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DYNAMICS AND DILEMMAS OF REFORMS IN DENG'S CHINA

Since the breath-taking opening of Deng Xiao Ping's reforms a decade ago, the People's Republic of China appears to be at the threshold of major politico-economic changes with far-reaching implications. Deng's reforms, aimed at a modernised, resurgent China, have commanded widespread support among the educated, the skilled and the enterprising Chinese and no less interest outside the country. The achievements over the past decade have been remarkable. However, the very speed with which they were introduced and their far-reaching nature aroused lots of doubts, confusions and even some resentment among certain sections of the people. In the wake of popular and official enthusiasm, some of them soon apparently went too far and ventured to advocate western concepts of liberalism. On the other hand, some of Deng supporters who initially rallied behind reforms soon became convinced that things were moving too fast and began to advocate measures for "stepping back." There were also growing resentment among those groups who did not benefit from the reforms. Even within the Chinese Communist party (CCP) there emerged two conflicting tendencies — one pleading for radical reform and further liberalisation, the other seeking a return to classical Leninist orthodoxy. The incumbent leadership under Deng appears to be sandwiched between pressures and pulls from these two directions.

Until 1986, Deng was able to contain discontent by making occasional and limited concessions to the purists and regularly reiterating that China remained committed to the fundamental principles of Marxism and Socialism. In the spring of 1986, his enthusiasm for reform led him to call for a discussion on further reform of China's political structures. It was intended that the new debate would produce proposals for limited changes which would facilitate further economic advance. Many of the party and non-party intellectuals responded, but tension generated when the debate percolated down from the intellectuals to University students. The students mounted a series of demonstrations in December 1986, calling for 'real democracy'. There were even calls for a drastic reduction in the role of the Communist Party. This obviously was something hard to be reconciled with the communist structure. The centrality of the Communist Party in the Chinese political system was too sacred to be questioned. Deng and other promoters of reforms have been calling for separation of party and government and for increased decentralisation, but they also regularly stressed the need for Party supremacy and centrality. The reaction of the Party was, therefore, obvious. There was a series of purges which included Hu Yaobang, the Secretary General and other well-known advocates of reform. A vigorous drive to oppose "bourgeois liberalism" was launched in January 1987.

These events have created uncertainty about China's political future and, therefore, the future of reform policies. The past few months have been a bitter reminder that when obliged to choose between pressing ahead with reform and keeping the Party's grip over policy—any Communist leader is liable to see the case for putting reform second. This is the make or break issue for China. How far can Deng modernise the Chinese economy? What are the limits of modernisation in the political sector? How successfully can Deng perform the balancing act between the two conflicting groups in the party? Will he be able to tackle the divergent attitudes of the nation's intellectuals and its politically awakened students and continue with

the reforms ? And above all what may be the consequences of these reforms in the coming decades ? These are some of the questions that will be examined in the paper. The paper starts with a review of the imperatives of reforms in China. In the second part it highlights the dynamics of reforms themselves with particular emphasis on economic, military and political and administrative aspects. The dilemmas facing the reform programmes are discussed in the final section. It may be noted here that although the modernisation drive in China obviously encompasses vital aspects of its external relations we have restricted our scope in this paper to matters related to domestic issues only.

Imperatives of Reforms

Mao Zedong has repeatedly called for creative application of Marxist ideology to the concrete conditions of China. His purpose was to preserve the Chinese Revolution to which he devoted his life. However, he had a consistent fear that the very essence of the Chinese Revolution would fade and eventually die in the coming decades. This fear was justified on the ground that there was lack of personal experience of the revolution among the younger generation and the loss of commitment of certain senior leaders. This indeed led to the creation of a "highly stratified and bureaucratized" society with central control in almost every aspect of national economy and polity which were the key outcome of Mao's Cultural Revolution launched in 1966.

