

## China in 2009

### *Muddling through Crises*

#### ABSTRACT

Various crises hit China in 2009, including an economic slowdown, social unrest, ethnic conflict, and political challenges from dissidents. The People's Republic of China's 60th anniversary was shadowed by the regime's fears of instability. The party-state, however, was able to manage the crises capably, although its methods yielded further problems.

**KEYWORDS:** China, the year 2009, economic slowdown, social conflict, political stability

VARIOUS CRISES HIT CHINA IN 2009. The international economic melt-down, which began in September 2008, continued to harm the Chinese economy. Domestic social unrest spread nationwide, though in a fragmented way. Political challenges emerged from dissidents who organized calling for democracy in "Charter '08"; riots and social conflicts occurred in various ethnic autonomous regions such as Tibet and Xinjiang. A series of foreign-relations disputes troubled China's diplomatic, political, economic, and trade connections with some countries prominent on China's best-friend list, notably Australia, Russia, and North Korea. So by the time the People's Republic of China (PRC) turned to celebrate its 60th anniversary on October 1, national celebrations were somewhat shadowed by the regime's fears of potential social instabilities, political discontents, and ethnic conflicts.

And yet the Chinese party-state throughout the year showed itself able to manage the crises. Exerting every effort, officials demonstrated remarkable containment ability in preventing each crisis from spreading into a fundamental threat to China's economic prosperity and authoritarian institutions.

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Political stability, in the form of the unchallengeable monopoly of public power by the Chinese Communist Party (CCP), remained the highest priority on the regime's agenda. In 2009 this stability was recognized and expressed mainly through the implementation of what was called the Project "6-5-2-1": celebration of the 60th anniversary of the PRC's founding, the 50th anniversary of the Tibetan upheaval, the 20th anniversary of the Tiananmen crackdown, and the 10th anniversary of the government campaign against the spiritual group Falun Gong.<sup>1</sup> In a nation where history is often used to serve current needs, this somewhat incongruous Chinese-style list highlighted the worries of the leadership about the possibility that any memory of past events might ignite social discontent today.

Why is a rising world superpower so fragile and nervous? How did the regime successfully deal with the various crises? Through its review of the Chinese experience of 2009, this essay suggests that the answer to both questions lies at the superpower's very roots: China is troubled by precisely those elements from which it draws its strength, and the regime manages the crises in a way that generates further troubles. This dilemma can be seen in four major aspects of Chinese development in 2009: economic slowdown, social unrest, political tensions, and foreign-relations disputes.

### THE ECONOMIC SLOWDOWN AND THE EFFORT TO PROMOTE GROWTH

The Chinese growth rate slowed in the last half of 2008, but the Chinese government did not pay much attention until November. Official media kept talking about "*wandao chaoche*," meaning "surpassing [the leading industrial countries] by taking the curve," in the weeks after the world financial crisis burst forth in September.<sup>2</sup> But this optimism soon subsided as the deep dependence of the Chinese economy on foreign trade began to hobble China's growth. The first quarter of 2009 witnessed China's lowest quarterly growth rate since it began to publicize this rate in 1992, dropping to 6.1%.

1. *South China Morning Post* first reported this project on February 28, 2009. Cited from *AsiaNews*, <<http://www.asianews.it/index.php?l=en&art=15110A>>, posted April 29, 2009, accessed December 23, 2009. Also see Zan Aizong, "The Chinese Communist Party Prepares for the 60th Anniversary Celebration: Nervous as an Army Going to Battle," *China Rights Forum*, no. 3 (2009), pp. 10–21.

2. See, for example, a report about how Hunan Province planned "*wandao chaoche*" at *Renmin wang* [*People's Daily* website], <<http://kxfz.people.com.cn/GB/135096/135966/136606/8952929.html>>, posted March 12, 2009, accessed April 6, 2009.

Through the rest of the year, China struggled to boost growth, with the official goal set at an annual rate of 8%. When early in 2008, Premier Wen Jiabao declared that it would be the “most difficult year for the Chinese economy,”<sup>3</sup> he certainly did not expect 2009 to be even worse.

