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Bureau of Intelligence and Research
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China: Aftermath of the Crisis

IRR No. 210 - July 27, 1989



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(U) China: Aftermath of the Crisis

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Key Judgments

(LOU) The situation in China will remain unsettled at least until Deng Xiaoping and other party elders die.

(C) The ousting of the reformist Zhao Ziyang and his supporters, combined with a continuing purge of demonstration sympathizers within and outside the Communist Party, is the result of a temporary victory by hardliners.

(C) On course to reform, however, tension may develop between such hardliners as [redacted] and such moderates as [redacted]. (See Appendix for biographic sketches of newly promoted leaders Jiang Zemin, Song Qiang, Li Ruijian, and Ding Guangen.) More conservative contenders were bypassed when Jiang was named to replace Zhao as party chief.

(S) Friction may also develop between [redacted]

[REDACTED]

(C) Myriad fundamental problems portend rough waters for China's leadership. These problems cannot be solved quickly. [REDACTED]

[REDACTED] For example:

- Basic economic problems are bound to get worse before they get better. Differences exist within the leadership over the direction and scope of needed economic reform. If hardliners succeed in shifting China toward self-reliance, the resulting decrease in foreign trade and investment will exacerbate underlying problems.
- Contention may also persist over the scope and severity of the internal crackdown.

[REDACTED]

- Popular discontent will add to pressure to do something about inflation, corruption, and nepotism. [REDACTED]

(LOU) In foreign policy, leaders appear united in espousing a continuation of China's open-door policy. Sino-Soviet political rapprochement will continue at a snail's pace.

(B) Foreign governments have expressed near-universal revulsion over the crackdown, although a few exceptions have supported China's approach. Negative reactions range from punitive measures by Western countries to private criticism in the East.

- International Organizations: Although the UN has followed its mandate not to interfere in internal affairs, the World Bank and Asian Development Bank (ADB) have postponed consideration of pending loans.

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PHOTO

China's top leader, Deng Xiaoping

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CCP General Secretary Jiang Zemin

- **Western Europe:** Reactions generally follow the lines of the US response, i.e., cessation of high-level visits, suspension of military ties, support for freezing consideration of new international development loans, and public criticism of human rights abuses.
- **Canada, Australia, New Zealand:** All three have canceled high-level visits to the PRC. Canada and Australia have reduced financial assistance, and Canada has recalled its Ambassador for consultations.
- **Japan and South Korea:** Reactions fall short of punitive steps, although Japan has hinted that suspension of development assistance could continue even after "stability" is restored.
- **The Soviet Union:** While official comments have merely expressed hope for continued reform and common sense, the private Soviet reaction has been quite critical.
- **Hungary, Poland, Yugoslavia, and the West European communist parties:** Reaction is sharply critical.
- **East Germany, Cuba, and North Korea:** Reaction has been sympathetic.

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- **The Third World:** Official response has been characterized by silence or expressions of regret, tempered by unwillingness to intervene in China's internal affairs. Condemnation in the press has been strident, with the exception of communist countries.

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(C) How Did China Get to This Point?

Succession Struggle. At the heart of the crisis in China has been the power struggle for the succession to Deng. Several semiretired party elders, who like Deng belong to the "founding generation" of communist revolutionaries, have been seeking for several years to reassert their influence, slow or roll back Deng's reforms, and replace Deng's chosen successors with their own protégés.

Significant policy disputes have been at issue, with Deng's younger supporters throughout the party, government, and military bureaucracies favoring more rapid systemic reform. Hu Yaobang and Zhao Ziyang were willing and able to reshape the political system to accommodate the interests of new social forces set in motion by the decade of reform. The other elders have acted as spokesmen for the established powers, favoring slower and more modest change within the context of strong government and party central control.

Beginning last summer, contending leaders used the problems in the economy—particularly double-digit inflation—to step up attacks on Zhao and force an end to political reform to preserve social stability. Popular confidence in the regime began to disintegrate as concerns over inflation were compounded by rampant official corruption and nepotism and evidence that leaders were more concerned about power considerations than public aspirations.

Differences over policy have been aggravated by personal grudges and family interests. Circumvention of formal institutions and procedures in the recent crisis caused political actors to fall back on personal loyalties to ensure their political—and physical—survival.

Zhao saw the demonstrations of popular support at the time of Hu's death as an opportunity to shore up his position and restore momentum to political and economic reform. He alone in the top leadership seemed to understand the depth of public grievances

and the urgent need to address them in some realistic fashion. Zhao's critics saw his accommodating response to the student demonstrations as an opportunity to undermine his leadership and to assert a more traditional, authoritarian rule.

The Final Straw. In mid-May, growing tensions produced a final break between Deng and Zhao.

With the June 9 public appearance of Deng, other elders, and the top leadership—minus Zhao, Hu Qili, and Rui Xingren—there emerged a shaky leadership coalition supporting the imposition of law and order through a reign of terror.

In important ways, this clash of social and political tensions is unique in Chinese history. It emerged from a concatenation of events:

- Hu Yaobang's death on the eve of planned demonstrations in commemoration of the prodemocratic May Fourth Movement of 1919;
- the ADB meeting in Beijing;
- the Sino-Soviet summit that prompted the massive presence of Western, Hong Kong, and Taiwan reporters in Beijing to provide live coverage to the world; and
- Deng's deteriorating health.

