

**Civil Unrest in Contemporary China:  
Some Implications for U.S.-China Relations**

**Samuel L. Sapirstein  
Undergraduate Submission  
Asian Studies, Bard College  
phel.sadoe@gmail.com / ss596@bard.edu  
52 High Ridge Rd, Pound Ridge, NY 10576**

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Bard College

The landscape of Sino-American relations from the late 1980s onwards has been marked with the discourse on human rights. This paper is intended to explore the dynamics between economic development and reform in China and the changing nature of its civil unrest. Economic and political reforms increasingly represent the new face of China and therefore have significant ramifications for U.S.-China relations. The U.S. has always maintained an interest in China's political situation. However, this has undergone change over the latter half of the twentieth century. From the 1930s up to the Cold War period, the U.S. had mainly been concerned with China having become a communist state and its resultant domino effect on the rest of Asia. Since the resumption of diplomatic ties and trade with China, U.S. interests have changed to being concerned with maintaining the governing status quo in China – even if this means the entrenchment of the Chinese Communist Party – so long as the regime in power is sympathetic to U.S. foreign policy and military strategic interests and, last but not least, its trade interests. Thus, although initially viewed by the U.S. as a buffer in the arms race with Russia, with that aspect of the Cold War over, China is now both a trading partner as well as a political and economic competitor in the global arena. These concerns are reciprocal. China's pivotal resource is its vast, cheap labor force and domestic consumer market for foreign, brand-name products made in China, while the U.S. is the largest importer of Chinese-manufactured goods and therefore its main foreign market. Some sources suggest that the

U.S. now accepts more than 30 percent of China's exports. More interestingly, the trade imbalance with China in the last twenty years has grown from 10 billion to 100 billion U.S. dollars<sup>1</sup>.

This mutual reliance has evolved in complexity and intensity since the beginning of the reform era in China. Throughout this time period, the discourse on human rights has been a sub-theme that has remained largely unchanged, with the tenor of this discourse dominated by idealistic rhetoric on the side of both parties – the invocation of democracy and the rights of man on the side of the United States, and Maoist-era rhetoric on the side of China. Civil unrest borne of economic change has been the stage for the negotiation of Chinese human rights. Thus, reform, economic development, civil disruption and unrest, increased US-China economic ties, and human rights all seem to come together in an amalgam of interdependency. In this paper I will address the topic of the nature of civil unrest in China, around which I will attempt to organize these issues.

If we are to look back over time to view these various dynamics, the onset of reform under Deng Xiaoping in 1978 and the economic initiatives in China in the 1990s are the main nodes on this timeline. The first key is the onset of reforms in the wake of Mao Zedong's death in 1976. The civil unrest that most commonly marks these early reforms are the June 4<sup>th</sup> Tiananmen Square protests of 1989 and the second is the more current state of civil unrest in China emanating from rural power decentralization as an economic initiative and its international ramifications. I intend to show that recent peasant uprisings in China and the Tiananmen protests of 1989 are substantially different,

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<sup>1</sup> Nicholas Lardy, "United States-China Ties: Reassessing the Economic Relationship." Testimony before the House Committee on International Relations, U.S. House of Representatives, Washington, D.C., October 21, 2003. The full text of this testimony is available at <http://www.iie.com/publications/papers/paper.cfm?researchid=268>.

and that this change in the nature of civil unrest in China reflects China's economic status and demand a new paradigm for U.S. response.

Civil unrest is a state of mind in addition to being a social reality. In the wake of the Cultural Revolution, the Chinese Communist Party (CCP) attempted to rehabilitate the standing of the intellectual. At the same time, it intended to remain in power. Thus the context for unrest is a continual attempt to create order, stability, and prosperity, while at the same time maintaining the political hegemony of the CCP. Some of the inevitable manifestations of this implicit tension are the subject of this paper.

Public dissent in China has more recently moved out of the cities and into rural areas, where exploitation by factory owners who have set up rural private enterprises and suffering under industrial pollution are major concerns to China's peasants. Whereas the conflict in 1989 was an ideological battle over concepts of democracy and broader economic reforms, the current unrest among the peasant population is over issues of day-to-day survival that lend themselves to the incitement of many violent conflicts because of the plethora of social flash points and the vastness of rural China.<sup>2</sup>

### **The Tiananmen Uprising of 1989: The Student as Dissident**

The reforms instituted by China's late de facto leader, Deng Xiaoping, in the late 1970s-early 1980s were as revolutionary as they were "counterrevolutionary." His

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<sup>2</sup> At present, people in the rural areas comprise 64% of China's population and number about 0.8 billion people. Cf. National Bureau of Statistics, People's Republic of China, "Major Figures of the 2000 Population Census, No. 1," May 28, 2001. This report is available at <http://www.cpdrc.org.cn/en/e5cendata1.htm>

economic policies were capitalistic in nature, and as a result were experientially and intellectually new to contemporary Chinese society. Deng Xiaoping came to power in 1976 and immediately took on the mantle of the reformer. He began instituting changes which were meant to mark a clear movement away from the Cultural Revolution and unproductive and ideologically driven policies, consisting of a general rehabilitation of the status of the intellectual and an overall widening of the economic base, with the latter implying wider participation in policy-making. The economic reform policies mainly involved the creation of a market economy, privatization of previously state-owned enterprises, and the opening of the country to international trade and foreign investments.

