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To cite this article: Greg Austin (1995) The strategic implications of China's public order crisis, Survival, 37:2, 7-23, DOI: 10.1080/00396339508442787

To link to this article: http://dx.doi.org/10.1080/00396339508442787

Published online: 03 Mar 2008.
The Strategic Implications of China's Public Order Crisis

Greg Austin

Public disorder in the People's Republic of China (PRC) has reached a level that threatens China's widely expected rise to global power and status. The PRC leadership itself now views political stability as more seriously challenged than at any time since reform policies were launched in 1978. While not sensing an imminent collapse of their regime or any immediate threat of the country's break-up, political leaders in the PRC have become sufficiently concerned by the gravity of the situation that they have implemented a series of authoritarian measures that represent an important turn in domestic policy. Some observers fear that Chinese instability could lead Beijing to adopt a more aggressive or hegemonic foreign policy, perhaps as a diversion from its domestic problems. In fact, however, the domestic crisis in China is more likely to be a constraint on Chinese assertiveness abroad than an impetus to it. Chinese leaders will be more concerned with their hold on power at home than with their influence abroad, and the People's Liberation Army (PLA) will be obliged to focus its attention and resources on internal, not external, security. There is, thus, ample room to question the commonly held view that the PRC is posed to stride confidently into the twenty-first century as a leading world power.

Recent Trends in Public Order and Leadership Perceptions

Public order is the degree of observance of the social contract between the leaders of a country and its citizens. Outbreaks of disorder, such as a series of strikes or demonstrations, do not a priori represent a fundamental threat to political stability. But stability is threatened when there are reasonable prospects that the circumstances provoking the disorder (such as the mood of the miscreants and social and economic conditions) cannot be ameliorated. Public order can be portrayed by politicians in power as direct evidence of political stability. An increase in public disorder, therefore, provides ammunition for political rivals to challenge the rulers in power and an opportunity for disaffected groups among the citizenry to foment further unrest.

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The leaders and citizens of China strongly fear that circumstances currently causing public disorder will not abate and that a grave threat to political stability now exists. Such fears, of course, are not new. The influence of corruption in the Chinese Communist Party (CCP) and the rising disaffection of Chinese citizens has been a central theme of Party propaganda since 1985 at least, and Chinese leaders are well aware that aggravation of the problems in CCP governance contributed to the 1989 demonstrations. Specific concerns include the widening gap in living standards between coastal and inland provinces in China; localised staple-item price increases that are much greater than the national consumer inflation rate; disaffection in minority areas; rising unemployment; overcrowding in cities with itinerant workers; rising crime rates; endemic corruption in public life; loss of Communist Party authority; rampant exploitation of farmers by local officials; and grave inadequacies in the country's legal and administrative infrastructure.

Assessments of public disorder cannot be based only on a trend analysis of numbers of strikes, violent demonstrations or serious crimes from year to year. A proper assessment must include a qualitative analysis of the relationship between rulers and the ruled. The following examples give some sense of China's growing fears of a public order crisis.

- In December 1993, the General Office of the Central Committee held a meeting to review the causes of the 1989 'turmoil'. The meeting concluded that since 1984, hostile forces in PRC society had stepped up their activity with the 'support of certain external forces'. Some CCP leaders were accused of neglecting 'the fact of the US hegemonists' nature and basic strategy of subverting, infiltrating, and interfering in socialist China'.

- In January 1994, the Standing Committee of the Xinjiang Regional Congress issued new regulations to 'safeguard public order and social stability'. Counter-revolutionary crimes were to be a primary target of enhanced work to be carried out by courts, public security branches and state security units. The PLA and armed police were directed to set up joint security defence teams in which civilians would safeguard public order and social stability.

- In a speech to the Central Discipline Inspection Commission of the CCP in late February 1994, Secretary-General Jiang Zemin warned that the Party would fall from power if it failed to promote economic development or check corruption. He reportedly called for Party members to maintain a 'sense of crisis' because 'crimes of abusing power for personal gain and of perverting justice for bribes have reached an appalling point'.

- In April 1994, a PRC scholar wrote an article describing the increase in nationalist agitation in Xinjiang as 'open strifes and veiled struggles among various foreign forces'. The author described a report in an official PRC
newspaper in January of many reactionary slogans appearing in Urumqi, including ‘No Communist Party; no Han people; we only want Muslims and independence’. 