However the Cultural Revolution was a disaster in many respects. Between 1966 and 1968 China was reduced to a state of near-anarchy as Red Guards attacked alleged "capitalist roaders" in Party and State institutions. The latter banded together to defend themselves, and the Peoples' Liberation Army (PLA) was drawn into the political arena on an unprecedented scale. The "rules of the game" developed since the Communists had come to power in 1949 were destroyed. Party and State institutions were gravely weakened,

the legal system was severely damaged and policy fell prey to the shifting allegiances of rival factions.¹ On the other hand, the core of the Maoist model of development for China—the Great Leap Forward and the Commune Movement established in 1959, brought China to the brink of a famine.² When Mao Zedong died on 9 September 1976, he left behind him a political system in crisis, an elite which was bitterly divided, an economy on the verge of bankruptcy, a population demoralised through years of turmoil and production stagnated in a system of centralised control and lack of incentives.

In the initial post-Mao years there were calls from various quarters, for a much more effective leadership style which would encourage initiative and not stifle it, so that "socialist modernisation" would flourish. It seemed that new ideas were being formulated in Chinese society and clearly indicated that a new approach was being developed. At the end of 1978 important leadership meetings culminated in the convening of the Third Plenum of the 11th Central Committee. The

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Third Plenum is not only seen as the 'turning point' of recent Chinese history but also as involving a total repudiation of the 'Cultural Revolution decade'. It decided to shift the focus of party work to modernisation which has affected all parts of Chinese society.³ It

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1. John Gardner, "China under Deng", *Conflict Studies* 197, p. 1.
 2. Jonathan Mirsky, "Broken China," *Foreign Policy*, Number 66, Spring 1987, p. 65.
 3. Graham Young, ed., *China : Dilemmas of Modernisation*, Croom Helm, London, 1985, p. 2.

was stated that the party would stop substituting itself for the State bureaucracy and that government bodies would give real decision-making power to lower levels. It was also admitted that there had been insufficient democracy in the past, that this should be increased, and that the legal system should be further strengthened. This decisive break from the previous trends and ways was necessary to confront a situation of economic crisis and deteriorating political order in the country. The Third Plenum ended an era of destabilization and revolutionary tension and made way for a new era of normalization, stabilization, productivity and modernisation. More than that it clearly implied that the masses were entitled to a greater say in political life, thereby symbolising the mood of reform. Decentralisation became the key concept of Deng's modernisation drive.

The Third Plenum has since become recognised as the landmark for the reform movement over which Deng Xiaoping has presided. Since then China has experienced a series of dramatic policy shifts designed to produce a political order which is institutionalised and stable and which can facilitate the efficient development of the Chinese economy.⁴ Although the political system still retains the traditional authoritarianism and control, the Chinese people are being given a greater range of choices than was previously available to them. Authoritarianism would probably be the last thing that Deng's reforms and liberalisation are intended to eliminate. Nevertheless, as things have been developing in China, and as we shall ponder over in what follows here, it seems that the country has left the Maoist era far behind and is leaping towards modernisation and resurgence far ahead of what could be conceived of until recently.

Deng's Reforms : Comprehensive Modernisation

Deng's China is a definite departure from the days of Great Leap and Great Proletarian Cultural Revolution. It is distinguished by a

4. John Gardner, *op. cit.*, p. 3.

drive for modernisation of science and technology, agriculture, industry and defence. Deng opened up the whole question of ideological orthodoxy and began to play a dynamic role in the leadership. Mao's famous phrase "Practice is the sole criterion of testing truth", was aptly picked up by Deng to justify his pragmatic approach to the solution of China's problems. The desire to build a strong China consistently remained the driving force behind Deng as the years progressed.

Deng made it clear to his comrades in the Party, that he intended to challenge those who persisted in a dogmatic attitude toward Mao's legacy. He notified them that his approach to policy and ideology, while remaining true to the basic principles of Marxism-Leninism-Mao Zedong thought, would be based on the need to respond flexibly and creatively to China's pressing problems of modernisation.⁵ Deng's ideas were legitimized at a meeting of the party's Central Committee in December, 1978, which proclaimed that modernisation was the country's overriding priority. At his initiation the reform programme was formally launched in December 1978. The implementation of China's reform programme continued henceforth, effecting change in all strata of Chinese society.

