspected of seeking foreign support, creating opposition or “separatist” plotting. In China, the Party and state typically show little mercy for these alleged crimes “against the state” and labour to strengthen the institutions of control. At first, the ruling elite has the upper hand and can quickly crush overt outbreaks of protest, but in time the diverse and innumerable local elements begin taking charge of their own lives and quietly resist in less detectable ways. In the end, suppression denies the polity its most creative voices and fosters political cynicism and apathy. Some turn to cult religions and underground political movements, while others openly protest.

In time, the choice becomes clear. The Party leaders can embrace the beneficiaries and consequences of change, or they can resist them. The nature of that embrace is crucial: corruption or participation. The pressures to resist greater participation come from threatened power holders and ideologues, and their opposition typically stiffens as the reform progresses. The beneficiaries can form the new cadre of Party activists even as old-guard critics decry the betrayal of the Party’s traditional social base and vision. The most appealing aspect of this choice is that it promises to perpetuate the ruling elite’s power, though in a somewhat different form. Yet it remains an open question whether the reforms themselves delay or accelerate the end of one-party rule.
Increasing international power and an ever-greater sense of insecurity. The steady growth of China’s regional, if not global, influence and military power has become ever more visible and to some more menacing. To date, China has acted to minimize that threat and, with the exception of Taiwan, has succeeded in reducing tensions and avoiding conflict. Peace in Asia, especially Korea, depends more on China than on any other East Asian country, including Japan. Throughout the 1990s, Beijing had sought to initiate negotiations with Taiwan and to solve a number of border disputes. On the economic front, it had worked doggedly to join the World Trade Organization (WTO) and to host a summer Olympics. The guiding principle was: maintain a low posture, solve external conflicts and act on Deng Xiaoping’s edict not to be drawn into war for decades to come.³

Yet Beijing’s international objectives enunciated at the onset of the 1990s did not work out as planned. With unsettling regularity, US–China relations flared to near hostilities as Beijing’s Taiwan policy faltered in the wake of rising independence forces on the island. Within the mainland population, increased nationalism weakened the commitment to stability and growth if that meant vitiating the one-China principle. Maintaining the domestic priority may yet prove to be the weak link in Beijing’s policy-making.

Chinese views of social instability.⁴ Chinese officials acknowledge that the economic reforms over the past two decades have both intensified popular unrest and redefined the composition, interests and political attitudes of the nation’s ever more complex social strata. The boundaries between rich and poor have shifted, and the gap between them has grown. The farmers, ordinary workers, demobilized soldiers and other “weakened” groups have lost ground, and their support for the system has waned. In December 2001, Renmin ribao (People’s Daily) reviewed a three-year study published by the Chinese Academy of Social Sciences on the demarcation of ten “social strata” in the nation’s rapidly changing society.⁵ The study concluded: “The original social strata are disintegrating, and new classes are taking shape and becoming stronger.” As a result, the Party has lost its original social base. It now faces a fundamentally uncertain future with five major elements of society: the peasants,

³. See, for example, the articles by Wang Yusheng and Zhang Yijun on Deng Xiaoping’s “strategy” of “maintaining a low posture” and peacefully resolving disputes in Renmin ribao (People’s Daily) (internet version), 10 August 2001.

⁴. Unless otherwise cited, most of the information in this section is from the Research Section of the CCP Central Political and Law Commission (ed.), Weihu shehui wending diaoyan wenji (A Collection of Investigation and Research Reports on Maintaining Social Stability) (Beijing: Law Press, 2001), passim.

urban workers, minority religious groups, demobilized soldiers and some intellectuals.