- On 22 May 1994, at a meeting of the Central Commission on Comprehensive Management of Public Security, the provinces of China were divided into four types according to the severity of the public order situation in their rural areas. The fourth category – where the ‘situation of social disturbance in the rural areas will erupt on a large scale at any time’, with the province considered unstable with relatively serious problems – comprised Henan, Guizhou, Jiangxi, Qinghai, Hunan, Shaanxi, Liaoning and Xinjiang. The third category, ‘not stable enough’, comprised Guangdong, Fujian, Guangxi, Sichuan, Ningxia, Shanxi, Heilongjiang, Inner Mongolia and Yunnan. First-category provinces (not listed in the original) were regarded as stable and enjoying good development, and second-category provinces (not listed) were relatively stable with relatively good development. Thus 17 out of China’s 29 provinces were judged to be ‘unstable’. 

Three criteria were used to assess which category a province belonged to: whether Party and government organs were properly constituted and operating according to Party rules; the status of implementation and enforcement of the Party’s rural policies; and law and order in the townships and villages. Thus, the assessments were based more on political factors than on crime rates or disturbance levels, and focused on the very question of governability.

- Also on 22 May, the Executive Deputy Secretary of the Tibet Regional CCP Committee, Raidi, reported that ‘separatists’ in Tibet had stepped up their activities, and that Party and government cadres were not rising to the task of this ‘grim situation’. He remarked that problems in fighting the separatists were ‘comparatively serious’, especially for public opinion and border control. He went on to accuse foreign forces of exploiting the difficult domestic economic circumstances (caused by high commodity prices and taxation) in what he called ‘social hotspots’.

- According to a report in a Hong Kong newspaper, a CCP document issued in June 1994 revealed that in 1993, the country’s rural areas saw 6,230 cases of disturbance, of which 830 involved more than one township and at least 500 people; 78 cases involved several townships or counties and 1,000 people; and 21 were major disturbances involving 5,000 people. The serious cases involved looting, burning of county and township government buildings, and breaking into banks, government offices and township cooperatives. These incidents resulted in the injury or death of 8,200 county and township government personnel and peasants, as well as economic losses amounting to 200 million yuan. Force was used to quell no less than 340 cases of disturbance, resulting in the injury or death of 2,400 armed police officers, public security personnel and garrison soldiers, among whom 385
died. The document reported consistent challenges to state authority, albeit of diverse kinds, with no hint of interregional coordination.11

• On 4 June 1994, new regulations in the National Security Law expanded the ambit of the statute by redefining ‘enemy organisations’ to include those that are hostile to the regime of a ‘people’s democratic dictatorship’ or that threaten national security. Article 8 states that ‘fabricating rumours, distorting facts, publishing or spreading written or oral arguments’ and ‘establishing mass organisations, enterprises or institutions’ can be interpreted as ‘activities jeopardising state security’.12

• On 7 June 1994, in an interview with the economic daily, Jingji ribao, the Minister for Public Security, Tao Siju, stated that ‘public order in some localities is not good ... People are very critical of this’.13 Tao quoted Deng and followed with his own vitriolic explanation:

Comrade Deng Xiaoping pointed out: ‘The Western powers are waging a World War III without smoke, meaning that they want to effect peaceful evolution in socialist countries’. Hostile forces outside our borders are stepping up their efforts at infiltration, separatism, subversion and sabotage, while domestic hostile forces are re-grouping, building up networks, raising funds, changing tactics and approaches, and biding their time in a vain attempt to create new turmoil.

• In Xinjiang in mid-1994, separatists were blamed for a number of threats to security which led to the implementation of special measures to protect transport routes, military farms, factories and oil fields. Social order in rural areas was described as ‘in chaos’.14

• On 6 September, the People’s Daily reported that a new office had been created within the Ministry of Public Security to deal ‘severe blows to restore public order’.15 The same day, the Beijing-backed Hong Kong newspaper, Ta kung pao, reported PRC statistics showing a 21% increase in serious crime in the first six months of 1994. The increase in 1993 over 1992 had been 18%.16

• In September 1994, Heilongjiang officials launched a ‘stern’ crackdown to try to rein in corruption and reverse the deterioration in public security in rural areas. The Secretary of the Party’s provincial Political and Legal Affairs Committee reported that many of the problems of law and order were caused, ‘in essence’, by poverty. Instructions for the campaign called for new economic policies and practices to ameliorate or eliminate the causes of the instability (uneven development, idle peasants, unemployed workers) as well as stiff law-enforcement measures.17
Also in September 1994, the PRC introduced new regulations prohibiting groups of more than five people from presenting petitions to officials at any level. These regulations, to have taken effect on 1 January 1995, are clearly designed as a measure to prevent large crowds of dissatisfied people from forming.18

Similar reports, though somewhat more muted, continued into early 1995. For example, in February 1995, the Liaoning Party Secretary warned a meeting of public security directors of the inevitable increase in 'some destabilising factors', and linked them to the unceasing efforts of hostile forces, domestic and foreign, that 'are bent on subjugating the country'.19