In order to establish a wider economic base, the creation of a private sector was implemented. New business formation outside of state enterprises was encouraged and allowed to become part of the Chinese economy. This began in 1978 by dismantling the Cultural Revolution's period approaches to industrial practices, and included the institution of material incentives and the end of wage freezes, which had dated back to 1957.<sup>3</sup>

Upon the onset of reform, many factories throughout China were converted from state to private ownership. This often entailed the loss of workers' benefits and layoffs on the one hand, and the creation of a new managerial class on the other. The loss of benefits and of jobs made the impact of inflation far greater as the costs of needed services rose. With the help of foreign investment, money in circulation increased faster than worker

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<sup>3</sup> Martin King Whyte, "The Changing Role of Workers", in Merle Goldman and Roderick MacFarquhar (eds), *The Paradox of China's Post-Mao Reforms* (Cambridge, MA: Harvard University Press, 1999), p. 185.

output. Productivity between 1978 and 1986 rose 115% but purchasing power rose 285% and, with the increased money supply, helped fuel inflation.<sup>4</sup>

This scenario is in stark contrast to the “iron rice bowl” model that had existed under Mao Zedong, wherein job security and benefits as well as stable wages were guaranteed, and which meant that China did not have a labor market – something that had existed even in other socialist states – before reforms took place. In the absence of a labor infrastructure and a fixed pool of workers to draw from, the new private firms and foreign-owned joint-venture enterprises had to rely on a "floating population" of rural migrant workers from all over the country who flocked into the major Chinese cities in search of work in connection with these new private and semi-private businesses.<sup>5</sup>

With the opening of the country to international trade and foreign investments, new businesses and factories based their operations on increased international trade and their standard practices. The new Chinese capitalists raised domestic and foreign capital to create new ventures. Unfortunately, much of this grew at a time when there was no sophisticated banking system and investment safeguards. When the CCP instituted reform, they did so without the proper controls, because it would have involved relying on, and giving authority and power to, quasi-government agencies. In any event, the lack of a sophisticated banking system or a robust Securities Exchange Commission allowed for over-speculation that led to inflation and failed enterprises; and since power was concentrated in the ruling CCP, the latter became the focus of blame.

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<sup>4</sup> Hartford, Kathleen, 1990; “The Political Economy Behind Beijing Spring,” in *The Chinese People’s Movement, Perspectives on Spring 1989*, Ed. Tony Saich; M.E. Sharpe, Armonk, NY: 72

<sup>5</sup> Whyte, 193

The rapid changes that the Party began to implement required the technical and intellectual know-how of the country's literati. For the first time in recent Chinese history, the state gave students and other learned individuals a larger stake in the direction of the country. Economic reform however, was not accompanied by consonant democratic reform. A solution to the inequities that resulted from privatization and the expansion of the private sector therefore often seemed out of reach to those not already part of the power elite. Frustration mounted among intellectuals with the growing sense of their inability to affect policy.

There were varying degrees of freedom even for intellectuals engaging in the process of reform. Often, as was the case in pre-socialist China, intellectuals required the political patronage of an official to have freedom to express their views; the disadvantages of this model was that the political standing of an intellectual was at the mercy of a very fluid political situation. So, for example, "... if [the intellectual's] patrons were purged, as were Hu Yaobang in 1987 and Zhao Ziyang in May 1989, or if their patrons changed their minds, as was the case with Deng Xiaoping, their advice was rejected."<sup>6</sup> The fluidity of the political situation forced upon intellectuals the realization that their traditional role that they alone had the power to exact political change<sup>7</sup> was in jeopardy. The loss of their political base made the formation of political alliances with other groups—notably worker groups—difficult, and further eroded their impact on socioeconomic reform.

