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DIRECTORATE OF INTELLIGENCE

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China: The National Political Scene [Redacted]

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Summary

Deng Xiaoping's top priority for 1986 and 1987, as it has been for the last four years, is ensuring the positions of his chosen successors--and thus the survival of his reformist policies. During the past year, Deng has withdrawn from the public spotlight and emphasized that daily decisions are made by Party General Secretary Hu Yaobang and Premier Zhao Ziyang. Younger leaders whom we believe have been selected to take power after Hu and Zhao have also assumed increasing prominence. Party elders who have been vocal in opposing aspects of the reform program appear to have been outmaneuvered, but the reformers still face a number of difficult and politically volatile problems. [Redacted]

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To further his goal of an orderly succession, Deng has retreated from public prominence and credited Hu Yaobang (71) and Zhao Ziyang (67) with the major decisions of the past year. Deng has spoken often of retirement and hinted that he hopes to retire at next year's Party Congress.

This memorandum was prepared by [Redacted] Office of East Asian Analysis. Information available as of 19 September 1986 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Political Assessments Branch, China Division, OEA, [Redacted]

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- Leaders of the political generation behind Hu and Zhao have also assumed greater prominence during the past year, and are clearly being groomed as successors.
- When they retire, Deng hopes these men, now in their 50s, will assure the continuity of reform-minded leadership and longevity of reform policies. []

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Deng's next major political initiatives will come at the party plenum scheduled to begin in late September. We believe Deng will use discussion at the plenum to create a consensus behind his succession arrangements, including the heirs to Hu Yaobang and Zhao Ziyang.

- There is, in our judgment, only one candidate for Hu Yaobang's job--Politburo member Hu Qili, who may be elevated to the Standing Committee at the meeting.
- However, we believe there is a three-way rivalry to succeed Zhao as premier.
- Vice Premier Li Peng, long considered the front runner but now apparently losing ground, is more conservative in economic matters and favors more aggressive promotion of trade and economic ties with the Soviets.
- Vice Premier Tian Jiyun, a Zhao Ziyang protege, is a financial expert and a reform activist. We know little of his foreign policy views but believe he supports the opening to the west.
- Vice Premier Qiao Shi, whose career has mainly been in party posts, has little government experience or economics background. He could be a compromise choice if a deadlock between Tian and Li develops. []

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The plenum reportedly will also attempt to produce a theoretical document intended to give the pragmatic reforms some ideological legitimacy. This measure is intended to prevent party traditionalists from using Marxist arguments to undermine reform, after Deng is gone.

- Until now the reforms have derived their legitimacy mainly from their economic success. The document will provide justification for reform policies when they hit setbacks and yield disappointing results. []

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High-level opposition to the reform program appears weaker now than at any time since 1982. Opposition has come chiefly from a group of party elders who, though they initially supported Deng and his reforms, became alarmed at the pace of reform and suspicious of some reformist initiatives.

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- These traditionalists have attacked the reform program as responsible for a host of real and perceived problems--corruption, growing western influence inside China, a drop in foreign exchange reserves, even a decline in grain production.
- The reformers, through a series of personnel moves, succeeded in undermining the bureaucratic power bases of prominent opponents. At the same time, the momentum and success of reform diluted midlevel support for the traditionalists and created a large group of midlevel officials with a vested interest in continuing the reforms.

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Playing political hardball, the reformers turned the corruption issue against their opponents by arresting or investigating several children of the traditionalists for illegally abusing their positions and connections.

- We believe this measure forced some of the most powerful reform opponents to capitulate--they not only ceased their criticisms but suddenly became enthusiastic spokesmen for reform.
- Opposition to some reform policies still exists throughout the state and party bureaucracies, but it is demoralized, incohesive, and without protection at the top.

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Deng has sharply reduced the military's influence in top policy bodies. The Army still has a say in defense matters and related areas--such as science and technology--but now has little influence on decisions outside its areas of competence.

- At last year's party conference, military representation on the Central Committee was cut to a historic low; several military leaders were dropped from the Politburo, while none were promoted to it.
- Because the Army in China has been a voice for tradition, its reduced power aids Deng in carrying out his reforms both within and outside the military.

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Deng and his reformist allies have enjoyed great success but still have difficult political and economic maneuvering ahead.

- A number of problems--increasing corruption, nepotism, growing western influence inside China--are perceived as byproducts of reform. Deng and his successors will have to continue to defend the reforms against charges of responsibility for these sources of resentment.
- Implementation of the industrial reforms now on the agenda will require great skill and sensitivity. Large numbers of cadre and workers stand to be at least shortterm losers under these reforms; reform leaders must strike a balance,

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proceeding cautiously and allowing for adjustments but avoiding loss of momentum.

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The greatest danger the reforms face after Deng is not sharp reversal but stagnation.

- Deng's prestige, personality, and political skills have been a key element in reform success to date. His successors will lack Deng's broad authority and will have to make more compromises and deals.
- Deng, recognizing the danger, has worked to institutionalize reform measures and bolster his heirs' positions while he is still active. After Deng dies the party elders will probably elect to accept his designated successors and avoid a costly succession struggle. The reform coalition will be able to continue along the general policy lines laid down by Deng but there will likely be some slowing down and loss of drive.

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