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February 2, 2009

Congressional Research Service

Report RL33416

Social Unrest in China

Thomas Lum, Foreign Affairs, Defense, and Trade Division

June 12, 2006

Abstract. This report discusses the causes of growing social unrest in China and describes recent incidents, explains how the PRC government responds to protest activities, analyzes implications for PRC politics, and provides policy options for Congress.

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CRS Report for Congress

Received through the CRS Web

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Updated June 12, 2006

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<http://wikileaks.org/wiki/CRS-RL33416>

Social Unrest in China

Summary

In the past few years, the People's Republic of China (PRC) has experienced rising social unrest, including protests, demonstrations, picketing, and group petitioning. According to PRC official sources, "public order disturbances" grew by nearly 50% from 58,000 incidents in 2003 to 87,000 in 2005. Although political observers have described social unrest among farmers and workers since the early 1990s, recent protest activities have been broader in scope, larger in average size, greater in frequency, and more brash than those of a decade ago. Fears of greater unrest have triggered debates with the Communist Party leadership about the pace of economic reforms and the proper way to respond to protesters.

Workers in state-owned enterprises and the special economic zones producing goods for export, peasants and urban residents who have lost their farmland or homes to development projects, and others have engaged in mass protests, some of them violent, often after having exhausted legal channels for resolving grievances. A December 2005 clash between villagers and police in Dongzhou village, southeastern Guangdong province, in which 3-20 villagers were killed, has become a symbol of the depth of anger of those with grievances and the inability of Chinese administrative, legal, and political institutions to resolve disputes peacefully. U.S. interests regarding social unrest in China include human rights concerns, ongoing U.S.-funded democracy and rule-of-law programs in the country, the effects of social unrest on U.S. investments in China, and the effects on PRC foreign policy.

Growing disparities of income, official corruption, and the lack of democratic institutions are likely to continue to fuel social unrest. The potential for widespread social upheaval has captured the keen attention of the Communist Party leadership. However, in the medium term, the PRC government is likely to be able to contain protests through policies that mix accommodation and suppression and that promote continued economic growth. Most analysts do not expect social unrest to evolve into a national political movement unless linkages among disaffected groups strengthen and other social groups, particularly the middle class, intellectuals, and students, join the protests as well.

Policy options for Congress include monitoring the situation, increasing assistance for local democracy, civil society, rule-of-law and environmental programs in China, supporting a free press and independent judiciary, or pressing the Chinese government to respect the rights of protestors and release jailed activists. On December 15, 2005, a bi-partisan group of U.S. congressional leaders submitted a letter to the PRC Ambassador to the United States, Zhou Wenzhong, expressing "deep concern" over the shooting incident in Dongzhou.

This report, which will be updated periodically, discusses the causes of growing social unrest in China and describes recent incidents, explains how the PRC government responds to protest activities, analyzes implications for PRC politics, and discusses policy options for Congress.

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Social Unrest in China

Overview

As the economy of the People's Republic of China (PRC) has boomed in the past decade, raising living standards for many of its citizens, incidents of social protest also have risen dramatically. Economic development has brought about or exacerbated a host of economic, social, and political problems, including income inequality, environmental pollution, official corruption, and ambiguous property rights, which in turn have fueled grievances. To a large extent, the PRC government at various levels has been unable or unwilling to mitigate social anger.

Social unrest in China affects ongoing U.S. policies promoting human rights and democracy in China and broader considerations about engagement with the PRC. In the short run, social unrest raises many human rights concerns toward China among many U.S. policy-makers. In the medium term, ongoing U.S. efforts to promote civil society and the rule of law in the PRC could help people and institutions in China to develop legal understanding and procedures for expressing and resolving social grievances. In the longer run, social unrest may adversely affect the business climate for foreign investment, the pace of economic reforms (including compliance with WTO commitments), political stability in the PRC, and Chinese foreign policy. Some analysts argue that the challenges of addressing grievances and controlling protests will encourage Beijing to seek a stable international environment in which it can focus on domestic economic growth and social stability. Others argue that social unrest may cause Beijing to adopt a more hostile international posture. Social unrest could also undermine the power of the Chinese Communist Party, although current indicators do not point to a significant loss of political control. Policy options for Congress include monitoring the situation, increasing assistance for local democracy, civil society, and rule-of-law programs in China, supporting a free press and independent judiciary, or pressing the Chinese government to respect the rights of protestors and release jailed activists.

According to Chinese Communist Party sources, social unrest grew by nearly 50% from early 2004 through 2005, culminating in a particularly violent episode in December 2005. China's Public Security Ministry reportedly declared that there were 87,000 cases of "public order disturbance" — including protests, demonstrations, picketing, and group petitioning — in 2005 compared to 74,000 reported cases in 2004.¹ In 2003, the PRC government reportedly cited more than

¹ GOV.cn, January 19, 2006; Richard Spencer, "China Fears Meltdown over Social Instability," *National Post* (Canada), August 23, 2005. One source suggests that these statistics refer to demonstrations involving over 100 people, while another states that (continued...)