The first of these five groups, the nation’s farmers, have posed the biggest danger to lasting social stability. When the economic reforms began to take hold in cities in the mid-1980s, the incomes of urban residents surged ahead of those in the interior villages, while many local authorities routinely squeezed the peasants for higher assessments (the so-called “three chaotics”: fees, fines and apportionments) and reduced their benefits. In order to attract foreign and private investors, provincial governments reduced the business levies that earlier had provided subsidies for the farmers. While the results varied from place to place, many peasants abandoned their farms for the illusory promise of employment in the towns, and those who remained took their grievances out on local officials. In some instances, these officials even encouraged the villagers to protest against their higher authorities. In parts of southern China, especially Hunan, Jiangxi, Sichuan, Anhui and Guangdong provinces, thousands of peasants repeatedly stormed government buildings, pleading for lower taxes and fees and accusing the officials of corruption. The situation worsened as urban unemployment forced tens of millions of rural immigrants back to their home villages and police repression failed to stem the rising tide of discontent.

Though often viewed as an important step toward democratization, village elections have not eased tensions in the most disaffected rural areas. These “elections” have all too often masked the rule of gang-type groups, especially in the interior provinces. Their power rests on the threat of force and on the reluctance of the armed police to use their weapons to protect the farmers. Rigged voting, protectionism and enforced tax collection under mafia-like “second police departments” in many rural areas make a mockery of “democratic” elections and the rule of law.

While the unrest in the southern rural areas remains largely unchecked, Chinese sources pay equal attention to the growing social crisis in the country’s northern cities. Beijing’s market-oriented policies have driven thousands of SOEs to close at the cost of millions of jobs. Laid-off workers are offered one-off compensation without pensions or welfare protection. In addition, tens of millions of workers in run-down and antiquated plants across the nation have had their wages cut or

6. In more violent cases, which were not uncommon, angry peasants blockaded traffic, held policemen hostage, attacked officials with bricks and clubs, and set police cars ablaze.

7. The actual situation in China’s villages varies widely throughout the country. For a scholarly assessment as of early 2000, see the chapters by Kevin J. O’Brien and Lianjiang Li, Robert A. Pastor and Qingshan Tan, and Jean C. Oi and Scott Rozell in Larry Diamond and Ramon H. Myers (eds.), *Elections and Democracy in Greater China* (Oxford: Oxford University Press, 2000).


“postponed.” And the list of grievances grows: redundant workers barely subsisting on a tiny monthly allowance, lost benefits when plants go bankrupt, corrupt plant officers profiteering while their laid-off workers sink deeper into poverty, and unresponsive urban leaders hostile to the workers’ plight. Official Chinese sources confirm the rising tide of worker protests. Some demonstrations are peaceful, but others have taken a violent turn: protestors block roads and bridges, attack Party and state offices, and on occasion resort to looting and arson.

While bureaucratic corruption most often ignites conflicts between officials and alienated urban workers, the primary causes of urban unrest are the widening gap between rich and poor and the prospect for worsening employment opportunities. Inequality, official reports admit, has reached the “alarm level,” but the response of the local authorities has been tentative and piecemeal. Some city administrations have told their local banks to pay off the demonstrators or have provided make-work jobs, but most have done little or nothing. Many protest organizers are detained and charged with leading “illegal gatherings.” The cycle of peaceful rallies, “strike hard” crackdowns and more violent protests goes on, though urban disturbances thus far have proved easier to control than those in the countryside.

The third social grouping threatening the prescribed social order consists of religious and sectarian groups, including the falun gong, Muslim Uyghurs, Tibetan Buddhists, and underground Catholics and Protestants. Officials have particularly targeted non-mainstream religions with harassment, extortion and detention, and take lessons from Chinese history to justify their fears. Cultist uprisings had catastrophic effects on Qing society, beginning with the White Lotus rebellion in the late 18th century, and religious movements linked to nationalistic uprisings were the bane of later governments. Beijing has especially damned those religions that allegedly have external ties, but has not yet effectively coped with them. As a result, the feckless suppression of the falun gong, for example, has illuminated rather than lessened the pervasive mood of disobedience. 10

Demobilized soldiers pose the fourth socio-political challenge to Beijing, and the closure of thousands of SOEs that had employed many of these soldiers’ spouses has worsened their plight. 11 Although the government has told existing SOEs to hire ex-soldiers with urban backgrounds, the uncertain fate of the SOEs makes these veterans’ futures quite bleak. 12 Moreover, countless servicemen who had been drafted from the rural areas are no longer willing to return to farm work, and many from both

