

WHERE IS CHINA HEADED AFTER THE OLYMPICS?

Where will China head after the Olympics? Everyone who is concerned with Chinese issues wants to know the answer. Of course, it's not a simple answer, because it involves three critical and uncertain factors:

1. A worsening economy.
2. The policy debate within the Party.
3. The political game between civil society and the government.

More importantly, it depends on the interplay among these factors—how each will affect the other two.

THE FIRST FACTOR: A WORSENING ECONOMY

The economic situation is the most fundamental factor that will affect the trend in a post-Olympics China. Why is it so important? It is important because the economy in China has been the biggest *political* issue since the bankruptcy of the Communist ideology; it is the primary device by which the Party maintains its legitimacy. Utility for the Party is the true meaning of Deng Xiaoping's well-known saying, "*fazhan shi ying daoli*" (发展是硬道理), translated as, "economic development is the paramount principle."

The year 2008, however, has not been lucky for the Chinese economy. This is not only because of the post-Olympics slump commonly experienced by a host city, but also because of more fundamental factors. After 30 years of high-speed growth, the Chinese economy is now suffering the double-blow of domestic and global downturn, and is facing the

most difficult era in several decades. China no longer outshines other countries, and the Chinese government now finds itself in a dilemma.

On the one hand, there is high inflation: the Consumer Price Index has hit an 11-year high and is approaching double digits. Food prices have risen by close

to 30 percent. Ordinary citizens are suffering the most. Some of the poor can't even afford to eat meat.

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At the same time, the economy is slowing down. The stock market tumbled 73 percent this year from a high of 6,000 points in October 2007, to a low of below 1,700 on October 28, 2008.¹ The housing market is also failing,

with home values falling by one-third. Moreover, many factories in southern China have been closed down because of the government's deflationary policy and decrease in export demands.

The Chinese government is now squeezed between inflation and stagnating growth. There are no measures for the Chinese

government to take that could fix both simultaneously. If it tries to pump money into the economy, inflation will worsen, but if it tries to control inflation, the economy will slow down even more.

A look at the political and economic landscape of post-Olympics China, and the various factors that will influence human rights conditions in the near future.

By Gao Wenqian



An investor eyes stock information at a brokerage house in Hefei, Anhui Province, September 25, 2008. Photo credit: Stringer/REUTERS

The global economic situation is further compounding China's woes. The financial crisis that exploded in the U.S. may have dramatically shrunk the value of China's foreign reserves, as 70 percent of the holdings are estimated to be in the U.S.²

What's more serious is that Chinese exports have drastically decreased due to their dependency on the recessing U.S. economy. Currently, 70,000 export-oriented enterprises have shut down, costing millions of jobs and threatening China's social stability.

In light of these circumstances, the Chinese government has been hastily putting together countermeasures. They launched a "New Land Reform" policy in October as an economic stimulus intended to bolster the domestic market by allowing "land transfers" (sales). Even before this policy became public, difficulties arose. Internal Party opposition was great and implementation would be very difficult. In addition, this long-term strategy will not alleviate the immediate economic conditions.

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Due to Deng Xiaoping's one-legged reform—that is, economic reform without political reform—many political and social contradictions and conflicts have accumulated in China over the last three decades. Up until recently, they have been covered up by high-speed economic development. But if the economy continues to slow, and the national economic growth rate falls to 7–8 percent (the average growth rate from 2003–2007 was 12.8 percent), it will trigger a serious social and political crisis. For this reason, many official scholars warn that the "economy in China has reached a critical state."

Because of the grim economic situation, the Chinese government recently presented a four billion *yuan* financial stimulus plan consisting of investments in various major infrastructure projects, in an effort to

keep the economy from spiraling downward. Though it's an enormous amount, in reality it's a public relations tactic. It is simply the repackaging of existing policies. With respect to the current economic situation, it is like trying to quench an immediate thirst with faraway water: it's just an empty promise. Some people predict that, under the current political system, this kind of

rescue measure will only provide looting opportunities for the special interest groups where government officials and business people commingle, and that these measures would not benefit the ordinary people.

THE SECOND FACTOR: THE POLICY DEBATES INSIDE THE PARTY

Before addressing this issue, I should point out that there hasn't been any serious political reform debate in China since the Tiananmen Massacre in 1989. In reality, the Party leaders, including all ranking officials, know exactly what the problems are in China. All of the problems, including the most urgent ones of corruption and greed, have their roots in the political system. But the leaders are reluctant to make radical systemic changes because they know full well that if the Party boat were to overturn, those in power will drown. This mentality forms the political ecology of the Chinese officialdom.