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<sup>6</sup> Merle Goldman, "The Emergence of Politically Independent Intellectuals," in Merle Goldman and Roderick MacFarquhar (eds), *The Paradox of China's Post-Mao Reforms* (Cambridge, MA: Harvard University Press, 1999), p. 286

<sup>7</sup> Ibid, 284

The expulsion from the CCP of Hu Yaobang, who was Party Chairman from 1981-1987, and a patron of many reformists, resulted in the realization on their part that the goals of the central government and the ideals of the intellectuals did not at all coincide, and that Deng Xiaoping was not an ally to the reformist movement. This realization was further reinforced when, in 1986, Deng Xiaoping reacted harshly to a small-scale, pro-democracy student protest. Analyst Toni Saich posits, "The refusal [on the part of the central government] to enter into serious political reform was compounded by the failure of the urban economic reforms and the declining positions of the working class and state employees<sup>8</sup>." In essence, the vessel that had been provided for students and intellectuals to channel their views did not accommodate the depth of the intellectual challenge the soon-to-be dissidents had posed to the CCP. But instead of making this vessel bigger, the Party abruptly closed it off, and the buildup of discontent increased even further.

What then played out was the implicit tension of two forces attempting to control order: one through reform, and the other through the maintenance of control and order, all within the context and pervading discourse that change is necessary to move the country forward. When the two opposing forces could not come to terms, tension increased a crisis thus ensued. Among many other events, the death of Hu Yaobang due to a heart attack in 1989 signaled the coalescing of discontent into the Tiananmen protests of June 4<sup>th</sup>.<sup>9</sup>

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<sup>8</sup> Tony Saich, "When Worlds Collide: The Beijing People's Movement of 1989," in Tony Saich (ed) *The Chinese People's Movement: Perspectives on Spring 1989*. Armonk, NY: M.E. Sharpe, p. 31

<sup>9</sup> It is hard to separate Hu's death and the protests, since it served as the catalyst that triggered the outpouring of discontent and negative opinions among many in the

## **The Nature of the Protests of June 4<sup>th</sup>, 1989**

The demands of the protesters covered a range that reflected the positions of the protesters in Chinese society. Most urban workers demanded the reigning in of privatization and inflation. After 1978, privatization created a maze of enterprises in which seemingly ad hoc criteria for hiring, compensation, promotion and firing were utilized.<sup>10</sup> Inflation was a direct result of new and expanding values placed on these private enterprises as well as the increasing negative balance of trade as imports soared. Intellectuals and students, on the other hand, were primarily concerned with democratization and further employment and enfranchisement of intellectuals; popular voice in policy, freedom of speech and press were their primary concerns. All parties wanted an end to crime and corruption, and wanted to end the mounting economic turmoil in which they had no control. In traditional China, Confucian precepts of the relationship between ruler and subject theoretically guaranteed the "...notion of a ruler's responsibility to provide for the livelihood of his subjects established a classical foundation for the belief in a general right to subsistence."<sup>11</sup> Like many other Confucian beliefs, this social contract has been absorbed through centuries of cultural conditioning and seems to have become deeply embedded in the psyche of many Chinese people.

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population, particularly the intellectuals, in connection with the growing social malaise. People laid wreaths in the Square in respect for Hu and the government had them removed, thus igniting the early demonstrations. Earlier, the death of former Premier Zhou Enlai also helped launch a student-led protest movement that shook the hold of the CCP. See Jonathan Spence, *The Search for Modern China*. New York: Norton, 1999, pp. 685ff.

<sup>10</sup> Whyte, 178

<sup>11</sup> Elizabeth J. Perry, "Crime, Corruption and Contention," in Merle Goldman and Roderick MacFarquhar (eds), *The Paradox of China's Post-Mao Reforms* (Cambridge, MA: Harvard University Press, 1999), p. 317

Socialism, in a rare display of conformity with older precepts, reinforced this tradition. Moving away from socialism and, by extension, this tradition, caused people to doubt their ruler's, in this case the Chairman of the CCP's ability to provide subsistence, and thus skepticism grew of the Chinese government's policies. As the safety net of socialist government subsidies and other benefits receded, crime became a problem. Moreover, with the emergence of a new capitalist middle class, mainly comprised of cadres and the children of officials, charges of nepotism, cronyism, graft, and corruption began to be leveled at those in power.

While it was the established intellectuals who were at the forefront of the initial push for reform, it was the university students who initiated the protests in response to the government's shortcomings. This scenario is again not without historical precedent. China, specifically in early 20<sup>th</sup> century, has had a history of student demonstrations. The May 4th movement of 1919, in which thousands of students led their peers and other members of society in hunger strikes and demonstrations, was aimed in large part at the democratization of Chang Kai Shek's Nationalist Party-led regime. Hunger strikes and boycotting of classes were the dominant forms of civil disobedience, and they characterized student protests up until the Communist victory in 1949.<sup>12</sup> However, it is important to point out this tradition of student protests did not apply to the Red Guards of the Cultural Revolution, who, rather than looking to the May 4<sup>th</sup> movement of 1919 as an example, harkened back to the violence and xenophobia of the Boxer Rebellion of

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<sup>12</sup> Wasserstrom, Jeffrey N. 1990: "Student Protests and the Chinese Tradition, 1919-1989" in *The Chinese People's Movement: Perspectives on Spring 1989*: ed. Tony Saich; M.E. Sharpe, Armonk, NY: 5-20

1900<sup>13</sup>. Thus, the form of protest during the Tiananmen Square events was a re-emergence of the forms dominant during 1919 and was distinct from those seen during the Cultural Revolution.

