



DATE DOWNLOADED: Mon Nov 25 06:06:07 2024

SOURCE: Content Downloaded from [HeinOnline](#)

Citations:

Please note: citations are provided as a general guideline. Users should consult their preferred citation format's style manual for proper citation formatting.

Bluebook 21st ed.

Realistic Responses and Strategic Options for China after the Soviet Upheaval, 29 CHINESE L. & GOV't 13 (March-April 1996).

ALWD 7th ed.

, Realistic Responses and Strategic Options for China after the Soviet Upheaval, 29 Chinese L. & Gov't 13 (1996).

APA 7th ed.

(1996). Realistic responses and strategic options for china after the soviet upheaval. Chinese Law and Government, 29(2), 13-31.

Chicago 17th ed.

"Realistic Responses and Strategic Options for China after the Soviet Upheaval," Chinese Law and Government 29, no. 2 (March-April 1996): 13-31

McGill Guide 9th ed.

"Realistic Responses and Strategic Options for China after the Soviet Upheaval" (1996) 29:2 Chinese L & Gov't 13.

AGLC 4th ed.

'Realistic Responses and Strategic Options for China after the Soviet Upheaval' (1996) 29(2) Chinese Law and Government 13

MLA 9th ed.

"Realistic Responses and Strategic Options for China after the Soviet Upheaval." Chinese Law and Government, vol. 29, no. 2, March-April 1996, pp. 13-31. HeinOnline.

OSCOLA 4th ed.

'Realistic Responses and Strategic Options for China after the Soviet Upheaval' (1996) 29 Chinese L & Gov't 13
Please note: citations are provided as a general guideline. Users should consult their preferred citation format's style manual for proper citation formatting.

Provided by:

Universitätsbibliothek Bern

-- Your use of this HeinOnline PDF indicates your acceptance of HeinOnline's Terms and Conditions of the license agreement available at

<https://heinonline.org/HOL/License>

-- The search text of this PDF is generated from uncorrected OCR text.

-- To obtain permission to use this article beyond the scope of your license, please use:

[Copyright Information](#)

CHINA YOUTH DAILY IDEOLOGY AND THEORY
DEPARTMENT

Realistic Responses and Strategic Options for China after the Soviet Upheaval*

China Youth Daily Editor's Note: The shock waves of the Soviet events have had a huge effect in China. All sorts of ideas have had their day, and the thinking of the intellectuals has been severely upset. At such a serious conjuncture, we must make a forceful response at once.

The *China Youth Daily* Ideology and Theory Department has constantly carried out studies and discussions with this in mind. This paper has been written on the basis of opinions solicited from many professionals and scholars. Any deficiencies or infelicities are, however, the responsibility solely of this department.

The paper touches on issues that are manifold and wide-ranging, making it difficult to set out every last detail. In an attempt to do so, this department is preparing to carry out deeper studies and discussion into the questions raised, to help our ideological and theoretical circles more cogently study and ponder China's future.

Abstract

The Soviet upheaval will create an extremely dangerous international environment for China. The two extreme tendencies of radical reform and slowed reform, as well as the separatist forces of the national minorities may all become prominent, increasing the difficulties of China's modernization.

*"Sulian jubian zhi hou Zhongguo de xianshi yingdui yu zhanlue xuanze," ms. Reprinted with minor omissions and changes in *Zhongguo zhi chun* (New York), 1 (January 1992), 34–39.

Given such a serious situation, our party must come to grips with the mentality of "utopian capitalism" in our theory, and creatively reinterpret the basic theory of socialism, especially the theory of "socialism with Chinese characteristics." In struggling against "peaceful evolution," we must specially strengthen concepts of national and state interest;¹ in reforming and opening up, realism and rationality must be brought to the fore; in economics we must resist and criticize radical reformism. Following from this we must create a brand new, sufficiently ecumenical culture resting on Chinese traditional culture.

The most urgent task in party building is to complete the transition from a revolutionary party to a ruling party, and no longer use a destructive theory to direct the task of modernization.

The basic point of departure for domestic and international strategy for China at the turn of the century should be to seek initiative through stability, control anarchy through order, and to quell agitation through equanimity.

1. Prospects for the Soviet Union: after prolonged chaos, ethnic nationalism will intensify in a recrudescence of Russian chauvinism in the garb of "democracy."

How will Soviet political power be structured in the near future? One view is that it will still consist of an alliance between Gorbachev and Yeltsin. This is because neither is able to rule the Soviet Union alone. Gorbachev without Yeltsin would lack a power base, whereas Yeltsin as yet has not attained Gorbachev's international status; his ability to control the Soviet Union is still inferior to that of Gorbachev in the prime of his power. If he seeks to control the entire Soviet Union and maintain it intact, Yeltsin will have to avail himself of Gorbachev's forces. In addition, in terms of techniques of rule, if Yeltsin retains Gorbachev he will be able to avoid charges of "usurpation," and in times of increased turmoil can shift the responsibility onto Gorbachev.

