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**Ministry for State Security, 'Information about
Aspects of the Current Domestic and Foreign Policy
Situation of China'**

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Summary:

An analysis of Chinese domestic policy and the future of its economy. A report is also written about Jiang Zemin, the General Secretary of the Central Committee of the CCP.

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Information

About

Aspects of the Current Domestic and Foreign Policy Situation of China

According to concurring Chinese and Western assessments, the situation in the People's Republic of China is still complicated. As diplomatic circles of the FRG have noted, in recent time conditions for a solution of the pending solutions in Chinese society have worsened. Chances for a successful mastery especially of the economic problems are said to have decreased because of the current policies of Party and Government.

Political circles in China are assessing that the country's leadership has re-established its freedom of action through the exchange of cadres at the 4th Plenary Session of the CCP Central Committee. However, the concrete political and economic course is remaining of the leadership's main [unfulfilled] tasks. With regard to stability within the leadership, it is assessed that with Jiang Zemin a compromise candidate has been found who first will have to build up his profile. So far he does not have a power base. The influence of old cadres is still looming large. Deng Xiaoping's positions on the most important domestic and foreign policy issues are still of decisive importance. His death could result in new conflicts within the leadership and cause domestic unrests.

The framework for the further course of the CCP has been set through emphasizing the validity of the four basic principles, the orientation towards a continuation of the policy of reform and opening, and through the increase of political-ideological work and planned improvements of the party structure. New accents will be coming up at the Central Committee meeting, planned still for this year, on issues of future economic strategy.

According to Western experts, a temporary slowdown and limitation of economic

reforms is possible because of the strengthening of conservative tendencies and the emphasis on the role of ideology in China's society. In the long term, however, the current policy of increased regulation of the economy and the strengthening of central powers will hardly be sustainable. In this context, another discussion of the concepts for society could make differences in opinion within the political leadership of China more pronounced and apparent.

According to competent information, it is said that parts of the population are reluctant and in part critical vis-a-vis the policy of the leadership. There is uncertainty about the permanence of this course. In light of the current ideological direction of the campaign, methods of political-educational activities are met increasingly with rejection in factories and institutions. Many times a week meetings are held to study the documents of the 4th Plenary Session and Deng Xiaoping's speech from the 9th of June, as well as fundamental articles from the central party press. After participants in these meetings had to self-critically evaluate their personal part in the events between April and June this year, there followed a categorization of each individual on a range between "not involved" and "instigator". According to internal information, these activities are based on a Central Committee directive about the need for a display of criticism towards the ideas of bourgeois liberalization.

Diplomatic circles of the United States are expecting in this context that, in contrast to the campaign against bourgeois liberalization in 1987, the current ideological offensive will last longer.

According to reliable information, the applied investigative and monitoring measures in various areas of social life were introduced on initiative of Deng Xiaoping. Deng had given the orientation to punish all those according to the laws of the PR China, who had committed illegal actions with regard to the events in spring this year. Also members of the Communist Party, who had not acted correctly during that period, are supposed to be held responsible through disciplinary action up to expulsion from the ranks of the party.

As Western political experts are assessing in light of the events on 3rd and 4th of June, the party and state leadership of China is viewing the armed forces in the country as the institution in society capable to guarantee political stability under the conditions of an escalation of social tensions. Thus major importance is assigned to organizational and political-ideological efforts in the Army in order to guarantee reliable control over the armed forces by the leadership of the country. The importance of this task is also determined by the fact that during the June events there had been cases of disobeying orders in army units of the People's Liberation Army (PLA). Doubts are existing among members of the military concerning the need for maintaining the state of emergency in Beijing.

According to internal information, the Chinese leadership wants to undertake, in light of these facts, decisive changes among cadres of the PLA before the end of 1989. Simultaneously the controls over the political-moral situation of the personnel have been increased in those units of the armed forces that are directly involved in guaranteeing order and security in cities of the PR China.