Of course in 2009, economic growth of either 6.1% or 8% would have been a glowing achievement elsewhere in the world. But the Chinese government is acutely aware of the dangers for governing China of even this modest dip. In the first place, employment is an issue directly and profoundly related to social stability. It is reported that in China, every 1% of annual growth is able to create 1 million job opportunities, while the annual work force increases by 12 million. When growth slowed in winter 2008–09, the growing ranks of unemployed were joined by 20 million additional migrant workers recently laid off, according to Chen Xiwen, director of the Central Office for Rural Affairs.<sup>4</sup> The resulting pressure was so huge that the central government had to tacitly suspend its newly initiated program of promoting rural land circulation,<sup>5</sup> allowing those small pieces of land to remain in the hands of former farmers returning home from the coastal-region factories where they had previously had jobs. In urban areas, the most conservative estimate was that 1.5 million college graduates could not find jobs, which would mean that more than one in four of them were unemployed.<sup>6</sup> The national government promised to create nine million jobs in 2009. Even if this goal were fully met, the employment situation would not be greatly improved.<sup>7</sup>

Another significant negative impact of the economic slowdown was reflected in the decreasing growth rate of residents' income. For years, a feature of the Chinese model of economic development has been that residents' income

3. Ibid., <<http://politics.people.com.cn/GB/1026/7043109.html>>, posted March 25, 2008, accessed March 30, 2008.

4. Wangyi xinwen zhongxin [Wangyi News Center], <<http://news.163.com/09/0202/11/5153V2VR0001124.html>>, posted February 2, 2009, accessed February 3, 2009.

5. The program was initiated at the 3rd Plenary of the 17th Central Committee in October 2008 for promoting the concentration of rural lands from scattered households into the large-scale agriculture business sector, in hopes of upgrading China's capacity of agricultural production. See *Zhongguo gongchandang xinwen wang* [News website of the Chinese Communist Party], <<http://cpc.people.com.cn/GB/67481/94156/135472/>>, posted October 13, 2008, accessed October 15, 2008.

6. This is the estimate made by Li Peilin, director of the Sociology Institute of the Chinese Academy of Social Sciences. See *Qianlong wang* [Qianlong website], <<http://news.qianlong.com/28874/2008/12/15/2821@4789578.htm>>, posted December 15, 2008, accessed December 20, 2008. In 2009, 5.6 million students graduated from college.

7. In October the national government did not follow the regular practice to publicize the statistics of unemployment for the third quarter.

increased much slower than economic growth. In 2008 the situation was even worse than usual, as Chinese residents' income increased by 7%, only half the record of the previous year. Moreover, in 2008 for the first time in many years urban incomes did not outgrow rural incomes. Not that rural incomes increased much: rural residents continued to suffer as they have for years from low and stagnant incomes<sup>8</sup>—despite the many efforts of the Hu Jintao leadership since 2003 to improve their situation. More important for 2009 and the future development of China, the Chinese government was struggling to shift the nation's pattern of economic development to rely more on domestic consumption than on investment and foreign trade to drive growth.<sup>9</sup> The decreasing growth of residents' income was obviously not a solid base for such a change.

As it turned out, China had to resort to the old pattern of growth to deal with the economic slowdown. This meant increasing state investment and further promotion of foreign trade. In 2008, with an annual growth rate of 9%, China surpassed Germany to become the third largest national economy in the world. The sheer size of the economy and of corresponding government revenue enabled the Chinese party-state to manage the economic challenges more effectively than otherwise. In November 2008, the national government announced a stimulus package of 4 trillion yuan (US\$586 billion), while loosening constraints on local government investment. Together with some other economic and fiscal measures, the Chinese economy gradually climbed up from its low in the first quarter of 2009 and was generally stabilized by the second and third quarters.<sup>10</sup>

Challenges remained, however, and often they were tremendous, particularly those involving strategic adjustment. First of all, when the economy began to warm up, inflation rose accordingly. Since July, according to reports in the state-run media, the prices of agricultural products “widely increased.” In July and August, the price of pork increased by 25%, vegetables by 25%, and eggs by 5%. At the same time, a nationwide drought drove up grain prices. The newspaper *Jingji Cankao* (Economic References), sponsored by the state news agency Xinhua, predicted that this would trigger inflation as

8. *Caixun wang* [Financial information website], <<http://content.caixun.com/NE/01/3s/NE013s64.shtm>>, posted December 16, 2008, accessed January 7, 2009.