Another view is that the Gorbachev era is already over, but this does not mean that the Yeltsin era has dawned. The reason for this is that Gorbachev's reforms have already reached a dead end, his forces have been beaten, and without cards to play in the international community he has already become an isolated figure. Whether he remains president or not, his rule is already finished. But this does not mean that Yeltsin's era has begun. Yeltsin lacks Gorbachev's international

status. Though he resembles Walesa, the West does not believe that he can keep a grip on all of the Soviet Union as Walesa did in Poland. Moreover, Yeltsin is carrying out radical reform. It is hard for him to call for national unity, increased discipline and order; he has little room to maneuver in terms of policy. In this sense, a Yeltsin era is unlikely to dawn.

Whether the Gorbachev era is over or a Gorbachev-Yeltsin alliance has begun, in the future internal politics in the Soviet Union will be reconstituted out of five forces: (1) the Yeltsin group; (2) the remainders of Gorbachev forces; (3) hard-liners of the party and the army who kept aloof from the August 19 coup attempt; (4) various alliances of national minorities of the republics; and (5) old Bolsheviks.

In the foreseeable future, we can assume that domestic forces opposed to radicalism will find it hard to organize themselves into a coherent opposition, forces for unity and stability will be small, and the structure of the Soviet state will be in a condition of semi-dissolution, and begin a fairly long period of disorder.

In the long run, however, the separate republics will find economic independence hard to achieve. The United States and other Western nations will seek to preserve the overall unity of the Soviet Union for the sake of maintaining global stability; even nationalists within the Soviet Union will not be able to tolerate long periods of chaos. In such circumstances, what could ultimately emerge in the Soviet Union is Russian chauvinism bearing the banner of "ethnic nationalism." Some scholars believe that it will be such nationalists who could most likely replace Gorbachev and Yeltsin, even possibly a Napoleon-style dictator. They would present themselves as nationalists and use nuclear weapons as tokens for negotiating with the West. There is a possibility of Soviet Union returning to centralization of state power.

2. Effects of the Soviet coup attempt on China: the rival tendencies toward radical and delayed reform will both renew their demands; the external environment for modernization will change for the worse.

The changes in the Soviet Union will result in the immediately foreseeable future in an accelerated formation of the "7 + 1" arrangement. With the addition of the Soviet Union to the seven industrialized nations, we will see a trend toward "collective western hegemony" in the

world arrangement. The external environment for China's modernization will change for the worse.

In Sino-American-Soviet relations, there will be a temporary retreat in Sino-Soviet relations, common strategic interests between China and the Soviet Union will greatly diminish, the strategic balance will shift to the West, and China will virtually have no cards to play.

As for the situation in Asia, the United States is not afraid of China playing the Japan card, since Japan, which is comparatively weak politically, militarily, and in resources, cannot easily withstand U.S. pressure. Economically, Japan is again pursuing a protectionist policy. U.S. goods are still finding it hard to make it into the Japanese market, to say nothing of Chinese goods. In Japan's Asian investment priorities, Southeast Asia comes first, followed by China and South Asia. If no major change occurs, the likelihood of major Japanese capital flows into China is small.

Domestically, the coup attempt in the Soviet Union will increase unstable domestic factors. The rival tendencies toward radical and delayed reform will both renew their demands; separatist forces of the national minorities will be encouraged, and both "Taiwan independence" forces on Taiwan and political opposition forces in China will step up activity. These factors all increase the difficulties of reform, and reduce the chances of success for modernization.

3. China is not the Soviet Union.

When all is said and done China is not the Soviet Union.

Sino-Soviet similarities:

— ideology, social institutions, multiethnic state structure

Sino-Soviet differences:

—China and the Soviet Union differ in their economic conditions and the stage reached in reform. The Soviet Union began its reforms late and showed little result, whereas China's economic reforms were much more successful. The situation following the last several years of rectification has also been better than the preceding period.

—China's Han race, making up over 95 percent of the whole population, is the overwhelming majority, whereas national minorities make up half the population of the Soviet Union.

—In the Soviet Union population of 20 million, over 10 percent of the population hold a university or higher degree. Eighty percent of

China's population, however, are peasants, with university graduates numbering only a couple of million. This is a very small proportion, making for large differences in social structure between the two countries.

—The Soviet Union is an Eastern Orthodox country, religiously very conservative; but Western influence, predominant since Peter the Great, has transformed it into a Western country.