Treating the Problem
Some of the measures outlined above, such as the new harsher regulations in the National Security Law, demonstrate the government's recourse to renewed authoritarian pressure against instigators of disorder. Yet this traditional tool of governance in the PRC is not the only response being tried. The leaders accept that the disorder can only be brought under control through a wide-ranging programme of economic and social policy changes that address its diverse causes.20

The CCP leadership is moving to enhance the welfare of the population as one important measure in this fight. In mid-1994, the CCP Central Committee issued a circular relaying the '1993 Report on the Status of Relieving the Peasants' Burdens' prepared by the Agriculture and Supervision Ministries and related agencies. The circular prohibits localities or departments from imposing new fees 'without obtaining prior approval in accordance with legal procedures'. These fees were identified as an 'excessive burden on peasants' that have, from time to time, caused 'incidents which have led to serious consequences'.21 The government also announced its intention to maintain price controls on a number of commodities, including the 'less competitive commodities that have a great bearing on social stability'.22

By late October 1994, the CCP leadership convened the first work conference on 'social development work' since the founding of the PRC. This seemingly innocuous event was one of a series of measures taken by the PRC leadership to regain control over what it saw as the 'grim' and 'severe' situation of public order in the country, particularly in rural areas.23 The concern was so great that the work conference on social order was followed by a national work conference on reducing the burden of farmers. At the conference, the Minister of Agriculture, Liu Jiang, revealed an escalation in rural disturbances in 1993 compared with 1992, citing 23 serious cases of rural unrest in 1993. He did not define 'serious' other than referring to 'death and heavy injuries'.24

The seriousness with which the public order problem is viewed has led to the reappearance of ideas about democratisation that had largely disappeared in the wake of the 1989 suppressions. A number of leaders have
expressed support for a campaign for more democracy, and the establishment of the rule of law as an important tool for coping with increased disorder. Party Secretary Wen Jibao seems to favour a more moderate approach that would rely 'on democracy and the legal system to ensure ... rural public security and to maintain rural stability'. He remarked that it was necessary to give 'full play to the roles of grass-roots party branches as a leadership core and fighting bastion'.

In May 1994, Tian Jiyun, former Vice-Premier and currently Vice-Chairman of the National People’s Congress, called for improved laws and better observance of the rule of law as necessary for the state’s long-term peace and stability. In September 1994, he then called for greater power to be given to the legislature. He identified a lack of consideration for the importance of the rule of law as one of China’s major problems and observed that the authority of law had not yet been established.

Wang Zhaoguo, former heir apparent to Hu Yaobang and later head of the United Front Department of the Central Committee and Director of the Taiwan Affairs Office in the State Council, saw the expansion of democracy as a ‘condition and guarantee for promoting social stability’. His idea of what was necessary included ‘political consultation and democratic supervision’, and the participation of ‘democratic parties’ in discussions on ‘government and political affairs’.

The gravity of the problem of maintaining public order led to the announcement in early 1995 of a government pledge to introduce village-level direct elections by the end of the century.

Implications for Domestic Politics

It would be wrong to view public disorder in the PRC as a sign of the imminent collapse of the CCP regime. Destabilising activity has occurred with little direct motivation to challenge the political status quo at the national level. To the degree that public order problems reflect regional variations or diverse causes, they can be addressed by a variety of solutions in discrete areas of public policy (such as price control, agriculture investment or legal reform). It could be argued that the police are doing quite well in containing public disorder given the scope, scale and pace of change in the country since 1978.

Disparities of income and the related strains need not in themselves be a significant problem, and large numbers of migrating labourers could be seen as little more than development of a free labour market. Crime rates in the PRC probably remain well below those in some industrialised countries. Moreover, talk of a public order crisis may be exaggerated for domestic political purposes, and some of the reports and leaks in Hong Kong newspapers may be motivated by factional disputes within the PRC leadership.

Yet the available evidence appears to support the judgement that PRC leaders do not see the separate regional public order problems in isolation but as elements of a public order crisis that has dangerous implications for
political stability in the country. They have identified as root causes of the crisis the failure of the Party to govern effectively at the grass-roots level, coupled with declining living standards in important sectors of the community, continuing poverty, rising dissatisfaction among minority groups, and increasing factionalism within the CCP.

In October 1994, a Shanghai newspaper commented on the PRC’s problems in controlling regional and local authorities, stating that discussion of the problem was not ‘alarmist talk’. On the contrary, it argued, ‘due to the lack of strong cohesive power inside the leading body, some developing countries, while accelerating the pace of transformation towards modernisation, repeatedly encountered political upheavals and went out of control politically’.

