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# **China: The Conservative Challenge to Reform**



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**An Intelligence Assessment**

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September 1987*

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# **China: The Conservative Challenge to Reform**



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**An Intelligence Assessment**

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**China: The Conservative  
Challenge to Reform**

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**Key Judgments***Information available  
as of 1 July 1987  
was used in this report.*

Since the student demonstrations in late 1986 and the ouster of Hu Yaobang as General Secretary of the Chinese Communist Party in January 1987, a group of party elders distrustful of the rapid pace and broad scope of reform in recent years has forcefully reasserted its influence. This group, which for convenience both we and the Chinese call "conservative," consists of leaders who initially supported Deng Xiaoping's reform program but have grown alarmed by the direction of reforms in recent years, which they fear threatens party authority and China's socialist system. Among the conservatives are many of China's most influential party figures: Chen Yun, Peng Zhen, Bo Yibo, Wang Zhen, Yang Shangkun, Hu Qiaomu, and Deng Liqun. Some of these men are close confidants of Deng Xiaoping, others—especially Peng Zhen—long-time rivals.

Although they share concerns, we believe the conservatives represent at most a loose coalition. Their success in imposing ideological strictures on reform and in increasing the power of their supporters at the expense of younger reform leaders will depend largely on whether they can maintain their uncharacteristic unity or, as in the past, are outmaneuvered by Deng Xiaoping.

In our view, this group can be roughly subdivided into economic thinkers, party stalwarts and military conservatives, and ideologues. Economic conservatives want tighter central control over the economy. They believe some liberalization was needed but that in many ways reforms have gone dangerously far. Their concern is that the loosening of central control will lead to economic and social disorder. They represent organizations such as the State Planning Commission and the Ministry of Finance whose bureaucratic clout stands to be reduced by reform. In addition, they draw support from sectors of the economy where central planning has traditionally played an important role and where, consequently, officials are more comfortable with that approach. These include heavy industry, foreign trade, and banking.

Party stalwarts, in many ways the political mirror image of the economic specialists, emphasize the need for a strong party role in economic and government affairs. They oppose some of Deng's proposed political reforms and fear the political fallout of economic reforms. Party stalwarts reflect the views of the many party cadres unhappily anticipating the lowered

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profile and reduced powers of the party under reform. We believe that, at the middle levels of the party, such cadres may well be a majority. Many within the military and security services are also conservatives of this stripe, attracted by the emphasis on discipline and dedication.

The ideologues see themselves as guardians of Marxist-Leninist orthodoxy; they probably have less influence on policy than the other groups, but have frequently been the most outspoken and troublesome—in part because reformers are, in our judgment, vulnerable on ideological grounds. The institutional base of the ideologues is primarily within the propaganda apparatus. They also have adherents among the older generation of academics, artists and writers, and other intellectuals.

Although they have not been dominant at the center for several years, conservatives have a number of ways to influence policy:

- The most effective probably is to take advantage of their personal relationships with Deng Xiaoping to influence him, appealing to concerns he shares or raising problems they believe he cannot afford to ignore.
- Conservatives can employ the wide networks of contacts they have built up over many years to obstruct or vitiate reform, drawing on the support of those who feel threatened by reform.
- By harping on acknowledged problems that have arisen in the course of reform, the conservatives have had some success in forcing modification or delay of reform measures.
- Conservatives have used propaganda channels to press their case against some reforms and to challenge them on ideological grounds.

In our judgment, the 13th Party Congress, scheduled for October, will test the strength and cohesion of both the reform and conservative wings of the party. Both sides will be seeking to win personnel battles and to put their mark on the document the congress will issue. We believe key points on the conservative agenda include:

- Slowing market-oriented economic reform and limiting price reform to adjustments that reflect scarcity.
- Strengthening controls over agricultural production, rural industry, and rural credit.

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- Limiting management reform in factories and preserving a greater role for party committees.
- Tightening the reins on intellectuals and restricting investigative press stories that cast party officials in an unfavorable light.
- Increasing political study sessions in schools and the workplace, and reinstating political requirements for such things as graduate study.

Conservatives and reformers are closer on foreign policy issues, and we do not expect foreign policy to become a contentious issue at the congress, although some conservatives would probably prefer to keep greater distance from the West and pursue a harder line on regional issues, such as relations with Japan. Similarly, there is no great disagreement on policy toward the military, but the conservative wing might press to give the military a greater voice to ensure a powerful political ally.

The conservative wing has inherent weaknesses that have prevented it from overturning Deng's reform program. Despite recent successes, we believe these weaknesses will persist. Among the most important are:

- *Lack of a strong leader.* The conservatives have no one who combines the stature, vision, connections, and energy of Deng Xiaoping. As a result, the conservatives have been unable to sustain a united front against reformers, often bickering over who should call the shots and what goals take priority.
- *Tired policies.* Conservative policies tend to be reactive and negative—conservatives know what they do not like but offer no alternative. They favor policies and methods—tighter central control and motivation by exhortation, not incentive—that, in the eyes of many Chinese, are proven failures.
- *Age.* Most conservative leaders are in their seventies and eighties, and many are in ill health. Conservative leaders may not have time, even were they to attain sufficient power, to install a successor generation.

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Despite the weaknesses of the conservatives, we believe conflict between the reformers and conservatives will remain a feature of Chinese politics. Conservative misgivings about reform reflect fundamental social tensions—many people are frightened by the strains of modernization and reform. As party elders die, we expect the nature of conservatism will change, becoming less concerned with ideology and more with defending party privileges and power. The basic conflict will persist, however, and reformers will have to find ways to compromise with conservative constituencies and concerns that will, in our judgment, remain too powerful to ignore.



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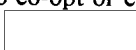
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### China: The Conservative Challenge to Reform



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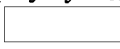
#### What Is a Chinese “Conservative”?

Since the fall 1986 student demonstrations and the ouster of Hu Yaobang in January (see inset), a group of party leaders whom both we and the Chinese tend for convenience to call the “conservatives” has forcefully reasserted its influence, exercising, we believe, greater power and authority than it has enjoyed for years. Capitalizing on the opportunity, these party elders have attempted to impose ideological strictures on reformist policy and reduce the power of younger leaders unsympathetic to their concerns. It is unclear how successful they have been, and it probably will not become apparent until the horsetrading over key personnel decisions is concluded and the preparations for the 13th Party Congress in fall 1987 unfold. Much will depend on whether they can maintain their uncharacteristic cohesiveness or whether Deng Xiaoping is able to co-opt or coerce some of them, as he has in the past. 