The conflict between extremes in Chinese political culture—the aging founders of the revolution and the

most educated and Westernized elements of the national population—does not exist to the same extent elsewhere in China as in the capital.

The Impact of the Fourth Plenum

(C) The Central Committee on June 24 removed Zhao from all his party positions and demoted three of his supporters. [REDACTED] remain an important force in the leadership. [REDACTED]

- Jiang, an economic reformer and Politburo member, was named General Secretary and promoted to the Standing Committee.
- U remains Premier, but none of his proteges received a promotion.
- Neither the military nor the security apparatus enhanced its position within the leadership.

Deng apparently brokered a deal that will protect key aspects of his economic reform program, but the Central Committee communique strongly hints that the struggle is not yet over.

(C) Zhao's Out... The Central Committee plenum made official what had been known for weeks: Zhao lost his job as party chief. While removed for making "very serious mistakes" and "supporting turmoil"—but not counterrevolutionary rebellion—and "splitting the party," Zhao was labeled "comrade" and not charged as a counterrevolutionary. Nevertheless, these are serious charges and the communique says clearly that it will "look further into his case."

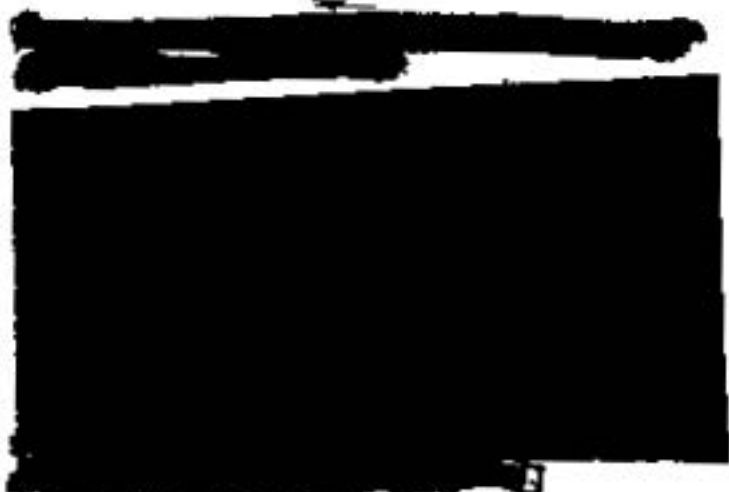
(C) While Zhao's fall is far milder than suggested by documents reportedly circulated last month, the leadership removed him from all posts, including the Central Committee. When Hu lost his post as party chief he was left on the Politburo; likewise Hua Guofeng stayed on the Politburo for almost two years and then retained a Central Committee seat for five more years. Zhao's harsh treatment allegedly was the result of his refusal to admit to his "mistakes."

(C) ...Jiang's In. New party chief Jiang Zemin was party boss in Shanghai and has been a Politburo member since 1987. [REDACTED]

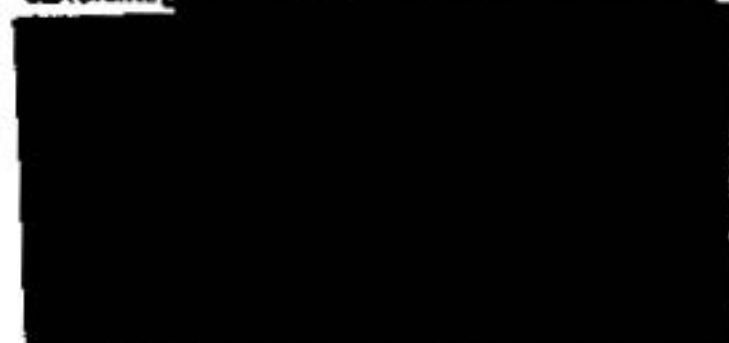
• Jiang is a Soviet-trained engineer who has worked with and for Li in various jobs. [REDACTED]

(C) Jiang has no historical connection with Deng but almost certainly attracted the party's favorable attention by his censorship of the World Economic Herald in April. Moreover, Jiang may have coordinated several visits to Shanghai by Deng for medical treatment. [REDACTED]

(C) Although a strong proponent of economic reform, including devolution of responsibility and resources from central ministries to local control, Jiang crossed swords with Zhao on Shanghai matters. [REDACTED]



(C) Reformers, Not Liberals. The Central Committee dumped all of Zhao's top-level associates who had demonstrated a strong commitment to political reform:



(C) Almost all of those who were promoted—Jiang, Tianjin party chief Li Ruihuan, who joins the Politburo Standing Committee and Secretariat, and Ding Guangen, who joins the Secretariat—are committed to economic reform but take a more orthodox stance on political issues. Both Jiang and Li Ruihuan acted with moderation during recent student unrest, allowing students to vent frustration and avoiding violence or the use of troops. Conservatives gained one seat on the now six-man Standing Committee: Chen Yun protégé Song Ping, an orthodox economic planner who is now in charge of top-level party personnel affairs.

(C) Keeping the Door Open. The communique, like Deng's June 9 speech, strongly endorses China's commitment to economic reform and opening to the outside. It contains no bluster or warnings about foreign governments "interfering in China's internal

Politburo Standing
Committee member
Li Ruihuan

Politburo Standing
Committee member
Song Ping

Politburo Alternate
and Secretariat
member
Ding Guangen

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affairs" but rather expresses the belief that foreigners will understand China's "just struggle to quell the counterrevolutionary rebellion" and that friendly ties between the PRC and other countries will continue to develop. Preserving the "open door" and Westward-leaning foreign policy may have been achieved, however, at the price of [REDACTED]

(C) The Long, Hot Summer

Although China's leaders papered over differences at the Central Committee plenum, signals persist of strong disagreements on policy. Moreover, the plenum communique hinted that further "adjustments" to the leadership are likely.