58,000 “major incidents of social unrest” involving an estimated 3 million to 10 million persons, of which 700, or less than 2%, involved clashes with police,² while a Hong Kong-based labor rights group estimated that the number of labor demonstrations reached 300,000 that year.³ The December 2005 clash between villagers and People’s Armed Police (PAP) in Dongzhou village (Shanwei city), southeastern Guangdong province, in which 3-20 villagers were killed, became a symbol of the depth of anger of those with grievances and the unpredictability of the outcomes of social disputes. While social unrest has not placed China in imminent danger of widespread political upheaval, it has caused alarm among the Communist Party leadership and influenced the policy direction of the national government.

Protest Groups

Economic reforms and growth in China, which took off in the early 1990s, have given rise to a middle class of an estimated 100 million persons as well as a “two-tier” society of haves and have-nots. Many of China’s state-owned enterprises (SOEs), once the principal source of urban employment, have been disbanded, restructured, or privatized, leading to millions of layoffs. Egregious labor abuses have long been reported in the Special Economic Zones (SEZs), where foreign-invested companies produce Chinese goods for export. Urban development has displaced homes and farmland and created environmental degradation in the countryside. Growing numbers of laid-off SOE workers, workers in the SEZs, peasants and urban residents who have lost their farmland or homes, and others have engaged in mass protests, some of them violent, often after having exhausted legal channels for resolving grievances. The poor in China lack not only economic but also political resources. Workers are not allowed to form unions independent of the state-controlled All China Federation of Trade Unions (ACFTU). Most reported protests, triggered by official unresponsiveness, corruption, violation of citizens’ rights and laws, or repressive tactics by authorities, began peacefully. Popular protests also have been further fueled by a growing awareness and understanding of legal rights.

Farmers

Although rural incomes increased nearly six-fold between 1978 and 2000, they could not keep up with urban incomes, and by the late 1990s, peasant incomes began

¹ (...continued)

“massive rallies” are rare. Francesco Sisci, “Is China Headed for a Social “Red Alert?” *Asia Times Online* [<http://www.atimes.com>], October 20, 2005; Eric Ng, “Cooling Sentiment to Hurt Funding Needs,” *South China Morning Post*, September 7, 2005.

² Pan, Philip, “Civil Unrest Challenges China’s Party Leadership,” *Washington Post*, November 4, 2004; Albert Keidel, “The Economic Basis for Social Unrest in China,” Carnegie Endowment for International Peace, May 2005.

³ Dexter Roberts, “China: A Workers’ State Helping the Workers?” *BusinessWeek*, December 13, 2004; David Murphy, “The Dangers of Too Much Success,” *Far Eastern Economic Review*, June 10, 2004.

to stagnate while rural unemployment rose to nearly 20%.⁴ Declining social services due to the de-collectivization of the rural economy and rising taxes and fees gave rise to many grievances. Collective protest activity, which occurred daily in some provinces during this period, ranged from petitioning government officials to violent outbursts.⁵ In response to these protests, the central and local governments began to institute tax reforms in 2002. These new regulations significantly reduced financial burdens of farmers and reportedly helped boost rural incomes by 15%-40% in some areas.⁶ However, such measures may provide only a temporary reprieve from social unrest in the countryside, for they have not seriously addressed other underlying problems such as corruption, weak legal institutions, and intense competition among local governments to attract investment and offset declining revenues.

In the past few years, a new kind of protest has appeared, caused by anger over local development projects and resulting land confiscation and environmental degradation. The lack of property rights in China has led to many governmental abuses at the local level. The country's first comprehensive bill on property rights, which purportedly would help both wealthy private entrepreneurs and common citizens protect their rights to property, was shelved at the annual session of the National People's Congress in March 2006 following opposition from conservative leaders. A majority of Chinese peasants have long term (30 year) land-use contracts but not ownership or the right to sell them. When land takings occur, farmers are entitled only to compensation based upon agricultural output and resettlement costs. Village, township, and county governments generally receive the lion's share of the price of the "sale" or transfer of land-use rights to the developer. Violent clashes between demonstrators and police have erupted in not only poor regions in China's interior, but also rich coastal areas, where development pressures are heavy. Furthermore, in these areas, communications links to the outside are more developed and political fallout is more likely. The following are examples of recent protests in rural areas (see **Figure 1**):

- In January 2006, hundreds or thousands of protesters clashed with police over inadequate compensation for farmland taken for industrial use in Panlong village, Sanjiao township, Guangdong province. A teenage girl reportedly was killed.
- In December 2005, a dispute over the construction of an electricity-generating plant and related property seizures culminated in a violent clash in Dongzhou village near Shanwei city, Guangdong province,

⁴ Fred Gale and Albert Park, "Can Rural Income Growth Accelerate?" in Fred Gale, ed., *China's Food and Agriculture: Issues for the 21st Century* (Washington, DC: Economic Research Service, USDA, 2002).

⁵ Edwin Chan, "China's Infant Rural Reforms Have a Long Way to Go," *Reuters News*, March 8, 2002.

⁶ Peter S. Goodman, "In China's Cities, a Turn from Factories," *Washington Post*, September 25, 2004.

in which 3-20 demonstrators were killed.⁷ PRC authorities suspended the deputy police chief of Shanwei, restricted movement in and out of the area, imposed a news blackout, and arrested three protest leaders.⁸ The year-long conflict included villagers filing formal complaints, setting up roadblocks, and kidnapping local officials; government officials visiting Dongzhou; local authorities detaining and releasing village leaders; and the mysterious death of a village accountant who had supported the farmers' demands.