The Chinese Communist Party sees itself in the midst of a grim struggle for its own survival because it has been hollowed-out from below, with most local officials totally oblivious to national goals or political principles. The economic reforms that Deng Xiaoping instituted in 1978 are now showing their inexorable political effects – and the CCP leaders know this. The condition of political underdevelopment coupled with grave economic and social circumstances in important parts of the country, strongly suggest to the CCP leadership that the measures introduced to restore public order may not have the desired effect. The manifest inability of the Communist Party to overcome its chronic factionalism and the severe and widespread challenge to its authority at the grass-roots level will probably deny the Party the levers of power that could quickly reverse current trends.

A nationwide programme of legal and political education is a precondition for a stable, liberal-minded government in Beijing leading a country in which the rule of law is observed. Yet the slow pace and patchy record of legal reform so far suggests that such a programme is also probably beyond the power of the Communist Party government in Beijing.

The growing wealth of the PRC coupled with the pragmatism of its leaders provide the country with important assets for coping with domestic difficulties in the longer term. The short-term prognosis, however, must be that the public order crisis will worsen, a more repressive government will emerge, and public order will become a central issue for debate in the political competition at the top levels of the CCP. The arguments advanced by key CCP leaders for protecting the welfare of ordinary people, advancing democratisation of the PRC, and establishing the rule of law will compete with more traditional and conservative responses to public disorder, such as patriotism campaigns, restrictions on press freedom and increased reliance on the armed forces as an important last resort.

The growing role of the PLA in internal security (merely a reversion to a function it had served for decades) has produced the inevitable enhancement of the PLA’s domestic political authority – as it is the only force in society capable of restoring an acceptable level of central control. The armed forces seem to have exercised their increased influence on policy by
securing large increases in their announced budget starting in 1989, and gaining new approval to buy military technologies and weapons systems from foreign sources. When a new Central Committee was announced in 1992, the PLA gained its highest share of representation since 1977.

Which political ideas will win the contest to be the dominant force in the next few years? If the public order crisis can be eased, the more doctrinaire elements in the Party leadership will be denied the political capital to advance their positions. Use of the recently introduced repressive measures could be abandoned within one or two years, and the slow trend towards political liberalisation might then reassert itself. But if there is no sustained reversal of the causes of the public order crisis, the more conservative elements in the leadership are likely to prevail in the short term on a platform of forceful repressions of dissent.

If sustained use of force to keep control is the short-term outcome, it probably could not be sustained for more than a few years. It is likely that in the medium to longer term – five to ten years – the more pragmatic leaders of the CCP would reassert control because of growing shock within the PLA and the Party at the levels of violence needed to contain deteriorating public order and central control. For the sake of national unity and order, power brokers will be forced to accept the more radical political options of federalism, democratisation and improved welfare for ordinary citizens.

Strategic Implications of the Crisis
It is perhaps impossible to demonstrate a direct link between China’s public order crisis and change in the PRC’s strategic posture; the processes of government do not produce consistent data on the relationship between leadership attitudes and foreign-policy decisions. Yet PRC leaders have unambiguously acknowledged that they face a severe domestic crisis, of which public disorder is, in their view, not only a manifestation, but also a barometer. For them, the scope and scale of the public order crisis is a measure of their hold on power. The evidence appears unambiguous that the seriousness of the crisis has already produced a new preoccupation with vulnerabilities and a search for ways to adjust government policy in any field if it might ease the problem.

This new sense of domestic vulnerability has intensified the search for scapegoats and the United States has become its main foreign target. This disposition has contributed to calls at senior levels of the PLA for a new foreign policy specifically designed to oppose US ‘intervention’ in China. The United States is a natural target because of its attempts to dictate domestic policy to the PRC, and its policy of ‘enlargement’ that promotes the spread of liberal democracy to non-democratic countries. As the domestic crisis worsens, however, pressure for a cooling of relations with the United States is likely to mount.

There is a view among PLA officers that PRC foreign policy is too passive, that there is not enough backbone in the PRC’s international posi-
tion, and that the government may be too positively disposed towards the United States. This view has gained ground since the US shift to confrontation with the PRC over issues that Washington had left under the table during the Cold War. The PLA General Staff and the Policy Research Office of the Central Military Commission have reportedly called for Chinese leadership of a global united front against hegemony, interference, subversion and aggression, all code-words for activities currently being undertaken by the United States.35

But the United States is not the only international scapegoat. Taiwan, Hong Kong and Japan are also targets of Chinese rhetoric. The domestic crisis in the PRC is fuelling opposition within the CCP and the PLA to Beijing’s current policy towards Hong Kong and has led to calls for the PRC to take Hong Kong back before 1997.36 While this outcome is highly unlikely, for CCP leaders struggling to force their rivals from power, the Hong Kong situation is a tempting target in domestic ideological disputes about market economics, free speech and systems of government. More international complaints about Taiwan’s domestic affairs and foreign relations can also be expected as a result of this heightened sense of domestic insecurity.