Despite efforts to get back to business, top-level wrangling will continue throughout the summer, possibly culminating in more changes at another plenum or a "party representative conference" this fall. Contentions over the scope and severity of the crackdown and a high-level review of foreign policy and the diplomatic fallout of recent events will also keep Beijing's political pot simmering through the summer.

Domestic Policy Signals Unclear. The fourth plenum's communique declared a "decisive victory" over the "counterrevolutionary rebellion" of April-May and announced plans to get the country back to work. The late-June meeting of the National People's Congress Standing Committee, delayed by preparations for the plenum, also was meant to symbolize the return to "normality." But conflicting signals in statements by top leaders, the plenum communique, and various authoritative media suggest continued confusion about domestic priorities and marching orders.

People's Daily editorials and the plenum communique of June 24, for example, evince continuing disagreement over the priority and relationship of combating "bourgeois liberalism" and pursuing economic reform. The communique, like an editorial in the party paper June 23, highlighted the importance of purging Zhao and his supporters and reasserting strong party ideological and organizational controls. The communique listed two additional tasks: carrying out eco-

nomie retrenchment to "improve" economic reform and addressing complaints about corruption and illegality in party leadership.

Both of these authoritative statements took pains to denigrate democracy activists and their alleged political backers and to defend the harsh crackdown by party and army hardliners. Credit for acting decisively to check the counterrevolution was ascribed to Deng and other party elders. The rationale was set forth for conducting a major purge of the bureaucracy in the guise of a political campaign against bourgeois liberalization. Caveats regarding the need to follow legal procedures and to avoid regression in reform were weak and tangential to the argument.

A *People's Daily* editorial on June 25, after briefly reiterating the importance of ideological work and party building, took a different tack regarding priorities. It depicted the purge of officials, stepped-up attention to party discipline, and similar measures as means to the more important goal of advancing Deng's reform program "even more courageously and freely." It warned that immediate undertakings must not lead to a slackening of reform efforts, confinement of people's thinking, subjection of the economy to rigid controls, revival of old ideologies and systems, or the blocking of channels to other countries.

Two Halves of a Whole, or Continuing Disagreement? The editorials just before and after the plenum might be read as two halves of an agreed position, but the lack of balance in the communique itself is noteworthy. The communique and other documents circulated for study, including statements by Deng, focused almost entirely on ideological themes, without reference to continuing reform. Moreover, the most recent editorial openly admitted the existence of "misgivings" as to whether the reform program should continue in the wake of recent events. Different emphases appear in statements of support for plenum decisions sent in by central and local organs.

Deng's June 9 speech, which set the themes for the plenum and the editorials, seemed to be trying to strike a balance—to define a central position and rebuild leadership consensus. Media play and leaders' comments on his speech even before the plenum varied significantly, however. These differences

reflect the fundamental contradictions inherent in Deng's effort to preserve his program—and his own position—yet discard the bold reform wing of the party.

Greater Consistency on Foreign Policy. Statements on foreign policy, however, are consistent, eschewing anti-Western invective and affirming the importance of the open policy. The plenum communique asserted the Central Committee's conviction that friendly ties with all countries would continue to develop and avoided anti-Western innuendo and criticism of the US that persists in nonauthoritative media.

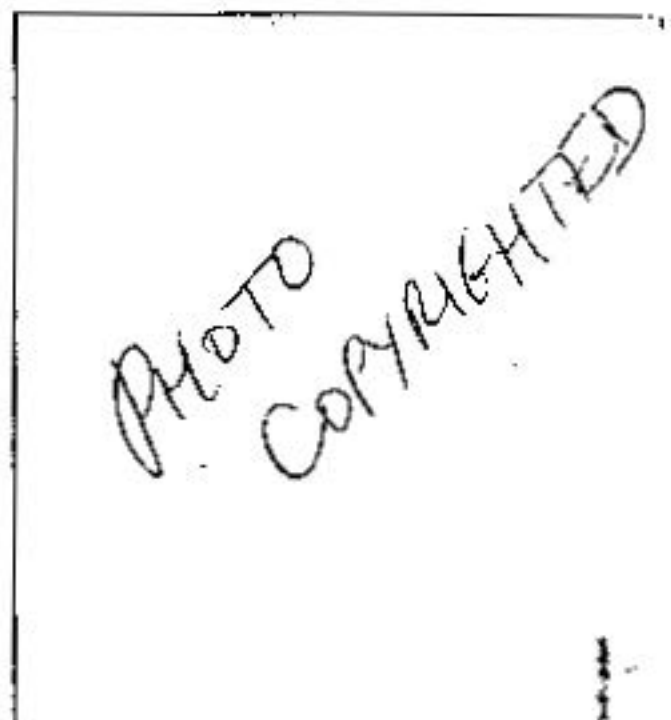
The June 25 editorial was effusive in emphasizing the centrality to China's future of opening up the country and learning everything useful from all countries. The consistency and tone of statements on foreign policy may reflect either Deng's determination to preserve that aspect of his program or agreement among the contending factions to limit the already considerable damage to China's international position.