An overarching theoretical basis for the June 4<sup>th</sup> protests and demonstrations is embodied in *The Declaration of Human Rights*, published on May 20<sup>th</sup>, 1989 by the Chinese Human Rights Movement Committee.<sup>14</sup> To paraphrase, in an attempt to secure basic human rights, a need “...to create a new society, and new order, and a new morality...inviolable and inalienable natural rights...” are invoked. The similarities to the U.S. Bill of Rights is striking, and includes freedom and equality of all people; equal rights to life and security; freedom from oppression; freedom of expression; freedom of belief; preservation of dignity; political neutrality of the army; and, democracy and freedom as basic guarantees.

Hunger strikes began on May 13, 1989, with the bulk of the demonstrations in Tiananmen Square beginning two days later on the 15<sup>th</sup>. The initial response to the demonstrations was sluggish, as not everyone in the central government in Beijing agreed on how to react. Hard liners among the party members, such as Li Xiannian, Wang Zhen and Chen Yun were in favor of an all out quash.<sup>15</sup> Lingering reformists, such as General Secretary Zhao Ziyang, reasoned that since the students were making demands without providing any methods of realization, the CCP could therefore implement them on its own time and according to its liking. As Tony Saich points out, “An offer to allow a

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<sup>13</sup> Wasserstrom, 11

<sup>14</sup> The Chinese Human Rights Committee (May 1989) *The Chinese Human Rights Reader: Documents and Commentary 1900-2000*: ed. Steven Angle and Marina Svensson; M.E. Sharpe, Armonk, NY pp 321-322

<sup>15</sup> Saich, 41

couple of independent newspapers, a quasi-autonomous student federation, and freer elections to the NPC,” would have appeased the demonstrators while keeping the CCP in complete power.<sup>16</sup> Unfortunately, Zhao Ziyang, like Hu Yaobang, was silenced. Martial law was declared on May 20, and the protests were suppressed on June 4. Up to three thousand students were killed in the ensuing chaos.<sup>17</sup>

### **U.S.-China Relations During and After the Tiananmen Square Incident:**

U.S.-Chinese relations during and immediately after the crisis became predictably unstable. Around the time of the incident, the administration of the first President George Bush had been attempting to cultivate stronger military ties with the PRC. During the onset of the major protesting, the United States sent three warships to greet military forces in Shanghai, in what was intended to be a symbolic show of good military relations with the PRC as a counterbalance to Gorbachev’s visit to the same city. The timing on the part of the United States could not have been worse, as the symbolic port call was completely ignored due to the demonstrations. Whether owing to inconsistent policy, a response to the indifference to the symbolic port call, or a measured but pointed response to the handling of the demonstrations, days later, the U.S. embassy gave refuge to dissident Fang Lizhi. Furthermore, the Bush Administration, in the wake of the protests, suspended military and high-level relations with the PRC, a move that, according to former U.S. Ambassador James Lilley, was “particularly galling to the

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<sup>16</sup> Saich, 43

<sup>17</sup> Saich, 46. This number is disputed by the Central Government, who maintained that comparatively few students were injured. Also, many journalists present at the incident disagree as to the number of deaths reported by the Chinese government.

Chinese after all the hype that went into glorifying the relationship.”<sup>18</sup> The details of these sanctions included suspension of high level official visits, withdrawal of official development assistance and export credits, an embargo on the sales of military and police equipment and the transfer of advanced technology. The United States, along with the European Community, the World Bank, and the Asian Development Bank curtailed lending to China. There was also a dramatic fall in tourism revenue (20%) and foreign lending (40%) in 1989.<sup>19</sup>

The Chinese domestic response to the diplomatic moves of the U.S., according to Lilley, harkened back to Mao-era anti-American ideology. References to the United States as a “bourgeois capitalist element” in speeches and in news reports became common. Considering the U.S. response, their canceling of high-level talks and suspension of exit visas was not unexpected.<sup>20</sup>

Lilley, moreover characterized the Bush administration’s initial response to the crisis as being heavy-handed as it was futile. He suggested a minimalist response towards the Chinese action. This is what was designated as Bush’s policy of “constructive engagement.”<sup>21</sup> China was no less an economic gold mine at the time and their leaders knew it. U.S. companies knew this as well and, by enlisting Republican backing, were able to influence the granting of “Most Favored Nation” (MFN) status to China. This led to bipartisan support as leaders offered pronouncements that reflected an

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<sup>18</sup> James Lilley, "China and the U.S.--A Protracted Engagement," U.S. Embassy Beijing Cable, July 11, 1989, p. 3. This report can be found at <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB47/>

<sup>19</sup> Robert S. Ross, Harry Harding, and Allen S. Whiting, “China’s Foreign Relations After Tiananmen: Challenges for the U.S.,” *NBR Analysis*, Vol. 1, No. 3, 1990.