9. Nicholas R. Lardy, “China: Toward a Consumption-Driven Growth Path,” *Policy Briefs in International Economics*, Institute for International Economics (Washington, D.C.), no. PBo6-6 (October 2006), pp. 1–13.

10. China's economic growth rates in the second and third quarters were 7.9% and 8.9%, respectively.

it had in 2007.<sup>11</sup> Although China's market economy has often experienced bouts of inflation, the historical connection between price inflation and social turmoil still clouded the outlook of the nation, particularly its leadership, while the effects of inflation inevitably narrowed the political, social, and policy space for implementing economic adjustments.

A Chinese move toward a consumption-driven growth path, and, accordingly, toward "scientific development," was also impaired by government measures to sustain high growth speed and their implications for local institutions. Although the national government insisted that the economic stimulus package was designed to spur domestic demand and that social development and environmental protection were among the most important goals of state investment, both Chinese state media and independent international analysts agreed that the stimulus money was mainly poured into the public sector and construction and infrastructure projects. Such sectoral projects, unfortunately, have been a major source for the corruption of party-state cadres, providing many opportunities for them to pocket public funds. The stimulus strategy also profoundly sidelined, if not totally overwhelmed, the national effort to reduce the environmental cost of economic production.<sup>12</sup> Before 2009, under pressure from both international opinion and domestic protest, the central government did begin to pay attention to environmental issues, but the resistance from local governments and their alliance with business was forbidding and powerful. Now all social and ecological concerns have been forced to give way to the irresistible GDP-as-all (gross domestic product-as-all) mentality among party officials. The struggle to offset the impact of the global economic crisis has thus helped to hollow out the program of "scientific development," or "balanced development," despite its being, rhetorically, the policy brand of the current Chinese leadership under Hu Jintao.

## SPARKS EVERYWHERE, FIRES CONTAINED

### Citizen-Government Conflicts and State Responses

Although Chinese propaganda likes to praise today's China as being "*shengshi*," a traditional term used in dynastic politics to describe the years combining

11. *Jingji Cankao*, August 27, 2009. But the national government later denied such a possibility.

12. Jia Xijin and Zhao Yusi, "The Chinese Economic Stimulus Package and Its Impact on Environmental Protection Organizations," *Policy Forum Online*, 09-016A (February 26, 2009), <<http://www.nautilus.org/fora/security/09016XijinYusi.html>>, accessed October 7, 2009.

peace (*taiping*) and prosperity, it is apparent that only half of this term applies: China has achieved material prosperity, but without social peace. Being aware of growing social cleavages, the leadership has proposed the slogan of “building a harmonious society.” Social discontent, however, keeps spreading widely, even wildly, and “mass incidents” (*quntixing shijian*) appear one after another. The government is truly challenged by the fact that no one knows where and when a confrontation between citizens and local governmental cadres will burst into a dangerous “incident.” It is no exaggeration to say that the Chinese government lived through 2009 in a panic of worrying about the next explosion of social instability.

In January, it had to prepare for the predicted “February crisis,” expected to occur as 12 million migrant workers lost their jobs in coastal regions.<sup>13</sup> Some cadres warned that migrant workers were being infiltrated by “hostile forces.”<sup>14</sup> This alarm later proved a fabrication, possibly an excuse for crackdowns on signs of unrest among laid-off workers. As spring came, China entered into a politically sensitive period, because so many anniversaries of historical events, including the Tibetan uprising (March 1959), the first Tiananmen protest movement (April 1976), the May Fourth movement (1919), and the Tiananmen military crackdown (June 1989), might serve as a silent signal for “unorganized” collective actions.<sup>15</sup> Real troubles came from other directions, however, as in the prominent cases of Badong and Shishou (both in Hubei Province); Hangzhou (Zhejiang Province); Shaoyang (Hunan Province); Tonghua (Jilin Province); and, most significantly, Urumqi in the Xinjiang Uighur Autonomous Region. These incidents usually involved hundreds and thousands of local residents, including farmers, workers, and other social groups, and arose because of different, sometimes ridiculous, issues. In Hangzhou, for example, mass discontent arose when a student was killed by a speeding driver who was rumored to be the son of a local cadre, and the local court was accused of seeking every possible way to conceal the driver’s identity.<sup>16</sup> In

13. *Zhongguo xinwen wang* [China news website], <<http://www.chinanews.com.cn/hb/news/2008/12-04/1473209.shtml>>, posted December 4, 2008, accessed December 18, 2008.