The most prominent of these leaders—Chen Yun, Peng Zhen, Wang Zhen, Bo Yibo, and Deng Liqun—represent at most, in our judgment, a loose and shifting coalition bound by certain attitudes and policy preferences, rather than consistent and clearcut ideological tenets. These men strongly supported the reform package launched by Deng Xiaoping in the late 1970s, and they continue to support some reforms. In our view, what justifies calling them conservatives is their opposition to the direction of reform in recent years. 

#### Conservative “Ideology”: Nostalgic Leftism

In general, these conservative party elders fear that increased experimentation with market forces, the devolution of decisionmaking authority, and the loosening of restraints on intellectual debate threaten to undermine the ideological underpinnings and eventually the power of the Communist Party. Most also resist Deng’s efforts to rejuvenate China’s leadership

by retiring members of the old guard—like themselves. Despite the elders’ lipservice to the ideal of turning the reins over to a new generation, we believe many see this policy not only as a threat to their position and prestige, but also as a ploy by Deng and his supporters to monopolize power. 

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Underlying conservative preferences is what Deng has termed “nostalgic leftism,” a yearning for the Communism of the 1950s, a period many of these leaders hark back to as a golden age for China. Although not “Maoists” in the radical leftist sense that that term has taken on since the Cultural Revolution, many see themselves as the spiritual heirs of the early Mao, whose policies were less extreme. Several key points at which conservative and reformist views diverge emerge from conservatives’ writings and speeches:

- In *economics*, conservative leaders prefer a mix that depends more on central planning and direction and less on market forces. This preference is dictated partly by ideology—a strong market role looks like capitalism—but also by a fear of the “chaos” of the market. Chen Yun’s famous description of the economy as a “bird in a cage,” with the cage representing central control, sums up their philosophy.
- Conservatives tend to be *ideological hardliners*, believers in the Chinese brand of Marxism-Leninism and intolerant of any suggestion that Marxism is outmoded and inappropriate.
- A corollary to their ideological inflexibility is a strident insistence on *party control* and a readiness to see threats to that control. Conservatives favor retention of strong party control in such areas as education or factory management, where reformers have been moving to reduce it.

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### *Causes of Hu Yaobang's Downfall*

*Although the student demonstrations were the immediate pretext for dismissing Hu Yaobang as General Secretary, in fact his fall was the result of a number of factors working together:*

- *We view Hu as in part the victim of his own idiosyncratic personality. His independence, failure to consult on major decisions and propensity for verbal gaffes—such as his remarks on China's policy on nuclear-capable ships that led to cancellation of a US ship visit—alarmed and alienated many senior leaders.*
- *Hu's well-documented tolerance for intellectual dissent and his—to many leaders—reckless lack of concern about party control also contributed to his downfall and probably helped undermine Deng's confidence in him.*
- *Hu pushed policies that many powerful elders opposed. High on the list of his alleged mistakes were attempts to retire these men, but the elders also objected to his support for political reforms and aspects of his foreign policy, especially his strong advocacy of closer ties to Japan.*
- *According to the party documents leaked to the press, Hu's interference in areas such as economic policy, where he had little expertise, upset even reformist figures like Zhao Ziyang. Many believed that Hu pushed the system faster than was safe.*
- *The same documents suggest that Hu angered many by his active promotion of his own proteges, which in the post-Cultural Revolution Chinese*

*political context occasioned alarm that Hu might be trying to monopolize power for his own faction. He also failed to recognize the necessity of allowing his opponents a portion of patronage jobs to reduce their animosity.*

- *In the spring of 1986, Hu and others mounted a harsh and temporarily successful attack on conservative opponents that included arresting and sentencing some of their family members for corruption. This drastic action, plus the flood of extreme political and economic reform proposals that surfaced in the media after the conservatives were cowed, apparently succeeded in uniting and galvanizing the loose conservative coalition.*

- *Ultimately, Hu fell because he lost the confidence of Deng Xiaoping. [redacted]*

*[redacted] the party elders, who include some of Deng's closest friends and advisers, made clear their implacable opposition to Hu, which called into question Hu's ability to lead after Deng's death. Deng also agreed with these men that Hu had allowed party control to slip too far. Finally, Hu in our view became more of a liability than an asset to Deng, and [redacted] he compounded the error by suggesting on at least one occasion that Deng should retire, taking other party elders with him—and leaving Hu and his proteges in charge. Deng reacted angrily to the suggestion and withdrew his support, effectively putting the stamp on the decision to oust Hu. [redacted]*

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- *One consequence of traditionalist fears about party control is hypersensitivity about the party's image. The conservatives believe that the party should not tolerate open criticism of its motives or policy line, even when the criticism is accurate, because that might undermine faith in the party's leadership and historical mission. This attitude is most apparent in*

*conservative approaches to policies on intellectuals. For example, in April conservative ideologues led by Deng Liqun denounced as "an effort at rebellion" a 1984 Writer's Congress that had officially approved creative freedom.*

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- Conservatives distrust the reliance on material incentives to promote economic development that has characterized reform policies; they believe in the efficacy of *indoctrination and propaganda*, and in the rightness of applying political requirements in such areas as college admissions. In recent months, conservative spokesmen such as Yu Qiuli, Politburo member and Director of the Army's General Political Department, have held up the People's Liberation Army (PLA) as an exemplar of self-sacrifice and other "revolutionary values" to offset what they believe is excessive reliance on material incentives by reformists.
- Although closer to reformers on *foreign policy issues* than on most domestic issues, the conservatives generally would prefer that China distance itself from the West, especially the United States. This does not imply a pro-Soviet stance, but probably would mean greater Chinese efforts to demonstrate a balanced line between the two superpowers. Conservatives probably would follow an even tougher line than reformers on some regional issues, such as Sino-Japanese relations—a reflection of their greater insularity and Sinocentrism.

In part these differences reflect a generational gap, we believe. Most prominent conservatives are in their seventies or eighties, in contrast to the reformists, who can boast several leaders in their fifties and sixties. In recent months some younger conservative leaders have emerged as the reformers' grip on the personnel process has loosened, and we believe that conservative views still have strong support among this generation throughout the party, government, and Army. Statements by Chinese leaders and analysis of press articles indicate, however, that conservative views attract relatively few from the younger generation of Chinese and are held in especially low regard among the better educated.