<sup>20</sup> Lilley, 3

<sup>21</sup> Ibid

understanding of a more nuanced situation after an initial placement of China on a “watch list.” For example, Congressman Steven Solarz, Democrat from New York, stated in 1991:

The issue of MFN and China involves a particularly complex set of questions. How can the United States best promote human rights and democratization in China, as well a range of strategic interests? Where specifically does MFN fit into that calculus? Do we have a better chance of promoting our multiple interests by revoking MFN, by renewing it, or by imposing some sort of conditionality?<sup>22</sup>

Former Ambassador Lilley understood that U.S. companies, by themselves, would create a meaningful negative response from their observations of any instability. A façade of stability on the part of the Chinese would not deceive businessmen looking to make money, as it might with politicians who may be more concerned with appearance. Therefore he was stating that market forces governing investment are coercive in the better sense of the word. This, he suggested, would occur regardless of attempts at propaganda on the part of the Chinese government. His ideas were borne out by the ignoring of Chinese propaganda by companies such as AT&T, which greatly expanded its investment in China in the 1990s.<sup>23</sup> Eventually, as the 1990s advanced, the concept of interdependency became the dominant theme for both China and American strategists. The growing trade deficit with the U.S. was a direct result of sales of Chinese goods in the United States that in turn became a sustaining factor for Chinese growth. In fact, as noted earlier, this trade deficit has increased from 30 to 100 billion U.S. dollars in the last 20 years, a significant portion of which stems from U.S.-China joint ventures. However, at the same time, the lower costs of goods also meant higher margins for U.S. importers,

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<sup>22</sup> Quoted in *China Business Review (CBR)*, July-August 1991, p. 12, taken from Yangmin Wang, "The Politics of U.S.-China Economic Relations: MFN, Constructive Engagement, and the Trade Issue Proper," *Asian Survey* 33(5):441-62, 1993.

<sup>23</sup> Lilley, 5-6

a high level of return on U.S. investment and reduced price pressure in the U.S. economy making inflation easier to tame. In other words, China's importance as a global trading partner began to outweigh the specter of its human rights record. It thus becomes clear why American businesses exerted their influence in later forcing President Bill Clinton to abandon linking the renewal of China's MFN status to the issue of human rights.<sup>24</sup>

Economic motives eventually allowed normal relations to resume between both countries. While a U.S.-E.U. arms embargo remains in place, all else is calm. In retrospect, the temporary low in U.S.-Chinese relations was driven on the one hand by moral principles on the part of the U.S. and its interests in upholding human rights and, on the other hand, by China's reverting to a Maoist era-style propaganda campaign complete with the extensive use of slogans and xenophobic portrayal of the U.S.<sup>25</sup> Ultimately, however, interdependency and the possibility of increased economic gain through trade caused moral and ideological idealism to fall by the wayside in the wake of the dip in diplomatic relations as a result of the events of June 4<sup>th</sup> 1989.

An in-depth analysis of why the student movement of 1989 failed is not the purpose of this paper. However, it is important to remember that the key composition of the protesters was students. Student protesters are often idealistic by nature, as a result of having become more politically conscious, and since university life tends to separate students from the mundane practical cares of everyday life and into a more theoretical realm of ideas and ideology. Students are also often drawn towards the "big picture," often considering it their intellectual "job" to concern themselves with the future

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<sup>24</sup> *Business Week Online*, "China's B School Boom", January 9, 2006.

[http://www.businessweek.com/magazine/content/06\\_02/b3966074.htm](http://www.businessweek.com/magazine/content/06_02/b3966074.htm)

<sup>25</sup> Lilley, 6. Specifically, China accused the U.S. of "bourgeois liberalism," instigating counter-revolution, and of wanting China to fail.

ramifications of history's trajectory. The battle waged by the students in Tiananmen Square in 1989 was an ideological one. Reforms called for wide sweeping changes including democratization and the implementation of the declaration of human rights mentioned earlier. Also mentioned earlier is the fact that many students and intellectuals believed that *only* the literati were capable of initiating the push for change.

