

Andrew Ertl
LC- Vans
December 30, 2016

Conundrum: the CCP and China's Economy

Since opening its economy to international trade and investment 1978, the Chinese Communist Party (CCP) has increasingly exposed itself to elements that advocate policies, which are antithetical to the party's method of governance. Within the CCP, events like the Great Leap Forward and the Cultural Revolution are quietly regarded as failures; and intuitively discredit Maoist claims of legitimacy rooted in the unofficial trinity of stability, effective and efficient governance, and the cult of Mao. In order to counter arguments that would expose the unholy trinity's flaws and to preserve the CCP's position atop government and society, post-Mao leaders shifted the CCP's original claims of legitimacy and re-rooted them into rapid, sustained economic development. Given China's rapid post-1978 ascension, this strategy appears successful. However, recent violence in Xinjiang and continuing dissent within Tibet and Inner Mongolia, as well as vast inequities in the distribution of this new wealth shows that economic growth alone cannot solve all problems. My argument is twofold: 1) in 1978, the CCP crafted an unwritten social contract wrapped within the blanket of a Faustian bargain and 2) the inherent danger is that once the economy falters—and at some point it surely must—so too will the claims of legitimacy to which the CCP is attached; unless a strategic pivot is made before the fall.[1]

When the CCP emerged victorious from the Chinese Civil War in 1949, it had been engaged in armed combat since 1927. Episodes like the Long March, Second Sino-Japanese War, and the civil war galvanized the leadership under Mao Zedong, forging the revolutionary posture the CCP adopted. Yet, after the Communists defeated Chiang Kai-shek's Kuomintang, control over China was still not completely assured. That same year, war lord armies were active,[2] many landlords had private militias,[3] and Chiang Kai-shek was promising to re invade the mainland from Taiwan. The following year,[4] Mao sent soldiers to seize Tibet and later intervened in Korea, locking China into a struggle with the United States whose Commanding General, Douglas MacArthur, publicly advocated the use of nuclear weapons in order to break the stalemate.

On top of the crises mentioned, China's citizens had suffered greatly as a result of the aforementioned conflicts. Many were not at all thrilled about the farm collectivization, land redistribution, and flawed—as it turned out—heavy industrial practices being enforced. Further societal fracturing occurred as a result of Great Leap Forward policies that unintentionally caused the deaths of an estimated 45 million citizens.[5],[6]

Following US President Richard Nixon's landmark 1972 visit to China, economic relations between the two nations had not developed as rapidly as was initially expected. After the death of Mao Zedong in 1976, most of the obstacles to market oriented reforms were removed. In fairness to Mao, given the security environment in which the PRC emerged and coupled with expressed ideological vision, economic reforms and China's openness to international trade and investment was probably not possible until after Mao's death.

Mao's passing was a double-edged sword as CCP leaders now had other problems to deal with. The chaotic environment, which Mao presided over, and the triumvirate of unofficial claims to legitimacy were enough to keep average PRC citizens in line and to preserve the CCP's position. Capitalizing on the changing circumstances, in 1978 Deng Xiaoping and other CCP leaders set the PRC on its path to economic modernization with vigor. The strategic calculation they made was simple: in order to stave off domestic unrest, they refocused the regime's legitimacy not on the aura of a single person or illusions of good governance, but on their ability to continually improve the lives of PRC citizens. But they did so with a revisionist continuity with the past that is brilliant. Even today, it is quite common for taxi drivers to have pictures of Chairman Mao dangling from rear view mirrors or attached to their dashboards.

According to German folklore, the character Faust traded his soul to the Devil in exchange for unlimited knowledge. The staking of the CCP's legitimacy on constant and rapid improvement in quality of life represents a monetary Faustian bargain between PRC citizens (Faust) and the CCP (Devil). In exchange for rapidly increasing salaries and access to luxury items, PRC citizens must abide by one rule: do not meddle in CCP affairs. This is not to say that such a notion is new. In fact, it has existed since the beginnings of the PRC, but it remains a holdover from a different era. No longer is engagement in free

trade and private ownership frowned upon. The Chinese press is also considerably more free than it was during Mao's time. Political arrests occur far less frequently[7] than decades ago. Examples of such relaxations are countless. And yet, all of these changes must be viewed in light of the principle that *will not* be relaxed: do not speak out or interfere with government affairs.