Economic Reforms : Decentralisation and Incentives

By late 1978, Deng Xiao Ping convened the seminal third plenary meeting. It was widely believed that critical reversals in the management of the economy must be carried through. There was a broad and significant consensus on finding a liberalized model for China that breaks with the past. To pioneer this, those in charge of economic affairs at that time quickly endorsed an expanding array of measures designed to liberalize the planned command economy. To achieve the goal of modernisation of the economy a ten-year economic plan, was formulated in 1978. However, that plan later turned out to be

5. William A. Joseph, "China's Modernization of Mao", *Current History* September 1986, p. 266.

impractical and was put aside. Beginning in 1979 an economic readjustment was declared. However, when it was put into practice in 1979 and 1980 the economic readjustment policy did not bring about the expected result, rather it resulted in galloping inflation and deficit.⁶

In the wake of this failure a more cautious policy towards modernisation was adopted by the Chinese leadership. The sixth five year plan (1981-85) approved by the National People's Congress in December, 1982, outlined a very moderate goal for the national economy. Instead of another Great Leap, the annual growth rate for the gross output value of industrial and agricultural production was set at only four percent, with the hope of achieving a five percent growth. The annual growth rate of the gross output value of agriculture and industry dropped earlier steadily from 12.3 percent in 1978 to 8.5 percent in 1979, 7.5 percent in 1980, and to 4.6 percent in 1981.⁷ The sixth plan committed itself to arrest the downward trend and accordingly developmental policies were quietly revised in 1982.

Under the new autonomy programme of local government and state enterprises, provincial government and individual enterprises obtained wide manoeuvrability in investment and management matter. Greater investment funds were made available for high profit industries, resulting in a steady upsurge of investments. The new investment boom spurred the demand for heavy industrial products. The output of heavy industry jumped to 9.9 percent in 1982 in contrast to the original 1 percent increase stipulated in the State economic plan. In 1983, the output reached 12.4 percent increase, the highest in more than a decade.⁸ The resurgence of heavy industry continued into 1984. In 1985 the total industrial output value reached 875.9 billion yuan.⁹

6. Sanjib Kumar Acharya, "An Examination of the Eleventh and Twelfth National Congresses of the CPC : The period of De-Maoisation", *China Report*, XXI-4, July - August 1985, p. 341.
7. Chu-Yuan Cheng, "China's Economy : Advances and Dilemmas", *Current History*, September 1984, p. 257.
8. *ibid*
9. Zhu Tiezhen, "China's Current Economic Development and Experiences", *China Report*, XXII-3, July-September 1986, p-309.

Restructuring of the economy is also aimed at maintaining a better balance between heavy and light industry and also the agriculture sector. China's hitherto neglected light industry thus enjoyed wide expansion. Some 10 billion yuan (\$ 5 billion) of State funds were allocated to light industry as capital investment, and 120 large and medium sized plants were constructed. By the end of 1983, China's light industry encompassed more than 70,000 enterprises with a total employment of 12 million people.¹⁰

Reforms in the industrial sector at the initial stage however faced certain new problems. Recognising the necessity of decentralisation as the catalyst for increased productivity the government extended more incentives and independent decision-making power to the management of enterprises. Some of these units promptly exercised the liberalisation unscrupulously and in undesirable ways, for example, in the form of excessive and unviable investment or by disbursing across-the-board bonuses. Others indulged into corruption and unfair profiteering in ways unconceivable heretofore in the Chinese society. The authority also acted promptly. On the basis of identification of the sources of the problems the system was modified. The revised system has been intended to create a mechanism by which ownership would continue to be vested in the State, but the operational and managerial details would be left to the enterprise. The party and government would thus continue to play the central role but such role would be confined to the formulation of strategy, plans and policies while the enterprise would formulate its own managerial and operational details within the given parameters. Mandatory planning has been reduced greatly in scope, and is now confined only to major products and such economic activities as have direct bearing on the national economy as a whole. The old system of administrative directives has been replaced by guidance planning through the use of such economic instruments as taxes, prices and credits. Signals of market forces are allowed to regulate production and exchange in certain farm and related

10. Chu-Yuan Cheng, *ibid*, p. 257.

products, small articles of daily use and part of the service sector. The reform provides that products and services in these sub-sectors may be priced on the basis of actual costs of production, relative quality and factors of supply and demand.

