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HONG KONG FOR GOVERNOR AND POLAD.

M I P T. CHINA INTERNAL: POLITICAL BACKGROUND TO RECENT EVENTS.

1. THE LAST SIX WEEKS HAVE WITNESSED SCENES UNPRECEDENTED IN THE HISTORY OF THE PEOPLE'S REPUBLIC. THE VIOLENT EVENTS OF THE NIGHT OF 3/4 JUNE WERE HORRIFYING AND TRAGIC. IT IS NOT POSSIBLE YET TO ASSESS WHAT THEIR LONG TERM EFFECTS WILL BE BUT THEY MAY BE HUGE. THE MASS DEMONSTRATIONS BY STUDENTS, INTELLECTUALS, WORKERS AND CITIZENS WERE ALSO MOMENTOUS. THEY WERE A NATURAL OUTGROWTH OF THE RELAXATION OF SOCIAL DISCIPLINES AND IDEOLOGICAL CONSTRAINTS WHICH HAVE ACCOMPANIED THE POLICY OF REFORM AND OPENING TO THE OUTSIDE WORLD. THESE POLICIES ARE RIGHTLY ASCRIBED TO DENG XIAOPING. BUT WITHIN DENG'S THINKING THERE IS AN AUTHORITARIANISM AND A HARD LINE COMMITMENT TO ORTHODOX VALUES. THIS SIDE OF HIS CHARACTER MAKES HIM VERY MUCH A MEMBER OF THE GENERATION OF VETERAN LEADERS WHO MADE THE REVOLUTION AND FOUNDED THE STATE, AND WHICH AS A RESULT STILL FEELS IT HAS THE RIGHT TO DECIDE THE FATE OF THE NATION. THE CRUSHING OF THE POPULAR MOVEMENT SHOWS THAT THEY ARE PREPARED TO USE ANY MEANS TO DO SO.

2. THE CONTRADICTION BETWEEN ECONOMIC RADICALISM AND POLITICAL CONSERVATISM HAS BEEN WRIT LARGE IN THE EVENTS OF THE LAST SIX WEEKS. DESPITE THE ENERGY OF THE MASSES, THE NEW FORCES IN CHINESE SOCIETY DO NOT YET APPEAR STRONG ENOUGH TO OVERCOME THE EXISTING POLITICAL POWER STRUCTURES. DESPITE THE RECENT TURMOIL AND TRAGIC EVENTS, IT SEEMS THEIR IMMEDIATE OUTCOME MAY WELL BE DECIDED IN TIME-HONOURED FASHION BY POLITICAL STRUGGLE BETWEEN A

RELATIVELY SMALL NUMBER OF OLD MEN IN ZHONGNANHAI WHO ARE INCREASINGLY ISOLATED AND OUT OF STEP WITH AND HOSTILE TO DEVELOPMENTS IN CHINESE SOCIETY AND IN THE OUTSIDE WORLD.

3. THE PRESENT POLITICAL STRUGGLE IS THE LATEST INSTALMENT IN THE LONG STRUGGLE TO DECIDE THE DIRECTION OF CHINA'S MODERNISATION. WHEN CHINA EMERGED FROM THE MESS OF THE CULTURAL REVOLUTION, POWER FELL TO A GROUP OF AGEING REVOLUTIONARIES WHO AGREED ON THE NEED TO CAST OFF MAOIST EXCESSES AND TO EMBARK ON MODERNISATION, BUT WHO DISAGREED ON THE EXTENT TO WHICH ORTHODOX VALUES AND PRACTICES SHOULD BE DISCARDED. OF THESE DENG XIAOPING WAS THE MOST RADICAL ADVOCATE OF REFORM, THE OPENING TO THE OUTSIDE WORLD AND THE DISCARDING OF THOSE ELEMENTS OF MARXIST IDEOLOGY WHICH OBSTRUCTED THESE POLICIES. HOWEVER, OTHERS POWERFUL IN THEIR OWN RIGHT WANTED TO RETAIN MORE ELEMENTS OF TRADITIONAL ECONOMIC ORGANISATION, IDEOLOGICAL ORTHODOXY AND SOCIAL DISCIPLINE. OVER THE PAST DECADE, DENG HAS HAD THE UPPER HAND POLITICALLY. HE WAS ABLE TO FORGE AHEAD WITH ECONOMIC REFORM THROUGH HIS YOUNG LIEUTENANTS, NOTABLY HU YAOBANG AND ZHAO ZIYANG, DESPITE OPPOSITION FROM CONSERVATIVES LIKE CHEN YUN, WANG ZHEN, PENG ZHEN, LI XIANNIAN AND BO YIBO. ALL THE SAME, PERIODS OF ECONOMIC DIFFICULTY AND, MORE IMPORTANTLY, STRONG CHALLENGES TO IDEOLOGICAL ORTHODOXY AND TO PARTY AUTHORITY AND TO TRADITIONAL CHINESE SOCIAL NORMS, TOGETHER KNOWN IN THE JARGON AS 'BOURGEOIS LIBERALISATION' OR 'SPIRITUAL POLLUTION', HAVE GIVEN THE OLD CONSERVATIVES THE LEVERAGE TO MOUNT ATTACKS ON REFORMIST POLICIES. THESE OLD MEN WERE ABLE TO GAIN DENG'S TEMPORARY SUPPORT BY APPEALING TO HIS AUTHORITARIAN INSTINCTS AND HIS POLITICAL ORTHODOXY. THIS HAPPENED IN 1980/81, IN 1983, IN 1987 AND APPEARS TO HAVE HAPPENED AGAIN NOW. THE ISSUES AND EVEN THE LEADING PLAYERS ARE REMARKABLY SIMILAR.