14. See the state-sponsored All-China Workers Association President Sun Chunlan’s remarks in this regard at *Renmin wang*, <<http://nc.people.com.cn/GB/61154/8822243.html>>, posted February 18, 2009, accessed February 28, 2009.

15. Xueguang Zhou, “Unorganized Interests and Collective Action,” *American Sociological Review* 58 (1993), pp. 54–73.

16. *Xinlang wang* [Xinlang website], <<http://news.sina.com.cn/z/fjzbc/index.shtml>>, accessed October 3, 2009.

Shaoyang, a police officer was found to be sending his daughter to college in the name of another student, whose examination grades were much better than his daughter's.<sup>17</sup> Mass protests on the Internet condemned the cadres involved in such scandals—but also targeted the government in general.

The incidents in Badong and Shishou, which caught much attention nationwide through the Internet, revealed troubles caused by ordinary people's distrust of party-governmental cadres and anger at their corruption. In the remote town of Yesanguan in Badong, a waitress, Deng Yujiao, stabbed to death a local official who was trying to force her to provide sexual service. When the waitress was arrested by police, a tide of Internet public commentary rose to defend Deng, while rights activists rushed to this mountainous location from Beijing and other places to conduct independent investigations.<sup>18</sup> Several weeks later and a few hundred miles away, in Shishou, a young waiter died after falling from a third floor window of a hotel reportedly owned by a local cadre who was involved in drug smuggling. The police concluded it was suicide, but local residents denied that and proclaimed instead that the young man had been killed by the hotel manager to cover up crime and corruption. As local police rushed to send the body to the crematorium, thousands of residents gathered to thwart them with stones and sticks, in an attempt to protect the body for autopsy in the hope of finding out the truth.<sup>19</sup>

Social turmoil reached a peak in July with rioting in Xinjiang and in northeast China. The Uighur uprising in Xinjiang, according to the Chinese official report, claimed 184 lives.<sup>20</sup> Along with 2008's Tibetan rebellion, it further highlighted ethnic tensions in multiethnic China, an issue widely understood to have contributed to the collapse of the Soviet Union 20 years before. By contrast, the protests in the northeastern city of Tonghua underlined the importance of social justice during the transition to a market economy, as ordinary workers expressed anger at the loss of their benefits in the privatization of the formerly state-owned Tonghua Steel

17. *Souhu wang* [Sohu website], <<http://learning.sohu.com/20090514/n263966328.shtml>>, posted May 14, 2009, accessed June 9, 2009.

18. *China Daily* website, <[http://www.chinadaily.com.cn/zgzx/2009-05/26/content\\_7941149.htm](http://www.chinadaily.com.cn/zgzx/2009-05/26/content_7941149.htm)>, posted May 26, 2009, accessed October 3, 2009.

19. *Huanqiu wang* [Global website], <<http://www.huanqiu.com/zhuanti/china/shishou/>>, accessed October 3, 2009.

20. *Xinhua wang* [Xinhua website] <[http://news.xinhuanet.com/politics/2009-07/11/content\\_11691499.htm](http://news.xinhuanet.com/politics/2009-07/11/content_11691499.htm)>, posted July 11, 2009, accessed October 3, 2009.

Corporation. A manager who threatened the protesters was beaten to death by them.<sup>21</sup>

All these incidents were fragments of the huge iceberg of social conflict currently looming in China. Though not directly caused by the 2009 economic measures, these events were rooted in the Chinese model of development that had propelled prosperity for several decades. The ethnic troubles had historical backgrounds, but the development model fueled the confrontation between the government, dominated by Han Chinese, and minority groups, such as Uighurs and Tibetans.

Among these waves of discontent and protest by ordinary people, the voice of intellectual dissidents was rather weak. And yet it reached a height of its own when the “Charter ’08” was publicized in December 2008 and signed by hundreds of leading critics of the current Chinese regime and by many more ordinary citizens. The charter openly proposed a constitutional democracy to replace the existing political institutions and to remedy the problems created by the current Chinese model of development.