One need only look at the June 1989 Tiananmen Square Massacre and the ensuing crackdown for evidence that this principle is regarded seriously. According to Michael Pillsbury, "At that time in 1989, the mainstream view in China and the West was that the hawks would not prevail and that force would never be used against the students." [8] With a connection to the present, he reflects, "Most everyone thought, as many still stubbornly do today, that China was on the inevitable path to reform." [9] Demanding a more democratic and transparent government—amongst many other competing grievances—student protesters refused to disperse from Tiananmen Square in Beijing, China for weeks. Sensing the momentum of international democratization, [10] CCP leaders felt that they needed to make a strong statement, in no uncertain terms. On the night of June 3-4, People's Liberation Army (PLA) soldiers moved in, surrounded the square, blocked adjacent avenues, and demanded one last time that the remaining protesters depart. Some did but the core organizers remained. PLA officers gave the command and their soldiers opened fire. Although we will never be able to determine an exact death count, in private meetings, it is rumored that Deng Xiaoping and other top officials believed the deaths of many thousands of Chinese would be acceptable so long as those deaths ensured the CCP's continued dominance.

As mentioned, the inherent problem with staking the regime's claim to legitimacy on continuing and swift economic improvement is that at some point, all economies eventually slow down. As many point out, China's economic growth truly has been and continues to be astounding. But it must be remembered how poor China was in 1978, and how poor the majority of Chinese citizens are today; in 1978, the Chinese economy could hardly go anywhere but up. Even after more than thirty years of near ten percent average annual growth, the average Chinese citizen only earns \$9,800 per year. [11] With

continuing market reforms and increasing foreign direct investment, the Chinese economy is still more prone to continuing its rise than beginning a decline phase.[12] Furthermore, by integrating itself ever deeper into the global economy in order to improve its citizens' quality of life, Chinese businesses become increasingly susceptible to market fluctuations that could negatively impact them even if they are not the ones who mismanage things.

Given that top CCP officials were allegedly willing to kill thousands to remain in power, it is reasonable to question whether CCP dominance over China will ever change. However reasonable such a supposition may be, to say that it will *never* change goes against the tide of human history. Democracy has come to represent a great many things: concern and respect for human rights, free press, fair and just legal systems, and more. Throughout the last one hundred years and in particular since the fall of the Soviet Union the march of democracy around the world seems inevitable, indeed unstoppable. The argument could be made that we are witnessing the realization of the Cold War's domino theory of communism in reverse. Yes, it is true that the CCP remains in a very strong position, sitting atop nearly all of the power channels running through Chinese government and society. But that position is also precarious. The regime has staked its legitimacy on continuing the meteoric rise of the Chinese economy. Over the last three plus decades, the PRC's growth is at a level that is probably unprecedented throughout human history. Nevertheless, the rise experienced during the previous three decades is not likely over the entirety of the next three. And since the CCP has rooted itself in such a rise, if and when the economy collapses, theoretically one party rule in China will as well.

Works Cited

Andrew Nathan and Andrew Scobell. *China's Search for Security*. New York: Columbia University Press. 2012.

CIA World Fact Book. "Country Comparison: GDP – Per Capita (PPP). Accessed February 21, 2015. <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html>.

Pillsbury, Michael. *The Hundred-Year Marathon: China's Secret Strategy to Replace America as the Global Superpower*. New York: Henry Holt and Company. 2012.

[1] Of course that is easier to do when claims of legitimacy are rooted more in ideology as opposed to the proverbial number of cars driven on Chinese roads.

[2] Primarily in the south and south east.

[3] In order to stave off redistribution of private lands.

[4] With many of the same concerns as those of 1949.

[5] Andrew Nathan and Andrew Scobell, *China's Search for Security* (New York: Columbia University Press, 2012), 42.

[6] Due principally to starvation as well as a state security apparatus that came to spy on its citizens mostly through neighbors' denunciations.

[7] From what is known.

[8] Pillsbury, Michael, *The Hundred-Year Marathon: China's Secret Strategy to Replace America as the Global Superpower* (New York: Henry Holt and Company, 2014), 83.

[9] *Ibid.*, 81.

[10] Similar protests in the USSR caused a continual liberalizing of Gorbachev's planned Perestroika.

[11] CIA World Fact Book. "Country Comparison: GDP – Per Capita (PPP). Accessed February 21, 2015.

<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html>.

[12] This is all the more evident after it showed its ability to weather the storm of the 2007-08 financial crisis.