

Power struggle in China: the myth of 'the new stability'

by Daniel Sneider

The terrorist bomb that went off in the main railway station of China's capital city Peking two weeks ago is only an echo of the political turmoil now rumbling inside China's leadership. Western observers of China have for the most part ignored the clear sign of trouble inside China, preferring to echo the myth now promoted by the current strongmen in China that after prolonged chaos, the country has now entered an era of "stability and unity," to use a current Chinese phrase.

The mythmakers in Peking and their admirers in the West have a good reason to promote the image of a stable China entering on a "pragmatic" modernization. The reason, simply put, is the active alliance between the dominant factions of the Chinese leadership and the Anglo-American alliance of the United States and Britain. The "China card" policy—and its converse, the "America card" policy of Peking—depend upon the ability of the Peking leadership to make this myth a reality.

The key man for the China card circles is the emergent strongman of China, Communist Party Vice-Chairman Deng Xiaoping (Teng Hsiao-ping). Deng is the architect of the "pragmatic" economic liberalization policies and the pro-Western orientation which is now being hailed in the Western media. More importantly, he is the direct political heir of the outlook, policies, and factional base of the late Chinese Premier Chou En-lai, the second-ranking Chinese Communist after the late Chairman Mao Tse-tung.

Chou's reputation as a moderate, urbane and sophisticated Chinese statesman who was the author of the alliance with the U.S., is well circulated in Western circles. Less well known is his role in Chinese politics as the "grey eminence" who stood behind the often mad emperor Mao, ruthlessly manipulating political battles and managing always to emerge on top. Deng is the heir of both Chou's "America card" policy of grand manipulation of the United States for the ends of Chinese foreign policy, and of his ruthless political factioneering.



Photo: Wide World

In the foreground, September 1976: Chairman Hua Guofeng, Wang Hongwen, Ye Jianying, and Jiang Qing (Madame Mao). Directly behind Hua is Zhang Chunqiao. Wang, Zhang and Madame Mao, as Gang of Four members, were arrested shortly after this photograph was taken.

Under Chou's protection, Deng emerged from the political wilderness in the early 1970s after being purged during the wild days of the "Great Proletarian Cultural Revolution," only to be purged again in the months after Chou's death in January 1976 by the radical Maoists. He fought his way back into power the next year and has spent the last four years consolidating his power base in the Chinese hierarchy, purging his opponents one by one and gathering his strength for a final bid for total power.

The Dengist bid for power rests on the myth of stability, and implicitly, on the axis with the Anglo-American powers. At this moment in China, crucial events are unfolding that will determine the extent of Deng's success.

The *Executive Intelligence Review* presents in this Special Report the true story behind those events, the facts demonstrating that the myth will fail and that the reality of China is not a future of stability and unity but of broad-scale instability and increasing tension within the leading circles of the Chinese leadership. With a new administration in Washington, one that will perhaps be less enamored of the aura of imperial China, it is all the more urgent that the reality of China be understood.

This reports deals with the immediate events in China, the nature of the Deng group and its bid for power, and examines closely the cracks in China's basic foundation that will determine the future course of events. It is the first of many such reports to come, the product of *EIR's* intelligence reading of China, generally unavailable in the West.

In this section

This report on China has been prepared by our Asia Editor, Daniel Sneider, with the assistance of our China desk specialist, Gregory Buhyoff, and in consultation with professional "China-watchers" with long experience in the field.

- I. **Power struggle in China: the myth of 'the new stability'**
- II. **China's new leadership**
- III. **The return of the Chou-Deng group**
- IV. **The CCP: a facade of discipline**
- V. **The PLA: a restive element**
- VI. **Security apparatus: discredited and dysfunctional**

We have bowed, out of necessity but not preference, to the system for phonetization of Chinese currently in use in the People's Republic of China, the Pinyin system. We have done this with a few exceptions of persons and places that are well known to the average reader in the previously used Wade-Giles system, such as Peking rather than Beijing, and Mao Tse-tung rather than Mao Zedong. We have also provided, for reference, the Wade-Giles spelling in parentheses for most of the persons referred to in the text.