—China's second generation of leaders has only just come to power, and the influence of the first generation is very great (in terms of political science, Comrades Deng Xiaoping, Chen Yun, and so on, still belong to the first generation of leaders) whereas in the Soviet Union virtually no leaders remain who went through the War of National Defense.

All these similarities and differences make it certain that the Soviet events will have a deep impact on China ideologically but in other respects will not be crucial in the short term, and great disorder will not occur.

Hence in framing policies and measures, we should not overreact.

4. Utopian capitalism: deep-seated cause of the Soviet Union and Eastern European upheavals.

Apart from various political, economic, social, and cultural factors, the changes in the Soviet Union and Eastern Europe also had a deep-seated cause that demands examination. This is the mentality of "utopian capitalism."

Over the last century, socialist ideas took over the world. The twentieth century can be called the socialist century.³ In the process of practicing socialism, some great contributions were made to human history. But at the same time these were accompanied by utopian elements that were, scientifically, less than rational, and that might be called "utopian socialism." Its basic mentality is displayed in thinking that as soon some perfect system is in place, all other problems will be miraculously solved. If they cannot be solved, it is believed that some diehard conservative force must be blocking the completion of socialism and that it must be eliminated in order finally to realize socialism.

Such a utopian socialist mentality is similar to what the British philosopher Popper criticized as the "conspiracy theory of society," an unrealistic philosophical methodology that led socialist states to make a series of errors of "leftist" extremism.

In terms of intellectual origins, the liberals who incited the overthrow of the Communist party and overturning the socialist system are in no way different in methodology from “utopian socialism,” except that they have run from the extreme Left to the extreme Right; what they push is simply “utopian capitalism.”

In the Soviet Union and Eastern Europe, we have seen the Shatalin 500-day market economy plan, the Harvard plan, and various shock therapies. What these programs have in common is first to draw up a perfect blueprint and then use “revolutionary” and painful procedures to attain it. If these programs cannot be realized, or encounter popular dissatisfaction, they believe it must be because diehard conservative forces are preventing them, which must be totally overthrown. With this sort of mind-set, people rarely try to understand the gradual, long-run nature of reform or reflect on the lack of realism, even absurdity, of radical reform programs.

Similar mind-sets are far from rare in China. In the early period of reform and opening up, people made a fuss about science, were all for technology, but later discovered that they had to have appropriate management, personnel, and education as well. When it transpired that, even when these were emphasized, things were still not working, they said we had to have markets; building markets called for system reform, but as soon as impediments to reform of the economic system were encountered, up went the demands at each level. They demanded total reform of the property system and finally set their sights on the political system, focusing on the Communist party of China, unwilling to stop short of destroying the entire present order.

This was the logical conclusion of the radical reformism described above.

Under the impetus of this mentality, it was hard for constructive, gradual reform to predominate. Social disorder grew daily, which could only lead to the complete collapse of the state and social life.

5. Given the changes in the Soviet Union, what is China to do?

a. A major issue confronting our party is to change from a revolutionary party to a ruling party. This has become more urgent in the wake of the Soviet events.

Our party won power with armed struggle and violent revolution. In the process of revolution, the party created a series of effective meth-

ods for mobilizing the popular masses to carry it out and destroy the Old World. Reaching the historical stage of socialist construction, the tasks confronting the party underwent a fundamental change. For a long period, however, the party has been unable either in theory or in practice to respond to this historical shift. This brought about the extreme leftist errors of the Great Leap Forward and the Cultural Revolution.

What must be clearly understood today is that if our party does not become aware of its status as a ruling party in a self-conscious way, but still tries to carry out construction using "revolutionary," destructive methods, the party's cause will be destroyed at its own hands.

For instance, in the construction phase it is inappropriate to stress class struggle and be inept at using the tools of a legal system, or blindly whip up mass movements of different kinds, using "populist" sentiment to bind the hands and feet of the party, or stigmatize and despise the intellectuals, one of the major forces in modernization, or take up the "policy of aggrandizing the masses"⁴ which took shape over several decades, in which one only tells the public about clean government and hardworking government but never strict government, so that layabouts and opportunists are abetted unwittingly, and so on.

The experience of the Soviet Union, Eastern Europe, and China's June 4 Incident show that the weapons used by the political opposition to attack the party often happen to be some old theories that the party had yet to properly update. During the June 4 Incident, theories to "analyze new classes" under socialism popped up everywhere. The slogan most favored by the liberalizers was "down with corruption, down with official profiteering," "mass movement is reason itself," and so on. The opposition⁵ in the Soviet Union and Eastern Europe also made use of simple sentiments of popular demands for social justice.