11. When demobilized, ordinary servicemen and junior and middle-level officers receive a one-off payment; retired senior officers receive a reasonably good pension; and handicapped servicemen and officers receive a small fixed pension. All those demobilized receive some assistance in finding jobs, but that assistance is much greater for those from urban areas.
the cities and countryside have become activists in anti-government demonstrations. These former soldiers are often more educated and politically experienced than their civilian brothers and sisters and have tended to become protest organizers and activists. Perhaps most troublesome of all, they have knowledge of official documents that can be used to justify their actions. These demobilized soldiers, now numbering some 20 million, have become living examples for those currently in service of what their lives could become upon retirement. To date, the efforts to meet the retirees’ demands have faltered, and Beijing’s leaders have just begun to worry about how far they can count on the military in domestic crises.

Finally, a special group of university graduates has become an unexpected source of trouble, according to Chinese sources. In recent years, universities have enrolled large numbers of students with questionable qualifications partially in order to meet the demand for expanded educational opportunities and partially to raise money. These students come to the campuses as “expanded enrolled students” (kuo zhao sheng), and when they carry this stigma to the job market they cannot compete with “regular” college graduates. Tens of thousands of kuo zhao sheng began graduating from universities in 2003, and their number is increasing. Some simply rail against the status quo, but growing numbers have begun to join forces with the rural migrants and urban unemployed and have become their tutors and protest leaders. They too can cite central government documents to justify their grievances and to frustrate actions against them by the government. So, once more in Chinese history a major group of intellectuals has found its social status marginalized and then politicized. Chinese intellectuals became largely irrelevant after the Qing dynasty abolished the elite examination system, for example, and many of them gravitated to the revolutionary movement of Sun Yat-sen. Viewed from Beijing, the combination of radicalized intellectuals, urban workers, farmers and retired army men has explosive potential, and has led to tightened societal controls.

The beneficiaries of reform. It is important to balance the foregoing discussion of societal problems with the recognition of those social forces that have so dramatically energized the economy, caused it to grow and reaped its benefits. The social changes examined in the previous sections have, as stressed above, surfaced in the course of rapid economic and social progress. Given the stunning successes in this regard, it would be wrong to overestimate the negative impact of those byproducts on the nation’s stability and direction. To a remarkable degree thus far, the beneficiaries and victims of the just-ending era of economic reform have synergistically formed a system of checks and balances. Weaknesses and opposition have been checked by countervailing strengths and opportunities. On balance, Party leaders appear to believe that increasing the nation’s pool of creative and entrepreneurial elements can help ensure effective governance and continued economic construction.

Here it is argued that modern China, like many other developing
countries, has always had to balance stability and development. While many difficulties are caused by economic change, it is the increase in the pool of beneficiaries and in their political support that, Party leaders appear to believe, will ensure continued stability and economic growth over the long term. Comprehending this process is the key to understanding the case for the accelerated political reforms mandated by the 16th Party Congress.

It is not necessary to spend much time delineating the meaning of “beneficiaries.” Clearly, some elements in the society have seen their status and living standards disproportionately enhanced. The Party of equality and mutual benefit disappeared long ago, and the values of the market economy and globalization have undermined its ideological roots. The leadership would argue, of course, that eventually all will benefit from rapid development and that the ever-widening universe of opportunity provides hope to the present losers, whose ranks will gradually shrink.

Many official policies have actively promoted the expansion of the private sector, with members including entrepreneurs (from large enterprises to small shops), employees in foreign-owned or joint-venture businesses and the self-employed. Both private and semi-private companies have become the engine for China’s remarkable economic progress and the source of the growing middle and upper classes. One authoritative source estimates the size of this group in 2000 as over 130 million in 1.5 million private enterprises and 31 million small shops. If one includes family members, this group numbers roughly 20 per cent of the population. Although its fate remains closely linked to Beijing’s current economic policies, the nature or range of its members’ political attitudes cannot be inferred from such links.