Another fact about student protesters is that they are ultimately fickle, given that they cannot remain students forever. Many of them are on their way to joining the new entrepreneurial class, which is mainly concerned with financial security at the expense of ideals such as political suffrage.<sup>26</sup>

This is not to say that the student protests in Tiananmen were driven only by higher principles and did not include practical considerations. Issues such as worker disenfranchisement and the dissolution of many of China's social safety nets were among the concerns of the protesters.<sup>27</sup> However, most of these concerns were largely represented by unofficial workers' unions (e.g., The Workers Autonomous Federation), and though they protested alongside the students, the two remained separate entities. In fact, some student leaders considered themselves and their followers superior to the workers' unions that sprouted up around the Tiananmen unrest.<sup>28</sup>

### **Contemporary Protests: The Peasant as Dissident**

Protests by peasants occupy a separate and, ultimately, more volatile playing field by virtue of the varied nature of their issues that tend to emanate from distinct local

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<sup>26</sup> *Business Week Online*, "China's B School Boom", January 9, 2006.  
[http://www.businessweek.com/magazine/content/06\\_02/b3966074.htm](http://www.businessweek.com/magazine/content/06_02/b3966074.htm)

<sup>27</sup> Saich, 31

<sup>28</sup> Saich, 37-38

concerns and their threat to political structures. One obvious difference is that peasant protests take place in rural areas, whereas most student protests take place in cities. Second of all, the protests on the part of rural farmers are not driven by ideology, as the case was with the Tiananmen student protests. Rather, such protests are usually entirely circumstantial, occurring in response to distortions and extortions and high taxation on the part of local, corrupt party officials, often in cooperation with factory developers whose interests conflict with the local population. Often, the protests are due to over-taxation without representation. While it is officially illegal to tax farmers more than five percent of their income, this rule is more often than not ignored. When farmers are unable to pay taxes, grain and livestock are often taken instead.<sup>29</sup> The legitimacy of local governments is further tarnished by the presence of local gangs who help with the extortion by threatening the farmers with violence. The resulting unrest has been the staple of dissent during the 1990s and 2000s.

While the exact number of such incidents of unrest in China since 1989 is not known, the central government admits to 87,000 incidents in 2004 alone.<sup>30</sup> This statistic clearly illustrates the pervasiveness of discontent in rural China, and the government's hesitance to appear weak by addressing the problem. Political analyst Qing Liu, an editor of the *April 5<sup>th</sup> Forum* during the Democracy Wall Movement and now living in New York, says, "The ruling elite in Beijing has drawn one lesson from June 4<sup>th</sup>: that

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<sup>29</sup> James Miles, *The Legacy of Tiananmen: China in Disarray* (Ann Arbor, MI: University of Michigan Press, 1996), p. 173

<sup>30</sup> Albert Keidel, "China's Internal Unrest." Written Testimony Before the U.S.-China Economic and Security Review Commission Hearings on Major Internal Challenges Facing the Chinese Leadership, U.S.-China Economic and Security Review Commission, February 2, 2006. The complete text for this report is available at: [http://carnegieendowment.org/files/Keidel\\_Social\\_Unrest.pdf](http://carnegieendowment.org/files/Keidel_Social_Unrest.pdf)

maintaining their rule requires the eradication of all. Yet, in ten years of repression, as of 1999 have failed to eliminate the deep dissatisfaction in society, and problems have grown increasingly serious. These include corruption, injustice, urban unemployment, pockets of rural unrest, unfairness in the economic system, the growing gap between rich and poor, problems in economic reform, and the plundering of state capital...”<sup>31</sup>

### **The Economic Background of Contemporary Rural Protests**

Whereas agriculture was the first business to pick itself up after the Cultural Revolution, it lagged behind during the beginning of the 1990s. Deng Xiaoping favored rapid industrialization over agriculture. This was a far cry from a statement he made in 1992 that indicated the need for strong agriculture to uphold the country, the same year Deng made his famous tour of the south, during which he praised many of the reforms underway, thereby signaling to the rest of the country to follow suit. Ultimately, the rural denizens of China did not receive the support they needed from the government for medical or educational services. Supposedly, lack of funding for local governments from higher authorities has forced local officials to overtax farmers. Over time, the central government’s grip on local power structures diminished.

In the wake of reforms and the central government’s loss of control over rural areas since the late 1970s, a business model called the town and village enterprise (TVE) has come into existence. While the term encompasses a swath of different types of economic models, the most common are businesses owned by the local government with

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<sup>31</sup> Qing Liu, "Moving in the Right Direction: China's Irreversible Progress Toward Democracy and Human Rights," in Stephen C. Angle and Marina Svensson (eds), *The Chinese Human Rights Reader: Documents and Commentary 1900-2000* (Armonk, NY: M.E. Sharpe, 2001), p. 437.

the aid of local cadres, and those which are entirely privately owned but which hold huge sway over life in the township or village. The type of work conducted in TVEs is usually industrial work. According to Martin King Whyte, "...although some firms reportedly reduce operations or close temporarily to allow employees to help with the harvest, generally TVE workers are clearly proletarians rather than cultivators."<sup>32</sup> In addition, the payment and benefits workers receive is appalling, as are the working conditions. Strikes appear to be ineffective against this situation because "...a reserve army of unemployed exists..."<sup>33</sup> However, the lack of options drives people to dissent nonetheless.