4. IN 1987, AND IT WOULD NOW SEEM IN 1989, THE FORCE OF CONSERVATIVE REACTION WITHIN THE PARTY HAS BEEN SUCH THAT DENG'S CHOSEN SUCCESSORS AND THE SERVING COMMUNIST PARTY SECRETARY-GENERALS, HU YAOBANG AND ZHAO ZIYANG, WERE OVERTHROWN.

5. OVER THE LAST 18 MONTHS TO 2 YEARS, INTELLECTUALS HAVE BECOME INCREASINGLY DISILLUSIONED BECAUSE THEY FELT THE GOVERNMENT DID NOT KNOW HOW TO HANDLE THE ECONOMY AND WOULD NOT TAKE THEIR ADVICE. DENG TOLD THEM THEY WERE CENTRAL TO ECONOMIC REFORMS, BUT INSTEAD THEY FOUND THEMSELVES MARGINALIZED AND ECONOMICALLY DISADVANTAGED. THE IRONY IS THAT IT WAS THE AUDACITY AND IMPATIENCE OF THE INTELLECTUALS AND STUDENTS WHO SUPPORTED HU'S AND ZHAO'S POLICIES THAT CONVINCED DENG (OR THOSE WHO HAVE HAD DENG'S EAR) THAT HIS

PROTEGES HAD DEPARTED TOO FAR FROM POLITICAL ORTHODOXIES AND BROKEN PARTY DISCIPLINE AND UNITY. BEFORE THE DEATH OF HU YAOBANG ON 15 APRIL WE WERE FORMING THE VIEW HERE THAT ZHAO'S POSITION WOULD BE THREATENED DURING THE SUMMER BY CONSERVATIVES CRITICAL OF MOUNTING ECONOMIC PROBLEMS IN CONJUNCTION WITH INTELLECTUAL DISSATISFACTION AT THE SLOW PACE OF POLITICAL REFORM. THE LATTER HAS LEAD TO THE GROWTH OF AN EMBRYONIC DISSIDENT MOVEMENT. THE STUDENT DEMONSTRATIONS FOLLOWING THE DEATH OF HU, UNPREDICTABLE IN THEIR SIZE AND MASS SUPPORT, WERE THE CATALYST WHICH BROUGHT THE VOLATILE MIX TO A HEAD, IN ADVANCE OF THE EXPECTED PROTESTS WHICH WERE TIMED FOR 4 MAY.

6. ALTHOUGH THE PRESENT POWER STRUGGLE CAN BE EXPLAINED IN THE CONTEXT OF THE LAST TEN YEARS OF CHINESE MODERNISATION, IT WOULD BE A MISTAKE TO ASSUME THAT ITS OUTCOME WILL BE THE SAME AS ON EARLIER OCCASIONS. FOR EXAMPLE, THE ROLE OF THE ARMY, ITS RELATIONSHIP WITH THE POLITICAL LEADERSHIP, AND PERHAPS EVEN MORE IMPORTANTLY WITH THE PEOPLE, HAS BEEN BROUGHT INTO SHARP NEW FOCUS. HOWEVER, MORE OVERTLY POLITICAL AND ECONOMIC FACTORS STILL APPLY. IN THE PAST, DENG HAS SOUGHT TO LIMIT THE EXTENT AND DURATION OF CAMPAIGNS AGAINST 'BOURGEOIS LIBERALISATION' ONCE THEY THREATENED THE HARD CORE OF HIS ECONOMIC POLICIES. IF HE COULD FOLLOW HIS OWN DEVICES, HE MIGHT TRY TO DO SO AGAIN. BUT PRESENT CIRCUMSTANCES ARE DIFFERENT.