- In August 2005, police beat villagers protesting against pollution from a battery factory in Zhejiang province.
- In August 2005, unemployed residents of Daye, Hubei province, attacked government offices and destroyed cars after police used dogs to break up a demonstration over an official plan to annex Daye to a larger city, Huangshi. In September 2005, a Chinese court sentenced 10 persons to prison terms ranging from one to five years for their involvement in the protests.
- In July 2005, residents of Taishi village near Guangzhou, capital of Guangdong province, submitted a petition to remove their village chief for plundering public funds. After one of their leaders was arrested, 1,500 villagers clashed with 500 armed police.⁹ In September 2005, police seized government documents that villagers had been guarding to use in their legal case alleging official corruption, and shut down an Internet website that had been reporting on the unrest. In March 2006, protest leader Feng Quisheng lost an election bid for the township People's Congress. His supporters claimed that Feng's opponent engaged in vote-buying and that proxy votes were not accepted.
- In July 2005, farmers in Xinchang, 200 km. south of Shanghai, attacked a pharmaceutical plant because of anger and lack of redress over pollution that it emitted.
- In June 2005, about 100 miles southwest of Beijing, approximately 300 hired thugs attacked a group of farmers who had camped on disputed land that the local government had planned to use to build a power plant. The farmers protested the lack of proper compensation for their land. Six villagers reportedly were killed in the attack, which was captured on video by a protester and shown on

⁷ Village witnesses say that People's Armed Police (PAP) or paramilitary units, were responsible for the shooting, while local officials claim that only regular police were involved.

⁸ "Protest Village Families Left Destitute in China," *BBC Monitoring Asia Pacific*, March 3, 2006.

⁹ Leu Siew Ying, "Did They Set the Tone for Things to Come?" *South China Morning Post*, September 15, 2005.

Chinese websites. Communist authorities fired the local party chief and mayor and returned the farmland.¹⁰

- In April 2005, 20,000 peasants from several villages in Huaxi township, Zhejiang province, who had been complaining for four years of industrial pollution from an industrial park that had ruined their agricultural livelihood, fought with police. Before the protests, local elected village councils and the township communist party secretary had made futile pleas to higher authorities to respond to the peasants' concerns. The factories eventually were shut down while protest leaders were arrested.¹¹
- October 2004: Over 10,000 farmers facing relocation because of a new dam in Ya'an, Sichuan, demonstrated while PAP units were called in, resulting in the deaths of at least one protester and two policemen.¹²

Workers

State-Owned Enterprises. Both political analysts and PRC leaders perceive protests by Chinese workers generally as having greater potential political impact than protests by farmers. Compared to peasants, workers tend to be urban and more educated, have a greater sense of entitlement, and have greater access to communications with other workers as well as to reporters, intellectuals, rights activists, and lawyers who can help articulate their grievances and fight for their interests. The Chinese Communist Party (CCP) has long feared a worker's democratic movement similar to Poland's Solidarity movement and swiftly suppresses efforts to form independent labor organizations.

In the late 1990s, labor protests became commonplace in older industrial cities as workers in moribund state-owned enterprises faced unemployment, cuts or suspension in pay and benefits, and loss of pensions.¹³ In urban areas, the jobless rate was estimated to be 15% on average and up to 25% in "rust belt" cities in China's northeast. Since 2000, while economic growth has boomed, layoffs from SOEs and collective enterprises have continued. Nationwide, an estimated 27.8 million factory workers lost their jobs in 1999-2004; another 6 million are expected to be laid off

¹⁰ Philip Pan, "Chinese Officials Retreat in Farmland Dispute," *Washington Post*, July 22, 2005.

¹¹ Edward Cody, "For Chinese, Peasant Revolt is Rare Victory," *Washington Post*, June 13, 2005.

¹² Richard McGregor, "Simmering Tension in China Boils Over in Dongzhou," *FT.com (Financial Times)*, December 12, 2005; "Dam Project Sparks Riots," *Taipei Times*, November 7, 2004.

¹³ For example, Liaoning province in China's industrial northeast reportedly experienced several protests per day in 2000-02.

in 2005-06, according to PRC government sources.¹⁴ In addition to issues related to wages and benefits, many labor demonstrations have been directed at collusive agreements between factory managers, local officials, and outside investors which have enabled them to profit from privatization schemes at the expense of workers.¹⁵ China's official union, the ACFTU, generally has been a weak advocate for workers. In carrying out its dual role of promoting the interests of the workers and the state, the union often lacks both the autonomy to oppose government policies and management decisions that violate labor rights and the power to enforce labor regulations.

Some of the largest labor protests since the founding of the PRC occurred in 2002. In March of that year, in an unusual display of organization, 30,000 workers from 20 factories in Liaoyang, an old industrial city in Liaoning province, staged coordinated protests in front of city offices, complaining of unpaid wages, living allowances, and pensions, government corruption, and the arrests of labor activists. In addition, that year, up to 50,000 oil workers in Daqing reportedly protested against layoffs. Labor demonstrations in the northeast reportedly have diminished somewhat since 2003, although Shaanxi province experienced a seven-week strike involving thousands of workers at a textile mill in 2004.

