

# **Social Upheaval in China**

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## **Introduction**

China faces decline brought upon by decreased economic domestic growth, the result of international circumstance, ultimately leading to resurgence of labor unrest and the dispute of power in China; this thereby causes Chinese social upheaval in the form of internal conflict and divisions between the Chinese Communist Party (CCP) and the People's Liberation Army (PLA). A gradually worsening domestic condition, the growing strife and burden put on the 150 million lower class rural citizens has continued to build and accelerates due to the impact of the domestic economy. A dramatic and sudden decline of the middle and upper class creates the incentive for high ranking CCP members to seize more power, influencing the lower class and the PLA, in spite of the large divisions spanning seven primary leaders.<sup>1</sup> Ultimately, social upheaval in China creates the opportunity for American Renewal.

## **Economic Failure**

The financial volatility in Europe that has progressed since the inception of the Euro will likely remain uncurbed; it has reached a momentum that ensures the collapse of the Euro in its current state and risks severe decline in economic growth throughout the global market.<sup>2</sup> Efforts by global central banks headed by the European Central Bank (ECB) to bailout the European financial sector in 2011 are indicative of the persistent and severe instability of the Euro, culminating in its collapse, and affecting a decline in the GDP growth rate of various nations outside of Europe with particular attention to

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<sup>1</sup> Staff. "Major Players in Beijing Power Struggle ." Epoch Times, sec. China Regime, april 16, 2012. <http://www.theepochtimes.com/n2/china-news/major-players-in-beijing-power-struggle-209688.html> (accessed August 8, 2012).

<sup>2</sup> Darrell Delamaide, *Euro crisis brings world to brink of depression*, <http://www.marketwatch.com/story/euro-crisis-brings-world-to-brink-of-depression-2012-07-24> (July 2012)

countries with manufacturing-based economies such as China.<sup>3</sup> The consequences of this amplification of the decline of China's economic growth rate will likely include exacerbated labor unrest, whereas such unrest has already worsened in recent years due to domestic factors in China unrelated to global markets.

Since the 2008 global crisis, China has steadily incurred an economic slowdown in the private sector, despite the state industry and government directed investments that have continued to prop up the nation's headline growth of nearly 8 percent. Due to weak domestic demand for products and services in industries such as construction and cargo handling, as well as the manufacturing of shoes, clothing, optical fiber, and wind turbines, Chinese corporations have experienced declining profits, compelling them to decrease their cost of labor by reducing the size of their workforce.<sup>4</sup> Growing unemployment serves as a political pitfall for the CCP since its legitimacy in the perception of the Chinese public relies on its ability to produce and sustain economic growth and uplift them from poverty. This invalidation of power contributes to the 'fractionalization' of the PLA and the existing members of the CCP, as will be elucidated in a later section.

Meanwhile, the amount of China's GDP that consists of wages and salaries has gradually declined over the past few decades, dropping from 56.5% in 1983 to 36.7% in 2005, fueling labor unrest as the working class is deprived of tangible rewards to show

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<sup>3</sup> Agustino Fontevicchia, *Euro Will Continue To Fall: US Dollar, Japanese Yen, Gold Best Hedging Options*, <http://www.forbes.com/sites/afontevicchia/2011/09/16/how-to-hedge-a-sliding-euro-on-a-failed-liquidity-bailout/> (September 2011)

<sup>4</sup> Joe McDonald, *China's slowdown spreads pain despite stimulus*, <http://news.yahoo.com/chinas-slowdown-spreads-pain-despite-stimulus-072459143--finance.html> (July 2012)

for the nation's overall economic development.<sup>5</sup> In May 2010, a series of high-profile labor disputes at Chinese manufacturing plants interrupted supply chains and paralyzed production lines, resulting in substantial wage increases for workers.<sup>6</sup> These events demonstrated the perceived efficacy of Chinese labor strikes, which encourages the protests of workers seeking economic gains in the future and adds longevity to the looming threat of subsequent supply chain disruptions.