The impressive advance in industrial output could not have been achieved without prosperity in the rural areas. Since 1979, the new leadership has pursued a series of policies to mobilize peasant initiative. Procurement prices for agricultural products have been raised by more than 30 percent. The commune system, which stifled peasant enthusiasm for two decades, has been abolished. Collectivisation and its concomittant system of egalitarian remuneration has been replaced by the provision of family farming. The households under the new arrangement contract to produce specified quotas for the state. For the disposal of the above-quota yields of the farm the household is

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free to take its option either at higher price to the State or at the open market. This household contract system was introduced in 1979 and soon spread throughout the entire country. Under the new system peasants can also spend part of their time working on their contracted land and part of their time pursuing diverse activities. The advent of the contract system promoted an overall upsurge in agricultural production. From 1981 to 1985 agricultural output (not including village run industries) value increased at an average rate of 8.1 percent a year, far greater than the average annual growth rate of 3.5 percent in the 28 years from 1953 to 1980.¹¹ Good harvests have been achieved for several years running. Grain production increased to 407.12 million tons in 1984 from 304.77 million tons in 1978. Cotton

11. Zhu Tiezhen, *ibid*, p. 308.

production increased from 2.167 million tons in 1978 to 6.077 million tons in 1984.¹² This was the largest output since the founding of New China and placed the nation in the first place in the world. With the growth in production of both the rural and urban sector the living standards of the Chinese people have improved markedly and the gap between rural and urban areas has narrowed.

Since 1983, the Chinese authorities have suggested several reforms, in effect appealing to the self-interest of individuals and foreign businessmen as a means to mobilize domestic savings and attract foreign capital. With this new approach, the party and the government have issued many circulars to encourage peasants, peddlers and foreigners to invest, make money and become rich.

In 1984, the management of many previously state-run enterprises was turned over to city government. Today, bidding and contracting have been introduced into the construction industry and into some lines of manufacturing. There are wholesale markets and trade centres in many large cities. In such centres, the choice of customers, the scope of business, the forms of transaction, and the methods of pricing have all become more flexible.

In fact, the economic reform package has entailed some major modifications of the old system. Instead of asking enterprises to turn all their profits over to the central treasury, taxes are now assessed on these profits, part of which the firms retain. State-owned materials and equipment are bartered and exchanged at negotiated, not state-dictated, prices, and the bulk of state-supplied investment capital has been shifted from grants to bank loans to the firms. New rulings have also permitted forms of ownership beyond the monopoly of the State. Collectively and individually owned and managed enterprises and commercial concerns are encouraged to compete with State-managed enterprises. Collectives and individuals may lease and even own factories

12. *ibid.*

and shops formerly owned by the State. Some of the once centrally controlled prices have been decontrolled.¹³

These economic changes and developments mark the entry of China's Socialist economic construction into a new phase. China's leaders have indeed tried to enhance overall productivity by decentralizing economic decision-making power. They hope to encourage lower level, smaller scale units and groups, in particular those who may be able to make the best use of such autonomy. This continuing effort has pushed the process of reform further and further from a typical Stalinist style economy.

Military Reform : Depoliticisation and Professionalism

The extension of reforms to the military has been considered crucial for the success and continuity of Deng's reform programme for China. He instituted a series of measures to bring about a radical transformation of People's Liberation Army (PLA)'s political role and its internal organisation. To counter the growing power of the PLA and to place it under firm civilian leadership Deng personally took over the Chairmanship of the Party's Military Affairs Commission in 1981. Deng soon introduced changes designed to cut the army down to size. His views on modernizing China saw little advantage in allowing aged, uneducated and incompetent military men to hold a vast array of official positions.