(C) Defensiveness Suggests Low Confidence

China's posture, both at home and abroad, remains defensive. [REDACTED] In foreign policy, China remains prickly, as evinced by recent statements by Yang Shangkun, Li Peng, Li Xiannian, and others that China will not succumb to pressure from abroad and will find its own road to modernization.

At home, media are conducting a full-court press to convince people that the leadership's actions against prodemocracy demonstrators were necessary, moderate, and appropriate, and that the unrest was fomented by such "traitors" as Fang Lizi with support from anti-China elements abroad. Many remain unconvinced and are demanding renewed attention to reform.

Personnel Changes Incomplete. Although the plenum picked a new party chief and restaffed the Politburo Standing Committee and Secretariat after the purge of Zhao and his associates, it did not elect any new Politburo members or select a replacement for Zhao in the Military Commission. Moreover, a



President Yang Shangkun

number of Central Committee members may be under investigation for supporting student protests. If judged guilty, they could be removed.

A party congress—or "representative conference," an interim forum used in 1985 to reshuffle the leadership—will be needed to make these changes. Leaders probably will aim to convene such a meeting in the fall; most of the summer will be spent sifting over who will be promoted, demoted, or removed. Leaders may also discuss high-level government changes as part of a package deal. These changes probably would not take place formally until next spring.

Wrangling Over the Purge. The party's Central Discipline Inspection Commission has ordered a wide-ranging examination of party members' conduct during recent unrest and called for stiff discipline—including removal from the party—of those who took too soft a stance. At the same time, public party officials, and government agencies will be investigating rank-and-file bureaucrats, low-level officials, journalists, intellectuals, college faculty, and workers.

The scale of the inquisition—[redacted] is said to have told a foreign visitor that some 70,000-80,000 would be targeted—as well as the nature of charges leveled and the punishments assessed will become politically charged as hardliners try to gin up an anti-reform campaign. A continued crackdown, including more executions, will also complicate China's efforts to get foreign relations back on an even keel.

(C) Longer Term Prognosis

Society. The leadership will debate for some time the momentous impact on China's future and Deng's reform program of the tragic events of early June. The probability is high for continued leadership instability, punctuated by deaths of elders.

The bureaucracy and intelligentsia will remain demoralized if not defiant; the work force sullen; and the student population totally alienated and increasingly engaged in underground and radical dissident activity. There is probably little residual faith that the regime can be counted on to move forward on demands for political freedoms, an open and accurate press, and an end to official corruption.

Economy. The power struggle in Beijing will continue, precluding new policies to address economic problems. Deng's program is being reaffirmed, but it will be redefined in more conservative terms. Uncertainty and timidity among economic managers and bureaucrats, and caution among foreign investors, may slow the pace of economic growth somewhat, but the conservative program will do little to address the economy's basic problems.

At the same time, pressure to increase subsidies to forestall social unrest will exacerbate the government's budget deficit, reduce funds for investment in needed infrastructure, and stimulate inflation. The extent to which Deng will be willing or able to resist conservative pressures for a rollback is unknown.

Foreign Policy. China's relations with the West will be strained by continuing deterioration of the economy, tensions in society, and anti-Western rhetoric resulting from political infighting. Chinese conservatives tend to favor minimizing dependence on the

international economic system (while, however, pursuing economic ties with all countries) and eschewing close political or military entanglements with the great powers.

An internally repressive regime in China does not necessarily portend a strategic shift in relations with the United States and the Soviet Union. Several of the elders and military leaders now regaining political influence have been more reluctant than Deng to downgrade the threat from the Soviet Union, and the new regime may be even less responsive to Soviet appeals for negotiation of confidence-building measures.

Commanders eager to capitalize on their new political clout by increasing the military budget will be reluctant to undercut that possibility by playing down the Soviet threat. Moreover, those who have led the decade-long effort to modernize the People's Liberation Army (PLA) do not want further to jeopardize military ties to the US.

Sino-Soviet political rapprochement was expected to be slow even before the unrest in China; it is now likely to proceed at a snail's pace. Gorbachev had been maneuvering to develop a "special" relationship based on common socialist goals. The Chinese were responding minimally and only in the guise of discussing economic and political reform.

Gorbachev may now want to keep his distance from the [redacted] Chinese regime. For their part, hardliners in Beijing have no interest whatsoever in emulating Gorbachev's political reforms; many view retrenchment as preferable to further economic reform.

(C) International Reaction to the Crackdown

China's Relations With Developed Countries Seriously Damaged. The considerable international network of political and economic ties which China developed over the past decade has been seriously damaged. The almost-universal revulsion to the brutal suppression of the prodemocracy movement and the ensuing purge will make it difficult for Beijing to begin an effective salvage operation. Many countries, in-

cluding most of China's major trade partners, have supported their condemnation with concrete punitive actions but have stopped short of trade sanctions.

Even without trade sanctions, trade and investment from Western Europe and Asia will be adversely affected if China's hardliners choose ideological purity and self-reliance over interdependence. China's credentials as a socialist reformer are being called into question not only by West European communists but also by progressives in Eastern Europe and, to a lesser extent, in the Soviet Union. Support from the remaining conservative socialist regimes will be scant comfort to Deng's hopes of continued modernization.

The UN and International Organizations. UN Secretary-General Perez de Cuellar, while noting the UN mandate not to interfere in internal affairs, was "greatly saddened" by the violence in China. Both the US and the USSR agree that the issue is not appropriate for Security Council consideration. The WEOG (Western European and Others Group) members will individually call for stronger criticisms from the Secretary-General and designated UN human rights reporters.

