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Central Intelligence Agency



Washington, D.C. 20505

FILE

DATE 10/15/86

DOC NO EA M 86-20152

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**DIRECTORATE OF INTELLIGENCE**

6 October 1986

**China: The Debate Over "Political Structural Reforms"** [redacted]

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**SUMMARY**

China's reform leaders initiated a wide-ranging discussion in March on the need for "political structural reform" to accompany China's economic reforms. Triggered in part by lower level party and bureaucratic interference that has slowed industrial reforms, the proposed political reforms attempt to clarify party and government functions, reduce "bureaucratism," and open the decisionmaking process to nonparty views. Formulating specific measures to accomplish these goals will force top party leaders to grapple with contentious issues, including defining the role of lower level party committees in reform, and expanding the freedom of expression for intellectuals. Several reform leaders have stated that a year of "investigation and study" will be needed before fundamental political reforms can be introduced. We believe, however, that limited political reform measures may be introduced in the near future, including new guidelines on cadre selection, advancement, and accountability. [redacted]

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This memorandum was prepared by [redacted] Office Of East Asian Analysis. Information available as of 6 October 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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**Reformists Call for "Political Structural Reform"**

China's proreform leaders increasingly see the success of urban economic reforms--such as the "factory manager responsibility system," labor reforms, and the development of urban capital markets--tied to reform of the political system. They believe that the greater threat to reform now comes not from senior party figures, but from midlevel bureaucrats and party members who resist implementing reform policies because they threaten their vested interests. [Redacted]

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[Redacted] a "stalemate" had developed between new economic reforms and the old systems of political control.<sup>1</sup> Political reforms are designed to break the stalemate by creating a political climate favorable to economic reform and formulating guidelines that will improve implementation of reform policies. [Redacted]

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**Political Structural Reform - Main Objectives**

Judging from leadership statements as well as coverage of political reform forums and seminars that organizations such as the Central Party School began to hold in May, political reform is a group of ideas rather than a specific program. Different Chinese leaders stress different aspects. Nonetheless, we believe the ideas discussed under the rubric of political reform have one of four major objectives:

<sup>1</sup> The problems that led Hu to suggest reforms might be stalled have been widely illustrated in mainland press accounts. The "factory manager responsibility system," for example, has encountered stiff resistance because it erodes the authority of factory party officials and the bureaucratic organizations (the so-called "mothers-in-law") that have overseen factory operations in the past. Press reports suggest that many recently appointed reformist managers have been badgered out of office through such practices as accusations of corrupt behavior. In April, for example, People's Daily reported the case of a manager of a small motor vehicle plant who achieved a "miracle" in increasing production and profits by using reform management methods. As plant profits went up, however, local bureaucrats and party officials refused to grant the enterprise greater autonomy as called for under reforms. When the manager persisted, he was investigated on trumped-up bribery charges, and eventually dismissed. Press reports on the results of a recent poll of 300 factory managers stated that all the managers complained of such interference with reforms, and over half were "fed up" with their jobs. Other mainland press reports have indicated that interference has forced factory reforms to slow or even be reversed in some areas. [Redacted]


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- Separating Party and Government Functions  
The political reform discussion has stressed the need to clearly separate party and government functions, and to grant greater responsibility to managers and technical personnel for economic decisions. Political reform advocates claim, for example, that the party committees in factories--and specifically the party committee secretaries--often are too involved in day-to-day management decisions despite their limited expertise. As a Chinese newspaper commented in late June, party members have grown used to "cultivating others' land while wasting their own," resulting in excessive party interference in nonparty functions that actually hinders overall party leadership.
- Reducing the Bureaucracy and Streamlining Administrative Staffs  
Reformers believe bureaucratic oversight and redtape must be cut if the economic reforms are to succeed. Although some progress was made in streamlining drives in the early 1980s, recent press reports have complained that overstaffing is still a problem, and that the proliferation of bureaus and the growth in administrative costs have accelerated in recent years.
- Reforming the Cadre Selection, Hiring, and Promotion System  
Reform of China's cadre system--the method of hiring, transferring, and promoting state functionaries and party workers--is also a major concern. Such "unhealthy practices" as nepotism, favoritism, and bribery in assigning posts undercuts the reforms--which require the recruitment and promotion of better educated cadres--and tarnishes the party's reputation.<sup>2</sup>
- Strengthening "Socialist Democracy"  
The least well-defined category, "socialist democracy" covers proposals designed to create a political and intellectual atmosphere conducive to reform. Some leaders are calling for stronger party and government assurances to academics and scientists that they can carry on their work and make recommendations without concern for ideological issues. Other proposals under the "socialist democracy" heading include giving greater attention to popular wishes in decisionmaking; increasing the stature of nonparty government organs and "democratic" political parties and personages; and increasing the scope and effectiveness of the country's legal system to guarantee the changes. 