In this scenario, Euro-zone financial decline eventually results in the reduction of China's growth rate between 5 and 7 percent before 2022, below the critical threshold whereat the employment rate tolerance among low-skilled laborers is projected by experts to become unsustainable due to the mass closure of factories.<sup>7</sup> Likewise, increasingly unemployed high-skilled laborers facing a similar reduction in job opportunities join the fray and become entangled in a politically driven movement of social upheaval between disparate elements of the Chinese government and military. The past few years have demonstrated a concomitant increase in the momentum of labor strikes in China as the economic growth rate has slowed.<sup>8</sup> Despite the CCP's efforts to edit such protests out of media existence particularly at the international level, social media has continually proven effective in the organization of public resistance in China.

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<sup>5</sup> English.news.cn, *Wage proportion of China's GDP decreasing over years*, [http://news.xinhuanet.com/english2010/business/2010-05/12/c\\_13290464.htm](http://news.xinhuanet.com/english2010/business/2010-05/12/c_13290464.htm) (May 2010)

<sup>6</sup> APCO Worldwide, *China's Labor Unrest and Implications for Foreign Business in China*, <http://www.apcoworldwide.com/content/PDFs/china-labor-unrest.pdf> (October 2010)

<sup>7</sup> Prol-Position, *China in crisis: reason to panic?*, <http://libcom.org/library/china-crisis-reason-panic> (March 2009)

<sup>8</sup> The Economist, *Unrest in China: A dangerous year*, <http://www.economist.com/node/21543477> (January 2012)

### **CCP Divisions Parallel Division Within the PLA**

The Chinese People's Liberation Army has its roots in the Chinese Communist Party. The PLA is the largest military in the world with over 2.3 million active duty troops,<sup>9</sup> but has 749,610,775 citizens available for conscription if needed.<sup>10</sup> The PLA consists of the Chinese Army, the Chinese Navy, the Chinese Air Force, and the Second Artillery Corps.<sup>11</sup> The PLA has seven military regions around China. The People's Armed Forces and the People's Militia are also part of the PLA.

Two ideological stances divide decision making in the CCP. Hu Jintao maintains a Reformist stance for the future of China. Noticing the problems of China, Chairman Hu would like to reform the economic and social structures to accommodate the challenges that China has presently and in the future. Recently, Hu Jintao addressed these issues and called for democracy in a televised swansong speech addressed to China.<sup>12</sup> Both the prior leader of the CCP, Jiang Zemin, and the predicted next in line, Xi Jinping, cultivate a Hardliner stance. Xi Jinping responded to the address of Chairman Hu indicating that democratic centralism is the prescribed future of China.<sup>13</sup>

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<sup>9</sup> Zissis, Carin. *Council on Foreign Relations*. December 6, 2006. <http://www.cfr.org/china/modernizing-peoples-liberation-army-china/p12174> (accessed August 10, 2012).

<sup>10</sup> Central Intelligence Agency, "The World Fact Book." Last modified JULY 31 2012. Accessed August 12, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>.

<sup>11</sup> *Global Security*. <http://www.globalsecurity.org/military/world/china/pla.htm> (accessed August 10, 2012).

<sup>12</sup> chankaiyee2, . "Successor ignores Hu Jintao's call for democracy." *China Daily Mail*, , sec. Politics and Law, July 26, 2012. <http://chinadailymail.com/2012/07/26/successor-ignores-hu-jintaos-call-for-democracy/> (accessed August 12, 2012).

<sup>13</sup> chankaiyee2, . "Successor ignores Hu Jintao's call for democracy." *China Daily Mail*, , sec. Politics and Law, July 26, 2012. <http://chinadailymail.com/2012/07/26/successor-ignores-hu-jintaos-call-for-democracy/> (accessed August 12, 2012).