In allaying social dissatisfaction, we have of course a great deal of work to do. We must overcome our own defects to win popular support and trust. But this means making unrealistic promises to the masses. We must oppose corruption but explain clearly to the people that necessary privileges of public office are vitally necessary for the completion of national functions and must be safeguarded. One cannot demand too puritanical a work-style of cadres, much less use class struggle to solve problems of graft and corruption.

The U.S. political scientist Samuel Huntingdon put all this in a nutshell: "Reforms undertaken by the rulers in order to satisfy popular

sentiment are often precursors of revolution, because what the masses want at such times is not to ingratiate themselves with the rulers but to weaken and take advantage of them.”⁶

As regards changing from a revolutionary party to a ruling party, the historical experience of bourgeois political parties is worth taking seriously. After the French Revolution the bourgeoisie was ascendant, but because of the inherent contradictions of capitalism, the capitalist system fell into disarray in the twentieth century and socialism became its most dangerous enemy. In order to counter “socialist liberalization,” and at the same time to eliminate radicalism, romanticism, and irrationalism within the bourgeois camp, bourgeois scholars flocked to defend the capitalist system. For example, Russell, Popper, and von Hayek, among others, were the great builders of Western rationalism and philosophy of science. They played a major role in eliminating dysfunctional mechanisms⁷ and radicalism from the bourgeois system and contributed a new theoretical basis for the change of the bourgeoisie from a revolutionary to a ruling class, all the while defending the capitalist system.

A socialist political party is essentially different from the bourgeoisie but at the ruling party stage there are many imperatives they have in common. Social stability and gradual reform are examples. If certain political expedients are not mastered and it does not become a ruling party both in theory and in practice, it will be hard to withstand radicalism and the destructive sentiment of the “populism” of the masses.

b. Great emphasis should be placed on uniting Marxism with Chinese reality in studying the basic socialist theory and in propaganda work, with emphasis on China’s national condition.⁸

Some scholars hold that the legitimacy of China’s socialist ideology had two major sources. The first was the “October Revolution’s gunfire bringing Marxism to China”; the second was the “Marxism of the mountains and valleys” promoted by Mao Zedong, that is, socialism with Chinese characteristics, which has also been a source of China’s strength in opposing the Soviet Union since the 1960s.

Given the Soviet events, the first source of legitimacy is in danger of being lost. If we persist in an ossified ideology, the result may be to make radicalism seem reasonable, help the rightists to seize power, and lose the support of the common people.

Our pressing task now is creative reinterpretation of the second source of legitimacy; this reinterpretation must heavily stress the unity of Marxism-Leninism and China’s peculiarities—on the reinterpreta-

tion of China's fundamental national condition. China's characteristics—a large poor country with an enormous population, relatively scarce resources, a hundred-year history of division and of humiliation by foreigners—dictates that only socialism can save China and only socialism can develop China. This is the most effective means of convincing people at present.

c. When emphasizing reform and opening up, we should especially highlight realism and rationality, strengthen the people's practical spirit of gradual reform.

The uniqueness of China's national condition ensures that China can only take the path of gradual reform; this is a realistic option. Given the pressure of radical ideas, not only would we increase education regarding the national condition, we also should draw on new conservatism from the history of reform in modern China, and from Western rationalism.

New conservatism refers to a reformism distinct from that of the traditional diehard conservative forces; it calls for using rational elements in both the traditional and the present order, and the gradual introduction of elements of Western institutions to bring about China's modernization.

Western rationalist philosophy, meanwhile, refers to a mainstream school of philosophy distinct from both romanticism and irrationalism, advocating proof, instrumental reason, and orderly, gradual progress. It is opposed to romanticism, violence, and the antiorder, antisociety, and anticultural behavior of irrationalism.

New conservatism and Western rationalist philosophy have long existed in antithesis to radicalism; their gradual reformist precepts, their attitude of inheriting rational elements of tradition and the prevailing order would no doubt be helpful in popularizing and promoting a realistic view of reform. In the present circumstances, we should combine new conservatism and Western rationalist philosophy as targets of the party's united front in the new era.

d. In our strategy of opposing "peaceful evolution," we should emphasize nationalism and patriotism more strongly, and strengthen people's concept of the national interest.