Deng then moved on to reduce drastically the percentage of top Party positions held by the PLA. In September 1985 this process was taken further. Roughly half of the veterans who resigned from the Central Committee at that time were from the PLA. The Standing Committee of the Politbureau, the Party's supreme decision-making body, no longer contains a single military representative. Apart from these, Deng also moved to reshuffle leadership within the PLA itself. These included major changes in the General Headquarters, the main

13. Dorothy J. Solinger, "China's Economy : Reform and State Control" *Current History*, September 1986, p. 262

units of which were the General Staff the General Rear Services and the General Political Departments.¹⁴ Major changes to PLA leadership have also taken place below the central level. Since 1979, ten of the eleven military region commanders have been replaced and in all eleven regions the first political commissioners are also appointees. Further 22 of the 28 provincial level military district commanders are new appointments¹⁵ These personnel changes can be seen as part of a concerted drive by Deng and his supporters to gain control over the entire military apparatus.

Taking a firm grip over the military apparatus, Deng quickly set to work to implement the modernisation of Chinese military. True, in terms of size alone the PLA ranks China among the foremost military powers, an assessment of its quality places China some 15 years behind the superpowers. Realising this, Deng—an outspoken

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proponent of military professionalism—called for the introduction of more technologically advanced weaponry, new training methods for troops, higher educational standards for officers and a re-examination of military strategy and doctrine.¹⁶

His approach was to reduce the size of the armed forces while greatly improving the quality of those serving in them. Specific measures which have been introduced include a raising of conscription standards. Military Academies have been reopened to recruit middle school graduates through competitive examination, train them and

14. John Gardner, *op. cit.*, p. 14

15. Dennis Woodward, "The PLA : A People's Army under Modern Conditions?" in Graham Young, ed. *op. cit.* p. 182.

16. June Teufel Dreyer, "China's Military Modernization", *Orbis*, winter 1984, p. 1015

commission them on satisfactory completion of their courses. All officers are now required to attend these academies at certain times in the year. Graduation is now a requisite for regimental commanders and upwards. There has been thorough brushing up of the command, control and communication systems which have performed so miserably in the 1979 war against Vietnam. The armed men are now to concentrate more on combat skills than on political study and indoctrination. In short the PLA is moving towards a regularised professional military establishment as distinct from its high political profile maintained earlier. In the long term Deng's policies promise considerable professional benefits to the armed forces. In the short term however, there are serious problems. Many soldiers have resented their loss of political influence and decline in what they see as their "rightful status."

Political and Administrative Reforms : Rejuvenation and Efficiency

Since the Third Plenum in 1978, China has experienced dramatic policy shifts designed to produce a political order which is institutionalised and stable and which can facilitate the efficient development of the Chinese economy. It was stated that the Party would stop substituting itself for the State bureaucracy and that government bodies would give real decision-making power to lower levels. It was also admitted that there had been insufficient democracy in the past, that this should be increased, and that the legal system should be further strengthened. The mood of reform at that time clearly implied that the masses were entitled to a greater say in political life.¹⁷

Reform of the Chinese political system has followed a steady, if unspectacular course since 1978. Deng Xiao Ping has approached this most challenging of all his tasks of reform both cautiously and in a piecemeal fashion. Changes to the structure and function of political institutions have accompanied the establishment of new criteria upon

17. See John Gardner, *op. cit.*, p. 3

which to select personnel for posts in the party, government and military hierarchies.