**The Conservative Coalition and How It Works**

Although the conservatives have not been dominant at the center for at least five years, they represent important constituencies in various segments of the party and government apparatus. This allows them to exert influence in a system that has no institutional

role for an opposition. For convenience, we have distinguished three principal groupings within the conservative camp—economic conservatives, party stalwarts and military conservatives, and ideologues. These groupings are based on the members' chief concerns and policy interests, although the distinctions are artificial and there is a great deal of overlap. Moreover, a leader can be conservative on some issues and support reform on others; this is particularly true of a number of old associates of Deng.

**Key Conservatives in Economic Policy**  
 Politburo Standing Committee member *Chen Yun*, at 82 considered the dean of China's economists, is the leading figure in this group, whose main quarrel with reform is that it has taken China too far in the direction of a market economy. Chen has said that he fears reforms may create an economy the party cannot control; like many of the conservatives, he believes that anarchy is never very far away in China and can be prevented only by firm control.

Chen and his supporters even have doubts about recent agricultural policies, the centerpiece of reformist success. They regard self-sufficiency in grain as critical, reflecting a deep-seated fear that a fall in grain production could trigger social instability. After grain production fell in 1985, Chen delivered a speech at the Party Conference of Delegates that sharply criticized reformers for having paid too little attention to grain production in their rush to promote rural industries and a more varied rural economy.

Chen is the most prestigious of the conservative old guard; he is the senior Communist cadre alive today, having become a Politburo member in the 1930s, years before any other living leader. He also enjoys considerable respect because of his opposition to Mao's disastrous economic theories. Indeed, Chen may be the only leader whose personal prestige rivals Deng Xiaoping's. Because of this, we believe he has been able on occasion to force modifications in reform policies and to criticize Deng for usurping authority.

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Figure 1. Two of the most powerful party elders, Chen Yun (left) and Wang Zhen, at the September 1985 party conference. Wang retired from the Politburo, probably unwillingly, at this meeting.

Chen, however, has not been able to challenge Deng's control. He lacks broad support within the party bureaucracy, and has not demonstrated Deng's skill at building coalitions and holding them together. Moreover, Chen is in failing health, according to a number of press accounts. He has appeared rarely in public in recent months and, while still a rallying point for like-minded officials, may be increasingly less active.

Two other leaders who, in our judgment, share many of Chen's beliefs are Advisory Commission Permanent Vice Chairman Bo Yibo and Vice Premier Yao Yilin. Of the two, Bo, 80, is the more powerful. An active party member since the 1920s, Bo can claim membership among the elite revolutionary founders; he may have inherited Chen's mantle as the leading conservative economic theorist. Bo played a leading role in Hu Yaobang's downfall, [redacted] and has been an active and vocal advocate of the conservative viewpoint since then. According to

a Hong Kong press account, Bo accused Hu of *maiguo* (sell out the country) politics, implying that Hu espoused policies that betrayed Chinese ideology and interests. Bo has since said that China still has problems with *maiguo* economics—which we believe is a slap at Acting General Secretary Zhao Ziyang, who, as Premier since 1980, has been a principal architect of the economic policies. [redacted]

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Yao lacks the stature of Bo and Chen, being a few years too young at 70 to qualify as a revolutionary elder, but he is an important supporter of conservative policies at the level just below the top. He is a close associate of Chen Yun. This June, Yao was put in charge of the State Planning Commission, where he had served from 1980 to 1983. We believe Yao's appointment was part of a conservative drive to reestablish control over economic policy. [redacted]

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Vice Premier Li Peng is one younger official who, in our view, generally supports the conservative line. Li has been prominently mentioned by some Chinese officials as a candidate to succeed Zhao Ziyang as premier, assuming Zhao relinquishes that job and keeps the top party post, as seems likely. Li believes in modernization, especially technological modernization, but favors greater central control over China's economy than do reformers. Li is also conservative on social issues, especially education, one of his areas of responsibility. [redacted] Li was behind a recent decision to set up a "Youth Ideological Research Center," a sort of "detoxification" center to reeducate students who may have been influenced by Western ideas while studying abroad.

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There are signs that conservative economic thinkers have regained some clout in setting policy. Although reform is being stressed again in the press and is on the agenda for the congress, the reforms being discussed are much less far reaching than those floated last year; several resemble policies of the early years of reform that many of the group we label conservative supported. For example, price and ownership reform have been deemphasized, and attention has

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shifted to management reforms. Although some of this shift probably is a cautious response to economic problems by reformers themselves, we believe renewed conservative authority is an important factor.<sup>1</sup>

The influence of this group extends beyond economic issues. When Yao Yilin took over the State Planning Commission, its former head, Song Ping—another economist who leans toward greater central planning—took charge of the party's Organization Department. Having Song as head of this department, the party's personnel office, probably will give the conservatives considerable say in personnel decisions, especially at the middle level.

Conservative economic thinkers, we believe, retain considerable support in some sectors of the bureaucracy, particularly the State Planning Commission, with its vested interest in strong central planning. Other organizations that in our view harbor conservative supporters include the Ministry of Finance; some of the heavy industry ministries such as power that need sizable central funding and where, consequently, planning has traditionally had a strong role; parts of the central foreign trade apparatus; and, at least in its top leadership, the People's Bank of China. In addition, party cadres who have lost power under reform, factory managers unhappy with their new responsibilities, and some urban workers and peasants who have not fared well under reforms represent inchoate constituencies for conservative economic leaders.

**Party Stalwarts and Military Conservatives**

Another group that has been more active on the political scene since Hu's fall consists of party elders who oppose the diminution in party power that has occurred under reform, and who fear that further reforms may lead to loss of party control. These men are most concerned about Deng's political reforms and the political consequences of economic liberalization. This group numbers among its leaders many of the most illustrious elders, men such as Politburo

<sup>1</sup> Another instance of growing conservative influence in economic policy is that, [redacted] the State Council—under the influence of a Bo Yibo associate—is turning more and more for advice to scholars from People's University, reputedly one of the few academic strongholds of conservative sentiment. [redacted]

member Peng Zhen, 85; Advisory Commission Vice Chairman Wang Zhen, 79; and President Li Xiannian, 78. It also includes important military leaders such as party Military Affairs Commission Vice Chairman Yang Shangkun and Yu Qiuli; Wang Zhen, in fact, had a long and distinguished military career although since the 1970s he has been involved largely in party work.