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**The Issues at the Core of Political Reform**

The issues at the core of political reform are some of the thorniest before Chinese leaders. Although these contentious points are rarely raised in public, we believe any political reform initiative will be formulated with an eye to how it affects the following questions. 

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### What Is the Party's Role?

At the heart of political reform controversies is the continuing ambiguity over the role of the party in an economically liberalized China. In an August 1980 address to the Politburo, Deng Xiaoping attacked the "overconcentration" of power in party committees, which in practice means that party committee secretaries end up deciding everything. Party leaders including Deng, however, remain fundamentally unwilling to subordinate the party to other institutions or to an independent legal code. Although some progress has been made over the past six years in separating party and government functions, and in granting greater autonomy to producers, whether they be farmers, entrepreneurs, or larger enterprises, the limits of the authority of party committees at all levels has not been clarified. [redacted]

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Nor probably can it be without surrendering large blocks of authority. If concrete measures were adopted to address the four areas of political reform listed above, party members at lower levels would find their authority to intervene in government and economic decisions truncated, the key party prerogative of appointing functionaries would be curtailed, and nonparty groups and individuals would have greater latitude to criticize party decisions. Political reforms along these lines would institutionalize and accelerate the erosion of mid- and lower-level party member authority. Although Deng Xiaoping has claimed that a reduction in excessive party interference at lower levels is necessary to improve party leadership, we believe many leaders remain concerned that any reduction in party authority will lead to a loss of control. [redacted]

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### What Is the Role of Ideology?

The political and economic reform programs directly question the utility of Marxism in meeting China's needs and explicitly reverse the Maoist principle of "politics in command." The party, however, continues to derive its legitimacy and its right to govern from claims that it possesses an all-encompassing ideology that guides party decisions. Although the Maoist approach has been largely discredited, we believe that many party members and some leaders are genuinely concerned that "political reform" will put "economics in command," weakening the party's legitimacy and undermining the ideals of the Communist revolution. Some party members may fear that with "economics in command," outside critics of the party could even call for a reexamination of the usefulness of socialism and the need for party leadership altogether. Thus, finding a way to reconcile Marxism with Deng's pragmatic economic policies and defining a role for ideology in post-Mao China are critical issues for many party members that are sure to contribute to the controversy surrounding political reforms. [redacted]

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### How Much Freedom of Expression?

Reform leaders recognize that intellectuals, including scientists and economic theorists, must be permitted to express opinions without fear of political repercussions. Evidence suggests, however, that reformers are divided over how much freedom to

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permit. Some reform leaders--along with party conservatives--remain skeptical of opening the door to politically sensitive and controversial topics. There is also disagreement over whether freedom of expression should be extended to include freedoms for artists and writers. Following the recent affirmation of the "100 flowers" policy, intellectuals and other nonparty officials have gained unprecedented leeway to criticize local party interference with reforms, but behind the scenes intellectuals are pushing for even wider freedom of expression.<sup>3</sup> [Redacted]

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**How To Layoff Bureaucrats?**

Along with abstract questions over the party's function in reform and the legitimacy of the party's ideology, political reforms touch on questions such as the trimming of the bureaucracy that bear direct, personal costs for Chinese leaders. The bureaucracy is largely based on patronage and is an interlocking system of personal ties that reach to the highest levels of the party. In addition to exacerbating China's unemployment problem and demoralizing the bureaucracy, extensive layoffs of bureaucrats would rend this fabric of personal relationships, and are likely to encounter significant resistance. Although the costs of maintaining China's bloated bureaucracy are widely recognized, we believe Chinese leaders will, with one eye on how this affects their own old-boy networks, have difficulty reaching agreement on methods to effectively trim the bureaucracy. [Redacted]

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**Where Leaders Stand on Political Reform**

The political reform goal of reducing party and bureaucratic interference at lower levels virtually ensures that concrete reform measures will be resisted by party apparatchiks as well as entrenched bureaucrats. In addition, party traditionalists at all levels are likely to feel threatened by the increased liberalism implied in political reform. The controversial issues connected with political reform, however, have divided even those leaders firmly placed in the reform camp. [Redacted]

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Judging from public statements, Hu Qili and Party General Secretary Hu Yaobang appear to be the most vigorous supporters of political reforms. [Redacted]