Moreover, hosting the Olympics further inhibited political debate. Since the Olympics were of vital importance to the Party's legitimacy, success was the only option. The whole Party had to serve this interest. Using Hu Jintao's words, "*pingan aoyun, zhong yu taishan*" (平安奥运, 重于泰山), loosely, "a peaceful Olympics is



A migrant worker holds a baby on a walkway bridge in Beijing in front of a poster describing his plight in trying to get a job in the city, November 5, 2008. Photo credit: David Gray/REUTERS

weightier than the Tai Mountain.”³ In order to host a successful Olympics, the Chinese government did not dare lower their guard at all. They used dual tactics to deal with matters and crises before and during the Olympics: iron-fisted crackdowns at home, and open deceit abroad.

What merits attention is the debate between different voices within the Party on the political issue of China’s direction after the Olympics.

The hardliners in the Party still want to use the “Olympics model” to govern people and control society, especially after they realized the benefits of using such a model to maintain social stability. They contend that they can go on using the same iron-fisted measures to crack down on social disturbances and political dissent, and that the international community can do nothing about it. Not long ago, there was a report that the Chinese government was going to launch a large-scale repression against the so-called four “de-stabilizing factors” (*si ge bu wen ding de yin su* [四个不稳定的因素]): Xinjiang and Tibetan separatists, Falun Gong practitioners, and proponents of democracy.

The hardliner figures in the Party are Zhou Yongkang (周永康), Secretary of the CPC Central Political and Legislative Committee, and Li Changchun (李长春), the Party’s propaganda chief. Neither of these men is inherently evil. It is only that China is a post-totalitarian regime ruled by violence and lies, and Zhou and Li are the two people who happen to be in charge of the two departments responsible for the repression.

The liberals in the Party also see this as a critical turning point. They believe that the Party should keep pace with the times and adopt innovative ways to solve social and political problems.

Earlier this year, Wang Yang (汪洋), the Party chief of

Guangdong Province who is also a Politburo member, advocated a “Third Thought Liberation Movement” (*di si ci si xiang jie fang yun dong* [第四次思想解放运动]). Some provincial officials and people in the Beijing aca-



Paramilitary police attend an oath-taking rally outside the Bird’s Nest stadium to ensure the safety of the Beijing Olympics. Photo credit: Darren Whiteside/REUTERS

ademic circle responded positively to it. Zhang Chunxian (张春贤), the Party chief of Hunan province, even said that the purpose of the “Third Thought Liberation Movement” is to “return rights to the people.” The vice president of the Central Party School, Li Junru (李君如), also advocated “ballot democracy” (*xuan piao min zhu* [选票民主]). These remarks,

tinged with the “color revolution” in Eastern Europe in the 1990s, are obviously contradictory to the Party doctrine. Since provincial officials have rarely uttered such statements in recent years, this significant development hints at tacit approval from above.

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Currently, Beijing political circles are dominated by heated debate within the Party, provoked by the “New Land Reform” policy mentioned above, as well as intense resistance against it by the leftists in the Party and local officials. The Party’s left wing regards the “transfer” of land usage rights as the prologue to land privatization, something that vitiates the Socialist system. Local officials are opposing the implementation of the policy at all costs because they use the land as their “money tree,” and because they can take whatever they want in the name of “collective ownership” to line their own pockets.

At the same time, there are signs of a powerful struggle within the Party as Premier Wen Jiabao is in a predicament.

Last year, Wen Jiabao published an article in which he said that “science, democracy, rule of law, freedom, human rights” were all universal values. As soon as the Beijing Olympics concluded, Chen Kuiyuan (陈奎元), president of the Chinese Academy of Social Science, led an attack criticizing “universal values.” He said, aiming straight at Wen Jiabao, that “There are some people in China who willingly follow the dance steps of the West.” According to reports by the Hong Kong magazine *Kaifang*, CPC hardliners are pushing Wen Jiabao to resign, and Vice President Xi Jinping (习近平), and Executive Vice-Premier Li Keqiang (李克强), are speeding up the succession process.

As for how the CPC internal struggle will resolve itself, it is still too early to tell.

THE THIRD FACTOR: CIVIL SOCIETY VS. THE GOVERNMENT

The Beijing Olympics were a double-edged sword. On the one hand, the Chinese government successfully used the Olympics to reach its political goal—to “boost” its international prestige.

On the other hand, it also gave ordinary Chinese people a chance to come into contact with and view the rest of the world. This opportunity helped the Chinese gain a better understanding of universal values and international norms. Their rights awareness reached an all-time high, and they became eager to keep up with international standards as declared by the Chinese official slogan: “one world, one dream.” For this reason, rights defense movements in China are now on the rise.