In spite of sparks all around, the Chinese regime was able to contain the fires and prevent a national crisis. The party-state’s responses were basically threefold: information control, exercise of coercive power, and improvement of local governance. Because the Internet played a vital role in making local incidents the national focus of public discontent, the regime adopted some new measures to strengthen its control over digital communication. The “Green Dam” (Lü Ba) software was one such innovation; the national government required every computer purchased to have this software installed to filter out “unhealthy” information. However, this plan aborted in the face of wide criticism and popular resistance from Internet users.<sup>22</sup>

In 2009, coercive measures included, prominently, detaining a leading dissident, Liu Xiaobo, a major drafter of the Charter ’08, and a crackdown on rights activists, as exemplified by a tax-evasion charge against a non-governmental organization (NGO) organizer, Xu Zhiyong. A strengthening of state control over society was apparent, for example, in the Communist Party’s penetration of the 17,000-plus firms of the legal profession. A party branch committee was established in each of 3,895 law firms where there were more than

21. *Renmin wang*, <<http://energy.people.com.cn/GB/9724643.html>>, posted July 27, 2009, accessed October 3, 2009.

22. *Zhongguo wang* [China website], <[http://www.china.com.cn/economic/txt/2009-07/01/content\\_18049496.htm](http://www.china.com.cn/economic/txt/2009-07/01/content_18049496.htm)>, accessed October 3, 2009.

three Party members, with 2,692 combined party branch committees in another 8,075 firms and a Party supervisor in each of the remaining 2,741 firms where there was no Party member. The Party announced it had reached the goal of “total coverage of the legal profession by the Party.”<sup>23</sup>

Military police were newly assigned the responsibility to “crack down on riots” and to dispel mass rallies. Their units were enlarged in number and given improved weapons and equipment useful in crowd control.<sup>24</sup> When large crowds of people converged on Beijing to petition (*shangfang*) for national intervention against their mistreatment by local governments, the national government, in the name of celebrating the PRC’s 60th anniversary, forced these people to leave their own capital.<sup>25</sup>

There was, at the same time, a “soft” side in state management of social discontent, aiming at reducing local confrontation between cadres and masses and at improving the skills of local governments in dealing with such confrontations. Early in 2009, local party secretaries, governors, police chiefs, and party disciplinary committee secretaries of more than 2,000 county-level administrative units nationwide were respectively summoned to Beijing to attend specially designed training programs.<sup>26</sup> In September, as National Day celebrations approached, a national telecommunications conference further warned the local cadres that “whoever [of cadres] makes trouble, takes the responsibility,”<sup>27</sup> apparently as an alert to avoid infuriating the masses with power abuses in such a politically sensitive period.

## POLITICAL TENSIONS IN HARD TIMES

None of the measures discussed above sufficed to stanch the trend of increasing social conflicts. Since government officials now control more resources

23. Ministry of Justice, PRC, <[http://www.moj.gov.cn/2008rdgz/2009-08/06/content\\_1134646.htm](http://www.moj.gov.cn/2008rdgz/2009-08/06/content_1134646.htm)>, posted August 6, 2009, accessed August 27, 2009. Also, these Party secretaries were specially trained by the central government, <[http://www.gov.cn/gzdt/2009-05/13/content\\_1313145.htm](http://www.gov.cn/gzdt/2009-05/13/content_1313145.htm)>, accessed October 3, 2009.

24. *Xinmin wang* [Xinmin website], <<http://news.xinmin.cn/domestic/2009/08/28/2454914.html>>, posted August 28, 2009, accessed August 28, 2009.

25. *Xinhua wang*, <[http://news.xinhuanet.com/local/2009-08/20/content\\_11913424.htm](http://news.xinhuanet.com/local/2009-08/20/content_11913424.htm)>, posted August 20, 2009, accessed August 28, 2009.

26. *Renmin wang*, <<http://theory.people.com.cn/GB/49167/9502053.html>>, posted June 18, 2009, accessed June 22, 2009.