The party and state leadership has initiated actions to increase the reputation of the armed forces within the population, considering the above mentioned situation in several units of the PLA, as well as in light of the alienation between large parts of the population and the army in the context of the crackdown of unrests in early June this year. Thus an intensive propagandist campaign has been designed pertaining to "Love of the Army, and Learning from the Army". Political organs of the PLA have received the directive to organize activities to demonstrate the character of the Chinese Army as being close to the people, its active participation in economic build-up and in cleaning up impacts of natural disasters, as well as to display the care

of the armed forces for the population. In public the PLA is also portrayed as an example for how to lead the confrontation with bourgeois liberalization.

So far, however, one has not succeeded in eliminating the tensions in the relationship between Army and the population.

Domestic developments in China in recent months have led to different reactions abroad. According to reliable information, the Chinese leadership is viewing it as one of its currently most important foreign policy tasks to restore comprehensive relations with the Western states, which had been impacted negatively as a consequence of the events of the 3rd and 4th of June. For the Chinese side it is primarily required to limit the political and economic damage caused by Western sanctions. In the opinion of leading Chinese circles, the measures taken by the West in response to the events in China have been overall contradictory.

On the one hand dynamics of cooperation with these states have slowed down, what was on display among else in postponements of planned mutual visits at higher level and in a freeze of military contacts. Furthermore, several Western states, international financial institutions as well as private banks have stopped to provide credits to China over an amount of about 4 billion U.S. Dollars. There are also financial losses as a result of declining foreign investments and the decrease in numbers of Western tourists.

Notwithstanding these tendencies, however, in Chinese opinion neither the United States nor its NATO allies nor Japan had undertaken measures which can lead to a threat to the foundations of cooperative relations with China. In their approach towards China, Western government and business circles are primarily guided by interests to prevent a weakening of their positions in the international competition for the Chinese market. Although currently smaller and medium companies are viewing their China business rather skeptically, the large corporations, which already have invested significant amounts in China, are viewing it as inconvenient to limit their business activities with the Chinese side.

As foreign policy circles of the FRG^[5] are emphasizing in this context, any extreme Western positions concerning an isolation of China are in the long run not serving the interests of the Western states. Long-term a continuous, albeit for now reduced, economic and cultural exchange with China will be useful towards a liberalization in this country. Therefore the presence of Western states in China is supposed to be maintained in appropriate fashion and, if possible, to be expanded until a new leadership team will set new accentuations in China.

Based on the importance for China to cooperate with the capitalist industrialized states for its economic development, according to internal information Chinese representations in the Western countries have received directives from the center in Beijing to emphasize continuation of the policy of reform and opening and to persuade the Western cooperation partners to return to normalcy in their relations with China.

Besides these efforts, the Chinese leadership is recommending to fully explore in the current situation the opportunities in relations with the socialist countries. According to Western assessments, it can be expected that China will want to compensate for certain setbacks in the cooperation with Western states through increased activities vis-a-vis its socialist partners and countries of the Third World.

This information and the two appendixes are for personal information only in order not to compromise sources.

Appendix 1 to Information # 409/89

Assessment of the Person of Jiang Zemin, General Secretary of the Central Committee of the Chinese Communist Party

Jiang Zemin, elected in June this year as the General Secretary of the Central Committee, has the reputation of being a proponent for comprehensive reforms within the framework of socialist society while maintaining the leading role of the party. When deciding to give Jiang the position of General Secretary, it was apparently also considered that he had no direct responsibility for the in China still controversial Army action in Beijing, and that he was able to stabilize the situation in Shanghai by peaceful means. Because of these facts, Jiang Zemin could become an integrative figure within China's political leadership. Still, so far his positions in the central party apparatus are not solid. In his efforts to gain profile it is said he is receiving support mostly from party veterans, including Deng Xiaoping.

Jiang Zemin was born in July of 1946 in Yangzhou in Jiangsu Province. In 1947 he graduated with the Department of Electrical Engineering at Jiaotong University in Shanghai. During this time Jiang, who was a member of the CCP since April 1946, was active in the student movement in Shanghai against the Civil War raging in the country. After the victory of the communists in Shanghai in May 1949, Jiang Zemin became in this city First Deputy Director of Yimin Food Factory No. 1 and later in a Soap Factory. Because of his qualifications, he was promoted to the Shanghai Project Planning Office No. 2 of the First Ministry for Machine-Building Industry, where he worked as head of the Department for Electrical Appliances.