Finally, the educated have prospered. Teachers, advanced researchers and experts, engineers, artists, and other “intellectuals” have helped connect Chinese society to advanced knowledge and to the Western world. Hundreds of thousands have studied abroad, and many are now returning home to seek their fortune.

Most intellectuals, officials and entrepreneurs, and many employees in the private sector comprise the beneficiaries. They give some hope to those in trouble, and their example serves to mute the demands of those who would denounce the system. The support of the beneficiaries is thus magnified by the reticence of many current losers to denounce the system too vigorously when they, too, might eventually find avenues for advancement within it. Their dilemma is matched by the Party’s: how to become the vanguard of the rich and smart without losing the mantle of the protector and vanguard of the common citizen?

Not surprisingly, the publicity surrounding these dilemmas has somewhat obscured the fact that a number of those who can be termed beneficiaries were already becoming part of the ruling elite. Many of the newly rich and more prominent managers had long ago joined the Party

and its more powerful councils. Yet their rising status and wealth have lacked legal or ideological sanction, and entrenched conservatives could easily find lawful justification for expelling them from the Party, blocking their business activities or confiscating their property. Becoming a beneficiary often added to an individual’s anxieties, and many of the rising stars with questionable class backgrounds began to explore ways to transfer their new-found wealth abroad and quietly promoted the emigration of family members to the West. The need for de jure protection of the beneficiaries was becoming an urgent requirement for securing and legitimizing their ongoing contributions.

The Choice

To date, the government has adopted a piecemeal or “firefighting” strategy to cope with the problems and laboured to break up any opposition that could coalesce against it. At the same time, it has enhanced the social position and livelihood of groups deemed essential to rapid development. Moreover, the situation is likely to remain fluid and unpredictable – assuming no conflict over Taiwan – and many potential opponents are far from giving up on the established system. Thus, it has proved reasonable for the leadership to pin its hopes on sustained economic development and its prime movers in order to neutralize or “digest” the downside of their economic reform policies. The established doctrine has not been “development versus stability” but “more rapid development and cautious political change” that can ensure stability and Party rule.

Since early 2000, however, the incremental approach to political reform no longer appeared adequate. Neither the winners nor the losers were satisfied, and Beijing made a basic assessment and a choice in favour of the beneficiaries that should hold unless Taipei takes the unprecedented step of declaring the island’s independence. Simply put, no external issue except the future of Taiwan could compare to the threats or the opportunities within the nation, though in extremis the leadership could use an international crisis to generate domestic support.

The logic behind Beijing’s strategic calculus mostly remains in place: the perpetuation of Party rule needs domestic political stability, prolonged political stability requires sustained economic development, and that development depends on a peaceful international environment. Underlying the formulation of the political reform policies has been the still-controversial assumption that those policies must be congruent with that bedrock strategic calculus. Consistent with the priority given to the domestic beneficiaries and development, Jiang Zemin’s report to the 16th Party Congress for the first time placed “developed countries” ahead of those in the “third world.”

14. Jiang Zemin, “Build a well-off society in an all round way and create a new situation in building socialism with Chinese characteristics – report to the 16th Congress of
Reaching a consensus on the “three represents.” Dating from the late 1970s, Deng Xiaoping’s conclusion had been that the Party must reform in order to neutralize social resentment and restore the nation’s unified sense of purpose. From Deng to Jiang, Party leaders called for installing the rule of law, enhancing supervisory functions “over the use of power” at all levels, and implementing a performance-based cadre and personnel system. Yet solving existing problems caused a host of others, including the social inequality and unrest noted earlier. Caught in the web of the basic societal problems and at a turning point in China’s development, Beijing’s leadership at first reacted with its trademark caution in order to deflect the assault on its political legitimacy. Each corrective step, however, generated the need to manage its unintended consequences, and by the end of the 1990s, the risks of inaction had begun to outweigh those of more radical change. The need was for a bold new political formulation, a call for a changed understanding or “cognition” about the Party’s future.