The new hostile tone in PRC international propaganda, especially talk of ‘World War III without smoke’, of new threats to the territorial integrity of the PRC, and of increased foreign-inspired subversion, would at first glance appear to indicate a sharp turn in PRC foreign and military policy towards a classic sabre-rattling and bellicose posture. Reports of PLA interest in a foreign-policy line of ‘oppose the United States’ in alliance with anti-US forces would certainly seem to bear out that sort of conclusion.37

In recent years the PLA has gained greater leverage over domestic policy than it had between 1985 and 1989. The effects of this development can be discerned in foreign policy in several ways. First, the PLA has more potential influence over the foreign-policy decisions of the PRC. Second, foreign governments may be more inclined to deal with (and consider the sensitivities of) PLA leaders than with civilian foreign-affairs officials. And third, the PLA itself will begin to conduct more activities in foreign countries, normally the preserve of the foreign-affairs bureaucracy. In 1994, there was a clear increase in military diplomacy carried out by senior PLA leaders, especially at the military region level, in relations with contiguous countries.

This new sense of national insecurity, weakness and vulnerability appears to have strengthened the hand of conservatives in the CCP and the PLA. For example, in January 1995 Jiang Zemin raised themes dear to the hearts of conservatives: spiritual pollution; Marxist-Leninist-Maoism; the ‘eventual realisation of communism’; and the ‘relationship between assimilation and resistance in the course of opening up’.38 This sort of reversion to classic doctrinaire themes raises a reasonable suspicion that the message will soon be accompanied by a reversion to anti-US and anti-Western policies.

There has been a resurgence of criticism within the PRC of the negative effects of foreign investment and its failure to deliver the pay-offs promised
when the open-door policy was launched more than a decade ago. This is especially the case with respect to the transfer of technology to the PRC. One effect of this discontent with the slow rate of technology transfer has been to weaken (but not yet foreclose) what was once an unchallenged argument about the strategic importance of close political and economic relations with the United States and Japan. Critics of the open-door policy would not be overly concerned about foreign investment in the PRC drying up in response to a hardline solution to the public order crisis.39

If the propaganda alluding to foreign threats were really a faithful reflection of the leadership’s attitude, then it is likely that PRC leaders would be disposed to cool relations immediately and start to adopt hostile policies towards the foreign countries concerned. Such hostile views, however, have not been dominant ones in PRC government policy so far. The root causes of threats to public order are clearly understood to be domestic, and the attacks on foreign countries serve other domestic political purposes. The warming of relations between the PRC and the United States in the second half of 1994 and early 1995, evidenced by the substantive results of visits by US Secretary of Defense William Perry, Secretary of Commerce Ron Brown and Secretary of Energy Hazel O’Leary, seem to bear out this interpretation.40 Indeed, there are a number of possible motivations for the hostile propaganda that suggest it should not be taken at face value.

First, the argument that national unity is now under threat from outside the country is used to mobilise domestic political support. Other than patriotism, there are few remaining reasons for PRC citizens, including Communist Party members, to support the policies of the current regime.

Second, if there are grave problems of governability in China, the CCP cannot admit directly or in much detail that it – the Party – is the root cause of the problem. Notwithstanding Li Peng’s admissions on 5 March 1995 at the National People’s Congress of serious corruption in the Party and government, there must be another scapegoat. After 45 years of socialism in the PRC, it is relatively more difficult to accept responsibility for the severe deterioration in public order than it is to blame a foreign state. The PRC leaders have seen the disastrous results of a policy that would recognise domestic shortcomings in the example of Gorbachev’s policy of glasnost (‘candour’).

Third, the leaking of hostile views towards the United States within the PLA serves several purposes, even for a leadership committed to working with the rest of the world in a generally cooperative fashion. It serves much the same purpose as does the purchase of Russian military equipment – it puts the United States and other governments on notice that the PRC should not be taken for granted, and that the PRC has opportunities to balance power that exist independently of the United States. In any case, much of the propaganda about hostile American intentions predates the return to normal relations with Washington.

Fourth, hostile propaganda is used by certain members of the leadership to reposition themselves in the body politic according to a more conservative
vision based on stricter central control, less tolerance of dissent and authoritarianism—a vision made more acceptable by the public order crisis.

Fifth, if some allowance is made for classic doctrinal themes in PRC propaganda, the recent hostility can simply be read as a sharp, lively form of expression intended for mass consumption and much the same as that which PRC leaders—and leaders of other Asian nations—have been saying directly to the United States for some time, in more muted terms, about its policy of putting pressure on the remaining communist states to democratise. This line of opposing the robust US policy of direct intervention in domestic politics is, in the eyes of some Asia-Pacific governments, legitimate, worthwhile and poses no threat of change in the short to medium term in the strategic policies of the PRC.