Such international financial institutions as the World Bank and the ADB, which play an important role in the Chinese economy, have postponed consideration of pending loans to the PRC, citing the uncertain economic outlook. New credits and investments undoubtedly will be subjected to careful scrutiny even after activity resumes on existing obligations.

Western Europe Unites in Condemnation. West European countries—together and individually—have expressed their condemnation of the government violence in China, generally following the lines of the US response. The European Community acted quickly to cancel economic consultations with China's trade minister on June 5, warning that "cooperation between China and the Community can only suffer."

The EC summit on June 25-27 took unusually strong action, calling for suspension of military cooperation, arms trade, and high-level contacts; postponing of new cooperation projects; and a review of cultural, scientific, and technological cooperation. The EC Council also supported postponement of new World

Bank credits. Public pressure played an important role in the EC sanctions, particularly in Italy where Prime Minister Andreotti had argued for a cautious approach for fear of permanently damaging relations.

Switzerland has suspended arms sales to China, and Austria has announced a freeze on relations. Sweden and Denmark have suspended development assistance and, with Norway, have canceled various official visits with China.

The Finnish press has criticized the government for not taking any action against China. Along with Norway, Finland has denied Chinese reports—part of a propaganda offensive meant to show that business is being conducted as usual—that it approved new loans to the PRC in June.

Canada, Australia, and New Zealand. All three countries have canceled high-level visits with the PRC, including an Australian ship visit, with Canada going one step further by suspending military relations and temporarily recalling its Ambassador for consultations. Australia and Canada are also cutting off financial assistance for new projects. As popular destinations for Chinese students, all three countries will consider extending student visas as necessary. Australia and Canada—along with the US, United Kingdom, and Japan—have provided asylum or refugee status to several Chinese diplomats and dissidents involved in the demonstrations.

Potentially Serious Economic Fallout. According to PRC statistics, the EC in 1988 overtook Japan as China's second largest trade partner. Several European countries, including West Germany, Italy, Belgium, Sweden, and Denmark, individually suspended development assistance to China to protest the killings in Beijing and the ensuing executions. Canada and Australia are postponing new foreign assistance projects.

Without soft loans and government-backed credits worth several hundred million dollars, the viability of many joint-venture projects will be called into question. The Coordinating Committee for East-West Trade Policy (CCCOM) has agreed to suspend deliberation on whether to relax further restrictions on exports to China until the fall.

Japan and South Korea. Official reaction to the events in China by both Japan and South Korea has been more muted than that by Western countries. Japan has escalated its response from "serious concern," to describing the use of force as "unacceptable from a humanitarian standpoint," to "condemning the killings." Japan has hinted that suspension of development assistance could continue even after "stability" is restored. Tokyo is opposed to imposing economic sanctions for fear both that criticism will drive China toward Moscow and that Japanese business representatives would be harmed.

South Korea also has expressed "grave concern" but has not taken any punitive steps. Then-Prime Minister Uno and Democratic Justice Party Chairman Pak Chun-Kyu agreed during a July 11 meeting that steps should not be taken at the July 14 Paris summit to isolate China internationally. Foreign Minister Choi promised to continue efforts to improve relations with China. Several South Korean joint ventures have suspended operations, but civil aviation talks reportedly are continuing.

Although a few companies in Japan and South Korea may try to take advantage of Chinese efforts to reassure foreign businesses by offering "good deals," private business decisions in both countries undoubtedly will be chilled by uncertainty about China's stability.

Reaction in the Socialist World. A *People's Daily* editorial on Deng's June 9 speech analyzing the causes of the "counterrevolutionary rebellion" heralded his remarks as important to the "smooth development of the international communist movement." In reality, the apparent conservative victory in China is bucking the tide of socialism which is moving toward greater political pluralism and has damaged China's reputation as a progressive socialist nation.

Moscow's Reaction—Subdued Disappointment: Moscow's official comments, as represented by the Congress of Deputies, have been confined largely to general statements hoping for continued reforms and common sense. During the May 15-18 summit in Beijing, Gorbachev called for a dialogue with the students. A month later in Bonn, Gorbachev expressed his "regret" over developments, noting that an anti-

reform backlash would be "immensely harmful" to international trends toward relaxing tensions. He also implied that the students were not in fact counter-revolutionary.

Vice Foreign Minister Flogachev has expressed concern that the pace of improvement in Sino-Soviet relations will be slowed, a likely result of Beijing's preoccupation with its domestic crisis and the renewed importance of a PLA traditionally wary of the Soviet Union. Boris Yeltsin and Andrei Sakharov both decried Beijing's actions as a crime against the people, drawing parallels to Moscow's repression of demonstrations in Tbilisi.

Privately, Soviet reaction has been quite critical. [redacted] blamed the "stupidity" of the Chinese leadership for letting tensions build too high. Several Soviet diplomats have expressed support for the students and regret that they cannot speak out publicly for fear of harming Sino-Soviet relations. One officer described Chinese actions as "dirtying the name of communist parties everywhere."

Although Moscow would not be averse to profiting from tension in China's relations with the West, Soviet Ambassador to China Troyanovskiy reportedly told Vice Premier Tian Jiyun that the USSR was in no position to step into the West's economic shoes if sanctions cut off PRC access to science, technology, and trade. Gorbachev hopes that ties with Beijing can be solidified without endangering Soviet ties to the West, but he is sensitive to charges that Soviet failure to criticize China is based on expediency rather than principle.