Special Economic Zones. Until recent years, workers in China's light or labor intensive industrial sector, located in the coastal Special Economic Zones, generally avoided labor activism. Mostly young, female migrants from poor rural areas, these workers possessed a strong desire to earn money to send home and little understanding of labor rights, and were reluctant to complain despite enduring appallingly abusive conditions. Many factories in the SEZs are owned and managed by investors from Hong Kong, Taiwan, and South Korea, who supply U.S. retailers and brands. In the past two years, however, a labor shortage of approximately 2 million workers has been reported in the SEZs; this has been especially felt in Guangdong province. According to some analysts, government policies reducing taxes and fees on farmers have helped to raise incomes in rural areas, making arduous factory work in places far from home less attractive. The labor shortage, a growing awareness of their rights under the PRC Labor Law, and help from both Chinese lawyers and international campaigns for better working conditions, have emboldened some workers to fight for their interests.¹⁶ The Pearl River Delta area surrounding Guangzhou, capital of Guangdong province, which is one of China's most economically developed regions with one of the largest migrant worker populations in the country (an estimated 25 million persons), reportedly experienced 863 protests

¹⁴ Tim Johnson, "Despite Growth, China Faces Challenge of Providing Jobs to Workers," *Knight Ridder Tribune News Service*, June 18, 2004.

¹⁵ Murray Scott Tanner, "China Rethinks Unrest," *The Washington Quarterly*, Vol. 27, No. 3 (Summer 2004).

¹⁶ Lau, Justine. "Strike Highlights Pressure on Wages — China," *Financial Times*, October 27, 2004; Tom Holland, "Labour Pains," *Far Eastern Economic Review*, September 23, 2004; Edward Cody, "A Chinese Riot Rooted in Confusion," *Washington Post*, July 18, 2005; "Wal-Mart Tests Unions in China, Just as Unions Test Management," *Financial Wire*, November 29, 2004.

involving over 50,000 workers between January-October 2004.¹⁷ The following are some major labor protests in Guangdong province:

- In September 2005, over 100 workers at a shoe factory in Guangzhou, Guangdong province, battled police and smashed vehicles over unpaid wages.
- In July 2005, 3,000 mostly migrant workers at a Hong Kong-owned garment factory near Guangzhou rioted for higher pay. A report of the incident noted that there were thousands of such “explosions” every year.¹⁸
- In November 2004, 500 workers at a Taiwanese-owned shoe manufacturer “rampaged through the company’s facilities.” The shoe industry in the Pearl River Region near Guangzhou experienced 10-12 walkouts in 2004.¹⁹

Homeowners

A relatively recent social phenomenon in China is the rise of protests involving home owners and peasants opposing eviction or the loss of farmland due to urban renewal, industrialization, and other problems related to economic development. Many aggrieved citizens have claimed that they were not sufficiently consulted or properly compensated and have engaged in public demonstrations when their complaints were ignored by local officials. Guangzhou police estimated that in 2003 and 2004, forcible evictions constituted nearly one-fourth of protest activities in the city — becoming the largest source of social unrest.²⁰ Since the late 1990s, most urban residents in China have bought either the state-owned apartment flats which they had long occupied or newly-built ones. Most land-use rights have been retained by local governments or purchased by developers. The following are some recent protests involving urban homeowners:

- In August 2005, 100 people demonstrated outside a meeting of Shanghai’s legislature, protesting housing disputes or land seizures around the city.
- In 2003 and 2004, homeowners on Xiaoguwei island in Guangzhou, capital of Guangdong province, sued the municipal government after city officials announced that a university would be constructed there and that 165 villas belonging to professionals and artists would be

¹⁷ Murray Scot Tanner, “Chinese Government Responses to Rising Social Unrest,” Testimony Presented to the U.S.-China Economic and Security Review Commission, April 14, 2005.

¹⁸ Edward Cody, “A Chinese Riot Rooted in Confusion,” *Washington Post*, July 18, 2005.

¹⁹ Edward Cody, “In China, Workers Turn Tough,” *Washington Post*, November 27, 2004.

²⁰ Murray Scott Tanner, “Chinese Government Responses to Rising Social Unrest,” op. cit.

demolished and 10,000 farmers would be relocated.²¹ Both homeowners and farmers claimed that they were offered unfair compensation and that the process involved little, if any, consultation. City officials argued that the prices offered were “very high.”²² In April 2005, police forcibly evicted hundreds of villagers who had refused to move. In March 2006, Guangzhou officials promised to return some land to the farmers.²³

Figure 1. Map of China
(sites of social unrest in italics)



Source: Map Resources. Adapted by CRS. (K.Yancey 5/27/06).

²¹ The homeowners had legally purchased 70-year land-use rights for their houses on the island in 1994 and had obtained official certificates of ownership in 2002.

²² Jia Hepeng, “Artists Locked in Land Dispute,” *China Daily*, June 12-13, 2004.

²³ “China’s Province to Return Land to Villagers,” *BBC Monitoring Asia Pacific*, March 27, 2006; Edward Cody, “China’s Land Grabs Raise Specter of Popular Unrest,” *Washington Post*, October 5, 2004.