The chronology of Deng's last comeback begins in 1977, but it is over the course of this past year that the Dengists have felt strong enough to "go for broke." Deng and his allies are in the midst of a three-act Chinese opera whose finale is intended to seal their power position.

Deng's scenario: an opera in three acts

The first act of this opera is already completed—it took place in the first part of September at the meeting of the National People's Congress (NPC), the Chinese equivalent of a parliament (or Supreme Soviet, to use the Soviet parallel). At the NPC meeting the leading personalities of the government apparatus were massively shuffled, starting at the top with the resignation of Deng opponent Hua Guofeng from the post of premier and his replacement with a man close to Deng. At the same congress, the new policies of the Dengists were promulgated as state policy.

The second act of the opera is to be the trial of Madame Mao (Jiang Qing) and her three radical Maoist associates—the Gang of Four—along with six others linked to the late army leader and one-time chosen successor to Mao, Lin Biao. The trial of these 10, on charges ranging from plotting coups to attempted assassination of Mao, is a major political event. It is intended to set the stage for the purge of "the followers of the Gang of Four and Lin Biao" and to officially stamp the period in Chinese history from the start of the Great Proletarian Cultural Revolution in 1966 up to the arrest of the Gang of Four in 1976 as a grand deviation from the true path of the Chinese Revolution.

The third act of the opera, the finale, is to be the Twelfth Congress of the Chinese Communist Party (preceded by a Central Committee plenum) which will approve an official document stating the party line on Mao Tse-tung, his "mistakes" and his "contributions" defined, they hope, for all time. Also on the agenda will no doubt be a full shake-up of the present membership of the Central Committee, the leading body of the party, and of its leadership bodies, completing the Dengist takeover. This could include the ouster of Hua Guofeng from his last position as party chairman.

Each act has its own particular purpose and its own perils. We shall now take a closer look at them.

The NPC: 'market socialism'

The September National People's Congress was a stage for the promotion of the Dengist "pragmatic" economic and governmental policies. The centerpiece was a new doctrine of "market socialism," which promises to decentralize economic decision-making and the planning process and attacks overall bureaucratic centralization of government. This includes everything from private-plot agriculture to a profit criterion for individual factory operation to joint ventures with for-

eign capital financing the enterprises.

Alongside this Chinese "New Deal" is a promise of government responsiveness to the needs of the population, an end to overbearing, privilege-taking bureaucrats. For peasants there is the promise of more personal income; for workers, material work incentives; for intellectuals, a social standing above their previous lowly status in the Maoist caste system; and for the population in general, a higher standard of living with more consumer goods available.

The man elevated to the premiership, Zhao Ziyang, is credited with having successfully tried out this system in Deng's home province of Sichuan, where he was party boss. The Dengists have essentially staked their own political future on their ability to "deliver the goods" to the Chinese masses, whose desire for material gain rather than Maoist sloganeering has now been elevated to the level of state policy.

The slogan of this Chinese "New Deal" is "The Four Modernizations"—of industry, agriculture, science and technology, and military defense. While the content of this slogan is apparently different from the exhortations of "spirit" involved in the infamous economic disaster known as the Great Leap Forward (now condemned as an error) and subsequent versions of the same, it is uncertain whether, for the great majority of China's one billion people, this campaign appears any different from the rest. The difference, perhaps, is the consequence of failure this time around. This may be the last time the Chinese people will seriously tolerate another millenarian image of the distant golden future offered if they will only follow the Communist Chinese leadership. The reported levels of skepticism and cynicism already prevailing certainly call into question how much the Four Modernizations are really believed to be attainable by the population.

Beneath the rhetoric of "market socialism," there was a more serious reality presented at the NPC: the state of crisis prevailing in the Chinese economy. The crisis is characterized by slowing rates of agricultural and industrial growth, reported large budget deficits, and a stagnant and even declining level of energy production, including petroleum output. This entails serious shortages of capital, particularly of foreign-exchange liquidity with which to purchase needed foreign technology.