A pressing task we confront is opposing "peaceful evolution." At the moment, the media lay stress on the class struggle character of "peaceful evolution," which is surely correct. "Peaceful evolution," however, has a still more important character. As the space of interna-

tional markets steadily contracts and resources steadily dwindle and the world remains divided into states and nations, "peaceful evolution" connotes the Western states' policy of containment and dismemberment of socialist states in order to maintain their control of international markets and resources. The developing international situation in the new era has already changed the nature of class struggle from an internal conflict to an international one involving the interests of nation states. In opposing "peaceful evolution," we would be more effective if we single this out, and might better arouse people's sense of national self-respect and self-defense.

e. The creative transformation of traditional Chinese culture is a rich spiritual resource for safeguarding the socialist system, protecting the interests of the state and nation, and promoting the cause of modernization.

China, unlike the Soviet Union and Eastern Europe, is an oriental country, with unmistakably distinctive forms of civilization and value concepts. The Confucian tradition and its moral ethic of collectivism and altruism, its secular attitude of "every citizen shares responsibility for the national weal," its virile temperament of "not truckling to authority or might, shunning licentiousness whether rich or poor," is a source of values indispensable in the process of socialist modernization, especially in a backward country trying to catch up. Asian economic growth has in recent decades proven the great contribution of Confucian culture.

China's experience of socialism demonstrates that if we cannot incorporate and creatively transform rational elements of traditional culture, we will establish the Chinese socialist value system on a dry stream-bed, on a trunkless tree. In such a great upheaval as the Cultural Revolution, the ideology of antitraditionalism was pushed to extremes, and people believed superstitiously that "destruction must precede creation" and "blast all feudalist, capitalist, and revisionist elements." As a result, dregs within the tradition took advantage of the emptiness and desolation of the spiritual sphere to restore themselves while all the cream was cast away.

The world is approaching the twenty-first century, the century of the Pacific. China has an extremely delicate role to play among Pacific nations. If by the turn of the century China cannot put forward a sufficiently ecumenical cultural spiritual banner, it will be unable to counterbalance the Western world in the twenty-first century.

Still more important, we must realistically accept that, among a certain section of the masses at least, the appeal of the ideology of the past has declined, and the only thing that boosting the old-style ideological education arouses is rebelliousness. Meanwhile, the singularity of China's national condition and patriotism *do* have persuasiveness in a general sense. In the present day and age the lofty and noble traditional culture of the Chinese people happens to provide the popular masses with the baptism of ultimate values in the ethical and spiritual domains.

Essentially, our socialist spiritual civilization must be able to create a brand new culture in the endlessly changing world. This culture must not be passive and defensive but must be active and assertive. It should not only be pragmatic but have a moral sense of justice. It should not only serve modernization but also be able to provide ordinary people with spiritual support. It is the organic unity of the spiritual civilizations of socialism, traditional culture, patriotism, and modernization.

Under such a banner, the whole range of outstanding people both within the party and without, local and overseas, will be able to combine into the broadest possible united front.

f. The emergence of one-sided rightist tendencies in the Soviet Union was mainly the result of one-sided economic ideas and theories. Hence, in the economic sphere, we must attack and contain radical reformism, the theory of "the omnipotence of devolving powers and entitlements," and promote the modern economic centralization of the country on a new footing.

Since June 4 radical reformism has been criticized but has not been effectively purged from the economic field.

After the Soviet events, there have been tendencies in economics boosting both of the two original types of reformism.

One such tendency called for acceleration of Western-style free market economy (naturally the name could be changed to circumvent ideological barriers) as the only way to improve the economy and in the process increase the legitimacy of the CCP's rule. To do this one would have to accept great risks.

The other view held that radical economic reform was unrealistic and was likely to worsen the already contentious problems of the allocation of benefits. It would throw the still incompletely adjusted economic order into chaos, and thereby damage the social factors of production and promote economic collapse. The main effort in economic reform

should at present be placed on reinforcing labor discipline, on paying more attention to factors that develop productive forces, like quality, variety, efficiency, science, and technology, rather than changing productive relations. We must take care to preserve continuity and stability in productive relations. We have already carried out many reforms of productive relations: We should now digest the results of previous reforms, rationalize relations between various components of the economy, and establish healthy laws and procedures.

In economics there are some who advocate ideas such as "an enterprise-ownership system," "sharing assets with individuals on a quantitative basis," and "shares will do the trick" (meaning share ownership and the stock market). These may well increase the complexity and even intensity of the conflicts and problems in our basic economic system. It would also be likely to weaken control of the central government over the economy while strengthening regionalism and the "small peasant economy," which thrives on diffuseness.

We should realize that the romantic reformism that wants to "solve problems from the very basics" is only a dream; in "solving problems at a deep level," the level must be appropriate for the problem. Of course this is not to say there should be no reform. Reform that should be carried out should be carried out steadily, for example, price reform, housing reform,⁹ setting up institutions of dismissal of employees, bankruptcy, and so on. We do not even oppose notions of the privatization on a stable basis of a few small-scale enterprises of minor importance, or employee shareholding. But experiments in privatization or shareholding should be restricted to the smaller enterprises with severe deficits, which already have proven unsuitable for state management, and not, as in the past, carried out on enterprises where the state offers assistance and where the myth is created of capitalism proving miraculous in all cases.