In 1982, Deng engineered a major transformation of the State Council, drastically reducing the number of Vice Premiers, cutting the number of central government agencies by almost half and reducing the number of Ministers and Vice-Ministers by two-thirds.¹⁸ Similar reforms took place in the various ministries and commissions. The result was a State Council that was leaner, better educated and more competent technically. Reforms were also extended to the central Party and State apparatus. Between December 1982 and May 1983 almost two-thirds of the top 1,400 provincial officials were either retired or moved, including all but three governors and nearly one third of the party's first secretaries. Provinces reduced the number of top officials, abolished or consolidated administrative agencies and contracted the size of their staffs.¹⁹

In late 1983, this process was extended to the prefectural, country and municipal levels, and the jurisdiction of many small and medium sized cities were expanded to encompass the surrounding countryside. In fact by early 1984, more than one-fourth of China's 2,000 counties were under the administrative jurisdiction of a neighbouring city, 22 counties have been directly absorbed by cities and 35 prefectures had been abolished. At the same time, administrative functions have been taken away from commune authorities and recentralized in newly reestablished township governments.²⁰ These local reforms have reduced bottlenecks in the supply of agricultural commodities and light industrial raw materials to cities and they have improved the flow of consumer goods to suburban peasants.

In December 1982, the National People's Congress, China's "parliament" adopted a new State Constitution. The Constitution

18. Christopher Clarke, "China's Reform Program", *Current History*, September 1984, p. 254.

19. *ibid*

20. *ibid*

was a programmatic document which sought to develop effective institutions within a relatively authoritarian framework. State bodies have met at frequent intervals, Ministers have been required to give greater account of the work of their departments than in the past, and representative bodies and the press have enjoyed greater freedom to make demands, express criticisms and expose abuses.²¹

From 1979 to 1986 a remarkable transformation took place in the Chinese leadership. The period finalised the disgrace of leading leftists held responsible for the excesses of the Cultural Revolution and the removal from office of many lesser figures whose rise to power had been largely due to that upheaval. Many others were dismissed because

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they were either unsympathetic to Deng's modernisation strategies or were ill-suited to directing them due to their ill-health, old age, incompetence or corruption. Similarly a campaign to rectify the party was launched in 1983 and was directed primarily at ridding it of the worst leftist elements who had joined during the Cultural Revolution.

The extent and depth of the political and administrative reforms, which even include calls for "a high degree of democracy" still are groping in the dark. It is obvious that the task is too challenging particularly because whatever may be the ultimate outcome of reforms which appear to be in a long continuum, liberalisation in China has to be within the limits of certain degree of authoritarianism. There is no denying that the type of reforms that is in the agenda requires a kind of leadership different from that China has got used to. Instead of ideologically indoctrinated leaders the new reforms require large contingent of managerial and administrative personnel with creative

21. John Gardner, *op. cit* p. 12

and innovative spirit and adaptability to changing circumstances. Having recognised this Deng has rejuvenated leadership at the central, provincial and local levels. The average age of Ministers as a result of changes is now mid-fifties. Younger people are taking over leadership at the lower levels too. It is notable, however, that most of the changes have been pioneered by the more senior leaders including Deng himself and the old seniority system still determines the career structures. Thus the system appears to be a rather peculiar blend of seniors at the helm and juniors at the tiers.

Dilemmas of Modernization : Uneasy Coexistence

Chairman Mao Zedong once said, "Any ideology — even the very best, even Marxism-Leninism itself — is ineffective unless it is linked with objective realities, (and) meets objectively existing needs."²² Deng Xiao Ping, the man who made the 'second revolution' in China, appears to have literally taken this advice and applied it to the political, economic and social strata of Chinese society to fulfill his vision of a new China. A decade of reform has passed since then. Undoubtedly the policies have already brought some tangible benefits to the nation and to its citizens. The policies have gradually become entrenched in the system and the Chinese leadership have tried to address the problems that arose as these policies were being implemented. The reforms in all spheres signified a great leap for the nation towards modernization, but behind this facade of modernization there are emergent dilemmas that hit at the very core of the reform programme.

As already mentioned, there are two conflicting tendencies in China—one leading towards reform and liberalisation and the other favouring preservation of traditional values and conservatism. Those who want to push forward along the road of change and those who want to pull back, seem to be in an uneasy coexistence. China has come to a juncture where it is obliged to reconcile the two rather opposing directions. The coming months are very crucial as the 13th

22. *South*, February 1985, p. 19

Party Congress is due in October 1987. During this Congress, important policy decisions are expected to be taken which will outline the path, China will move along. We now focus on some of the dilemmas which the nation faces.