According to most sources, Jiang Zemin first couched his ideas about Party reform in the catchphrase “three represents” (san ge daibiao) during an inspection tour in Guangdong province in February 2000. He later said, “to scientifically evaluate the Party’s historical status, we proposed the important thinking of the ‘three represents’. In his vision, the Party of the future would represent the demand for development of “advanced productive forces, China’s advanced culture and the fundamental interests of the largest majority of the Chinese people.” This was assumed to be just another addition to the endless onslaught of political slogans, and few Chinese in the coming months took Jiang’s vision seriously.

Stage one: the dialogue of change. Nevertheless, the campaign to publicize the possibility of high-level political reform gained momentum in the spring of 2000, and that May, a senior Chinese official told us: “You Americans simply have not paid attention to the importance of President Jiang’s initiatives for changing the character of the Chinese Communist Party . . . . You dismiss the ‘three represents’ as just another Party slogan.” Yet throughout that year, many foreign scholars who tried to probe their real significance were met with ritualistic repetition and simplistic explanations.

By the end of the year, however, some senior Chinese officials would try to explain why they had earlier been so vague about the “three...
represents.” The difficulty, they said, was fierce political opposition. One commented: “President Jiang advanced reform at great political risk. In fact, he met with strong resistance from the Party conservatives.”

The Chinese leader also began to express his doubts about communism, and the most dramatic example of this came at a March 2001 meeting of the Chinese People’s Political Consultative Conference. Jiang attended the deliberations of one of its committees, and there he startled the committee members by saying, “What is communism? No one knows. I don’t know.” “This comment,” one participant told us, “spread through the conference like wildfire. Jiang, like most bureaucrats, makes long speeches that say nothing, but this was highly significant: a cryptic speech that implied a lot.”

“What Jiang was proposing with the ‘three represents’,,” another official said, “was a total reform of the Party,” and this interpretation was made explicit in internal documents to its more than 64 million members at that time. He continued: “What these members were told was that the Party would no longer represent just the working classes. Jiang was challenging the historic ‘vanguard’ role of the Party and the special place of the proletariat in it.”

Many of those interviewed in China in 2001 and 2002 linked the fate of Jiang’s proposed political reforms to foreign policy. Several Chinese officials said that Jiang had staked much of his reputation on maintaining stable and positive relations with the United States and that a major cost of the increased tensions in US–China relations was the erosion of Jiang’s reputation within the Party and broader population with negative consequences for genuine political reform. In early 2001, one official complained, “the conservatives in our country have won the battle.”

Whatever the validity of this assertion, it was clear in visits at that time that the “three represents” were under attack and were being modified. One official said:

President Jiang is very interested in social democracy. However, his concern is not to move too fast toward political reform. You know that China would go the way of Indonesia or the Philippines if there were excessive democracy here. The level of democracy should be consistent with the level of popular education. So, not only do the conservatives oppose moving too fast [toward democracy], but so too do the east China urban educated. They know that the people in the smaller towns and in China’s west are potentially very radical.17

A truly democratic China, it was noted, might have greater legitimacy, but popular rule might prove more nationalistic and unyielding to outside pressures. This complex controversy apparently also involved differences over globalization and China’s entry into the WTO and over any moves toward a major new opening up of China to foreign companies as proposed by Jiang at a forum in May 2001.

At about that time, Jiang’s conservative opponents wrote a long

17. See also, for example, Sun Zhi, “An interview with Li Liangdong,” Ta kung pao (Dagong bao) (Hong Kong; internet version), 4 September 2002.
“10,000-word document” (wan yan shu) denouncing the “three represents” as “a flag of revisionism,” the same leftist slogan used by Mao Zedong to defeat what he considered the more liberal elements in the Party in the 1960s. The “real purpose” of the document, we were told, was to expose the alleged failure of Jiang’s pro-American policies and thereby undermine his overall political and economic strategy.