Government Responses

The PRC government's efforts to address social unrest have been hampered by tensions between the central and local governments, institutional weaknesses, inconsistent policies, and the inability or unwillingness to undertake fundamental political reforms. The central government has acknowledged that the grievances of many citizens have been legitimate, and occasionally has corrected local policies that have violated the law or punished local officials for employing excessively violent tactics against protesters.²⁴ However, the state has reserved the authority to arbitrarily determine which protest activities are acceptable. It has not developed adequate institutions that protect human rights, cede political power to social groups, ensure judicial independence, and resolve social conflict. Many small demonstrations have been tolerated, but marching, organizing, and talking to reporters have brought harassment and repression by government authorities. At the end of 2005, the central government pledged a number of additional reforms aimed at rural unrest, including better management of land use, strengthening the legal system, protecting farmers' land, raising rural incomes, increasing social spending on health care and education, and abolishing the national tax on farmers. However, these policies will likely be resisted by local officials whose power remains unchecked and who are desperate to attract investment and prone to corruption.²⁵

The PRC government, at the national and local levels, has applied a carrot and stick approach, or a combination of appeasement and scare tactics, toward controlling restive social groups. Experts have noted a pattern whereby government authorities allow demonstrations to grow, and even publicly sympathize with protesters, while taking time to identify group leaders. Arrests of activists often take place only after some efforts have been made to mollify aggrieved individuals by meeting some of their demands. According to reports, public security agents typically use both torture and rewards to extract expressions of wrongdoing or guilt and to pit activists and neighbors against each other. Scare tactics — the use of arbitrary detention and the employ of untrained security agents ("hired thugs") to beat up protest leaders — help to quell further protest activity. When demonstrations get out of hand, the government strictly controls reporting of them, although in many cases, news leaks through the Internet. News of events in Dongzhou spread, despite a blackout on media coverage, through the use of disguised language on the Internet, smaller bulletin board sites, and access to English and overseas Chinese websites.²⁶

According to some analysts, Chinese leaders diverge on how to respond to protest activities: One government view regards peaceful demonstrations as a

²⁴ In February 2006, former Party secretary of Dingzhou city, He Feng, was sentenced to life in prison, and four others to death, for their roles in the shooting and beating of villagers protesting inadequate land compensation, including the killing of six.

²⁵ Jean C. Oi, "State Responses to Rural Discontent in China: Tax-for-Fee Reform and Increased Party Control," *Asia Program Special Report (Woodrow Wilson International Center for Scholars)*, No. 108 (March 2003).

²⁶ David Murphy, "Nothing More to Lose," *Far Eastern Economic Review*, November 7, 2002.

legitimate way to express grievances and emphasizes developing institutions for protecting rights and resolving disputes. In March 2006, Premier Wen Jiabao made some conciliatory remarks following the annual National People's Congress session regarding the protection of the property rights of farmers. Another view, often associated with President Hu Jintao, stresses fortifying police forces and cracking down hard on large public demonstrations.²⁷ According to some experts, the escalation and vehemence of protests in the past year have convinced some top leaders to take a tougher line, particularly in light of the "color revolutions" that have taken place in post-Communist countries.²⁸ The December 2005 Dongzhou case gave rise to varied government responses. Two weeks after the incident, an editorial in the official English weekly, *Beijing Review*, quoted intellectuals in China and Hong Kong who criticized police methods, PRC government policy toward social discontent, and official corruption.²⁹ Nearly three months later, the Guangdong governor suggested that the police commander "made mistakes," most protesters were "innocent," and a few local officials were "corrupt." However, he also stated that the shooting was "caused by a small group of criminals."³⁰ The local government promised to "improve social services" for villagers but did not offer any concessions on the disputed construction of the new power plant.³¹

Some analysts argue that the PRC government's common response to mass demonstrations, which is to appease protesters, punish organizers, and do little about underlying causes — also known as "buying stability" — encourages civil disobedience as the only effective means of winning redress. Many demonstrators in China now express the following mantra: "Causing a big disturbance gets you a big solution; a little disturbance gets you a little solution; and no disturbance gets you no solution."³² Premier Wen's remarks in March 2006 regarding the need to protect the "democratic rights" of farmers reportedly bolstered the spirits of many rural protesters.³³

²⁷ According to one expert, Premier Wen has advocated treating the sources of social unrest, while President Hu has emphasized law and order. Jonathan Manthorpe, "Communist Party Divided on Dealing with Dissidents," *Vancouver Sun*, January 30, 2006; Richard McGregor, "China's Official Data confirm rise in Social Unrest," *Financial Times*, January 20, 2006; Paul Mooney, "China Faces up to Growing Unrest," *Asian Times Online* [<http://www.atimes.com>], November 16, 2004.

²⁸ "Color Revolution" refers to peaceful democratic movements involving mass demonstrations that have toppled several post-communist authoritarian governments in former Soviet States. "Chinese Delegate Says Social Unrest 'Instigated by Foreign Forces'," *BBC Monitoring Asia Pacific*, March 5, 2006.

²⁹ Pan, "China Wavers on Police Shooting," op. cit.; Liu Yu, "Village Voices," *Beijing Review*, December 29, 2005.

³⁰ "Governor of China's Guangdong Blames 'Criminals' for Village Shooting Incident," *BBC Monitoring Asia Pacific*, March 7, 2006.

³¹ Edward Cody, "Chinese Police Bring Villagers to Heel after Latest Uprising," *Washington Post*, December 20, 2005.

³² Tanner, "Chinese Government Responses to Rising Social Unrest," op. cit.

³³ "Chinese Villagers Protest over Land Rights, Buoyed by Premier's Remarks," *Xinhua* (continued...)