Socialist Condemnation of China: Hungary, Poland, Yugoslavia, and the West European communist parties have all been sharply critical of the military crackdown in Beijing. Hungarian General Secretary Grosz stated that the Chinese Government's violent response "has nothing to do with socialism."

Privately, reformers throughout Eastern Europe are concerned that their conservative opponents will cite China as proof of the danger of reform. Communist parties in France, Italy, Greece, and Finland

condemned the violence in Beijing as an affront to socialist principles.

Mild Support From Hardline Regimes: East Germany has been most sympathetic to China's suppression of "anticonstitutional elements," because China now provides an example of what it perceives as the dangers of reform. Other countries like North Korea have limited their comments to quoting the Chinese version of events and noting that the crisis is purely an internal affair. By waiting until mid-June, when the conservative victory in Beijing became apparent, Czechoslovakia, Romania, and Bulgaria could avoid negative comment, choosing instead to welcome the apparent return to stability. The exception was Albania, which criticized reforms in both the Soviet Union and China as extending power through violence.

Third World Reaction. The official Third World response to the crackdown in China was characterized by silence or expressions of regret which were tempered by unwillingness to intervene in China's internal affairs. Condemnation in the press was strident, with the exception of communist countries.

Southeast Asia. Southeast Asian countries are concerned that the power struggle in Beijing could affect China's role in the search for a settlement in Cambodia—for better or for worse. Optimists hope that Chinese leaders, preoccupied with internal developments, will seek regional stability by reducing support for the Khmer Rouge. Pessimists fear that hardliners will take a stronger anti-Vietnamese line, in part to divert attention from domestic woes.

Some, notably Indonesia and the Philippines, also fear a resumption of Chinese aid to regional communist movements. Vietnam, vulnerable both to direct Chinese pressure and to prodemocracy stirrings, has been exceptionally cautious in reporting on events in China. In member countries of the Association of Southeast Asian Nations (ASEAN), media have harshly condemned the Chinese Government, in contrast to more circumspect official reactions.

Thai officials have been most concerned about changes in the Chinese attitude toward a Cambodia settlement, despite official PRC assurances that

China's position is unchanged. Thai military officers may be having second thoughts about their growing dependence on Chinese equipment, but existing investments and advantageous prices have built a momentum that would be difficult to reverse.

The official Thai reaction was restrained. Prime Minister Chatchai was "saddened," but described the Chinese crackdown as an internal affair. He reportedly also said that Thailand could benefit from trade and investment that might otherwise go to China, a view that has drawn widespread public and media criticism. Editorials drew parallels with the public pressure that forced Thai military dictators to make way for democracy. PRC-affiliated Hong Kong papers that condemned martial law have appeared in Bangkok for the first time in decades, while local Chinese-language papers that support the Beijing line (allegedly under Chinese Embassy pressure) have lost sales.

Philippine Government reaction also has been muted, constrained by fears that angry Chinese leaders could retaliate with a tougher stand on the disputed Spratly Islands or with a resumption of aid to the New People's Army. Officials stress that bilateral ties will remain unchanged, but efforts in the House of Representatives to upgrade relations with Taiwan may be stepped up.

Public and press condemnation of the Beijing events, on the other hand, has been very strong. Filipinos saw many parallels between China's democracy movement and their own peaceful revolution in 1986 and were horrified when the PLA—unlike the Philippine Army—crushed the protests. Thousands from the Chinese community, representing more than 170 associations, burned Deng in edginess.

The Chinese tragedy could bring windfall benefits to the Philippines in two ways. Philippine officials and business representatives, like their Thai counterparts, are eager to attract Asian and Western investment that otherwise would have gone to the PRC. The government also is moving to channel popular revolution against Philippine Maoist insurgents. The head of the main communist-front labor federation played into their hands by condoning the massacre, deepening existing rifts within the communist movement.

Indonesian military and intelligence officials, always suspicious of Chinese intentions, have used the crackdown to justify denying progress toward normalized relations. President Suharto and Foreign Minister Alatas favor improved ties but will move forward cautiously. The government's mild official response was criticized in the press—both as a slap at Jakarta's noninterference policy and to give broader coverage to the events in China.

Malaysian leaders fear that expressions of solidarity with the students in Beijing by their Chinese minority community could affect their country's delicate ethnic balance. Prime Minister Mahathir said only that he hoped the unrest in China could be resolved quickly, but most media condemned the "bloodbath" in Beijing. Despite official discouragement, some students did demonstrate, and Malaysian Chinese groups delivered protests to the PRC Embassy.

Singapore issued ASEAN's strongest official condemnation. Prime Minister Lee Kuan Yew condemned the use of force against unarmed civilians. But officials also have privately warned the US of the futility of sanctions and the difficulty of restoring damaged ties. They caution against fostering an isolation that suits the vested interests of the CCP old guard and feeds Chinese xenophobia.

There has been little public reaction, but the Singapore press has given mainland events extensive critical coverage and reprinted the most vitriolic Hong Kong stories. Singapore also hopes to gain from China's difficulties and has sought to attract the brightest and best of Hong Kong Chinese now anxious to emigrate.