The economic and financial reports delivered at the NPC presented this situation fairly openly. It was announced that the Ten-Year Plan previously announced in 1978 was being scrapped and a new plan drawn up. The key shift involves the scrapping of a grand industrialization program included in the previous plan, consisting in part of 120 major industrial projects, many of which were to include foreign technology and participation. Many foreign companies with visions of the "great China market" found this out



Chou En-lai (left) with Deng Xiaoping.

much earlier, when project negotiations were suddenly halted and plans shelved indefinitely.

The new Dengist economic policy attacks these heavy industrial plans as wasteful and unnecessary, and in some cases, as the products of mismanagement and poor planning, or of alleged bureaucratic cliques. The Deng policy calls instead for emphasis on agriculture and light industry, with the latter to emphasize investment in labor-intensive, export-oriented goods like textiles, which can bring a quick return in foreign exchange earnings. Several provinces in southern China, bordering Hong Kong and Macao, have been opened up as free trade zones where Overseas Chinese and others are offered incentives, including extremely cheap labor, to move their sweatshops into China as “joint ventures.” They supply the machinery, the markets, and in some cases the management; Peking supplies the labor.

All this is discussed in articles on economic “theory” in Peking publications as a switch from emphasis on “accumulation,” i.e., large-scale capital investment, to “consumption” for the population. While the Deng policy has been hailed in the West as a Yugoslav—or shall we say Polish—transformation of China, or even the rebirth of capitalism, it is more accurate to see the policy as a desperate, “pragmatic” response to economic collapse and even chaos under political conditions where the Dengists must try to feed the masses, particularly the huge majority of peasants, and provide some evidence that a better era has arrived in China.

In classical terms, Deng’s policy is a new Bukharinite policy (Bukharin was the Soviet leader purged by

I knew him since France where we were together and I regarded him as my elder brother. We joined the revolution almost at the same time . . . he could exercise his influence as moderator and act as a pillow cushion which softens the blows. Many losses could be avoided thanks to Chou En-lai, many people could be spared thanks to his role.

*Deng Xiaoping, August 1980
interview in the Washington Post*

Stalin in the 1930s) in which industrial investment is downplayed in favor of pro-rural, pro-rich-peasant economics. Ironically, this is entirely consistent with Mao’s policy of maintaining China’s backward peasantry as the social and political base of the regime.

The political implications of the NPC policy moves were displayed during the meeting by the sacking of the petroleum minister—for mismanagement—and by attacks on other senior leaders associated with the previous industrially oriented policy. Also key was the announced cut in the defense budget—a cut whose actual precise effect on the military is difficult to determine, but which certainly increased disgruntlement among senior military leaders who understand that without massive investment in the capital-goods sector of industry, there can be no serious modernization of China’s antiquated military hardware. The army has been told to wait for the fruits of the Deng policy’s success—the failure of that policy will then also have its fruits for Deng. Both the People’s Liberation Army (PLA) and important segments of the state industry sectors have good reason to be opposed to Deng’s “New Deal.”

The trial of the recalcitrant Madame Mao

Sometime in mid-November, according to current reports from Peking, the next act will begin—the trial of the Gang of Four and the Lin Piao group (see list of defendants elsewhere in this report). The trial has been delayed several times since it was first announced late

this summer. The principal reason cited by observers for the delay is the refusal of Madame Mao to recant and confess her crimes before the tribunal.

This refusal has more serious implications than creating a messy situation during what the Dengists obviously hope will be a grand show trial witnessed by the Chinese masses. The trial itself is aimed at placing blame for the evil madness of the past, particularly the Cultural Revolution period, at the doorstep of the Gang of Four and Lin Piao, thus absolving Mao of any fundamental blame for it. Mao will be portrayed as having made mistakes, true, and of having been manipulated and even controlled in his later years (when he was, they will say, ill and senile) by these “criminals.” But the Dengists, and Deng himself, in a August 1980 interview with a Western journalist, have made it clear that they will not carry out their campaign to the extent of Khrushchev’s anti-Stalin campaign.