Trends and Implications

Underlying Causes

Inequality and Corruption. A principal, indirect cause of social unrest in China is the wide and growing income gap, unmitigated by a reliable social safety net. Official corruption and the lack of political power among average citizens further stokes the anger of the aggrieved. China's Gini coefficient, a measurement of income inequality, has reached between .45 and .53 — one of the highest levels in Asia, according to various PRC sources.³⁴ Large differences exist between rural and urban areas and between interior and coastal provinces. According to the World Bank and other sources, average rural incomes in China are less than one-third of urban incomes (1:3), compared to a ratio of 1:2.4 in 1992 and 1:1.7 in 1985. When government services such as education and health care are included, urban residents are six times better off than rural residents, according to one estimate.³⁵ A Chinese prominent economist warned that the growing income gap, and the rise of a new class of wealthy officials and entrepreneurs, has stirred resentment among the poor which could lead to "all types of social instability."³⁶ In August 2005 in Chizhou, Anhui province, this bitterness exploded in a riot that was sparked when a visiting government official's body guards beat a student following a traffic accident involving the student, who was riding a bicycle, and the official, who was riding a car. Chizhou townspeople perceived the official as an outsider from affluent Zhejiang province and as one with business connections in their town. They were further enraged when town leaders appeared to treat the official and his party leniently in order not to discourage out-of-town investors.³⁷

Growing Rights Consciousness, Organizational Skill, and Publicity.

The development of China's legal system has served as a springboard for much of the social unrest of the past several years. Increasingly, protests have begun as legal actions or claims based upon constitutional rights. Peasants have attempted to utilize courts, petitions, and informal appeals to officials at various levels, using the law as

³³ (...continued)

Financial Network, March 17, 2006.

³⁴ Named after an Italian statistician. A Gini coefficient of 0 signifies perfect equality; a Gini coefficient of 1 means perfect inequality (one person has all the income). China has the second highest Gini coefficient in East Asia after the Philippines and is on par with Central and South American nations. The Japan Research Institute, Ltd. *Asia Monthly*, October 2005.

³⁵ Josephine Ma, "Wealth Gap Fueling Instability," *South China Morning Post*, December 22, 2005.

³⁶ Chan, Minnie, "Graft is Widening Wealth Gap: Economist," *South China Morning Post*, September 20, 2005.

³⁷ Edward Cody, "A Chinese City's Rage at the Rich and Powerful," *Washington Post*, August 1, 2005.

the basis of their claims.³⁸ In 2004, PRC sources reported that the number of labor dispute cases rose sharply in 2003. During that year, labor dispute arbitration committees reportedly accepted 226,000 cases involving 800,000 employees, a year-on-year increase of 22.8%.³⁹ A Construction Ministry official stated that in the first half of 2004, it had received petitions regarding the wrongful confiscation of land from 4,000 groups and 18,600 individuals. Between 1999 and 2004, civil cases in China grew by 30%, reaching 4.3 million.⁴⁰ However, China's growing body of law and developing legal institutions, rather than preventing social unrest, have often served only to delay or even to fuel it. Legal reforms have raised expectations about citizens' ability to redress grievances. But lawyers face legal and political obstacles as well as harassment by the state, and the judiciary lacks independence. Even when favorable judgments or policy decisions are made, such decisions often are not enforced due to competing interests. In such cases, claimants, more angry than before, conclude that protests are the only option.⁴¹

China's Court System

President: Xiao Yang (elected by the National People's Congress [NPC] for up to two successive terms of five years each).

Structure: Four levels — Supreme People's Court (final court of appeal); higher people's courts (provincial level); intermediate people's courts (prefecture and municipality); basic people's courts (county, municipal district, town).

Authority: Nominally independent; however, the NPC and its Standing Committee have the ultimate authority to interpret law and enforce the Constitution.

Law: Civil (not Common) — judicial decisions are not binding precedent.

Limitations: Court officials generally defer to the Communist Party, public security organs, and the procuratorate (prosecutor's office).

Conviction Rate: The judicial system is not adversarial. In 2004, more than 98 percent of defendants were sentenced to criminal punishment.

Legal Assistance: The government offers limited legal aid for poor litigants. Harassment and detention of defense attorneys is common.

Sources: Congressional-Executive Commission on China; U.S. Department of State.

³⁸ Kevin J. O'Brien has described such popular protest in rural China as "rightful resistance" — "...the innovative use of laws, policies, and other officially promoted values to defy 'disloyal' political and economic elites." See Kevin J. O'Brien, "Rightful Resistance," *World Politics*, Vol. 49, No. 1 (1996).

³⁹ *China Internet Information News*, June 17, 2004.

⁴⁰ Edward Cody, "China's Land Grabs Raise Specter of Popular Unrest," op. cit.; Joseph Kahn, "Rebel Lawyer Takes China's Unwinnable Cases," *International Herald Tribune*, December 13, 2005.

⁴¹ Philip Pan, "Chinese Workers' Rights Stop at Courtroom Door," *Washington Post*, June 28, 2002.