Vietnam has carefully avoided either condoning or condemning Chinese actions. Vietnamese media have generally carried only official PRC accounts of Chinese events, avoiding comment on either the demonstrations or the crackdown. Government spokesmen forcefully contradicted a BBC report that Hanoi had publicly supported the Chinese actions, however, stating that the matter was an internal Chinese affair. In addition, Hanoi's *Armed Forces Daily* quoted non-PRC sources describing troops firing on students. Perhaps influenced by events in China, Vietnam's

leaders quickly caved in to recent student demonstrations demanding increased living subsidies.

According to a Xinhua report of a June 17 meeting between Vice Chairman Vo Nguyen Giap and the Chinese Ambassador, Giap "believed China will...restore social stability...under the leadership of the CCP and the Chinese Government." Hanoi's careful adherence to a policy of neutrality and nonintervention reflects the complexity of its historical relations with its giant neighbor. A major concern of Hanoi is to continue to try to repair relations with the PRC. Still more worrisome is the prospect that the Chinese military, emerging from the power struggle with much greater political authority, might harden Beijing's stand on Cambodia, or even resume the border war.

Laos, like Vietnam, has offered its people only limited and neutral coverage of events in China, fearing that a Chinese policy shift could destroy the Cambodian peace process.

Burma's military leaders, who brutally suppressed mass demonstrations for democracy in Rangoon last year, expressed "understanding and sympathy" for the Chinese Government's policy on the "counterrevolutionary rebellion" in a meeting with the Chinese Ambassador. Official media have largely ignored the events in China, but people in the cities at least are well informed, thanks to VOA, BBC, and All India Radio.

South America. South American reaction has been varied, generally negative but forgoing strong condemnation. Reaction ranged from protests in Mexico during Chinese Foreign Minister Qian Qichen's visit to praise from Cuba for the suppression of counterrevolutionaries.

The Chinese Government suspended President Yang Shangkun's visit to Mexico, and the Mexican Foreign Secretary's visit to Beijing was canceled. At Taiwan's behest, those nations that maintain diplomatic relations with Taipei—except for Panama and Haiti—also have condemned China.

Qian's Seesaw Visit: Qian was in South America during events in Tiananmen, visiting a few

countries before his planned—and subsequently canceled—visit to the US. His reception was mixed—Cuban sugar contrasted with hurried Mexican tomatoes—but his message was balanced. In Ecuador, Qian said student demands were reasonable but it was necessary to reestablish public order. Qian said the policy of openness would remain and foreign policy would not change.

Ecuadorian officials appeared relieved that Qian left without incident. President Borja's planned October visit is now uncertain. The Ecuadorian Foreign Ministry—after Qian's departure—expressed "grave concern" at the violence and loss of lives and hoped dialogue would resolve problems.

Cuban media portrayed events in China favorably to reflect Beijing's hard line, partly as a sign of warming Sino-Cuban relations: Qian's was the first-ever visit by a Chinese Foreign Minister, and during the visit the PRC signed agreements to open consulates in Shanghai and Santiago.

Castro also used the media reaction to reflect his ideological world view. Castro has not welcomed the winds of glasnost, and he considered the crackdown in Tiananmen a good preemptive lesson to would-be reformers at home. Cuban media also have stressed the anti-interventionist angle.

Privately, however, a Cuban official praised President Bush for his insight into Chinese complexities and expressed grave reservations on use of the PLA to suppress demonstrators.

El Salvador and Costa Rica—at Taiwan's behest—officially denounced the PRC. Neither has diplomatic relations with Beijing. Media in other countries have condemned the PRC but, as with Asian media, made the point that economic development forces democratic processes and that such lessons are relevant at home.

Iran Blames the US. The most unusual analysis from a country that enjoys friendly relations with China was in the Iranian press. Zhao was portrayed as the victim of an American plot. Because of his "reformist views, flexibility and leniency, he became a victim of

the American conspiracy in China and paid a heavy price for it." The popular unrest, the commentary alleged, was "led unknowingly by agents of the Western world, especially the US, toward its own goals."

The irony is that Deng and his cohorts view Iran's militancy with the same enthusiasm they regard the Cultural Revolution. They are afraid of China generating its own Khomeini in response to popular frustrations.

South African Analogy. One commentary made the obvious analogy to South Africa's own political situation and scored the necessity for dialogue and reform, calling for "negotiations...dialogue, and of consensus between those who govern and those who are governed."

(C) The Chinese Response

Initial reaction of the beleaguered PRC leadership to foreign criticism was dismissive. On June 29, the Ministry of Foreign Affairs spokeswoman strongly criticized the EC summit sanctions as "rash," "presumptuous," and "unreasonable acts" which "jeopardize bilateral relations." She then echoed comments by Yuan Mu and others that attempts to pressure China were unwise and futile. After the Group of 7 summit in Paris condemned China's repression, a *People's Daily* editorial said despite disagreement over Chinese and Western values, China's importance as a global strategic and economic actor should be the basis for policy toward the PRC.

A June 7 conference for China's ambassadors and chiefs of mission faced the unenviable task of formulating a response to the overwhelmingly unfavorable foreign reaction. China's ability to stem the damage to its foreign relations will depend on the extent of the ongoing purge, which, for the foreseeable future, will take priority over international relations.