Stage two: Jiang’s anniversary speech, the intensification of cadre indoctrination and the intrusion of the Taiwan issue. On 1 July 2001, Jiang Zemin dramatically acted to end speculations about the delay or demise of his reform initiatives. His speech celebrating the 80th anniversary of the Party’s founding devoted more than an hour to the “three represents” and made them the centrepiece of his political strategy. He substantially elaborated on their meaning, and the discussions shifted from interpretation of the “three represents” to the plane of propaganda and cadre indoctrination. Jiang also was muting the importance of the earlier dogma – such as the “four cardinal principles” – and calling for solutions based on “emancipating our minds” and fact-based debate.

On the day after the speech, one senior intellectual told us: “Consider it in this light. By making intellectuals, scientists, engineers, managers, and other ‘advanced productive elements’ the representatives of the working class, Jiang is signalling a sharp right turn. He also had to emphasize his commitment to Marxism-Leninism and his adherence to revolutionary ideals. The slogan in Deng’s time in the early 1990s was to ‘make a right turn with a left-hand signal’.”

The same day, an official responsible for the education of senior cadres explained to us the reasons for the heavy emphasis on cadre indoctrination that was then becoming such a prominent theme in the Chinese press. In subsequent interviews, the point was repeatedly made that Jiang’s anniversary speech had been written to forge an alliance of lower- and high-level officials against a minority of mid-level bureaucrats and the “conservative old guard.”

In response, Jiang’s most severe critics continued to accuse him of “ignoring the plight of millions of jobless workers and migrant farmers” and of seeking to create a “Party for the rich, the noble, and the powerful.” Nevertheless, one Party official confirmed that the resistance to this “revolutionary change” was coming principally from within the Party itself, not the “masses.” He said: “The traditionalist officials and bureaucrats will come around, or they will leave the Party.” In a sense, this would be a classic high–low political coalition against the entrenched

18. The full English-language text of this speech is found in China Daily, 2 July 2001, pp. 4–6.
19. In his report to the 16th Party Congress, Jiang does give passing reference to the “four cardinal principles,” but these are seldom mentioned elsewhere. These four principles are “adherence to the socialist road, the people’s democratic dictatorship, the leadership of the Communist Party, and Marxism-Leninism and Mao Zedong Thought.” See his “Build a well-off society,” pp. 10, 37. The quote on “emancipating our minds” and the reference to “seeking truth through facts” is on p. 15.
middle, and the result, if successful, would bring the Party closer to the most progressive elements of society and to a political body more like the European social democratic parties. Its targets were bureaucratism, corruption and outmoded thinking.

A senior Party leader at the same time cautioned: “Modernization has led to the decentralization of decision-making and to an empowering of the lower-level officials in much of China. The system’s decentralization makes the central level less relevant. It used to be that when the Party centre spoke, the people all listened and obeyed. That day is gone.” His point was that Jiang was responding to China’s dominant realities, not inventing new ones. Another official said:

The “three represents” policy directly affects the future course of our relations with Taiwan. With this new policy, the two sides of the Taiwan Strait will be converging, and the mainland will be becoming more like the democratic and capitalist systems of other nations. With respect to the 9.11 incident, we face a common threat and have common interests with America, and our two political systems are now not fundamental rivals or, more accurately, that rivalry will steadily lessen. This should make it much easier to stand together.

Yet in August 2002, this same official flagged the dangers of the rapid movement of the government on Taiwan towards independence, its probable effect on US–China relations and its impact on the implementation of the reform policies. He belittled the alleged American belief that because China’s modernization depends on the United States, Beijing must “bow and scrape” before it. “The United States should not hold that China will always rely on it. Such thinking is very dangerous. The Chinese will resist if they are forced into a corner. Do not think that it does not matter to China if someone bullies it. An opportunity now exists. The two sides should make joint efforts to develop constructive and co-operative relations. You should understand that this would affect China’s political direction.”

By the end of the annual meeting of the Party elite at the resort city of Beidaihe in early August, that opportunity seemed more remote as the debate over Taiwan intensified. At the same time, Jiang Zemin’s planned visit to the United States in October had assumed added significance, and many reform-related issues had become entwined in the debate on how to deal with the US. Jiang’s reform polices would require domestic tranquility, growing prosperity and, most importantly, good relations with America. Behind the scenes, the tug of war between holding the line in the face of external threats and pressing ahead on reform intensified.