27. *Zhongguo gongchandang xinwen wang*, <<http://cpc.people.com.cn/GB/164114/9876721.html>>, posted August 18, 2009, accessed August 20, 2009.

than before (with the government stimulus package, for example) but lack effective legal and democratic supervision, more corruption is predictable, and more social discontent will arise. Chinese politics in 2009, however, did not make any substantive moves in this regard. The CCP 17th Central Committee's Fourth Plenary, held in September, had been expected to do so through improvement of so-called intra-party democracy. But the meeting did not do this; rather, it highlighted some uncertainty in the elite politics of China. Xi Jinping, a CCP Politburo Standing Committee member usually regarded as the heir apparent to Hu Jintao, did not obtain a position within the military, as had been widely expected by observers. This might not shake Xi's position, but it definitely thickened the clouds over the power transition that normally would be scheduled at the next Party Congress, by helping Hu avoid becoming a lame duck too early. Questions of high politics became even more pointed a few weeks later when the party-state leaders mounted Beijing's Tiananmen (Gate of Heavenly Peace) to watch the national parade. Jiang Zemin, the former party chief, gained unusual exposure by walking alongside the current party chief, General Secretary Hu Jintao. Though this pairing was officially explained as an expression of party unity, critical observers interpreted it as a sign of rivalry between them.

When the world financial crisis hit China late in 2008, political pressure on Hu began to mount within the leadership. During the Chinese New Year holidays (in late January 2009), Jiang appeared in high profile on national television. Meanwhile, Hu visited the remote Jinggang Mountains in Jiangxi Province, the base area during the war years where Mao Zedong developed his guerrilla tactics to win revolutionary victories. To observers of elite politics in 2009, these moves indicated that Hu was struggling to regain a lost advantage over Jiang in order to dominate personnel arrangements at the 18th Party Congress. At this constitutionally significant meeting scheduled for 2012, there is expected to be a leadership transition from Hu and his colleagues to the next generation. Power struggles are inevitable. But for some observers, including this author, a caveat is that the tacit principle "struggle but not split" (*dou er bu po*) has been accepted since 1989 and remains the bottom line among the leaders.

Such intensified power struggles were also highlighted in 2009 by the anti-corruption campaign against the "Guangdong Gang," during which three ministerial-level and several semi-ministerial-level cadres were detained. Detainees included Zhejiang Province Party Disciplinary Committee Secretary

Wang Huayuan (formerly in Guangdong with the same position); the chairman of the Guangdong Provincial People's Political Consultative Conference, Chen Shaoji (a Guangdong Province cadre formerly in charge of legal affairs); a judge of the national Supreme Court who is a Guangdong native, Huang Songyou; a deputy minister of national Public Security also from Guangdong, Zheng Shaodong; and the mayor of Shenzhen, Xu Zongheng.<sup>28</sup>

Few believed that these arrests were based purely on anti-corruption motives uncontaminated by power struggle, though it was difficult to know the political considerations behind the moves. To this author, the campaigns were a skirmish around the future nominations to the 18th Central Committee Politburo Standing Committee, launched by Hu to weaken some of Jiang's protégés and support a forthcoming national leadership with a majority of Hu's men. Such Jiang protégés might include Li Changchun (a former Guangdong Party secretary), Zhou Yongkang (who is in charge of national legal affairs)—both members of the existing Politburo Standing Committee—and Zhang Dejiang, also a former Guangdong Party chief and a hopeful to become a member of the next Politburo Standing Committee. The anti-corruption campaigns targeted officials working under their leadership and could hence undermine their bargaining positions prior to the Party Congress.

Hu also worked hard to raise his authority within the military, a key element for a Chinese leader to dominate politics and a defining feature of old-fashioned authoritarian politics. The anti-corruption campaigns were not conducted in a forceful style within the People's Liberation Army. But a new decision concerning "high- and middle-ranking officers' behaviors" was carefully implemented, partly to warn the generals to watch Zhongnanhai's (the CCP's headquarters in Beijing) signals when building their political networks.<sup>29</sup> These efforts seemingly helped Hu at the September Plenary to