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(C) Appendix: China's New Leaders

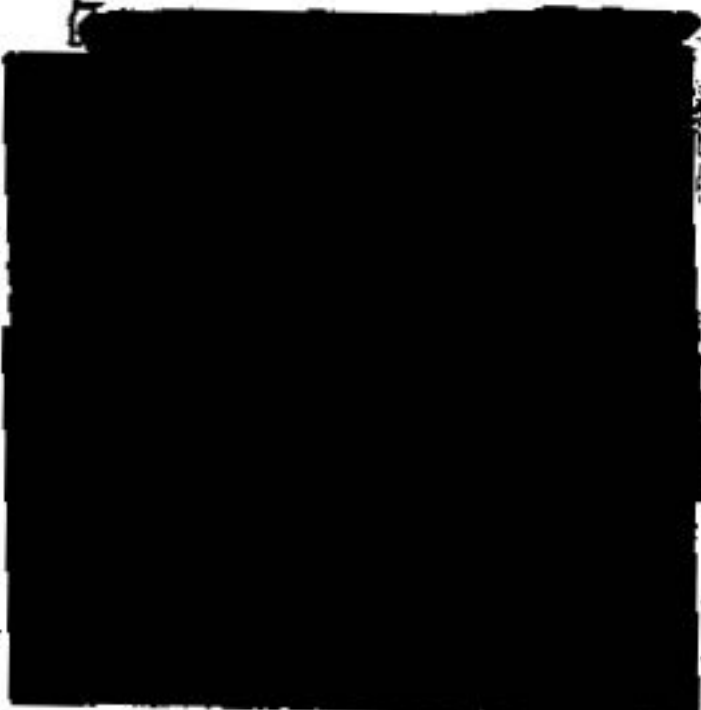
Jiang Zemin

Urbane, energetic, and occasionally flamboyant, Jiang Zemin is probably the most "Westernized" of China's top leaders. Jiang's flamboyance and large ego are indicated by an incident in 1987 when he rose from the VIP rostrum at Shanghai National Day festivities to conduct a symphony orchestra in a rousing version of the *Internationale*, complete with flashing lights and clouds of smoke.

Jiang speaks good English and Russian, fair Romanian, and a smattering of other languages; is a connoisseur of painting and both Chinese and Western literature and music; and plays the piano and bamboo flute. He is a natty dresser who generally enjoys give-and-take in exchanging views with foreign visitors, usually wears a big smile, and—rare for a Chinese politician—likes to touch the people with whom he is talking. He has visited the US several times, most recently in 1987.




Both in 1986-87 and during the recent unrest, Jiang took a moderate tack with students, trying to talk with them and working behind the scenes to minimize disruption and violence. Taking his cue from Deng Xiaoping's hardline statements, Jiang closed down the *World Economic Herald* in April; but he declined to use force against protesters or declare martial law in Shanghai.



Jiang has strongly endorsed the central government's actions in Beijing and is said to have been in charge, even before his promotion to General Secretary, of Beijing's effort to convince the public—at home and abroad—of the official version of what happened in June.

Song Ping

A longtime expert in economic planning and labor affairs, Song Ping is now in charge of top-level party personnel matters. At age 72, he is one of the active leadership's older members and he is a close associate of Vice Premier Yao Yilin and party elder Chen Yun. Song has a reputation for being upright and



incorruptible. His promotion will add conservative ballast to the Standing Committee.

Li Ruihuan

One of the leadership's few self-made men, Li Ruihuan (55) is one of seven children from a poor peasant family. As a young adult he became a carpenter and "model worker," later educating himself in math and geometry and attending night school to study architecture. Through the 1970s he continued a slow rise in the construction industry—he was in charge of building the Mao mausoleum in 1976—and the trade unions.

In 1981 he became vice mayor of Tianjin, a major industrial city near Beijing. He became mayor in 1982 and municipal party chief in 1987. He also joined the Politburo in 1987. As mayor, he has strongly supported the "open door," including the construction of a development zone that offers some of the most liberal and attractive terms available in China to foreign investors.

A skilled politician, Li has cultivated an image as the "people's mayor," holding frequent dialogues with common folk and publishing annual lists of goals for and achievements in improving city life. Often rumored as a strong candidate for a top job in Beijing, Li has shunned a transfer to the capital, reportedly quoting a Chinese proverb that "A man dreads fame like a pig dreads being fat." Although Li has continued to appear in Tianjin since the plenum, his elevation to the

Politburo Standing Committee and Secretariat and his responsibility for propaganda affairs almost certainly will require the "dreaded" transfer.

Li has many high-level connections, including close relationships with reformers Wan Li, Hu Qili, the late Hu Yaobang, and trade union chief NI Zhifu. In 1986 Deng visited Tianjin and highly praised the city and its mayor for promoting foreign investment. Deng also praised Li's stern handling of student demonstrators in 1986-87; Li reportedly warned students that they would be expelled from school and given poor job assignments if they demonstrated. During the recent spate of protests Li apparently took a moderate approach. Tianjin was not a hotbed of student activism (suggesting Li may have issued warnings like those in 1986-87), but Tianjin students did play an active role in Beijing's protests and Li did not resort to force to control unrest in his city.

Ding Guangen

A transport specialist, Ding (59) owes his rise to Deng's patronage. He was elected an alternate member of the Politburo in 1987. Reportedly one of Deng's bridge partners, Ding became Minister of Railroads in 1985 but resigned in 1988 after accepting responsibility for several fatal train accidents. Ding languished in limbo for several months before being appointed First Vice Minister of Planning. In late 1988 he was also put in charge of the State Council's Taiwan affairs office. He will probably replace the ousted Yan Mingfu in charge of "united front work," that is, liaison with noncommunists, minorities, and overseas Chinese.