20. On 3 August 2002, at a critical time in the Beidaihe deliberations, Taiwan President Chen Shui-bian advanced the idea “one side, one country” (yibian, yiguo) and called for a referendum on Taiwan’s future status. Central News Agency (Taipei; internet version), 3 August 2002.
Stage three: institutional and personnel changes. Like the overlapping boundaries of other “stages” under discussion here, the process of indoctrination continued and merged into the subsequent period of institutional and personnel changes. During the spring and summer of 2002, two slogans preceded the call for a party-state institutional system built on the principles of the “three represents.” They were “Keep up with the times” (yushi jujin) and “Build a moderately well-off society” (jiannshe xiaokang shehui). In the summer of 2002, the PLA, among a host of others, picked up on these slogans. It denounced laggards who “only talk about the advantages of People’s War and lack the sense of keeping up with the times” by failing to build military systems based on modern information technology.21

Speaking to the Party’s senior leadership on 31 May 2002, Jiang stressed that attaining a “moderately well-off society” meant that China must proceed with changes at an accelerated pace or face falling behind.22 To do this, the Party would have to implement the requirements of the “three represents” which meant “keeping up with the times.” He added, the Chinese people “must be able to see the important changes that have taken place in the world’s political, economic, cultural, and scientific-technological fields” since the publication of the Communist Manifesto.

During the early part of the summer, Jiang’s attention became directed towards the strengthening of the cadre system, and the burden of these efforts was to fall on the then head of the Central Committee’s Organization Department, Zeng Qinghong, a man often referred to as the Party’s da guanjia or “big manager,” and now a senior Politburo member and China’s vice-president. Zeng’s task was to implement the “three represents” within the main political and military strongholds. This would mean a more highly educated elite and a stronger emphasis on the professionalization of the military. The synergy was obvious: the Party must represent the so-called advanced productive forces so that experts, skilled entrepreneurs and intellectuals, and the requisite institutional “political reforms” would thereby more effectively promote the next era of modernization.

It was with this in mind that on 7 May 2002, the State Council had enacted the “2002–2005 National Outline of Building Contingents of Qualified Personnel,”23 and on 23 July, this outline was followed by the Party’s “Regulations on the Selection and Appointment of Leading Party and Government Cadres.”24 A day or so after the release of these regulations, Zeng gathered his Organization Department colleagues to galvanize them into action and told them to enforce the new standards at

23. The text of this document can be found in Xinhua, 11 June 2002.
24. The full text of the regulations was published by Xinhua, 23 July 2002. The most authoritative statement on them is the editorial in *Renmin ribao* (internet version), 24 July 2002. The editorial speaks of the regulations as setting “sound” standards for “selecting, appointing, supervising and managing cadres.”
all Party, state and military levels. In early August, the Personnel Ministry issued a state circular on implementing the new regulations as one more in a sequence of steps to implement the first and second represents throughout the national bureaucracy.

The motivations behind the emphasis on more qualified personnel entering the national bureaucracy were thus becoming clearer. This carefully sculptured form of reform would strengthen the Party and state apparatus and also, perhaps, make it more attractive to educated Chinese, including those trained abroad. Beijing was attempting to marry loyalty, power, expertise and wealth. It would thereby advance state interests in much the same way that leaders in Japan, Korea and Singapore had earlier used state power to create and foster new forms of public-private enterprises and meritocracy.

**Stage four: power struggle and the 16th Party Congress.** During the years after Jiang first floated the “three represents” in early 2000, the Party’s more traditionalist and conservative elements had fought against the projected political reform and had helped block the promotion of Zeng Qinghong, one of its principal promoters, to full membership on the Politburo. Rumours of a power struggle in the Party, always the fare of the Hong Kong, Taiwanese and Japanese sensationalist press, did contain kernels of fact, and those facts became more numerous and credible during the summer of 2002.

The showdown allegedly came at Beidaihe in July and August 2002, and one piece of evidence concerning the intensity of the debate was the decision to postpone the opening of the 16th Party Congress. The public announcement of the retirement of Jiang as Party general secretary in favour of Hu Jintao also appeared to have been temporarily put on hold until the leadership hammered out a consensus on the Party’s top-tier leadership.