As a specialized cadre, in 1955 Jiang Zemin was delegated to an internship in the Automobile Factory "Stalin" in Moscow. After his return in 1956 he worked, among else, as Head of the Engine Department and Deputy Chief Engineer for Engine Manufacturing in Automobile Factory No. 1 in Changchun.

Later he was again deployed in the First Ministry for Machine-Building Industry working in his area of specialization of electrical engineering. There he was Deputy Director of the Shanghai Research Institute for Electrical Appliances and Director of the Research Institute for Electrical Engineering in Wuhan. In the latter institute he held for the first time party functions.

His professional specialization and his good foreign language abilities - Jiang Zemin speaks English and Russian, and is said to be able to read material in Romanian, French, Japanese and German - were the reason that he got involved in the foreign activities of the First Ministry for Machine-Building Industry. For instance, he was in Romania as the head of a Chinese group of specialists. Between 1971 and 1979 he held leading positions in the Office for Foreign Affairs of the First Ministry for Machine-Building Industry.

After 1980 Jiang Zemin worked as a consultant in the above-mentioned ministry and as Deputy Head and General Secretary of the State Administrative Commissions for Import and Export and for foreign investments. In those commissions he was also a member of the respective party leadership group.

In 1982 he was Deputy Minister and from 1983 to 1985 Minister for Electric Industry. In this period Jiang Zemin held among else the function of a secretary of the leadership group of the party in the Ministry for Electric Industry.

In 1985 he became Deputy Secretary of the City Party Committee and Mayor of Shanghai.

Jiang Zemin was elected in 1982 and 1987 as a member of the party's Central Committee. Since November 1987 he also is a member of the Politburo. From 1987 until August 1989 Jiang Zemin was Secretary of the City Party Committee Shanghai. The 4th Plenary Session of the 13th Central Committee of the Chinese Communist Party elected Jiang Zemin on the 24th of June this year as General Secretary of the Central Committee of the CCP and as a Member of the Standing Committee of the Politburo of the Central Committee.

As foreign observers assess, with his conceptual reformist opinions Jiang Zemin is close to Chen Yun[6], Li Peng[7], and Yao Yilin[8]. In Jiang Zemin's opinion, the solution for economic problems facing China must be closely linked to realistic political-ideological work. For instance, the implementation of a price and wage reform and other important socio-economic changes has to be preceded by a thorough information campaign within the party and the population. Given current conditions, this is requiring to constantly look for new ways of ideological work.

Jiang Zemin has made his name primarily as a local party official and does not have major international experience. His contacts in this area he mainly used to promote Shanghai's economic relations with foreign countries. Business travels led him in 1986 to Spain and the FRG and in 1988 to the Netherlands.

The GDR and other socialist states Jiang Zemin visited in 1984 as head of a delegation of the Chinese electronics industry.

Jiang Zemin is a flexible politician who understands to find compromise solutions in difficult situations. He is distinguished for an energetic and demanding working style. He is said to have started work in Shanghai daily before 6:00 Hours and usually did not finish before 21:00 Hours. Jiang Zemin is a good speaker and acts with confidence in public.

Jiang Zemin is no friend of major meals and is drinking moderately. His interests lie in music, literature, and paintings. He is said to be an enthusiastic bridge player.

Jiang Zemin is married. According to unconfirmed Western reports, it is assumed that his wife is a daughter of party veteran Li Xiannian[9], and that at least one of his two sons is currently staying in a Western country.

[Appendix 2 not part of this document.]

[1] Hermann Axen (1916-1992), Head of the Department International Relations of the SED Central Committee.

[2] Egon Krenz (born 1937), Member of the SED Politburo.

[3] Günter Mittag (1926-1994), Member of the SED Politburo.

[4] Oskar Fischer (born 1923), Foreign Minister of the GDR.

[5] Federal Republic of Germany aka West Germany.

[6] 1905-1995. In 1989 2nd Chairman of Central Advisory Commission of the CCP.

[7] 1928-2019. 1988-1998 Prime Minister of the PRC.

[8] 1917-1994. In 1989 5th First Vice Premier of the PRC.

[9] 1909-1992. In 1989 Chairman of National Committee of China's Political Consultative Conference. 1983-1988 President of the PRC.