There was no honeymoon for the Chinese government after the Olympics party ended. It had to immediately handle people’s dissatisfaction and protests. Each conflict between the ordinary people and the Chinese authorities became more and more intense. We know this is the case from the following two examples.

Immediately after the Olympics ended, hundreds of residents in Beijing’s Chaoyang District, after enduring the environmental pollution caused by years of burning garbage in the open in their neighborhood, finally

took to the street to protest. They did so right under the noses of China’s top leaders.

More recently, the tainted milk powder scandal—that the government knew about as early as July but banned reports by *Nanfang Zhoumo* (南方周末), known in English as *Southern Weekend*, in order to preserve “harmony” before the Olympics—effectively tarnished the image the government had created through the Olympics, as many Chinese people saw the true face of the government. They also came to realize that the government’s declaration of being “human-oriented” (*yi ren wei ben* [以人为本]) and “the right to existence first” (*sheng cun quan shi shou yao de* [生存权是首要的]) is just talk. Ironically, many of the victims’ parents are labeled as the “patriotic angry youth” who were actually fanatical supporters of the Chinese government during the Olympic torch relay. With this heavy blow to the government’s credibility, the Chinese have learned a bitter lesson and changed their minds about the government.

“What is the purpose of patriotism? . . .
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—Father of a nine-month-old baby who developed kidney stones
from tainted milk powder.

A Chinese netizen, a former “patriotic angry youth,” posted his article online in which he talked about his nine-month-old baby developing stones in both kidneys from the tainted milk powder. He said: “What is the purpose of patriotism? What is the purpose of supporting Chinese products? I heard a saying when I was young: there is no home without country. But what did I get ah!!! The greatest pain is to realize that you have been sold by the people you trust most. This feeling is worse than death.”

The voice of civil society, however, remains dispersed and lacks unified focus and action. The forces for social change in China are roughly divided into the following six groups: rights defense lawyers and constitutional scholars; the officials and scholars working within the

system; retired senior cadres; independent intellectuals; grass-roots activists; and dissidents. Among them, grass-roots activists are the biggest driving force for social change, and the rights defense lawyers and constitutional scholars are the backbone and leaders of the rights defense movement.

Recently, more than 80 lawyers in Beijing petitioned for direct election in the government-controlled Beijing Lawyers Association. Moreover, 14,070 Chinese citizens, led by constitutional scholars and rights defense lawyers, signed an open letter in January 2008 urging the Chinese National People's Congress to ratify the International Covenant on Civil and Political Rights (ICCPR), which China signed in October 1998.

The ICCPR—which guarantees the freedom of expression, freedom of religion, freedom of the press, freedom of assembly, and freedom of association—is the most critical factor in the future of China's political reform. Its ratification would enable China to move forward from its “*dang tian xia*” (党天下), in English, “the Party is supreme,” political system, to a “*fa tian xia*” (法天下), “law is supreme,” political system.

THE PROSPECTS: THREE POSSIBLE SCENARIOS

1. If the economy continues to worsen and spirals out of control, the hardliners in the Party will take advantage of the sense of crisis to unite the Party. If the forces for social change cannot join hands and fight side by side, the hardliners will get the upper hand, and will take tough measures to deal with ordinary citizens. This is the worst-case scenario.

2. If the economic situation is manageable and under control, the forces for social change inside and outside the system can work together to contain the hardliners' counterattacks. Consequently, the liberals in the Party may go a step further to lead the initiative for political reform. This would be the best-case scenario.

3. If the economic situation worsens, but the forces for social change are able to work together, hardliners will not be able to crush them one by one. Or, if the economic situation is manageable, but the forces for social change are divided, the result would be similar. In either situation, China's political situation in the future will be at a standstill. In this case, there will be much wrangling and a long way to go.

At the moment, China can be described by the Chinese saying, “*fang sheng wei si*” (方生未死)—new elements of a civil society are emerging while the old system still lingers on the stage of history. China's future depends on the joint efforts of both the Chinese people and the international community. We should avoid the first possibility as much as possible, do our best to fight for the second one, but be prepared to face the third.

Note

1. “Shanghai Composite monthly index and Correlations with SP500,” *EconStats*, http://www.econstats.com/eqty/eqem_ap_5.htm.
2. John Garnaut, “China holds the key to world economic crisis,” *The Age*, October 13, 2008.
3. Mount Tai is one of the most famous mountains in China, carrying historical and cultural significance. Its name literally means “Grand Mountain.”