28. For the Wang Huayuan case, see *Xinhua wang*, <[http://news.xinhuanet.com/politics/2009-04/16/content\\_11195933.htm](http://news.xinhuanet.com/politics/2009-04/16/content_11195933.htm)>; and for Chen Shaoji, see *ibid.*, <[http://news.xinhuanet.com/legal/2009-04/16/content\\_11195592.htm](http://news.xinhuanet.com/legal/2009-04/16/content_11195592.htm)>, both posted April 16, 2009, and accessed April 16, 2009; for Huang Songyou, see *ibid.*, <[http://news.xinhuanet.com/legal/2009-05/07/content\\_11330066.htm](http://news.xinhuanet.com/legal/2009-05/07/content_11330066.htm)>, posted May 7, 2009, accessed October 19, 2009; for Zheng Shaodong, see *ibid.*, <[http://news.xinhuanet.com/legal/2009-06/09/content\\_11514433.htm](http://news.xinhuanet.com/legal/2009-06/09/content_11514433.htm)>, posted June 9, 2009, accessed June 9, 2009; for Xu Zongheng, see *ibid.*, <[http://news.xinhuanet.com/politics/2009-06/08/content\\_11506789.htm](http://news.xinhuanet.com/politics/2009-06/08/content_11506789.htm)>, posted June 8, 2009, accessed June 8, 2009.

29. *Ibid.*, <[http://news.xinhuanet.com/newscenter/2009-05/17/content\\_11387517.htm](http://news.xinhuanet.com/newscenter/2009-05/17/content_11387517.htm)>, posted May 17, 2009, accessed May 17, 2009.

avoid appointing Xi Jinping, usually regarded as Jiang's choice rather than Hu's, to the Central Military Commission.

Another battlefield of high-level power struggle emerged over the Xinjiang ethnic riots. As usual, little information was available in this regard, but there were hints indicating that some of Jiang's protégés, such as Zhou Yongkang, gained ground here while they were losing in the anti-corruption campaign. Such power struggles in recent decades became less and less attached to ideological and policy debates, but the economic downturn, with its significant social and political impact, gave competing leaders an opportunity to disagree on how to deal with these issues. For example, in Guangdong the provincial party secretary, Wang Yang, the youngest member of the Central Committee Politburo, advocated seizing the opportunity provided by the world financial crisis to "empty the cage while changing the birds" (*teng long huan jiao*), meaning to use a period of worker layoffs to upgrade industries and replace labor with technology.<sup>30</sup> By contrast, national economic affairs leaders and inland provincial leaders alike were much more concerned with unemployment, the former worrying about social stability and the latter anxious about unemployed migrant workers returning to their inland home provinces. Such central-provincial and coastal-inland tensions were also reflected in and exacerbated by rivalries for future Central leadership positions between younger-generation leaders such as Wang Yang and the Chongqing City party secretary, Bo Xilai.

## FOREIGN POLICY AND INTERNATIONAL RELATIONS

In contrast with its domestic troubles, China's international status kept rising in 2009. As major industrial nations entered into economic recession because of the global financial crisis, they expressed hope for assistance from Beijing. U.S.-China relations were basically stable and smooth through the year; the media, in an optimistic vein, coined the acronym "G-2" (the United States and China as a group of two superpowers) and even "Chinamerica" (the two countries deeply interdependent and interconnected as one) to describe the relationship. Human rights issues were basically marginalized, as U.S. Secretary of State Hillary Clinton and House Speaker Nancy Pelosi, both powerful advocates of human rights in general, chose not to mention

30. CCTV (China Central Television), <<http://city.cctv.com/html/chengshiyawen/e2a32593b427371ecc6e8abc6f781229.html>>, posted July 21, 2009, accessed October 11, 2009.

these issues when visiting Beijing. Presidents Barack Obama and Hu Jintao exchanged visits, and high-level dialogues continued. Not everything was rosy, however. Urgent challenges came from issues such as climate change, carbon emissions, and financial power in the world political economy. Meanwhile, traditional and intractable disputes over military relations and trade sometimes emerged to the surface.