In addition, both the reformist and hardliner factions of the CCP have ample military support. Of the 191 generals,<sup>14</sup> 45 generals were promoted by Chairman Hu since September 2004, four of those hold seats on the Central Military Commission<sup>15</sup>; Liu Yazhou, one of the most recently promoted generals, supports a democratic China and has continued to do so since the 1980's.<sup>16</sup> Likewise, the CMC framework gave Jiang Zemin the same power; Zemin "instated 79 three-star generals and hundreds of other low ranking generals" from 1989-2004.<sup>17</sup> In order to ensure the PLA's continued loyalty, Jiang promoted fifteen 3-star generals all at once in 2004, and then promptly handed the position of CMC Chairman to Hu Jintao.<sup>18</sup>

In May 2012, China blamed any military fracturing on western interference, cautioning military officers to remain loyal to the single party power of the CCP; the ousting of Bo Xilai, once a primary candidate for central CCP leadership, alarmed many loyal officers of the PLA to the questionable unity of the CCP.<sup>19</sup> Three months later in August, General Zhang Qingsheng vocalized his dispute of Chairman Hu during the

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<sup>14</sup> Agencies. "China promotes 6 generals, bringing total to 191." *Global Times*, sec. Politics, July 24, 2012. <http://www.globaltimes.cn/NEWS/tabid/99/ID/667567/China-promotes-6-generals-bringing-total-to-191.aspx> (accessed August 12, 2012).

<sup>15</sup> Wong, Edward. "Party Bristles at Military's Push for More Sway in China." *New York Times*, sec. Asia Pacific, Aug 17, 2012. [http://www.nytimes.com/2012/08/08/world/asia/chinas-military-seeks-more-sway-worrying-communist-party.html?pagewanted=1&\\_r=3&hp](http://www.nytimes.com/2012/08/08/world/asia/chinas-military-seeks-more-sway-worrying-communist-party.html?pagewanted=1&_r=3&hp) (accessed August 12, 2012).

<sup>16</sup> chankaiyee2, First. "Pro-democracy army officer joins Chinese military top brass." *China Daily Mail*, , sec. Politics and Law, Aug 1, 2012. <http://chinadailymail.com/2012/07/26/successor-ignores-hu-jintaos-call-for-democracy/> (accessed August 12, 2012).

<sup>17</sup> Ma, Chengkun. "CCP/PLA Relations under Hu Jintao Leadership." *Annual seminar on contemporary China*. : 1-9. <http://www.docstoc.com/docs/36601764/CCPPLA-Relations-under-Hu-Jintao-Leadership> (accessed August 12, 2012).

<sup>18</sup> Ma, Chengkun. "CCP/PLA Relations under Hu Jintao Leadership." *Annual seminar on contemporary China*. : 1-9. <http://www.docstoc.com/docs/36601764/CCPPLA-Relations-under-Hu-Jintao-Leadership> (accessed August 12, 2012).

<sup>19</sup> Buckley, Chris. "China military paper warns officers to toe party line." *Reuters*, , sec. BEIJING, May 14, 2012. <http://news.yahoo.com/china-military-paper-warns-officers-toe-party-line-035523890.html> (accessed August 12, 2012).

speech of another commanding general; as a result of the disorder, Chairman Hu is expected to maintain control of his CMC position for at least two more years after his CCP term ends.<sup>20</sup> In addition, the removal of Bo Xilai from power caused a great number of military leaders to transfer their funds to offshore bank accounts located in Taiwan; the CMC responded by requiring all military officers to report all financial transactions.<sup>21</sup>

As media coverage of PLA and CCP divisions continue, both Reformists and Hardliners will distort facts in the direction that better suits their side. Censorship of forbidden topics, such as party divisions or other topics related to the stability of the state, will prevent the Chinese populace from fracturing the CCP or PLA to a greater extent.<sup>22</sup>

### **Politicized Social Media**

China boasts the world's most comprehensive censorship apparatus since keyword filtering is evident in instant-messaging services and is embedded into the software of popular messaging programs like TOM, Skype, and QQ.<sup>23</sup> Not only would Social Media give the Chinese populous channels to express themselves, but also it would expand their sphere of influence. China's version of Twitter is a micro blogging service called Sina Weibo, which now boasts at least 300 million registered users.<sup>24</sup> Despite Weibo's open forum of exchanging information and ideas, the Chinese

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<sup>20</sup> Wong, Edward. "Party Bristles at Military's Push for More Sway in China." *New York Times*, sec. Asia Pacific, aug 17, 2012. [http://www.nytimes.com/2012/08/08/world/asia/chinas-military-seeks-more-sway-worrying-communist-party.html?pagewanted=1&\\_r=3&hp](http://www.nytimes.com/2012/08/08/world/asia/chinas-military-seeks-more-sway-worrying-communist-party.html?pagewanted=1&_r=3&hp) (accessed August 12, 2012).