7. CHINA IS MORE THAN EVER LINKED TO THE WORLD ECONOMY. ECONOMIC REFORMS HAVE GONE SO FAR THAT A RETURN TO MORE ORTHODOX ECONOMIC METHODS MAY SIMPLY NOT BE PRACTICAL. THE SERVICING OF CHINESE DEBTS WHICH BEGAN TO REACH A CEILING FROM 1990 ONWARDS WILL POSE SERIOUS PROBLEMS. A CUTTING OFF FROM THE OUTSIDE WORLD FROM TECHNOLOGY TRANSFER, MARKETS AND FOREIGN FINANCING COULD HAVE QUITE SAVAGE CONSEQUENCES FOR THE DEVELOPMENT OF THE CHINESE ECONOMY. THE GAINING OF POLITICAL SUPPORT REQUIRES A DECENT OVERALL INCREASE IN THE STANDARD OF LIVING, AND HIGH GROWTH TO DISTRIBUTE SUFFICIENT WEALTH TO THOSE WITH POLITICAL INFLUENCE. BUT ON THE OTHER HAND, DENG HIMSELF IS PHYSICALLY WEAK AND NOW SEEMS TO BE POLITICALLY ISOLATED. HE HAS DISCARDED HU YAOBANG AND NOW ZHAO ZIYANG, WHO WAS HELPFUL IN TURNING THE TIDE OF THE ANTI-BOURGEOIS LIBERALISATION CAMPAIGN IN 1987. IT NOW LOOKS AS THOUGH THERE ARE NO AUTHORITATIVE REFORMIST LEADERS TO WHOM HE CAN TURN. DENG HAS LOST THE POPULAR SUPPORT WHICH HE ONCE ENJOYED. HE MAY EVEN HAVE LOST THE LOYALTY OF THAT PART OF THE PLA ON WHICH HE COULD ONCE DEPEND. YANG SHANGKUN'S PERSONAL LINKS WITH THE COMMAND OF THE NOTORIOUS 27TH ARMY WHICH IS BEING BLAMED FOR MOST

OF THE MASS KILLING ON 4 JUNE IS OMINOUS. THERE HAVE BEEN RUMOURS ABOUT DENG'S HEALTH AND IT IS QUITE ON THE CARDS THAT HE IS IN MOMENTS OF SENILITY BEING MANIPULATED BY HIS OLD CRONIES. THE EXTENT OF THE CHALLENGE TO THE AUTHORITY OF THE COMMUNIST PARTY PRESENTED BY THE MASS OF THE PEOPLE MAY HAVE PLAYED INTO THE HANDS OF DENG'S CONSERVATIVE OPPONENTS.

8. IT IS IRONICAL THAT DENG, WHO SET OUT TO RESHAPE CHINA'S POLITICAL MAP SO THAT MAO ZEDONG'S EXCESSES COULD NOT BE REPEATED, HAS SUCCEMDED TO THE SAME TEMPTATIONS OF POWER, BY SEEKING TO IMPOSE HIS WILL RIGHT UP TO THE END BY ALMOST ANY MEANS. RECENT EVENTS HAVE SHOWN DENG TO BE ROOTED IN HIS OWN GENERATION AND THE LIMITS OF HIS VISION HAVE BEEN EXPOSED. HISTORIANS MAY SEE DENG'S YEARS AS A TRANSITIONAL PERIOD PREPARING THE GROUND FOR A REFORMER TO GROW THROUGH TRADITIONAL CONSTRAINTS RATHER AS KHRUSHCHEV DID FOR GORBACHEV. CHINA MAY HAVE TO WAIT FOR THE WHOLE REVOLUTIONARY GENERATION, INCLUDING DENG, TO PASS ON BEFORE ITS REFORM AND MODERNISATION CAN BE CARRIED ON MUCH FURTHER. BEFORE THIS HAPPENS, THERE WILL PROBABLY STILL BE SOME BITTER IN-FIGHTING OVER THE SUCCESSION, IF IT HAS NOT ALREADY BEEN DECIDED.

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