In the past several years, demonstrations have become larger and better organized, sometimes involving several workplaces or villages, with successful protests providing lessons for succeeding ones.⁴² “Linking-up” has become more common with the aid of the Internet, e-mail, bulletin board forums, blogs, instant messaging, cell phones, text messaging, and video recording technology. Several protest movements in Guangdong in the past year were notable for the help that came from a new breed of political activist in China. The protests in Taishi, for example, attracted an experienced rural activist, a dissident intellectual, and civil rights attorney Gao Zhisheng. Some democracy activists, conscious of the good public image that Beijing hopes to project in the run up to the 2008 Olympics, reportedly are attempting to spark greater protest activity.⁴³ Following the shooting incident in Dongzhou, a group of prominent political dissidents and critics submitted an open letter on the Internet condemning the government’s use of violence and calling for democratic reforms.⁴⁴ The regional and local press has been fairly aggressive in reporting on the more sensational protest events; often, by the time the government clamps down on such news, word of these events has already spread. Another troubling development for the Chinese government is the eruption of public demonstrations in areas of heavy foreign investment and well developed communications and transportation links to the outside.

Comparisons with Other Social Movements

Unlike other social movements in the post-Mao era, the recent social unrest lacks political goals and organizational strength, although its potential to help undermine the power of the PRC government may be growing. It is not a movement led by urban intellectuals focused on national politics, such as the Democracy Wall movement of 1979, the student protests of 1986, the Tiananmen democracy movement of 1989, and China Democracy Party of 1997-98. Nor does it possess a national chain of command as did the Falun Gong demonstrations of 1999. Rather, social unrest of the early 21st century primarily reflects local economic grievances, is both urban and rural, and remains largely unorganized at the national level.

Mass protests in China are not new — political observers have described social unrest among farmers and workers since the early 1990s.⁴⁵ However, recent demonstrations have been broader in scope, larger in average size, greater in frequency, and more brash than those of a decade ago. Furthermore, today’s social unrest has helped to bring about a fundamental policy debate in the Communist Party regarding the pace of economic reforms.

⁴² Murray Scot Tanner, “Protests Now Flourish in China,” *International Herald Tribune*, June 3, 2004.

⁴³ Edward Cody, “In Chinese Uprisings, Peasants Find New Allies,” *Washington Post*, November 26, 2005.

⁴⁴ Philip Pan, “China Wavers on Police Shooting,” *Washington Post*, December 14, 2005.

⁴⁵ See Alan P.L. Liu, *Mass Politics in the People’s Republic*, Boulder: Westview Press, 1996 for a study of popular protests in China.

Limitations on Mass Movements in China

A number of traditional social factors have impeded the rise of a national protest movement in China. Workers and peasants in China lack organizational linkages not only to each other but also to other social groups that have led protest movements in the past, such as students and intellectuals.⁴⁶ First, many analysts argue that social activities and organizations in China tend to be “cellular” and localized rather than “horizontal” or involving counterparts elsewhere. For example, workers generally have attempted to resolve their grievances within their own factories and appeal to enterprise managers rather than to workers in other factories. This identification with the enterprise is reinforced by common living areas and dialect and the lack of broader forms of collective identity or solidarity, such as a trade union or church.⁴⁷ Similarly, rural protests, despite their numbers, have remained largely isolated and scattered with narrow, economic demands, directed at local officials and not the communist regime. Second, according to many analysts, educated and middle class Chinese have largely benefitted from the rising economy, have not been affected by the demonstrations, and have shown little inclination to champion the poor. However, mass demonstrations have grown in size and sophistication in recent years, patience with the central government in righting local government abuses has been wearing thin, and a small but potent cadre of activists and intellectuals has persisted in helping aggrieved groups.⁴⁸

Political Ramifications

Growing disparities of income, official corruption, and the lack of democratic institutions are likely to continue to fuel social unrest. Both the central and local governments have been successful at defusing many conflicts and generally avoiding major incidents such as the one in Dongzhou. The PRC government is likely to be able to contain protests in the medium term through policies that mix accommodation and violence and that promote economic growth. Most analysts do not expect current social unrest to evolve into a national political movement unless other social groups, particularly the new middle class, intellectuals, and students, join the fray. A key dilemma for the Chinese Communist leadership is how to promote economic growth in order to maintain legitimacy, particularly among the growing middle class and professional, intellectual, and business elites, while also redistributing wealth and providing economic opportunities to the poor.

According to some analysts, the need to address social unrest may discourage the PRC government from adopting foreign policies that would jeopardize economic and diplomatic relations with the United States or draw Beijing’s attention and resources away from domestic social issues. Both President Hu Jintao and Premier

⁴⁶ Xiaobo Lu, “Taxation, Protests, and Instability,” *Asia Program Special Report (Woodrow Wilson International Center for Scholars)*, No. 108 (March 2003).

⁴⁷ Ching Kwan Lee, “Made in China”: Politics of Labor, Law and Legitimacy,” *Asia Program Special Report, (Woodrow Wilson International Center for Scholars)*, No. 124 (September 2004).

⁴⁸ Hannah Beech, “Seeds of Fury,” *Time Asia*, March 5, 2006.

Wen Jiabao have stated that they are preoccupied with the problem of rural unrest.⁴⁹ Other analysts speculate that the PRC government may incite nationalist fervor as a distraction from social issues, or even to make foreigners the target of popular frustrations.

Some PRC officials suggest that the level of social unrest in China has been exaggerated by the western media. An agriculture minister stated: “If there are 30,000 villages having problems, that accounts for only 1% of the total. People have to look at this from a national perspective and against a backdrop of phenomenal social and economic changes taking place.”⁵⁰ One analysis deduced that on the basis of the estimated frequency of police casualties — 1 for every 35 protests — a “violent outcome, with a fierce confrontation, is not the rule.”⁵¹ Some scholars argue that the most important factors in determining the political impact of social unrest in China are not the size and frequency of protests, but the leadership and relationships to other social groups.⁵² Most PRC leaders appear to agree, nonetheless, on the need to respond to social unrest before it becomes worse and threatens their hold on power.