The "philosophy of deep-level reform," according to which "solving problems must start from ownership, otherwise all other reform measures will prove ineffective," can only prevent us from pursuing reform at an appropriate level, make us miss good opportunities, and even prevent us from making still greater efforts with developmental issues as important as the reforms themselves.

We must also tactfully tell the people that many problems currently facing the economy are connected to China's national condition, and not all questions can be solved by reforms. Raising the popular masses'

expectations excessively regarding the results of reform is dangerous. It should be realized that China's current levels of consumption are higher than ever before and that reform of any kind would have difficulty maintaining such a pace. As soon as the public's excessive expectations fail to be met, serious political disturbances might develop. Some scholars suggest we should make use of the Chinese people's general realization of the deterioration of our international environment caused by the Soviet events, explain our difficulties to the people, and remind them to take the overall picture into account. Of course, to avoid arousing anxiety in peoples' hearts, this propaganda should be accompanied by an appeal to the patriotic consciousness that "China is the only homeland of the Chinese."

g. The CCP must grasp not only the gun but also the asset economy. Some scholars hold that a major reason our party was able to grow large and strong was its grasp of the gun; as the saying goes, "the party controls the gun." But this is only one aspect. Another more important one is that the party has to control the asset economy.¹⁰ This is especially important under the present circumstances.

The idea of the party controlling the asset economy is based on:

i. A major problem in reforming and opening up is that no one is responsible for state property. Short-term behavior is rampant, and various interests erode it. Who are the most appropriate characters to assume property ownership? The answer is that whoever is most closely linked with the process of economic circulation and can guarantee that state assets multiply in circulation should be in charge.

Who was in charge of the 156 projects of the First Five-Year Plan? Who is in charge of town and village enterprises? Who is responsible for China's rural assets? Who is responsible for regional projects? All of these are in essence run by and the responsibility of the CCP.

ii. Government actions during reform often induce conflict between the functions of manager-supervisors with those of asset owners. When the functional departments carry out supervision and management, they may be inhibited by the local government acting out of regional or sectoral interest, thus reinforcing backwardness, duplicating construction, and promoting overinvestment. If the party is in charge of the asset economy, becoming an owner, it can adjust the arrangement and orientation of productive forces rationally on the basis of the circumstances of the subordinate enterprises and can form an owner/manager relationship with the government. When the government carries out

planning and supervisory functions, enterprises attached to the party will operate within the bounds of the law. But when local governments engage in short-term behavior and arbitrary redistribution of resources,¹¹ they will be subordinated to the party's interests.

iii. Party control of the asset economy helps retain stability and advances reform of the political system. If the party owns the assets, there would be political stability. Social progress would be guided by a powerful corporate interest¹² and not go out of control. At present, party and government form a single entity; any attack on the government amounts to an attack on the party, leaving the latter no room to maneuver. If the party were to become a huge corporate interest, it could exert all kinds of influence on the National People's Congresses and gain a larger political space in which to maneuver.

iv. The reform approach of the party controlling the asset economy is easy to operate and carry out. In the ten years of reform, a major failing was that we neglected to train representatives of our own who would personify property associated with the advanced forces of production; instead we expected to follow the old path of capital accumulation, with the result that the drainage of wealth far exceeded its accumulation. The new corporate interests thus nurtured had nothing in common with the party. But under party control of the asset economy, these defects would no longer exist. More important, party control of the asset economy would be simple and inexpensive to operate. At present, authority over personnel matters of enterprise cadres rests with party committees. If certain responsibilities concerning management of state-owned property are returned to party committees, and corresponding party economic committees are set up, the institutional structure will be more manageable and the demarcation of interests will be clarified. Markets will gradually emerge from this. (For instance, if the economic committee of a city is placed under the jurisdiction of the municipal party committee, this would imply that it had managerial authority without changing the government's supervisory and managerial jurisdiction. In reality, though, it would only mean that enterprise management would be indirectly controlled by the party committee. Superficially, the difference is slight but in long-range terms the difference would be very great.)

The principle of party control of the asset economy must be "strict separation of government and enterprise, but separation of party and government only to an appropriate extent."

In the past we always criticized "one hand acting tough while the other acts soft." If we do not firmly control the economic "hand," what is the point of wanting to be tough in a spiritual civilization?¹³ In oriental countries, the lesson of history is that without an advanced corps holding definite assets and empowered to use them, it is impossible to maintain stability and difficult to attain modernization.