According to Albert Keidel of the Carnegie Foundation, the highest concentration of rural protests in recent history has occurred in Hunan, Hubei and Jiangxi provinces.<sup>34</sup> His observations have been further documented and reinforced by other scholars. Local middle class men in their early middle ages, with some educational background, often organize such protests. The protests usually revolve around a specific set of circumstances, such as a factory polluting the local water supply or the previously mentioned problems with over taxation. While at the beginning of the 1990s most peasant protests were peaceful in nature, as time without reform and progress passes, the tendency toward violence in the recent past has escalated.<sup>35</sup>

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<sup>32</sup> Whyte, 180.

<sup>33</sup> Ibid

<sup>34</sup> Albert Keidel (2006) *China's Internal Unrest*; Written Testimony Before the U.S.-China Economic and Security Review Commission Hearings on Major Internal Challenges Facing the Chinese Leadership

<sup>35</sup> Philip Pan, "Civil Unrest Challenges China's Party Leadership," *The Washington Post* November 4, 2004; Page A18.

While protestors in different villages are certainly aware of each other and their mutual interests, rural unrest is localized and does not converge on one geographical center of political power. Thus, they lack the cohesiveness of the June 4<sup>th</sup> movement. However, this may only prove to make them more potent, as there is no central agenda for the government to address. Recent developments are disturbing in any case. On December 6 of 2005, protests in the town of Dongzhou in Guangdong province against poor compensation for land confiscated to build a factory, as well as a plan to fill in a large fishing inlet, turned violent. Local paramilitary police clashed with peasants wielding weapons ranging from spears to homemade explosives, and the clash ultimately ended in the police killing as many as twenty protesters. This event landed close to the World Trade Organization (WTO) meeting in Hong Kong, and the event could have had serious repercussions with respect to the summit. While the central government has ordered the apprehension of the police captain responsible for giving the order to fire on the civilians, the Chinese government-controlled media have been very secretive about the incident and did not release an official report until days after the incident. Furthermore, the government has engaged in a censorship campaign, restricting the dissemination of detailed information to Guangdong province, and blocking Internet sites that contain commentary on the events. The government maintains that the police fired in panic on aggressive, violent protesters. This is an example of the government's reaction to rural unrest and a refusal to change in the face of public opinion in backwater areas.<sup>36</sup> It further underscores the stock put into the appearance of stability on the part of the CCP, and an unwillingness to fully confront the behavior of the rural cadres.

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<sup>36</sup> Thomas Lum, (2006) *Social Unrest in China. CRS Report for Congress*, May 8, 2006.

Many predict that ultimately, the Chinese government's stubbornness will be its undoing. Qing Liu, for example, suggests that "...the national crisis that is growing daily in severity that may well lead to social unrest can be avoided only by steering a course towards democracy and human rights." While no one can expect the CCP to overhaul its system completely, as Liu Qing suggests, it is clear that the Party will face a crisis of legitimacy too large to combat with force or propaganda.<sup>37</sup> This crisis in legitimacy would be caused by the Party's apparent inability to respond to clearly pressing problems, compounded by the existence of a complex network of appointed officials on the local and provincial levels that provides no obvious basis for taking responsibility or being responsive to grievances. More often than not, the constituency of local officials is the provincial officials that they are trying to impress, rather than the populace. Evidence that the central government views this as a legitimate concern are the editorials lambasting local and provincial officials often found in major government-controlled newspapers such as *The People's Daily*. A recent editorial referring to the election of new local officials reads, "The elections should ensure adherence to the Party's principle of electing only candidates with a firm political stance, great capabilities, the trust of the public and the competence to guide healthy regional development. Those who violated Party disciplines and regulations would be punished severely and prosecuted if they broke the law, particularly in regard to corruption."<sup>38</sup> But the CCP's response to the events in Dongzhou renders this kind of editorial as little more than empty words.

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This paper is available online from <http://www.fas.org/sgp/crs/row/RL33416.pdf>. It was originally written only a few days after the incident in question. More written sources on this particular incident have become available since then.