This more benign assessment of the meaning of seemingly hostile propaganda is supported by the fact that pragmatism is now a deeply entrenched principle in PRC politics. While there is some ideological attraction in some leadership factions to the promotion of state-owned enterprises as the primary means of industrial production, this is not a majority view. The current top leaders, such as Jiang Zemin and Li Peng, appear to have more doctrinaire inclinations than those represented in PRC policy over the past few years, but the opportunity for them to exercise these tendencies has been significantly curtailed by the scope, scale and almost irreversible nature of the reforms undertaken to date.

It is, thus, more likely that the new, heightened sense of vulnerability provoked by the public order crisis will serve to foster the current PRC foreign policy of ‘offend nobody’. This policy line is attributed to Deng Xiaoping based on his judgement of the greater dangers posed by the uncertainties of the post-Cold War world and by the PRC’s continuing need for foreign investment and foreign technology.41 Deng is reported to have outlined this position in December 1990 to the high-level leadership of the CCP: ‘We fear nobody, but we offend nobody. We handle affairs in accordance with the five principles of peaceful coexistence.’ He described the essence of this strategy in September 1989: ‘First, observing coolly; second, securing our position; third, dealing with things calmly. . . attending to our own affairs.’42 A number of recent PRC assessments of the new international order after the end of the Cold War draw attention to greater fluidity, inconsistency and uncertainty in inter-state relations—the key elements that reportedly underpinned Deng’s assessment.43

The interpretation of a relatively benign international effect of the public order crisis is also based on an assessment of just how seriously the leaders of the PRC—of all political persuasions—view the country’s medium-term economic and social outlook.44 It is one thing to talk of China becoming a world-class power or superpower by the middle of the twenty-first century; it is another to plot a course towards that goal without losing the domestic political authority required to get there. PRC leaders talk openly of the serious degradation of their political authority and as openly of the grave
problems they face in poverty alleviation, resource availability, infrastructure development and environmental protection in the face of still strong population growth.

China is experiencing the same sort of domestic political instability that has weakened the positions of other great powers on the international stage. In the PRC's case, the leadership now lacks the strength to control many of the levers of power that would allow it to press its positions with real commitment to follow through. If five such levers of power (diplomacy, domestic political authority, military power, economic power and power over opinion) are considered, the recent record of the PRC and its near-term prospects reveal a relatively weak state given its size and resource endowment.\(^{45}\)

Given the current conventional wisdom, the judgement that China is weakened and constrained will be controversial. The PRC has over the past five years achieved many of the diplomatic benchmarks that would suggest considerable influence – membership of the Asia-Pacific Economic Cooperation (APEC) and the Association of South-east Asian Nations (ASEAN) Regional Forum, and an end to the diplomatic isolation arising from the Tiananmen Square incident. South-east Asian countries once quite hostile to the PRC, like Malaysia, now openly advocate the need to take China's interests into account. The blossoming relationship between South Korea and the PRC is another example of China's growing importance. On the economic front, the PRC's trade continues to expand and its own investments abroad are also on the increase.

These apparent signs of growing power and influence need to be qualified in two ways, however. First, the normalisation of a number of diplomatic relationships and the establishment of inclusive multilateral forums in Asia were overdue; and second, it is only relative to states that are smaller or have grown weaker, such as Russia, that the PRC has increased its influence.

The picture is somewhat different with respect to the powerful states – the United States, Japan and Germany. Even regarding South Korea, the PRC's diplomacy and opening up had an economic motive more related to need than to the exercise of positive influence for strategic gain. According to diplomatic sources, links with South Korea lost the PRC almost all its influence with Kim II Sung. The United States was forced to abandon its policy of linking most favoured nation (MFN) status for the PRC to human rights, but in all other respects the US government has been calling the shots in its relations with the PRC. It won a humiliating victory over the PRC in negotiations on intellectual property rights in February 1995 because the PRC had been forced into its position by the public order crisis, characterised by a corrupt and inconsistent domestic law-enforcement regime. The PRC is having to bend its will to the international demands being made of it, and not vice versa.

Japan has also been able to dictate relations with the PRC in a number of respects. The dominant understanding in the Japanese government about its
relationship with the PRC is that Japan holds the influence and China is the supplicant. The cutbacks in Official Development Assistance loans to the PRC in late 1994 and the reduction in the time allowed to repay the loans from five years to three are some indication of this.\footnote{46}

It could also be argued that the new steps taken in 1994 by Japan and the United States in relations with Taiwan were attributable to recognition of the PRC's relatively weak power. For example, in October 1994 the first official meeting in 20 years between Ministers of the Japanese and Taiwanese governments took place in Tokyo despite warnings from the PRC that the meeting could seriously damage PRC-Japan relations.\footnote{47} Earlier that month, Japan had allowed Taiwan's Deputy Prime Minister to attend the Asian Games in Hiroshima on an 'unofficial' basis, even in the face of protests from the PRC.