The outlook and philosophy of party control of the asset economy is simply an opinion among a few scholars and is not yet widely accepted. Its pros and cons await deeper investigation.

6. What should China's answer be to the unfavorable international situation?

a. Turn from a moral foreign policy to a practical one guided by national interest.

One of the lessons we should learn from the Soviet events is that when we are making judgments on international issues, we often make moral judgments first and judgments of fact only later. In moral judgments, ideological considerations always predominate. The question of what the national interest is, and whether it or the interests of ideology are paramount, is rarely clear.

For instance, if the attempted Soviet coup of August 19 had been successful, it might well have been to our disadvantage in the Sino-Soviet border negotiations then under way. This sort of interest should be weighed comprehensively in the balance with the interests of ideology before policy is determined.

Undoubtedly, the Five Principles of peaceful coexistence are the foundation of our foreign policy,¹⁴ but these must be closely combined with our national interest. China is a great power; it should forthrightly establish a general strategy in keeping with its great power status. Moral diplomacy cannot be conducted any longer; the principle of national interest should take the guiding role.

b. Strive to establish a "Greater Chinese" cultural and economic sphere.

One feature of the evolution of the international scene is that of economic blocs and regional common markets, for example, the Canadian-U.S.-Mexican trade system and the European Economic Community (EEC).

In Asia, Japan, South Korea, and ASEAN various regional economic proposals have been put forward in pursuit of their interests. But

which is most advantageous to China? The reality is that Taiwan, Hong Kong, and Singapore share the same culture and race as China, and the Southeast Asian zone has a powerful overseas Chinese economy. If we combine their capital, information, and technology with the mainland's complete industrial system, relatively advanced technological level and technical manpower, and its relatively cheap labor, *our* (real?) power will be greatly strengthened.

Further, Southeast Asian countries have a large population; the structure of their demand for commodities complements China's. They are a virgin field for development in the Asian market (and are also the soft underbelly of the Asian economy). Considering only Indonesia, the population is 200 million, the standard of living is medium to low, and there is a great demand for light industrial and consumer wares that are in oversupply in China; thus China would have a clear advantage in commercial exchange. In the long term, the Japanese market would be difficult to enter and the U.S. market would likely pose problems; we would be wise to strive to open markets in Asia and work hard on those countries that are strongly influenced by Chinese culture.

In terms of resources, the South China Sea holds reserves worth some U.S.\$1 trillion and, as the only resource replacement region that can be opened up after Xinjiang, is the major underpinning for the survival of the Chinese race in the coming century. Southward development is probably a strategic direction that we will be forced to take.

At the recent "World Chinese Chamber of Commerce" meeting in Singapore, Lee Kuan Yew proposed to substitute "East Asian civilization" (still centered on Chinese civilization) for "Chinese (mainland) civilization." This was wishful thinking on his part, as a few marginal islands and territories would basically be unable to give rise to a broad and deep civilization. Nevertheless this was a signal to us: if we again fail to take the initiative, if we do not adopt sufficiently inclusive slogans and banners, we are likely to lose a golden opportunity and lose the trust and moral support of the global "Chinese world," particularly in Asia.

c. Pay close attention to trade with the Soviet Union. Use economic contacts to influence all the republics of the Union, especially those bordering on China. The Soviet Union is likely to undergo a good deal of turmoil in the near future. When the dust begins to settle, this market must be occupied. This is of strategic as well as economic significance.

d. In the West, play off the different political groupings. Utilize the conflict between the United States and Europe, and between the United States and Japan; do more to cause divisions and splits, to prevent them from forming a united front¹⁵ against China.

If this work is done effectively, things will not go so badly with us.

7. Initiative in the midst of stability and using quiescence to govern unrest should become the point of departure for domestic and external policies at the turn of the century.

First, domestically there must be initiative based on stability, and stability must govern turmoil.

In addition to steadfastly promoting slogans like “stability comes before everything else,” which are deeply appealing to people, realizing the goals of initiative in the midst of stability and stability overcoming turmoil requires the following:

a. On no condition throw our own lines into confusion.

For example, in the manipulation of ideology concerning the events in the Soviet Union, avoid being too rigid. Long-term strategy (study and development of scientific socialism) should take precedence over short-term (repressing rightist ideology), and should be carried out with utmost vigor immediately (determining whether a new ideological research institution should be established, studying new lines of thought, collecting information, aiding national strategic planning, suggesting ways and means of organizing people at different levels into a united front, and so on).