<sup>21</sup> Ming, Shen. "Chinese Military Officers Secretly Moving Money Offshore." *The Epoch Times*, , sec. Business and Economy, june 27, 2012. <http://www.theepochtimes.com/n2/china-news/chinese-military-officers-secretly-moving-money-offshore-257818.html> (accessed August 12, 2012).

<sup>22</sup> World Savvy Monitor, "Media in the PRC." Last modified 2012. Accessed August 3, 2012.

[http://worldsavvy.org/monitor/index.php?option=com\\_content&view=article&id=114&Itemid=177](http://worldsavvy.org/monitor/index.php?option=com_content&view=article&id=114&Itemid=177)

<sup>23</sup> Kelly, Sanja. "NEW TECHNOLOGIES, INNOVATIVE REPRESSION: Growing Threats to Internet Freedom." *Freedom House*. . [http://www.freedomhouse.org/sites/default/files/inline\\_images/Overview essay FINAL 4 14 2011.pdf](http://www.freedomhouse.org/sites/default/files/inline_images/Overview%20essay%20FINAL%204%2014%202011.pdf) (accessed August 12, 2012).

<sup>24</sup> Duncan, Hewitt. "Weibo brings change to China." *BBC*, July 15, 2012. <http://www.bbc.co.uk/news/magazine-18773111> (accessed August 12, 2012).

government has recently tightened its grip on other sites in the midst of political scandals. A report published by CBS News it highlights that Facebook, Twitter, YouTube, and Google are a few of the mainstream media sources that are blocked resulting in the concept of a "Great Firewall."<sup>25</sup>

The most powerful monitoring body is the Communist Party's Central Propaganda Department (CPD), which gives media outlets directives restricting coverage of politically sensitive topics--such as protests, Tibet, and Taiwan. The CPD guidelines are enforced through directives issued to heads of media outlets, demanding that they kill controversial stories and instructing how to cover delicate topics.<sup>26</sup>

As the CCP takes more power from the average Chinese citizen, internal strife among the CCP is increasing. In the summer of 2011, as high-speed rail lines were opened, two trains collided killing more than 40 people.<sup>27</sup> The news was broken by witnesses who posted on Weibo and criticism of the government's handling of the crisis resulted in senior officials of the railway system resigning and the CCP expelling Liu Zhijun, former railway minister.<sup>28</sup>

To further the notion of internal strife among the CCP, the CCP attempted to limit the number of Chinese participants in free discussion. In 2010, Wang Chen, the vice-head of the ruling Communist Party's propaganda department, first spoke of autonomous

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<sup>25</sup> Ngak, Chenda. "China shuts down Twitter-like accounts amid political scandal." *CBS News*, April 25, 2012. [http://www.cbsnews.com/8301-501465\\_162-57421056-501465/china-shuts-down-twitter-like-accounts-amid-political-scandal/](http://www.cbsnews.com/8301-501465_162-57421056-501465/china-shuts-down-twitter-like-accounts-amid-political-scandal/) (accessed August 11, 2012).

<sup>26</sup> Bennett, Isabella. "Media Censorship in China." *Council on Foreign Relations*. <http://www.cfr.org/china/media-censorship-china/p11515>

<sup>27</sup> BBC, "BBC - BBC World Service Programmes - The Documentary, It Started With A Tweet, Episode 1." Last modified 2012. Accessed August 5, 2012. <http://www.bbc.co.uk/programmes/p00v13g5>.