This group is difficult to characterize. Although these leaders go along with Deng on most issues, they share a hostility to political reform proposals that question or limit the party's authority. While admitting China must open more to the outside world to develop its economy, most of them in our view still want to shut out Western ideas—which they regard as subversive—about everything from politics to art. It was this sentiment that led to the campaign against "total Westernization" in early 1987. We believe Deng shares many of their concerns (see inset), but is more willing to take risks and has a greater sense of urgency about reform.

The many revolutionary founders in this group give it greater status than any of the other loose groupings within the conservative wing; it also represents a more complex category than the economic planners. Many of Deng Xiaoping's oldest friends and closest advisers—including Wang Zhen and Yang Shangkun—belong to this group, which also includes Deng's strongest rival, Peng Zhen. Because of their revolutionary credentials and long careers, they are uniquely able to maintain their relationship with Deng even when they oppose his plans. That access to Deng makes them particularly effective advocates of conservative views.

We believe *Peng Zhen* poses the greatest threat in this group to Deng and the reform program. Since Hu's fall, Peng has been extremely active. [redacted] he has mounted several attacks in recent months on Deng or his proteges in attempts to undermine Deng's primacy. Peng has long experience in legal and political affairs, including security matters, and [redacted] has used his connections in those sectors to obstruct

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**Deng's Conservative Side**

*Although he is widely considered to be China's leading reformer, in important respects Deng Xiaoping sympathizes with the conservatives. Like other elders, he is concerned first and foremost about party control and social order. Although more flexible in his thinking than many of the old guard, he often supports them against younger reformers on some issues. The clearest examples are in intellectual matters, where Deng has frequently instigated harsh crackdowns or criticized individuals. In 1981, Deng sided with military leaders in criticizing Army writer Bai Hua, because some of his writings were highly critical of the PLA and, even worse, one famous screenplay of his ended on a note of doubt and despair over the party's commitment to the people. Deng has sharply criticized other writers who have gone too far in satirizing the military, and he has been particularly hard on intellectuals who have dared to express doubt about the ultimate realization of Communism and the party's role in achieving it. We believe the 1983-84 "spiritual pollution" campaign—an effort to stem the influx of Western social and philosophical ideas—was at least in part the result of Deng's anger at a growing tide of skepticism in intellectual circles. Most recently, we believe that Deng was in agreement with much of the conservative rhetoric aimed at "bourgeois liberalism" and "total*

*Westernization."* Deng shares the emotional commitment of the party elders to their revolution and on occasion joins them to defend it from criticism. He differs from them largely in that his commitment to modernization is even stronger, and typically he calls a halt to the campaigns after a few months to preserve economic reforms. In our view, Deng may use these occasional campaigns to act as a brake on the overzealousness of some reformers. [redacted]

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*Deng is not a believer in Western-style democracy. Although he has called for greater democratization as part of political reform, in essence Deng means broadening input at low levels into party decisions, and providing more candidates in some elections—although the party will still choose these in most cases and will be able to overrule election results it dislikes. Deng revealed his autocratic side in 1979 when he shut down the famous "Democracy Wall," where citizens had been able to post "big-character posters" expressing a remarkable range of opinion. Deng had supported this phenomenon when he was consolidating power and could use it to his advantage, but he soon moved to suppress it; moreover, he permitted the prosecution of some leading dissident proponents of greater democracy.* [redacted]

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Dengist reform policies. He has expanded the power of the National People's Congress (NPC), of which he is chairman, and in recent sessions succeeded in blocking promulgation of several measures sought by reformists, such as a bankruptcy law. In an unprecedented press conference during the March session of the NPC, Peng also took an indirect slap at Zhao Ziyang by saying that, of present Politburo Standing Committee members, only Deng Xiaoping was indispensable. [redacted]

*Yang Shangkun* has also become increasingly prominent in the months following Hu's dismissal. A Chinese official told a US Embassy officer that Yang's responsibilities had broadened since January, especially in domestic affairs. Yang is one example of

a leader who has generally supported Deng but who, on certain issues—such as last year's student demonstrations—ranks as a conservative, and can on occasion oppose Deng without losing Deng's trust. In fact, we believe Yang's May visit to the United States was at least in part a move by Deng to enhance Yang's leadership credentials. [redacted] Yang is being groomed to get a higher post at the coming congress. [redacted]

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We believe that the constituency for the defenders of party control includes many middle-level cadres who resent their loss of power under reform, or believe that relaxing party control will lead to instability. They

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*Figure 2. Peng Zhen (right foreground) inspecting an enterprise in south China. Peng used his trip to project a moderate image and garner reformist support.* [redacted]



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also have some backing within the military; one US academic estimates that many commanders at the division through army level are distrustful of reformist moves to reduce the party's role in the military, believing that a healthy dose of indoctrination is necessary to inspire the soldiers—who cannot easily reap the benefits of economic growth. Yu Qiuli's statement that, in the PLA, the anti-bourgeois-liberalization drive would not be confined to party members, directly contravening limits Zhao Ziyang had drawn, exemplifies this attitude. We believe some military leaders may also resent reformist moves to pare down the Army's political influence. [redacted]

**Ideologues**

A third conservative group consists of those who appeal primarily to Marxist-Leninist orthodoxy as a standard for policy. Other conservatives stress ideological purity, of course, but this group distinguishes itself by attacking reform policies solely on theoretical grounds. It is, in our view, the group least sympathetic to the pragmatism of the reformers and probably most

intolerant of intellectual experimentation. Its stronghold is the party propaganda apparatus, but it also draws adherents from intellectuals, mostly of the older generation, who have followed an orthodox line in their work and complain that reformers have pushed them aside and denied them an audience. [redacted]

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Although they have had recent successes in making party propaganda conform more closely to their views, the ideologues, in our judgment, have less direct effect on policymaking across the board than other conservative groupings. However, they have been in many ways the most persistent and troublesome critics of the reform program. Their ability to snipe at reforms as heretical reflects the weakness of the reform platform; reformers justify their policies through results, but the lack of ideological legitimacy leaves them vulnerable to attack, especially when their policies falter as they did in 1985 and 1986. [redacted]