Thus, China's clear military power relative to smaller states has to be weighed in the context of the regional political economy, the diplomacy of regional economic and security dialogues, the fact that the US will remain engaged as the number-one power in the Pacific region in the foreseeable future, and that Japan and Taiwan will be two of the few countries in the world with surplus capital and, with the US, the major sources of technology.\footnote{48}

The new sense of vulnerability provoked by the public order crisis has had important effects on PRC military posture. More allocations are almost certainly being made for internal security and border defence, which are predominantly army and police responsibilities. Such expenditures will have opportunity costs for investment in high-technology weaponry and power-projection capability (predominantly in the navy and air force). Additional pressures imposed on the state budget by the need for a variety of welfare, health and infrastructure expenditures to quell growing discontent among the country's 900 million rural residents will further constrain political support for increased PLA expenditures on external missions.

Simply put, the gravity of the problem of internal security in China means that the PLA will not want to be distracted by major military undertakings beyond the PRC's borders. (There is still enough leeway to engage in minor military activities that do not involve a substantial force commitment, such as the occupation of Mischief Reef in the Spratly Islands in early 1995.) The 90 ground-force divisions in the PLA, which constitute the majority of its manpower, remain deployed throughout the PRC where they are more capable of supporting internal security functions than of protecting China's borders, or going beyond them.

The relative share of defence spending going to the ground forces may well have increased in the past two to three years - but it is almost impossible to know if it has. Available data on PRC defence expenditure, either from official PRC sources or non-PRC experts, does not allow for any defensible estimate of trends in the relative priority accorded to different PLA missions. For example, is the navy force-projection mission getting
more of the total defence expenditure than it was five or ten years ago? Order-of-battle data for the PLA and the People's Armed Police have not shown any significant additions in the past few years that would reflect heightened concern with internal security. Detailed official figures for the Ministries of Public Security and State Security are unknown.

Even so, anecdotal information on the PRC government's reactions to the public order crisis leads to the conclusion that a larger share of resources, including PLA resources, is going to public security than in the past. In early 1994, for example, military guards in Xinjiang were placed on state farms, oil installations, factories and other public facilities. In April 1994, in 11 provinces, over 10,000 militia and civilian personnel were mobilised to fight public disorder on railways. Nationwide, over 2,000 police personnel were newly assigned to guard trains in 1994. While many of these personnel were already in service, and were therefore not an additional fiscal burden, the heightened level of activity that such cases represent would almost certainly have required additional spending.

An increase in ration allocations for PLA troops in 1994 by as much as 33% cost 1.1 billion yuan – just under 2% of the announced defence budget of 58bn yuan for 1994. The increase probably reflected not only the need to compensate for inflation, but also recognition that the continued loyalty of the troops was essential to the fight against public disorder. Similarly, moves throughout 1994 to strengthen the PLA reserves, partly in reaction to public order problems, would probably have cut into previously planned PLA spending.

Conclusion
While China's domestic problems will not alter its massive power relative to its weaker neighbours, the domestic problems will continue to force the PRC to defer to the United States and Japan in any exercise of their global influence. As a direct result of its severe domestic crisis, the PRC does not now seek nor imagine it has the opportunity to dominate Asia. At the same time, China will continue to emit strident rhetoric about protecting its national interests. This more belligerent tone will cause superficial tensions in the PRC's foreign relations, but these will pass if foreign governments see them as the result of underlying weakness rather than of new-found strength.

Notes
2 In his closing address to the Septem-
ber 1985 Special Party Conference, Deng Xiaoping devoted almost one-third of his speech to the failure of the Party to meet the criteria for good governance: ‘we must admit that so far the results of our work are not very satisfactory ... the pernicious influence of capitalism and feudalism has not been reduced ... some evil things that had long been extinct after liberation have come to life again’. See ‘Full Text of Deng Xiaoping’s Speech to the Closing Session’, Xinhua, Domestic Service (Beijing), 23 September 1985, in Summary of World Broadcasts (SWB), FEI/8064/c/7, 24 September 1985. On the link between CCP governance and Tiananmen, see the speech by Zhao Ziyang to the CCP Central Committee in late June 1989, ‘Zhao Ziyang Defends Position on 1989 Unrest’, Hsin pao (Hong Kong), 4 June 1994, pp. 9–11, in Foreign Broadcast Information Service (FBIS) 94-109, 7 June 1994, pp. 13–20.

3 These circumstances are discussed more comprehensively in Greg Austin, ‘China’s Public Order Crisis and its Strategic Implications’, Department of International Relations Working Paper 10/94, Australian National University, Canberra ACT, 1994. Evidence of the views of PRC leaders on the public order situation comes from a variety of sources, including Hong Kong newspapers. While it is largely in the Hong Kong media that more detailed accounts are found, there is much corroboration in the official PRC media for the general picture presented here.