<sup>28</sup> Hao, Tong, and Cao Yin. "Former rail minister expelled from Party." *China Daily*, sec. Top News, May 29, 2012. [http://www.chinadaily.com.cn/cndy/2012-05/29/content\\_15407998.htm](http://www.chinadaily.com.cn/cndy/2012-05/29/content_15407998.htm) (accessed August 12, 2012).



government action “to disable anonymity in popular news portals and business websites.”<sup>29</sup> As a result, only the CCP would have the ability to discuss the state of China. Statements made by Premier Jiabao, in an interview with CNN suggest that China’s economic progress may be squandered unless the political system is further reformed.<sup>30</sup> But in fact, former CCP members expressed their demand, endorsed by 23 signers, in a letter which includes intellectuals and former media giants. The letter notes that the Chinese Constitution is breached for the personal reasons of the current CCP which benefit only its members<sup>31</sup> To a greater extent, former CCP members have spoken out against the current regime, and as one member puts it “[t]he reason I signed my name to this open letter is that it’s high time now we should have reform of the political system. The key element of this reform is freedom of speech, And, I think now is the time to seek these reforms.”<sup>32</sup>

### **Labor Unrest**

Driven by two things, lower classes have the potential to organize with successful leadership, especially in the face of domestic economic decline; the burden the lower class bears can be utilized by opportunistic CCP members. First, local CCP political corruption exists in both rural and urban settings. In urban settings, the laborers have no vehicle to organize; because they are many and the factory owner sees laborers as a

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<sup>29</sup> Wu, Sophie. Internet Governance Forum, "Bring together content on: bulletin board systems | Social Reporting from IGF 2010." Last modified June 06, 2012. Accessed August 12, 2012. <http://igf2010.diplointernetgovernance.org/category/hashtags/bulletin-board-systems>.

<sup>30</sup> Jiabao, Wen. "FAREED ZAKARIA GPS: Interview With Wen Jiabao." *CNN Transcripts*, oct 03, 2010. August 12, 2012. <http://transcripts.cnn.com/TRANSCRIPTS/1010/03/fzgps.01.html>.

<sup>31</sup> Wines, Michael. "Ex-Chinese Officials Join in Call for Press Freedom." *New York Times*, October 13, 2010. [http://www.nytimes.com/2010/10/14/world/asia/14china.html?\\_r=1](http://www.nytimes.com/2010/10/14/world/asia/14china.html?_r=1) (accessed August 11, 2012).

<sup>32</sup> Eideard, First. Eideard, "Eideard Sith gun robh so... Former Chinese officials demand media freedom." Last modified oct 13 2010. Accessed August 12, 2012. <http://eideard.com/2010/10/13/former-chinese-officials-demand-media-freedom/>.

dispensable part to the manufacturing process.<sup>33</sup> Meanwhile, the rural setting is less safe, especially in the aftermath of the 2008 Sichuan province earthquake where the CCP limited the capacity of citizens to independently improve safety through media.<sup>34</sup>

Second, Chinese middle and upper classes remain politically absent when the government guarantees the present and future stability of the Chinese system, thereby also guaranteeing individual security. One informal agreement is the acceptance of illegal migration, an aspect of the failed Hukou system. The intentional relaxation of migration laws between 1984 and 2000 allowed rural laborers the opportunities of urban dwellers; with the relaxed laws, cities improve economic development and industrialization.<sup>35</sup> Peter Navarro refers to the lower class abuse, which is a symptom of the market failures of capitalism, as “The China Price,” even though CCP officials seek to implement policy which continues to both alleviate the lower class and drive China’s economy.<sup>36</sup>

The other informal agreement is driven by the security, or perception thereof, that the middle and upper classes have in their individual future. The mindset, especially with the middle class, stems from the meritocracy of Chinese society, although the upper class participates due to the 40 percent of China’s wealth shared among 1 percent of society.”<sup>37</sup>

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<sup>33</sup> World Savvy Monitor, "Urban Populations." Last modified 2012. Accessed August 3, 2012. [http://worldsavvy.org/monitor/index.php?option=com\\_content&view=article&id=116&Itemid=179](http://worldsavvy.org/monitor/index.php?option=com_content&view=article&id=116&Itemid=179).