Deng cannot do this, nor can any other of the Chinese leadership, for the obvious reason that they themselves derive their legitimacy from Mao and from Maoism—there is no “Lenin” to reach back to as a “true authority.” At the same time they must try to convince a cynical Chinese population—one that knows full well Mao’s responsibility for the murderous chaos China has gone through for more than 20 years—that the blame can be laid elsewhere. The Dengists have now rehabilitated every leading Chinese figure—many of them posthumously—who was purged by Mao since the mid-1950s. How then can the credibility of the deity be maintained?

This trial is, after all, five years in the making. It was delayed for at least two years by the refusal of elements close to Chairman Hua, including the security boss and party leader responsible for their arrest, to actively pursue prosecution. This refusal reflects the fact that when these people go on trial, along with others being tried in absentia, there will be tens of thousands of others in the Communist Party who will be on trial with them, both figuratively and literally. The trial is the entry point for a Dengist purge of the supporters of the radical Maoists and others who are points of resistance to Deng.

Under these circumstances Deng and his associates cannot welcome the defense which Madame Mao is reportedly going to make: a spirited claim that her actions and those of her associates were performed on the orders of Mao, and even of Chairman Hua, and that any crime she is charged with was in fact carrying out Mao’s political line. The Dengists have gone to great pains to say that only “crimes” will be tried, under the new Chinese legal system, and not political mistakes, precisely for the reason that they wish to finesse the question of Mao’s role.

The trial will be witnessed by a selected group of 800 Chinese, plus the court tribunal, and it has been report-

ed in pro-Peking Hong Kong papers that some of it will even be televised. Foreign correspondents will not be allowed in the courtroom, but given the circumstances it is hard to see how this much-watched event will be significantly concealed from scrutiny. Hence it represents an acute test of strength for Deng.

One aspect of this trial, though, is perhaps its most intriguing—that is the mixing together of the radical Maoists of the Gang of Four with the close military associates of the late Marshall Lin Piao. On the surface, the linkage is that both groups were leading elements in the conduct of the Cultural Revolution, and both have been classed by the current Peking leadership as “ultra-leftists” responsible for the insanity of the past.

However, it is well understood, certainly within China, that the radical Maoists and the Lin Piao group had little in common, and, although allied broadly at one point, were in fact political enemies. We will discuss the role and importance of Lin Piao below; meanwhile, it is clear that by placing these two groups together, the intent is to imply that the Soviet Union is also on trial, and that the Gang of Four was linked to the Soviets. Lin Piao was accused of intriguing with the Soviets to launch a coup against Mao, and is supposed to have died in a plane crash in Mongolia while fleeing to the Soviet Union after the failure of an assassination attempt against Mao in 1971.

The attempt to link the Gang of Four with Lin Piao appears to be an attempt to tar the more serious opposition represented by the Lin Piao tradition with the brush of the hated Gang of Four. Madame Mao and the Gang of Four, far from being Soviet agents, were radical xenophobes and vehemently anti-Soviet as well as generally anti-foreign. Their ultra-egalitarianism was opposed to industrialization and even to modernization of the military.

Lin, on the other hand, was a military professional, and although he attempted to ride the horse of the Cultural Revolution and the Mao personality cult to power, the evidence is that he in fact was pro-industrial and opposed to the rabid egalitarianism of the radicals. His pro-Sovietism was, from available evidence, an opposition to Chou’s deal with Kissinger; and, based on the view that China had to seek outside economic assistance after the ravages of the Cultural Revolution, it was also a pragmatic decision to see rapprochement of some sort with the Soviet Union. This doubt about the embrace with Washington and openness to a limited rapprochement with the Soviets, at least for economic benefits, is understood to still be held in important circles in China, perhaps inside the PLA.