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[Redacted]

Other reform leaders have spoken of political reform in sparing terms, which may reflect their concerns about it. Premier

<sup>3</sup> Last fall a young academic at Nanjing University published an article that was carried in the 2 November 1985 Gongren Ribao under the pseudonym "Ma Ding." The article, which advocated studying non-Marxist economics, was attacked by conservative propagandists, but subsequently defended by party reform leaders. The resulting affirmation of the rights of academic expression set the stage for the 30th anniversary of Mao Zedong's "100 flowers" speech, which called for intellectual freedom. [Redacted]

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Zhao Ziyang endorsed the need for political reform in July only in response to a direct question from a Yugoslav journalist. Vice Premier Wan Li's August speech on the need for increasing socialist democracy as part of political reforms was narrowly focused on the role of "expert" opinion in decisionmaking. Vice Premier Qiao Shi missed an opportunity to publicly support the need for political reform at a conference on strengthening the socialist legal system this summer. [REDACTED]

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These differences probably account for changes in the tenor of the discussion. The rousing calls for political structural reform voiced during the spring and summer have given way to caution. The Hong Kong newspaper Wen Wei Po reported in early August that leaders meeting to discuss the Sixth Plenum were divided over the "fundamental issue" of political reform. Deng Xiaoping himself stated in September that the political reform question would not be on the plenum's agenda. Meanwhile, statements by Vice Premier Tian Jiyun and propaganda chief Zhu Houze focused on the need for a year of "study and investigation" before introducing major political reform measures. Beijing also appeared to be limiting the public participation of nonparty intellectuals in the discussion; press coverage of August forums on political structural reform was sparse compared with the treatment given forums last spring and early summer. [REDACTED]

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Reports claiming that the Sixth Plenum would not propose new political reform measures proved correct. The plenum document only referred to the need for political reform in passing without suggesting either specific reforms or a reform timetable. [REDACTED]

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### **Political Reform--What's Been Accomplished and What's Ahead?**

We believe that the political reform discussion has already served some objectives of Deng Xiaoping and his proteges, particularly Hu Qili. The attention to cadre abuses has pressured rank-and-file party members to implement reforms more conscientiously and enabled intellectuals to voice controversial opinions and criticize officials who stall on reforms. Moreover, the political reform discussion has significantly raised the profile of reformists Hu Qili, propaganda chief Zhu Houze, and Secretariat member Wang Zhaoguo--young leaders favorably disposed to political reform who we believe will push for change whenever they sense an opportunity for progress. Indeed, press treatments and leadership statements suggest that we will see movement during the coming year:

- In calling for greater "democracy" in decisionmaking at a speech before a recent convention on soft sciences, Vice Premier Wan Li advocated a larger role for feasibility studies and expert consultations before projects are undertaken. New guidelines that would increase the role of technical experts in China's modernization at the expense of party hacks may be in the works.
- Several references have been made during the political reform discussion to the need for a comprehensive law governing the selection and evaluation of state functionaries, and recently the mainland press reported that a draft state

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functionaries law was being circulated among some leading bodies for comments and suggestions. Such a law might address outstanding questions in China's cadre system, including restricting party member authority in the cadre selection process, and placing cadres under contract employment rather than lifetime appointments.

- Guidelines on the subordination of party members who commit crimes to legal authorities appear likely judging from Chinese media reports.
- Beijing will probably unveil a new drive to trim the size and number of bureaucratic offices at lower levels.
- We believe that Beijing will continue to define the "100 flowers" policy, spelling out more clearly the extent of academic and artistic freedom of expression.

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Given the issues and disagreements, we believe a period of consensus-building will be required before more ambitious political reforms can be launched. The strongest proponents of political reform seem to be targeting next year's party congress for a decision. For now, in any case, Beijing is signaling not to expect broader measures. A recent People's Daily article alluding to reformist factory managers' failure to win necessary support from "higher authorities," or announcing unrealistic "grand programs," seemed to be telling managers that they will have to live with the party committees and bureaucratic meddling for some time, and that they had best adjust their styles accordingly. Newspaper articles have suggested that up to a decade will be required to significantly adjust the political structure. [REDACTED]

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**Subject: China: The Debate Over "Political Structural Reforms"**

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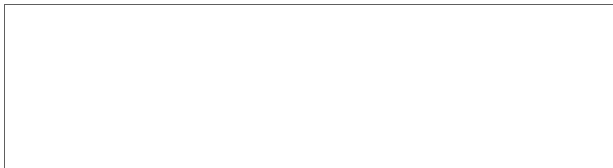


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