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Chief spokesmen for the ideologues are Politburo member *Hu Qiaomu*, 75, and Secretariat member *Deng Liqun*, 72. Both are longtime propaganda specialists and orthodox theorists; both were active in the "spiritual pollution campaign" of 1983-84 that, like this year's anti-bourgeois-liberalization campaign, attacked foreign influence in China and targeted many reformist intellectuals. Although they have parted company with Deng Xiaoping in recent years, Deng Liqun and Hu Qiaomu supported him in earlier ideological battles when he was consolidating his power. Hu, as a Politburo member, outranks Secretariat member Deng, but Deng has been much more visible and active since Hu Yaobang's resignation, entitling him, we believe, to be considered the chief figure in this group today. [redacted]

Hu, Deng, and their allies have pushed hard to capitalize on their opportunity. Hu Qiaomu, according to one story in the Hong Kong press, criticized Zhao Ziyang for "not knowing what politics is about and acting like a money-minded merchant." In April, Deng Liqun organized a conference of conservative ideologues to produce 500 essays plugging the conservative line. The ideologues have been successful in removing reformist-minded figures and replacing them with their choices in key posts such as that of director of the Propaganda Department. [redacted]

They also increased conservative influence over the arts, literature, and the media in the weeks after Hu's fall. In one province, 39 publications were shut down during the anti-bourgeois-liberalization movement. According to US Consulate reporting, artists and writers have adopted self-censorship under conservative scrutiny. Helped by those seeking a way to instill discipline in the students, the ideologues have boosted the amount of political indoctrination required in universities. [redacted]

There are some signs, however, that the ideologues have overreached, as they did during the 1983-84 "spiritual pollution" campaign. According to well-connected Hong Kong political journals, both Zhao and Deng Xiaoping have recently criticized Deng Liqun by name, and since May the press has begun to carry articles exploring reform ideas again. Moreover, the orthodox theorists have been frustrated by their

inability to attract able intellectuals. Credible press accounts claim Deng Liqun's April conference fizzled when only a handful of the essays met minimum standards. Nonetheless, the ideologues remain powerful; their arguments may be unappealing to a majority of intellectuals, but we believe their message appeals to many poorly educated, run-of-the-mill officials who feel threatened by reform. [redacted]

#### How They Exercise Influence

The conservative leaders have several methods they use to influence policy or to try to block or modify reform initiatives:

- In our opinion, probably their most effective tactic is to lobby Deng Xiaoping. Historically, they have been able to change Deng's mind by persuading him that party control is threatened or that a given reform policy carries an unacceptable risk to political stability. Deng, we believe, sympathizes with the conservatives on these issues. The reaction to the student demonstrations is an example of the effectiveness of this tactic.
- Similarly, conservatives have been adept at pointing out legitimate problems, leading to reformist retreat from some policies. We believe conservative complaints about a drop in grain production and declining acreage committed to growing grain were in part responsible for moves last year to tighten up rules on grain contracts and to tie certain inputs to grain production.
- Conservatives have had some success in manipulating press and propaganda channels to voice their complaints and stir up opposition, although their ability to do this has varied considerably with the balance of power. After Hu Yaobang's fall, the official press took a marked turn toward the conservative, and even reformist leaders were mouthing conservative slogans.
- Conservatives have built up extensive networks of supporters and proteges within the bureaucracies that they can tap to frustrate reforms. A particularly effective ploy is to appeal to groups that stand to

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lose authority and privileges, or gain unwelcome new duties and responsibilities, under reform. One weapon we believe the conservatives used to delay introducing a bankruptcy law this year was the protests of factory managers who felt threatened by the measure.

- At the highest levels of leadership, conservatives can work to affect swing votes—that is, those who favor some reforms but oppose others or who want to proceed more slowly. For instance, Yang Shangkun has supported many of Deng's military and economic reform policies, but we believe he is conservative on party control issues. Other conservative leaders can use such classic political strategies as logrolling to get Yang's support on issues where his own interests are not deeply enough engaged to lead him to argue against proposed reforms.

#### The Conservative Agenda for the 13th Party Congress

We believe that many of the conservatives see the 13th Party Congress, slated for October, as their last chance to put their stamp on policy. From the summer preparatory meetings right up to the Congress, reformers and conservatives almost certainly will maneuver to influence the decisions of congress. To strengthen their position, the conservatives realize they must install more of their own choices in key positions. At the same time, both sides will be trying to shape the document now being prepared that is intended to be the policy blueprint for the next several years. There are a number of areas where the conservatives would, in our view, like to reverse or modify policy.

#### Economic Policy

Although conservatives are not uniformly hostile to Deng's economic program, they nevertheless demonstrate a consistently clear preference for administrative controls over a more freewheeling, market approach:

- *Plan versus market.* If conservatives have their way, further moves toward a market economy would be curtailed. Fewer items would be released from Central planning and price reform would be reconstrued to mean revising, but not doing away with,

state-set price schedules for a number of goods. Many production decisions, especially in key heavy industries, would continue to be administratively determined.

- *Agriculture and rural industry.* Conservatives such as Chen Yun and Bo Yibo support China's rural responsibility system but want to implement tighter controls over some aspects of agricultural production, particularly of grain, and restrain the rapid growth of rural industry and rural credit. They would do more than the reformers have to control growing income disparities between rich and poor peasants and between the city and countryside. We believe conservatives would more actively search for ways to mandate peasant investment in production.
- *Enterprise management reform.* Conservatives object to the sweeping management reforms aimed at giving managers more autonomy and more responsibility for their factory's performance. They fear that these measures would undermine the power of the party organizations in factories; they are also concerned at the probable loss of central control over the economy if factory management becomes too independent.
- *Ownership reform.* Some reform thinkers have proposed major changes in China's ownership system that, in some cases, would amount to de facto privatization of important sectors of the economy as state enterprises are leased to individuals. Conservatives believe that these changes are ideologically unsound and, as with many other reforms, undermine central authority.
- *Foreign borrowing.* Although they recognize the need to finance development, especially technology purchases, through borrowing, conservatives are very cautious about borrowing from abroad. If they are able to gain sufficient influence, we expect a reduction in China's willingness to incur foreign debt, and increased pressure to obtain government-to-government concessionary financing.

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- *Banking reform.* Conservatives generally have not objected to reforms aimed at strengthening China's central bank. They probably believe banking reforms that make credit levels more responsive to monetary tools and administrative dictates are compatible with central planning—and are an improvement over past policies that allowed low-level officials to use banks as private treasuries for local construction projects. We believe conservatives have qualms, however, about other financial reforms, particularly experiments aimed at developing stock and bond markets.