The finale: Deng’s Communist Party Congress

The intended show trial is supposed to lead into the upcoming Twelfth Party Congress of the CCP. A preceding Central Committee meeting is to approve a

document which sets out the final historical statement on the contributions and faults of Mao. The most interesting question in all this will be how far Deng intends to go in carrying out a large-scale purge of the existing Central Committee membership and Politburo leadership. Some of that leadership has already been purged over the past two years in particular (see Chronology), but it is still far from a Dengist-controlled party.

If we were to make a simplified spectral analysis, we can see that at one end lies the radical Maoists of the Gang of Four variety. At the other end are the followers of Chou, the pragmatic Maoists of the Deng group who intend in precise fashion to de-Maoize China and block the future comeback of the Gang of Four types and others. But even at this time there is a vast middle, leading figures and institutions that share no values with the acknowledged madness of the Cultural Revolution period, but harbor profound doubts about China's viability if it is governed by a Deng ideology which proclaims only that: "Practice is the sole criterion of truth" (Deng's slogan).

In that middle is a range of figures from Chairman Hua, who was certainly closer to the Gang of Four, to followers of Lin Piao (an uncertain category), and some identifiable "old men" of the Chinese hierarchy who are known to be opposed to extensive criticism of Mao and to any attempt by Deng to upset the present precarious political balance by pushing through a bid for total power. In that group one can place the man who formally ranks number two in the CCP hierarchy (after Hua and before Deng), Marshall Ye Jianying, and perhaps also the number-four ranking Politburo member Li Xiannian, both of them old men (Ye is 84). Ye is said to be the protector of Hua who secured his choice as a compromise candidate to succeed Mao as chairman of the CCP. As we will discuss in detail elsewhere, Ye's role also has implications deriving from his standing as a long-time military leader.

It is far from clear whether Deng has the power to force his way past such opposition. Even the NPC did not represent a total victory for him, as we discuss later. It is also an institutional question.

Deng's power base is that of Chou—the state apparatus itself and certain organs of the CCP—but essentially it does not rest even on the party. There are points of resistance in the party which are evident from the admission of still-entrenched followers of the "Gang of Four and Lin Piao cliques" in many layers of the party apparatus, individuals who have enjoyed the status of power holders for the past 15 years.

There are also party figures who have built bases in the segments of the state industrial apparatus over a period of decades and who have an institutional stake in an emphasis on a heavy-industry-oriented policy.

Perhaps the most important factor is the armed

forces, who hope to modernize their military hardware and their command structure. The industrialization requirements for this are obvious; and the army's more realistic view of the dangers of the Dengist alignment with the U.S. (especially after the beating they took at the hands of the Vietnamese in early 1979) tend to make the People's Liberation Army a political wild card in the long run.

We shall certainly evaluate Chairman Mao's merits and mistakes which characterized his life. We shall certainly affirm his merits and say that they are of primary importance, acknowledge his errors and assess that they are secondary, and while making them public we will adopt a realistic attitude. But, also, we shall certainly continue to uphold Mao Tse-tung Thought, which was the correct part of his life.... We shall not do to Mao Tse-tung what Krushchev did to Stalin at the twentieth Soviet Communist Party Congress.

Deng Xiaoping, interview with Italian journalist Oriana Fallaci, August 1980

The potential for military rule—or, in its degenerate form, for breakup of China into a new era of warlordism—is always present. This is combined with the intense, often underestimated regionalism still prevailing in China, a regionalism reinforced by the often mutually unintelligible dialects of Chinese that divide north from south and east from west. Following a breakdown of the authority and legitimacy of the Communist Chinese leadership, something which the men in the middle must greatly fear, all these factors could assert themselves with devastating results.

The failure of Deng's Confucian pragmatism

Ultimately, Deng has been able to seize power by virtue of his promise to the Chinese population that he will end the horrors of the past period. Placing Mao on the shelf, and removing the personality cult, has the dual purpose of removing Deng's enemies and of facing the reality of the fading faith of the masses. Deng has left himself with a pragmatism that articulates the desire of the population for an end to the insane Maoist world of shifting "lines," "struggles," and "directives."