There has been a reconceptualisation of politics in China since 1978. The scope of political activity has been changed and the political framework has been redesigned. However, one can unhesitatingly state that these changes are merely peripheral, since the single most

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important feature of Chinese politics—CCP dominance, persists. The role of the Communist Party is pivotal in the functioning of all socialist countries. And any Communist leader faced with a choice between pressing ahead with reform and keeping the party's grip over policy is liable to see the case for putting reform second.

As we have discussed earlier, the only way to carry forward the economic reforms requires the extension of the opportunity of independent judgement to managers and entrepreneurs. Decentralisation is a necessity for the successful pursuance of economic reforms. Deng believes that economic reforms would be impossible to pursue without accompanying changes in the political structure. Although he has been calling for separation of party and government and increased decentralisation in policy matters he also regularly stressed the need for party supremacy. Thus the fact remains that overhauling the economy would remain contingent upon a simultaneous opening up of the party leadership and governmental structure and this is a hard reality facing Deng today.

Deng can persuade the party conservatives to relax their grip on policy matters and replace the radicals. But in a one party system the

odds are that, as time passes, the grip will tighten again as they tend to hold on to power ferociously. So by all indications, Deng's achievements in pushing ahead with modernization of China would depend, to a great measure, on the emerging role of the Party.

After four decades of Communist rule, leftism clearly has sufficient hold on Chinese society and politics. The Chinese leadership faces a serious dilemma; if they want to revitalize the economy and steer Chinese society towards modernization, they must discard many of Mao's radical visions. Yet, to legitimize the monopoly of political power the regime has to uphold the four basic principles, which include Mao's thought. These four principles—Socialism, Communist Party leadership, the dictatorship of the proletariat and Marx-Lenin-Mao's thought—have been proclaimed the fundamental guidelines of the government and were incorporated in the new constitution adopted by the National People's Congress in 1982. The official adherence to these principles has provided a section of Party leaders with ammunition against the reform. Many diehard Maoists have serious practical objections to the economic reforms of Deng and they strongly believe that Deng and his associates have compromised these principles. They openly condemned the use of foreign capital and the establishment of special economic zones as the medium of bourgeois ideology and they denounced economic adjustment triggered by the market mechanism as the root of many unhealthy practices.²³ Left leaning forces in the Communist Party—Maoist ideologues as well as Stalinist economists led by Peng Zhen and Chen Yun—have used the drive against 'bourgeois liberalisation' in a bid to roll back economic reform.²⁴

Deng is well aware of the leftist trend within CCP. He is reported to have told Singaporean First Deputy Prime Minister Goh Chok Tong on 29 May 1987 that China has stagnated for twenty years between 1957 and 1978, due to the problem of leftism. In a recent speech Premier and Acting Chinese Communist Party

23. Chu-Yuan Cheng, *op. cit.*, p. 274.

24. *Asiaweek*, June 21, 1987, p. 15.

General Secretary Zhao Ziyang said China's reforms may be threatened by overly rigid adherence to the Party's four basic principles. Thus the question still remains—whether Deng and his associates can so easily shake off the retarding influence of leftism which is so deeply embedded in Chinese society.

Deng since 1978 has endeavoured to strike a balance between the two conflicting forces in China, stressing on both reforms and adherence to the four basic principles. However, by simultaneously pursuing two apparently contradictory lines a pragmatic economic policy and a leftist ideology—the Chinese leadership created some confusion among the masses.