As a further example, in the newly developing movement for socialist education in the countryside, we must rigorously control policy to restrict the ideological tendency that negates the ten years of reform. According to reports, this tendency is fairly universal among rural cadres, giving it a lot of force, and if left uncontrolled will only bring increased instability.

b. Reinforce ideological work and strengthen links between state organs

Until the theory of scientific socialism distinctive to China is completed, care must be taken to prevent “ideological superstition,” space must be allowed for theoretical work; an opening must be left and a certain amount of flexibility must be preserved. (Of course we must remain in charge and not allow a recurrence of the situation of 1986–89). At the same time we must strengthen state organs of public secu-

riety and the judicature to strike forcefully at troublemakers who violate the constitution and break the law.

Here it is worth emphasizing that we should use state organs to attack current disruptive activity but avoid being too harsh and rigid in implementing ideology in such a way as to reduce the room for ideological maneuvering in the future.

c. Closely monitor changes in the political and social situation in Taiwan, have a complete set of scenarios to respond to any problems that may emerge, especially tendencies to Taiwanese independence, preempt our opponents, and prevent any change in the political climate in Taiwan severely hampering the mainland.

In foreign relations, use quiescence to quell unrest.

The events in the Soviet Union will bring about a complicated and difficult state of affairs for China, and we should take this fully into account. But in no way should we be frightened. Seen dialectically, increases in external pressure provide us with a new opportunity to increase our internal cohesion and adjust our external policies.

From a historical perspective, when Peter the Great opened up the wastelands or when the Meiji emperor proposed reforms, the external environment was far from propitious. At the end of the 1960s, as at the beginning of the reforms, our international environment was little better than at present. What is crucial is whether we manage our own affairs well.

In the forty years since World War II, international arrangements have on the whole been stable; over this period, however, for a number of reasons, we repeatedly threw our own lines into confusion. The Great Leap Forward and the Cultural Revolution created turmoil on a national scale, teaching us a deep lesson.

In the late 1980s, especially after the changes in the Soviet Union, the world began a process of multipolar formation and found itself in a "period of warring states."

The economic laws of capitalism make it imperative for capital to seek new markets and be perpetually in flux.

In the next few years the dust of the Soviet Union and Eastern Europe will not settle; Japan and the United States will not see eye to eye; Europe will be faced with reintegration; and the Middle East conflict will continue to have no end in sight. Of the major strategic parts of the world, only the Asia-Pacific region has prospects of relative stability.

Provided we take full stock of the situation, strive to seize opportunities, stay cool and collected, and remain unaffected by worldwide changes, so as to maintain twenty years of stability, the world situation will undoubtedly swing back in China's favor.

Notes

[Notes are those of the translator.]

1. National, *minzu*; state, *guojia*. FBIS translates as "people's interests and national interests."
2. The text shown in italics was omitted from the *Zhongguo zhi chun* version.
3. According to Su Wei, this phrase is borrowed from Yan Jiaqi, showing an intriguing familiarity with the writings of this leading theorist. See Su Wei, "A White Paper for the Princeling Party's Succession," selection 6 of this volume.
4. *Qiaomin zhengce*. FBIS translates as "haughty citizen policy."
5. *Fanduipai*. FBIS translates as "reactionaries."
6. Source not found, but cf. Samuel Huntingdon, *Political Order in Changing Societies* (New Haven, Conn.: Yale University Press, 1968), 367: "policy reforms 'may make revolution more likely, because they arouse expectations of further gain at the same time that they imply weakness in the existing regime.'"
7. "*Fanshi*" *jizhi*. FBIS translates as "'false countercharge mechanism.'" The dictionary definition on which this is based seems to be a metonymy. "*Fanshi*" appears here to imply antibodies that instead of protecting the organism have become harmful to it.
8. *Guoqing*, national condition or situation, also translated as "China's special circumstances," is a key word in contemporary Chinese ideological discourse.
9. The text corresponding to "no reform. Reform that should be carried out should be carried out steadily, for example, price reform, housing reform," making up a single line of Chinese, was omitted from the *Zhongguo zhi chun* version.
10. *Caichan jingji*. FBIS translates as "economic assets."
11. *Yiping erdiao*.
12. *Liyi zhuti*, lit., "subject of interest."
13. "One hand acting tough while the other acts soft" refers to the party policy of strict ideological discipline combined with economic liberalization. *Spiritual civilization* has been a key term of party ideology since the 1980s.
14. Announced by Zhou Enlai at the Asian-African Conference in Bandung, Java, in April 1955, the Five Principles were mutual respect for one another's territorial sovereignty, mutual nonaggression, mutual noninterference in one another's internal affairs, equality and mutual benefit, and peaceful coexistence.
15. The *Zhongguo zhi chun* version adds the word *zhanxian* (front) to an apparently incomplete sentence in the original.