### **Propaganda, Ideology, and Education**

Conservatives, led by Deng Liqun and Hu Qiaomu but probably with the support of elders such as Wang Zhen, will argue for a strong conservative slant to the congress document that they can use to hamper reform initiatives. We doubt they will try to enshrine specific proposals in the document; instead, they will concentrate on winning personnel battles, then rely on their proteges to achieve their specific objectives, which include:

- Restricting the number of nonparty publications and carefully monitoring their content.
- Increasing required political study sessions in the workplace and, especially, the schools.
- Instituting formal political requirements where reformers have been moving to abolish them, notably for college admissions and study abroad.
- Tightening the reins on artists and writers and reducing or eliminating works that contain social criticism, that satirize the party, that are negativist—that imply serious flaws in socialist society—or that are pornographic under the extremely narrow conservative definition.
- Discouraging investigative reporting and exposes in the press—both of which have flourished under the reformers—on the grounds that these undermine the people's faith in the party.

### **Political Reform**

Political structural reform—never clearly defined—is basically a Dengist slogan, shorthand for reducing the party role in economic activity and day-to-day government administration. Used by some of the more radical reformists to justify last year's airing of such heterodox ideas as a multiparty system for China, the slogan was eclipsed temporarily. Deng has resurrected it; his definition is fairly narrow, we believe, encompassing largely administrative measures to increase accountability and efficiency and broaden support for reform. However, conservative leaders would construe political reform even more narrowly. For example, conservatives would probably agree that the party secretary in a factory should not make decisions on product mix but would argue he must preserve his role in such areas as hiring and firing, a power reformers would take away. Conservatives, moreover, would probably interpret the party secretary's remaining authority broadly. For instance, conservatives might press for the party secretary to have a say in a decision that would change a factory's product mix to include more expensive, and fewer low-quality but cheap, items on the grounds that such a change would hurt poorer members of society.

### **Policy Toward the Military**

We believe there is broad consensus among the various groups that the military's first priority should be professionalism, not politics, and that the military must accept a reduced budget share so scarce resources can be devoted to economic modernization. Nonetheless, there are some important points where conservatives depart from reformers:

- Conservatives would probably pay more attention to the views of senior soldier-politicians holding top party posts, thereby according the military a greater voice in policymaking than reformers favor. Many prominent conservatives are also military leaders, and the military is an important reservoir of conservative sympathies; conservative leaders need the military's support and therefore, we believe, might accept a broader policy role for top military leaders.

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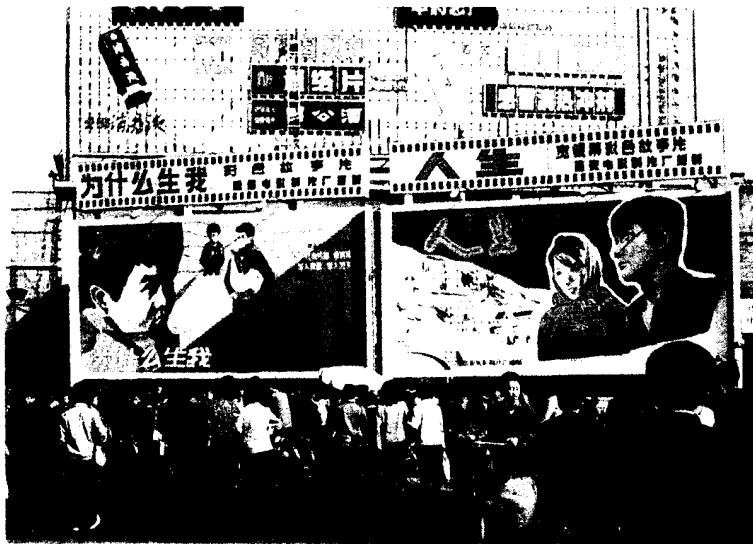


Figure 3. Contrasting images: Marxist icons and signs of a new age. Leftist ideologues fear an onslaught of "spiritual pollution."

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- Conservative preferences for distance from the West and self-reliance might translate into less contact between the Chinese military and its foreign counterparts and more effort to build up the Army's technological base with domestically produced weapons. However, this would put the conservatives at odds with those in the PLA who want greater access to Western technology to hasten modernization.

**Weaknesses**

Until Hu's fall, the conservatives went from one setback to the next, betraying some fundamental weaknesses. We believe that despite recent successes these weaknesses remain, and that the conservatives, though they will probably continue to disrupt the implementation of reform, cannot overturn the reform program.

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**Lack of Cohesiveness**

The leading members of the conservative coalition have failed to find a way to work together over an extended period. At best, they have united briefly to counter a common threat or to pursue a specific goal—they can often agree on what they do not want and work to get rid of it (or him)—only to fall out over what to do next. [redacted]

The chief cause of this tendency to fragment is, in our judgment, the lack of a single strong leader. Within the conservative camp there is no supreme power broker, no trusted arbiter of disputes and setter of policy directions. There is no one who combines the stature, connections, vision, and energy of Deng Xiaoping. Chen Yun has wide respect, but his active support is confined largely to certain economic figures, and in any case his health is probably too poor. Similarly, Peng Zhen has support only from some sectors. Peng Zhen is also personally unpopular with many of the powerful elders, [redacted]

[redacted] Peng seems a pure political player with little overarching vision, and the senior leaders may be distrustful of his ambitions and motives. [redacted]

The group is characterized by fractiousness. According to a Hong Kong press report, for example, conservative leaders Wang Zhen and Bo Yibo recently fell out over the selection of delegates to the 13th Congress. In 1985, [redacted] an effort by three of the most influential party elders—Chen, Peng, and President Li Xiannian—to reverse certain economic reforms fell apart when Peng and Chen quarreled over a relatively low-level patronage appointment. Personal jealousies can also weaken the conservative alliance. For instance, [redacted]

[redacted] Peng once accused Li of selling out his principles for a seat on the Politburo Standing Committee—a post Peng himself has long coveted. [redacted]

**Tired Policies**

The conservative coalition has little to offer as an alternative to reformist ideas. Its methods—central planning and motivation by exhortation—are seen as bankrupt by many Chinese, and its policies tend to be reactive and negative. We believe there is considerable disillusionment and even popular disgust with

much of the conservative program. At the outset of the recent anti-bourgeois-liberalization campaign, one party newspaper editor told a US official, “The people hate this stuff. I hate this stuff.” Such sentiments from a party journalist suggest to us that opposition to conservative beliefs and policies is strong. [redacted]