The transition from the Emperor Mao's reign of terror to a promised era of order, legality, and stability is hardly unprecedented in the classical history of impe-

rial China, a history of which Maoist China is very much a part. It is in fact a conscious mirror of the transition from the first dynasty of imperial China, that of the Ch'in emperor Shih Huang-ti, to the establishment of the Confucian order of the great Han dynasty that followed.

In the third century B.C., the Ch'in emperor, on whom Mao consciously modeled himself, ruthlessly unified China and organized masses of Chinese peasants in huge *corvée* labor projects, including the construction of a large part of the Great Wall of China. He ended his rule in a spiral of dementia that included the purge and murder of intellectuals and the burning of most of the books in China.

Deng, like the great mandarin and Confucian Chou En-lai, his mentor, has taken the stance of the Han dynasty which followed that madness, promising an era of order, of the fatherly rule of the Confucian mandarin. The Han rule turned out to be less than benevolent, however, as it, too, attempted to move the great masses of Chinese peasantry in service of expansion of the Han state, and empire.

Deng and his associates, in fact, must still cling to Maoism—and Deng is very much a Maoist—inasmuch as Maoism is only a new moment in the long Chinese tradition of a Han empire based on a loyal peasant mass. Deng's economic perquisites to the peasantry are aimed at maintaining that loyalty, while his anti-industrial policy undermines the process of modernization they claim to want.

There is a crisis of ideology very much evident in China today—the questioning even in official Chinese publications as to the very purpose of the Chinese Revolution—which arises from a circumstance where the events of the last 20 years are now repudiated. Without the willingness or the ability to create a new leadership and a new elite that actually seeks modernization through science and technology in a rational world order, that crisis must ultimately catch up with the Dengists.

It is unlikely, however, that things will even get that far. The crucial factor is the economic strategy presently pursued by Deng: at best a short-term boost in living standards, a boost soon undermined by the failure to improve the basic productivity of the Chinese economy through mechanized agriculture, industrialization, and education. At that point Deng's incapacity to actually eliminate the other centers of power in China, to resolve the cracks in the foundation, will assert itself. That point may come sooner than many expect.

Stability has rarely prevailed in Chinese history except when looked at over the long sweep of history. There is little reason to believe that the present circumstances offer favorable prospects for that. Those who wander in the fantasy land of the China card will be the last to understand that fact.

China's new leadership

Last Feb. 29, China's Eleventh Party Central Committee closed its fifth and final plenary session, a six-day affair that produced some of the most significant leadership and policy changes in years. It signaled a major assault on radical Maoist elements in the party and government who have showed, or are likely to show, opposition to the policies of the current ruling faction headed by strongman Deng Xiaoping (Teng Hsiao-ping). Removed from their Politburo posts at this plenum were: Vice-Chairmen Wang Dongxing and Ji Dengkui, former Peking Mayor Wu De, and ex-commander of the Peking Military Region Chen Xilian. All four are recognized as leading Maoists opposed to the liberal "Four Modernizations" plan, which they view as a blasphemous departure from the line of the late Chairman Mao Tse-tung.

The demise of the "Whateverists" (*fan shi pai*), those who believe that whatever Mao said was correct, coincided with the promotion of Deng associates to high party posts, many of whom had been victims of purges themselves. The Central Committee Secretariat, a body dismantled by Mao during the Cultural Revolution of 1966-68, was reestablished and stacked with Deng people.

The National People's Congress held from Aug. 29 to Sept. 10 saw much of the same, as leftist-leaning Premier Hua Guofeng, his own power base weakened by purges, stepped down as head of the government, to be replaced by Deng protégé Zhao Ziyang.

The following is an introduction to some of the new faces in the cast of characters that is likely to play major roles in China's future.



Zhao Ziyang: Politburo Standing Committee member, premier of State Council. Born to a wealthy landlord family in Huaxian, Henan; Zhao, younger at 61 than most of his peers, is already one of the most powerful men in China. He spent the early part of his career in