A geopolitical game of international and regional politics in most of 2009 estranged North Korea and China until State Councilor Dai Bingguo visited Pyongyang in late September to smooth the way for the next month's visit by Chinese Premier Wen Jiabao. With more economic and material aid than before being provided to North Korea, the Chinese leaders seemed able to convince Kim Jong-il not to withdraw from the Six-Party Talks, a major international diplomatic mechanism sponsored by China to manage the Korean nuclear crisis. This also burnished China's reputation as a "responsible power" in the eyes of Washington and international society.<sup>31</sup> But was more at stake than another round of the old game in which Beijing used money, grain, and energy to exchange for Pyongyang's empty promises of an improvement of the bilateral relationship? Just two weeks later, North Korea announced that it would launch new missiles.

Trade and economic disputes also, to varying degrees, troubled China's relations with some other countries. In the north, although Russia remained one of China's closest strategic partners, Chinese influence on the Russian domestic market met local resistance, as exemplified by the July closure of the Cherkizovsky Market, Moscow's biggest wholesale market, where more than 10,000 Chinese merchants operated their businesses.<sup>32</sup> In the south, China's relations with resource-rich Australia plummeted after many years of close economic cooperation when Shanghai state security police arrested Stern Hu, an Australian citizen representing the Rio Tinto iron ore mining corporation, charging him with economic espionage.<sup>33</sup> The arrest worried foreign business people stationed in China or who had Chinese business partners. They were all engaged in information exchange and business deals, which under the shadow of the Stern Hu case could be arbitrarily and unilaterally

31. Evan S. Medeiros and M. Taylor Fravel, "China's New Diplomacy," *Foreign Affairs* 82:6 (November/December 2003), pp. 22–35.

32. *China Daily* website, <[http://www.chinadaily.com.cn/china/2009-07/25/content\\_8473550.htm](http://www.chinadaily.com.cn/china/2009-07/25/content_8473550.htm)>, posted July 25, 2009, accessed August 2, 2009.

33. *Bloomberg News*, <<http://www.bloomberg.com/apps/news?pid=20601081&sid=axU9Vt.owz3s>>, accessed August 2, 2009.

framed by Chinese authorities for actions against China's economic and national security. Once, when engaged in business with China, the West tried to push China toward political liberalization and democratization, pressure that had much diminished in the new century. For some leading democracies that had claimed to be working to promote the rule of law and civic liberty in China, the Rio Tinto arrest seemed a test of the progress of their efforts. In any case, it showed how China's domestic political problems could harm international business relations. These outward effects of inward tensions, as pointed out by many experts, will constantly threaten to impair the rise of China.<sup>34</sup>

The Xinjiang riots and the resulting crackdown also demonstrated how China's internal problems affected its foreign relations. When riots began in early July, Hu Jintao had to withdraw from the G-8 Summit and return home, the first time a top Chinese leader had been forced to do so on account of domestic trouble. When Beijing condemned Rebiya Kadeer for plotting the riots, it turned this Uighur woman into a second Dalai Lama, an exiled leader of a minority ethnic group being portrayed by the Chinese government as a devil. When a country (e.g., Australia and Japan) did not keep enough distance from her, Beijing immediately protested. Moreover, the riots and the way the Chinese government managed them spilled over to spoil China's relations with some leading Islamic countries, particularly Turkey and Iran, and with Islamic organizations. This deterioration might have long-term, profound impacts on both China's foreign relations and China's internal integration.

## CONCLUSION

In 2009 the People's Republic of China celebrated its 60th anniversary, an especially important anniversary in the traditional Chinese calendar that regards every 60 years as a cycle. The celebration, however, was overshadowed by various crises and by the fears of the leadership about additional crises. For two decades, China had embraced globalization and achieved remarkable economic prosperity along with improved foreign relations. By the same token, these accomplishments substantially reduced the incentives of the Chinese leadership to reconstruct political institutions in order to relax the

34. For one such analysis, see Susan L. Shirk, *China: Fragile Superpower* (New York: Oxford University Press, 2007).

Communist Party's monopoly of public power, and to include average citizens in political participation. Confrontations between party cadres and citizens thus multiplied as wealth accumulated, and these social conflicts were further worsened by the economic slowdown because the regime relied heavily on economic performance to maintain legitimacy. For this reason, economic growth again overwhelmed social redistribution as the first political priority in hard times. China has skillfully managed to contain the crises from spreading and even to walk away quickly from some of them. But the Chinese regime has not worked out effective measures to deal with the deep-rooted causes of the crises, at least not in 2009, nor will it, we may surmise, in the near future.

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