**The Age Factor**

Another factor working against the conservatives is age—most of their leaders are in their seventies and eighties. Many are in ill health, which cuts down on their ability to play an active political role. We can identify a few younger figures who could emerge as leaders of this group (see foldout), but generally the younger leaders who are ready to move up are identified with the reform wing. Conservative leaders may not have time, even were they to accumulate sufficient clout, to install a generation to follow them. The point is not lost on their reformist opponents, who have worked hard to control appointments and shut out challengers. We believe the reformers’ earlier success in this area means conservatives must play catch-up to identify, promote, and protect their choices. [redacted]

**The Future of “Conservatism” in Chinese Politics**

It would be rash to predict winners and losers in the struggle between reformists and conservatives. Reforms could founder for a number of reasons apart from conservative opposition—several years of bad weather, a severe international economic downturn, splintering of the reform camp—and the course of politics for at least the next few years will be determined partly by the order in which the elders die. [redacted]

We believe, however, that conflict between the two wings of the party will probably be a long-term feature of Chinese politics. Conservative misgivings about reform reflect fundamental tensions in the society. Nearly 40 years of Communist rule have shaped expectations and attitudes that reform seeks to change—guaranteed employment, egalitarian distribution of wealth, strict social discipline. Aspects of

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this socialist legacy resonate with Chinese tradition, so that reformers are trying both to modernize a poor, traditional society and to remake Chinese socialism. Conservatives speak for those frightened by the political and social strains or those skeptical of the benefits of reform.

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Therefore, even after the present generation of party elders dies, we believe conservatism will remain a powerful political force. Its character is likely to change, becoming less ideological and more concerned with defending narrow party and policy interests. We expect, though, that future conservative leaders will continue to use Marxism-Leninism to cloak their arguments and embarrass reformers. Reformers, for their part, will be forced to accommodate conservatives, not only because some will be personally influential but also because they represent concerns and constituencies too powerful to ignore or override.

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# CHINA

## A Gallery of Conservative Leaders

### Chen Yun

Poliburo Standing Committee member; First Secretary of the Central Discipline Inspection Commission. 82. Chen sided with Deng in the political struggles after Mao's death, but his cooperation was short-lived as Chen... differ with Deng over reform. In 1979, Deng and Chen split over the issue of whether to initiate economic readjustment—concentrate on restoring economic stability by balancing the budget, eliminating the trade deficit, and controlling capital construction—or reform. Chen was one of those leaders, along with Peng Zhen and Li Xiangshan, who mounted a strong attack against Zhao Ziyang and Deng in the spring of 1985, attacking reform as responsible for economic problems and growing corruption.

Chen became a Poliburo member in the 1930s, which makes him the senior Communist cadre in China. He and Deng Xiaoping were both vice premiers under Zhou Enlai in the 1950s and 1960s, but did not appear to be close. Chen argued against Mao Zedong's Great Leap Forward in 1958, this plus his identification as pro-Soviet led to his political eclipse in the 1960s even before the Cultural Revolution, but he is respected today as one of the few who tried to oppose Mao on the Great Leap. Chen has been a powerful opponent of reform, but we believe his health is very poor now and he is not able to take an active role in the political infighting.

### Yang Shangkun

Poliburo member; Executive Vice Chairman of the party's Military Affairs Commission. 80. Yang has been identified with Deng Xiaoping for at least 30 years, but he also has ties to a number of conservative leaders. He has supported Deng's military reform, but... value on issues of party and social control. Yang is thus a swing vote, one who has Deng's trust but on occasion sides with his opponents. Deng probably intended Yang's visit to the United States in May to enhance Yang's status for the larger leadership role he has played since Hu's fall.

Yang studied in Moscow from 1927 to 1930. Upon returning to China, he served in a number of party posts, served in the propaganda area. In 1933 he assumed the first of several military posts; Yang's military career was mainly in the judicial department, but during this period political officers often took an active part in military decisions. From 1937 to 1940, he was secretary of the party's North China Bureau, where he worked with Peng Zhen and Su Yibo. After 1940, Yang held a series of party posts until he was purged in 1960; he was accused of "tagging" Mao's speeches and passing information to the Soviets. After he came back in 1978, he was the second-ranking leader in Guangdong Province, which Zhao Ziyang had previously headed, although he was not there when Zhao was, he worked closely with several Zhao proteges. He may be a link between Zhao and the Army.

### Bu Yibo

Executive Vice Chairman, Central Advisory Commission and Chairman for Party Rectification. 80. Bu Yibo is a protégé of Chen Yun's and, given Chen's health, may have replaced him as China's senior conservative economist. Bu is from the same province as Peng Zhen, but the two have not worked together extensively. Although Bu served in Army units under Deng Xiaoping's command from 1938 to 1947, the two do not seem to have close ties.

retired and active conservative leader, was a key player in Hu Yaobang's ouster. He was reportedly appointed early in 1986 to a committee to draw up laws for the 13th Party Congress, concentrating on personnel matters. In May, Bu began reviewing reformist sentiments, and may have been either bought off or coerced into changing.

As Executive Vice Chairman of the Advisory Commission, Bu has taken good care of retired cadres, helping them preserve some influence and perquisites. According to consultants reporting, he acts as a liaison between them and the active leadership, seeing to it that their views are heard. Bu, armed with the support of both

### Song Renqiong

Vice Chairman, Central Advisory Commission. 76. Song is a PLA general, and was one of the military figures retired from the Poliburo in 1985. He headed the party's Organization Department—the personnel department—from 1979 to 1983. Song was one of Deng's subordinates for many years, before and after 1949. After he was removed from the Organization Department, he had a far less visible political role. However, when Hu was forced out, Song emerged as one of Hu's strong critics and since then has enjoyed considerable influence. According to Hong Kong press accounts, he was one of the leaders involved in making personnel decisions for the 13th Party Congress.

### Yu Qiuli

Director of the PLA's General Political Department; Poliburo and Secretariat member. 73. Yu helped bring the General Political Department under control when, in 1982, some of its members sponsored attacks on reform in the military press and Yu replaced its then director. There has been speculation in the foreign press that Yu is angling to replace Yang Shangkun as number-two man on the Military Affairs Commission if Yang moves up. Yu supports military modernization and most of Deng's program for PLA reform, we believe, but he has resisted curbing the role of party introduction in the Army, in a speech in Poliburo, he specifically attacked the Army from some of Zhao Ziyang's proposed limits on the anti-bourgeois-liberalization campaign. Yu also clashed with reformers in 1979-80.