<sup>37</sup> Liu, 441

<sup>38</sup> [http://english.people.com.cn/200606/31/eng20060531\\_269963.html](http://english.people.com.cn/200606/31/eng20060531_269963.html)

## **Ramifications and Course of Action**

Regardless of the situation in China described above, the United States, in my opinion, should not jeopardize its relations with the PRC. However, the case of human rights in China must be addressed seriously within the context of the future of U.S.-China relations. As stated at the beginning of the paper, there exists a high degree of economic and strategic interdependency between the two countries. The U.S. contribution to the Chinese economy occurs at many levels. The dominance of the United States as a consumer of Chinese-manufactured goods, the large investment through joint ventures by U.S. companies, and even the relative value of currencies contribute to this interdependence. Each of these elements of interdependency has the potential to be affected by U.S. policy. While in each nation's case, precipitous unilateral action could prove disadvantageous if not outright dangerous, the ramifications of an economic downturn in China would be severe for the Chinese government's legitimacy.

The discourse surrounding human rights in China should therefore be made less biased towards morality and, instead, the U.S. should continue to argue that China must uphold some semblance of human rights in its rural environs if it wants to survive economically and politically. Failure to do so would reflect weakness on the part of the Chinese government, and weakness would affect China's standing politically and economically on the global level. This is not in the best interest of either China or the U.S. Complaints about human rights and currency valuation notwithstanding, the United States has benefited from China's economic activity as dollars are returned to the U.S. to fund U.S. debt. American officials and diplomats should argue that continued U.S.-China

relations is directly tied to the abatement of civil unrest in the Chinese countryside. U.S. investment in China's markets will diminish as a direct result of market forces as investor confidence is tied to an earnest display of not only economic but also political liberalization on the part of China. Alternatively, this civil unrest could disrupt the momentum of manufacturing and other industries and, as a result, production of Chinese goods will thereby lag behind demand, thus possibly creating a slowdown or even a downturn in the economy. Likewise, the imports from China, on which the United States relies, could become compromised should unrest ultimately threaten to disrupt the manufacturing of Chinese goods. In this context, therefore, interdependency should not be equated with equal dependency; rather, the term in this light indicates that both parties are mutually tied to each other.<sup>39</sup> While China appears to have more to lose, the U.S. still remains constrained by its own self-interest and reliance on Chinese imports to control its domestic inflation.

Having leverage does not mean one can force change. While the vastness of China's rural population and the problems they face may positively affect the U.S.'s ability to influence the situation of millions of Chinese in the countryside, the United States requires a better way of motivating a change in China's human rights policy than what it has been employing thus far. If effective, the U.S. could require China to institute the following reforms if it wishes to regain stability in rural areas in order to continue attracting American investments and remain on track with its economic reform program.

The effective enforcement of a uniform tax for rural citizens that is reasonable for the average income of a Chinese peasant is the first change that needs to be implemented;

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<sup>39</sup> Cf. Philip Saunders, "Supping with a Long Spoon: Dependence and Interdependence in Sino-American Relations," *The China Journal* 43 (Jan., 2000), pp. 55-81.

uniformity and consistency not only improves the lives of peasants but also gives the appearance of legitimacy.

By that token, the institutionalizing and prioritizing of monitoring local government institutions by the Beijing government provides a clearer basis for control, and for establishing responsibility. By establishing these priorities, it sends a signal that a plan is in place, and judgment of that plan can be calibrated by results.

In addition, a uniform method of compensation and a mechanism for retraining for farmers displaced either by illegal activity on the part of local governments and gangs or natural disasters are necessary as well. This is important if they are to be drawn into a fluid labor market.

Lastly, medical and educational benefits need to be extended to rural areas in order to reestablish the social safety net and, again, thereby strengthen legitimacy. In addition, inequity in healthcare is more than just a political issue. It helps ensure a robust and effective labor force.

Ultimately, these reforms are for China to make, and the United States is in no position to force these changes on the Beijing government. Only through serious multilateral talks and a heavy dose of logic based on numbers could the government of the PRC be possibly persuaded to put these changes in place, given the dominance of economic development in China's current agenda. Moreover, in no way should the events of the summer of 1989 be referred to in diplomatic relations. Whatever the connection between the current rural unrest and the student protests of Tiananmen, U.S. officials ought to depart from earlier approaches to human rights at the Chinese negotiating table. This is not to say that the *desire* for the Chinese Government to uphold

human rights should leave the realm of one's sense of morality. But arguing in favor of concepts with which the Chinese government simply does not agree – e.g. widespread democracy and the right to own land, among other concepts – is moot. The Tiananmen Square massacre was a travesty, but the denouncement by the U.S. of the event was ineffective to begin with. Because of the nature of the rural protests that are occurring today, the United States has a unique opportunity to present the human rights problem in China as a force that compromises the stability of Chinese society, politics and economics. Proposing concrete solutions to concrete problems and which strengthen China as a trading and strategic partner is a more viable and pragmatic course of action and means of diplomacy. One must remember that the presumptiveness of idealism will do China's disenfranchised farmers and workers no good if it cannot be translated into an effective, concrete force for change.