A modicum of agreement appears to have been reached in Beidaihe and most certainly by the time the 16th Party Congress opened on 7 November. One example of this was the action to legitimate further a modern capitalist market economy. Laws would be put in place to protect private enterprise and attack “crony capitalism.” One well-informed Chinese said that this would ease the insecurity of the new capitalists and foreign investors and create “a new ideological framework to justify institutional change and the reform of the command economy.”

The other major elements of agreement of relevance here concerned the structure of the Party Politburo and Central Military Commission and

26. For a review of the circular, see Xinhua, 6 August 2002.
27. See, for example, Tadashi Ito, “PRC elders oppose Jiang Zemin staying on as Party head,” *Sankei shinbun* (internet version), 26 August 2002. It quoted an unnamed source as saying the next Party Congress would not be held on schedule “because renegotiations became necessary since not only the leadership reshuffle but also the Congress work report and the proposal to revise the Party constitution did not gain a consensus at Beidaihe.”
the revision of the CCP constitution to include reference to the “three represents” and the direction of future political reforms. Jiang for the first time highlighted the need for a new “political civilization” and thereby mandated a fundamental ideological framework for long-term political reform. With those agreements in place, Jiang triumphantly handed the job of Party general secretary over to Hu Jintao. Equally important, he engineered the recomposition of the Standing Committee to include Zeng Qinghong and other close associates who had stood beside him throughout the long campaign to organize support for the “three represents.”

That campaign, it should be noted, had centred mostly on the first two represents, and one might ask what had happened to the Party’s commitment to representing the “broad masses,” the third represent. Clearly the problem areas within the population do continue to plague the Party leadership, as witnessed by the visits of Hu Jintao, Zeng Qinghong and other Politburo members to some of the poorest areas of China in early 2003. However, a recent analysis by new Politburo member Li Changchun concerning the failures of the state-run media to attract popular interest suggests a deeper meaning. In Beijing meetings in February 2003, we learned that Li had referred to the broad masses as the “broad market” and turned the meaning of the three represents into an argument whereby the advanced entrepreneurs working within a growing economy, an advancing cultural environment and an ever more sophisticated domestic market would promote overall economic construction and prosperity. In essence the “three represents” constituted the main economic plank and a fundamentally new way of thinking in the Party’s long-term policy platform.

What we have learned about the transformations rocking China today and over the past quarter-century can now be summarized in terms of three interlocked and mutually reinforcing changes: modernization, political reform and globalization. Each of these changes has made possible and necessitated the others, and each has advanced to a new stage. At the 16th Party Congress, Jiang called on China to “take the path of new industrialization” based on science and education, sustainable development, and the accelerated deployment of information technology. These priorities reflect the interactions of policy declarations, institutional changes and new incentive structures. Such interactions may well decide whether and how the leadership can fundamentally restructure and revitalize the behaviour of the governing institutions and political participation.

For China, the die has been cast, and all nations will watch as the grand reform experiment is played out. By linking the reform to this new vision of modernization and to those progressive elements or beneficiaries that can pursue it, the post-Congress Party has placed a bet on a new era or type of progress. It has engineered the first peaceful transfer of power in modern Chinese history.

29. Jiang Zemin, “Build a well-off society,” part V. Previously, the Party had stressed only the underlying material and spiritual civilizations.

30. Ibid.
If the fate of other one-party systems in Asia is any guide, then one-party rule in China is living on borrowed time. In China, the private economic sector has surpassed the state-owned one and is creating a myriad of new private interests that are independent of and in competition with the Party’s interests. The pressures are increasing in the direction of factionalized national, regional and local politics. More challenging forms of political competition will sooner or later emerge as divergent interests further fracture Party unity and as the disfranchised and disconnected elements of society seek political justice and coalesce into a viable opposition. The Party has taken a huge gamble, and the problems with which we began this analysis could grow and overwhelm its chosen strategy.