The events of the past decade in China clearly manifests that dissent is not tolerated when it seeks to challenge the fundamental tenets of communist orthodoxy. This was clearly shown in the "Democracy Movement" of 1979 which called for democratisation within a framework of socialism. Initially it was rather movement of ordinary people who had suffered in the Cultural Revolution and who had not been recompensed thereafter. Much of their protest consisted of demands for the redress of individual grievances and was political only in the loosest sense. Indeed Deng and other leaders were at first tolerant of such demands because they indicated popular support for reforms. Some of the protesters, particularly, some writers, however were critical of the Communist system and of Deng himself. By March 1979 the Chinese leadership became concerned that matters were getting out of hand, and they moved to suppress dissent. Following its suppression there was little by way of serious political dissent until 1986.

In 1986, Deng's enthusiasm for reform led him to initiate a debate which raised the super-sensitive issue of the role of the Communist Party. This initiative was consciously modelled on the "Hundred Flowers" movement of 30 years earlier, when intellectuals particularly had been asked to make suggestions and criticisms. It was intended that the new debate would produce propo-

sals which would facilitate further economic advance and was responded to by many of the Party and non-Party intellectuals. The result soon turned out to be damaging to the spirit of reforms as there were widespread misperception and misuse of the liberalisation. A large section of people took to the streets to demand reforms in line with western liberal concepts. Particularly striking was the fact that from some quarters there were calls for a drastic reduction in the role of the Communist Party. However, tension became particularly acute when the debate filtered down from the intellectuals to University students who, in December 1986 mounted a series of demonstrations, calling for 'real democracy'. These activists stepped well beyond the mark of what was politically acceptable in the eyes of the leadership. In one dramatic incident in Beijing, students publicly burnt Party newspapers. In another incident teachers and students were urged to "rise up and struggle together so that in 15 or 20 years time a new ideology can grow and new political party can replace the Communist Party"²⁵

The reaction of the leadership was sharp and obvious. A vigorous drive to oppose "bourgeois liberalism" was launched in January 1987, which focused on such negative features of western society as drug and alcohol abuse, suicide, divorce, prostitution and gross inequalities. There was a series of purges in party leadership at various levels. Party General Secretary Hu Yaobang—an arch reformer—was forced to resign in January 1987. The ultimate outcome of this tug-of-war between the conservatives and liberals, the inner strength of neither of which is less than deep-rooted in the Chinese society may be hardly predictable. There is little doubt, however, that much would depend on the nature and capabilities of the leadership that appears to be on the emergence. The student demonstrations and the regime's reaction only increased interest in the 13th National Congress to be held in October 1987 which may determine both the fate of Dengist reforms and the role of the Communist Party in Chinese society.

25. John Gardner, *op. cit.*, p. 24.

By stepping down at the Party's 13th National Congress, Deng could force his fellow "Long Marchers" in the politburo to leave the political stage. Since most members of the old guard are considered opponents of reforms the hand of Zhao Ziyang, who is expected to be confirmed as Party Chief will be greatly strengthened. He has not only asserted that economic reforms will continue but that it is planned to make improvements in the electoral system at country level to strengthen the element of competition. So it may be expected that reforms which has suffered a setback by the campaign against

The task upon the new leadership would be to steer clear of conflict by striking a balance but at the same time pursuing the pragmatic reformist policies in quest of a modernized China.

"bourgeois liberalisation" after the student denronstration may be able to roll on with renewed vigour. Zhao has recently pronounced authoritatively, "we will deepen the reform of our economic structure and make a start in reforming the political structure."²⁶ It is also the case that the reform minded leaders promoted in the 1980s constitute a relatively sophisticated professional elite and a younger generation of leaders, on whom the eyeballs of China-observers are increasingly focused.

The younger generation of Chinese leadership is aware of China's economic backwardness and realise that reformist policies has opened up a host of possibilities for modernisation. It will be difficult to dislodge these reform minded leaders from the paths of modernisation in the interests of ideological orthodoxy, particularly in the backdrop of the bitter experiences of the days of Cultural Revolution. The reality is that the two conflicting tendencies still engulf China and it will take some time to shake this off. Till then the task upon the new leadership would be to steer clear of conflicts by striking a balance but at the same time pursuing the pragmatic reformist policies in quest of a modernized China.

26. *Asiaweek*, June 21, 1987, p. 14.