### Deng Lihou

Secretary member. 72. Deng's career is similar to that of Hu Qiaomu, with whom he is closely associated. He tried to organize a conservative push to oppose reformist initiatives, but it appears to have fizzled.

Deng Lihou has parted company with the reformers for many of the same reasons as his associate Hu Qiaomu. According to Hong Kong press accounts, Deng was a virulent foe of Hu Yaobang. He is also, in our view, even more militantly against tolerance for dissent and



Poliburo member; Chairman, National People's Congress Standing Committee. 88. Peng is perhaps Deng's most determined and formidable opponent. Despite his advanced age, he remains healthy and vigorous. Peng has a long career in party work and in political and legal affairs. Like Chen, he worked with Deng from 1955 to 1965, when Deng headed the party Secretariat and Peng was its ranking member. He was major and party chief of Beijing until being purged in the Cultural Revolution; in fact, Peng was one of the first victims of the Cultural Revolution and one of the last brought back after it ended. We believe Peng and Deng have been rivals since the 1950s at least, and the rivalry seems as intense as ever. According to Hong Kong press accounts, Peng expected to get promoted to the Poliburo Standing

Committee at the 12th Party Congress in 1982, but Deng blocked his efforts, leaving Peng could use the greater status and influence to obstruct reform. Peng has used his connections in the security services to gather information to discredit reform policies, we believe. Last year, he was temporarily sidelined by the reformist onslaught against corruption—which involved some of his family members—but... He was a prime mover in Hu Yaobang's ouster. He has been very active since Hu's fall, traveling widely and addressing a broader range of issues than before. He even praised—and took credit for—some reform policies, in a bid, we believe, to garner reformist support. Although Peng is unpopular within the party's top echelon, he will be an important player in the pre-Congress meetings.

Ranking Vice Chairman, Central Advisory Commission. 79. Once a Deng ally, Wang became increasingly critical of the reform process, and especially of what he viewed as its impact on ideology and party work after 1982. In spite of their differences, Wang appears to be one of the party elders who is closest to Deng personally. It was Wang who asked Mao to rehabilitate Deng in 1973. Wang also maintains close ties to many military leaders and old revolutionaries. His report with a broad range of leaders may give him to act as mediator in leadership disputes.

mid-1970s he has been an important figure in both the government and party. Wang supported the "spiritual pollution" campaign in 1983-84, and reportedly backed ideologue Deng Liou's attempt to expand the campaign. Wang retired, we believe eventually, in September 1985, when many military leaders were eased off the Poliburo. He was a harsh critic of Hu Yaobang before Hu was ousted.

President, Poliburo Standing Committee member. 75. A survivor of the Cultural Revolution, Li has built up extensive influence in the economy, especially in finance and economics. He served under Zhou Enlai as vice premier along with Peng Zhen, and also worked with Deng on the Secretariat from 1958 to 1960. Li does not seem to be particularly close to Deng, in spite of their former professional associations, but he likes many other conservative leaders—especially Deng after the "Gang of Four" after Mao died. Li desires conservative prestige from his long association with Zhou Enlai—he was one of Zhou's most trusted lieutenants during the Cultural Revolution.

Li was a leader of the so-called petroleum faction that dominated economic policy in the late 1970s; one of his proteges is Yu Qiuli, another petroleum faction ally and currently director of the PLA's General Political Department. However, Li has had disputes with other top conservative leaders—in 1979, Chen Yun wrestled economic control from Li's group, and for some years the two were not allies. After 1982, the two men cooperated to stem Deng's reforms, although the alliance has been uneasy one, we believe. Li was Shanghai when Hu Yaobang was ousted. We believe he supported Hu's return but not the manner in which it was done.

Vice Premier, Poliburo member. 70. Yao is another Chen Yun protégé, and also has ties to Bu Yibo. He is the senior vice premier and has been an effective voice for conservative economic policies. Yao has supported an economic based on strong central planning with a subsidiary role for market forces. However, he was an early advocate of the policy of opening China to the outside. Head of the State Planning Commission from 1980 to 1983, Yao has recently reassumed control of that body. We count this a victory for conservatives because, by putting a Poliburo member in charge, Beijing has upgraded the status of this conservative bureaucracy.

He has been a constant thorn in liberalization in the intellectual sphere, however, and he has gradually become opposed to many reform policies as a result. He was one of the architects of the 1983-84 "spiritual pollution" campaign, and used it to attack leading reformers—including Hu Yaobang. He also was cited by one Chinese official as one of the leaders who is skeptical about the value of China's close relations with the United States.

Poliburo member. 75. He has been a propaganda cadre throughout most of his long career. He was once one of Deng's strongest supporters. In 1975, he was head of the party's Policy Research office, which was used by Deng as his personal think tank. When Deng was attacked and dismissed in 1976, He was accused of having covertly assisted Deng in drawing up plans for economic reorganization. He eventually criticized both himself and Deng.

He has been a proponent of the conservative party assessment on Mao Zedong in 1987. He also headed the committee that wrote the 1982 party Constitution.

Poliburo member. 75. Li is a Soviet-trained engineer, is the conservatives' choice to succeed Zhao Ziyang as Premier. Although he has never openly challenged reform policies, Li favors a greater degree of central planning. Li has broad policy responsibilities that include electric and nuclear power, electronics, and education. Chen Yun reportedly appointed his son-in-law to Minister of Power Industry in 1981, a position he held until the Ministry was merged with the Water Conservancy Ministry, where he served as Vice Minister. Since 1985, Li has headed the State Education Commission, which since Hu Yaobang's ouster has moved somewhat from the reformist emphasis on academic excellence toward policies

emphasizing the pedagogic value of common labor. Li is wary of Western influence and may favor improving ties to the Soviet Union.

### Lesser Lights

The following list includes leaders and intellectuals whom we identify as having conservative leanings. Most are relatively young, but a few older men are included because they hold important posts.

- Wang Renzhi, 64, Director, Propaganda Department
- He Jinghui, 63, Deputy Director, Propaganda Department
- Mao Zhong, 58, Party Secretary, Hunan Province

- Xu Weicheng, Deputy Party Secretary, Beijing Department
- Wu Wei, 67, Director of Beijing Military Department Cultural Office
- Xing Fu, 71, former editor in chief, Red Flag (the party theoretical journal)

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