8 Lu Nung, ‘Situation of Rural Instability Deteriorates’, Cheng ming (Hong Kong), in SWB, 6 August 1994; Reuters, ‘China: Cheng ming Reports State Council Telephone Conference on Rural Instability’, 16 August 1994. This report is credible in that it is completely in accord with general trends identified in official PRC leadership statements.


16 Ibid.


18 Reuters, 26 September 1994, citing official PRC Digest News.
22 • Greg Austin

20 An eminent PRC sociologist and deputy of the National People's Congress, Lu Xueyi, warned in a press interview in March that peasants, unemployed urban dwellers and young people who had just joined the work force would be the most likely to suffer if new measures were not effective. Zhongguo xinwen she, 22 March 1994, 'Noted Academic Giving Top Priority to Stability', in FBIS 94-063, 1 April 1994, p. 21.
22 Zhongguo tongxun she, 21 June 1994, in FBIS 94-121, pp. 36-37.
23 Xinhua Domestic Service, 21 October 1994, in SWB, 'China: Jiang Zemin, Li Peng, Zhu Rongji Attend Conference on Social Development', Reuters, 28 October 1994. Throughout 1994, 'social development' has often been identified in the official PRC media as the only cure for instability.
27 Daniel Kwan, South China Morning Post, in Reuters, 13 September 1994.
34 In June 1994, 80 PLA generals, including some of the highest rank, wrote a joint letter to the Politburo complaining that the United States has never stopped its attempts to subvert, penetrate, interfere in and undermine China. See Jen Hui Wen, 'China Insists Foreign Countries Should Accord Li Peng Equally Courteous Reception', Hsin pao (Hong Kong), 8 July 1994, p. 23, in FBIS 94-134, 13 July 1994, pp. 1-2.
35 Proponents of a global united front claimed the support of more than 20 countries for their proposal.
36 Cheng ming (Hong Kong), no. 198, 1 April 1994, pp. 16-18, in FBIS 94-078, 22 April 1994, pp. 69-70.
39 Here the picture is contradictory. Figures released in November 1994 show that foreign investment into the PRC from January to June surged by 49% compared with the same period the previous year. Yet the number of new contracts signed in the first six months of the year was 46% down on the previous year, and the value of new contracts was down by 32%. The level of technological imports in the first half of 1994 fell by
The PRC has expressed concern about a drop in the flow of foreign investment funds in 1994, but has largely ascribed this to fiscal causes, such as tax regimes and exchange rates. (Interview with China’s Trade Minister, Wu Yi, Ta kung pao, 22 September 1994, p. 14, in SWB, ‘China: Hong Kong Paper Interviews Wu Yi on Reasons for Drop in Foreign Investment’, Reuters, 24 October 1994.) If this proves to have been the case, the effects of continued civil disorder in China are yet to have a shock effect on investment. Either way, the prospects for any increase in the flow of foreign investment funds is fairly bleak – at the very time the PRC needs them most to help overcome the root causes of its public order problem.

For example, during O’Leary’s visit, contracts worth US $4bn were concluded, but just as important from a symbolic point of view was China’s agreement to hold annual energy consultations with the US.


‘Beijing’s Strategic Considerations in Developing Sino-Russian Relations’, Hsin pao (Hong Kong), 25 May 1994, in FBIS 94-105, 1 June 1994, p. 11.

For example, one People’s Daily commentator observed: ‘Gone are the days when a clear line between friend and foe could be drawn and confrontation between groups could be seen. A new picture, more complicated and characterised by a condition in which one is neither friend nor foe nor both friend and foe has emerged. Proceeding from their own basic interests, Russia, the United States and other major Western powers attack, defend, charge, and retreat in the big chess board of international politics.’ See ‘Article Views American–Russian Relations’, Renmin ribao, 4 June 1994, p. 6; Gu Ping, ‘International Forum’, in FBIS 94-110, 8 June 1994, p. 3. See also ‘Qian Qichen Views International Situation’, Xinhua, 10 June 1994, in FBIS 94-112, 10 June 1994, p. 1.

44 One international effect that may not be so benign is large-scale illegal immigration.

45 While the first four levers of power mentioned here are frequently considered, the fifth – power over opinion – is in some respects the net effect of the other four, and is often overlooked. See Coral Bell, The Plural World: Diplomacy and Crisis Management at Century’s End (forthcoming).

46 The value of the new loans offered to China in 1994 was 580bn yuan over three years (1996–98) compared with the previous offer of 810bn yuan for five years (1991–95).


48 Stuart Harris and Gary Klintworth, ‘China and the Region after Deng’, in Harris and Klintworth (eds), China as a Great Power.