Statements by President Hu Jintao and Premier Wen Jiabao have signaled a retrenchment from the breathtaking capitalist reforms promoted by former President Jiang Zemin, in an effort to redistribute national wealth to poorer regions and rural areas. This leftward tilt may not only fit the ideological inclinations of Hu and Wen, but also provide a way of addressing some of the causes of social unrest without adopting political reforms.⁵³

Impact on Foreign Investment

So far, social unrest reportedly has not discouraged foreign investment overall, which continues to grow and remain insulated from most protest incidents, while risk assessments for China have improved or remained stable in the past two years.⁵⁴ Nonetheless, most analyses of risk factors in China make prominent note of social unrest and its potential threat to the country’s social, economic, and political stability and its relations with the United States. Some analysts assert that despite lower costs, some foreign investors in China may fear moving to smaller Chinese cities or more

⁴⁹ Joseph Kahn, “In Candor from China, Efforts to Ease Anxiety,” *New York Times*, April 17, 2006; Edward Cody, “Chinese Police Use Tear Gas on Villagers,” *Washington Post*, April 15, 2006.

⁵⁰ Wang Xiangwei, “Mainland Official Hails Bloody Riots as a Sign of Democracy,” *South China Morning Post*, July 4, 2005.

⁵¹ Francesco Sisci, *op. cit.*

⁵² Elizabeth J. Perry, “Is the Chinese Revolution Dead?” Carnegie Endowment for International Peace, March 6, 2006.

⁵³ Joseph Kahn, “A Sharp Debate Erupts in China over Ideologies,” *New York Times*, March 12, 2005.

⁵⁴ Economist Intelligence Unit, “China: Country Risk Summary,” March 7, 2006; Tim Luard, “Conflicts Mar Guangdong Dream,” *BBC News Online*, January 17, 2006.

remote areas because of fears of social unrest, and that foreign companies that attempt to lay off large numbers of employees may face organized resistance.⁵⁵ Other experts argue that, in the long run, social unrest and corruption in China may undermine the country's economic growth compared to India's.⁵⁶

Policy Options for Congress

U.S. efforts to promote the rights or well-being of demonstrators and protesters in China include verbal pressure directed at the central government, sanctions, and piecemeal approaches at the local level. At the government-to-government level, policy options include pressing the PRC government to respect the constitutional rights of protesters and to release rights activists from prison. On December 15, 2005, a bi-partisan group of U.S. congressional leaders submitted a letter to the PRC Ambassador to the United States, Zhou Wenzhong, expressing "deep concern" over the shooting incident in Dongzhou.⁵⁷ H.Con.Res. 365, introduced on March 28, 2006, and S.Con.Res. 88, introduced on April 7, 2006, would urge the PRC government to allow civil rights attorney Gao Zhisheng to continue practicing law and remove all legal and political obstacles for lawyers attempting to defend criminal cases in China. Chinese authorities suspended Gao's license after he provided legal assistance for village demonstrators in Taishi, Guangdong province, Falun Gong practitioners, house church worshipers, and others.⁵⁸ In addition, the United States bars U.S. exports of crime control and detection instruments and equipment, some of which could be used in the suppression of protests.⁵⁹

The PRC government fiercely objects to "foreign interference in China's domestic affairs" and often uses perceived foreign influence as a pretense to repress protest movements with greater severity. However, the United States, through the State Department's Bureau of Democracy, Human Rights, and Labor, continues to fund programs in China related to local elections and the rule of law, including legal education, legal aid, and labor rights.⁶⁰ Other options at the local level include promoting the enforcement of corporate codes of conduct in factories that supply U.S. companies and retailers and funding the development of U.S. technologies that

⁵⁵ Eric Ng, op. cit.

⁵⁶ Clyde Prestowitz, "Bet on India for the Long Term," *The Mercury News*, February 26, 2006.

⁵⁷ *Radio Free Asia*, December 16, 2005.

⁵⁸ *Associated Press*, December 13, 2005.

⁵⁹ These export restrictions were put into effect following the June 1989 PRC military crackdown on pro-democracy demonstrators and supporters in Beijing. See CRS Report RL31910, *China: Economic Sanctions*, by Dianne E. Rennack.

⁶⁰ Major recipients of U.S. funding for democracy programs in China include the Asia Foundation and the National Endowment for Democracy and its four "core institutes" — American Center for International Labor Solidarity, Center for International Private Enterprise, International Republican Institute, and National Democratic Institute for International Affairs.

enable PRC citizens to fully access the Internet and censored websites such as the Voice of America and Radio Free Asia. H.R. 4780, introduced on February 16, 2006, would promote freedom of Internet expression around the world and particularly in China.

As part of its recommendations to the President and the Congress in 2005, the Congressional-Executive Commission on China urged the United States government to encourage the PRC to take further steps to address the causes of social unrest. These steps include ensuring that village elections are free from government interference, giving Chinese citizens the power to enforce constitutional protections, making the judiciary independent, and removing restrictions on the news media and non-governmental organizations.⁶¹

⁶¹ Congressional-Executive Commission on China, *Annual Report — 2005*, October 11, 2005.