<sup>34</sup> World Savvy Monitor, "Rural Populations" Last modified 2012. Accessed August 3, 2012. [http://worldsavvy.org/monitor/index.php?option=com\\_content&view=article&id=117&Itemid=180](http://worldsavvy.org/monitor/index.php?option=com_content&view=article&id=117&Itemid=180)

<sup>35</sup> Ping, Huang, and Zhan Shaohua. "Paper for REGIONAL CONFERENCE ON MIGRATION AND DEVELOPMENT IN ASIA ." INTERNAL MIGRATION IN CHINA: LINKING IT TO DEVELOPMENT. (March2005): 8. [http://219.141.235.75/pws/huangping/grwj\\_huangping\\_e/P020050701354125464974.pdf](http://219.141.235.75/pws/huangping/grwj_huangping_e/P020050701354125464974.pdf) (accessed August 5, 2012).

<sup>36</sup> World Savvy Monitor, "Urban Populations." Last modified 2012. Accessed August 3, 2012. [http://worldsavvy.org/monitor/index.php?option=com\\_content&view=article&id=116&Itemid=179](http://worldsavvy.org/monitor/index.php?option=com_content&view=article&id=116&Itemid=179).

<sup>37</sup> World Savvy Monitor, "Urban Populations." Last modified 2012. Accessed August 3, 2012. [http://worldsavvy.org/monitor/index.php?option=com\\_content&view=article&id=116&Itemid=179](http://worldsavvy.org/monitor/index.php?option=com_content&view=article&id=116&Itemid=179).

### **Social Upheaval**

The status quo behavior of the lower, middle, and upper class does not change until external forces are applied on them, either from an international event, for instance a destabilizing blow to the Chinese economy, or from a domestic condition, such as the Chinese Communist Party. In either case, social upheaval would result and military struggle would collide along ideological difference between Hardliners and Reformists. Whichever event initially triggers social upheaval, the CCP will react in the same manner.

Opportunistic Hardliners and Reformist factions of CCP officials will act on the moment to seize more power, and since the CCP has a monopoly on power, the elites governing will be able to manipulate the entirety of the class structure to their advantage as they do regularly through everyday action. And, due to the relative power each faction has with each other, this balance will be long, tedious, and filled with gruesome bloodshed as the 2.3 million PLA forces<sup>38</sup> divide along their respective ideological stances.

When leadership shifts, everything will change; “[I]t is widely assumed that Xi Jinping will become the general secretary of the Communist party later this year and president of China next spring.”<sup>39</sup> If Xi Jinping decides to reverse the policy of Chairman Hu, then the generals appointed by Hu Jintao will seize the military and face the Hardliner generals in a bloody conflict. On the contrary, if Xi Jinping decides to continue the policy of Chairman Hu, then the Hardliner generals will attempt to seize the

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<sup>38</sup> Central Intelligence Agency, "The World Fact Book." Last modified JULY 31 2012. Accessed August 12, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>.

<sup>39</sup> Branigan, Tania. "China blocks Bloomberg for exposing financial affairs of Xi Jinping's family." *The Guardian*, , sec. World News-Xi Jinping, June 29, 2012. <http://www.guardian.co.uk/world/2012/jun/29/china-bloomberg-xi-jinping> (accessed August 12, 2012).

government from the Reformists due to their connection with Jiang Zemin. In either circumstance, a majority of the generals have been elevated by either of the legitimate Chairmen. One CCP member described the unconditional relationship that a father has is the same relationship between the Chairman that advances a general.<sup>40</sup>

Since both the Hardliners and Reformists are roughly equally matched in the overall 191 generals, the other 67 generals will decide how long overall social upheaval lasts;<sup>41</sup> at least 45 generals are reasonably loyal to Chairman Hu<sup>42</sup> and 79 share the same loyalty to Former Chairman Jiang Zemin.<sup>43</sup> Reasonably, Chairman Hu also has the ability to promote more generals before he steps down from the CMC chair in a similar fashion to Jiang Zemin;<sup>44</sup> thus, the number of generals reach a greater equilibrium even without international interference. Ultimately, the military might that each side possesses is enough to create catastrophic events for China if peace is not restored.

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<sup>40</sup> Wong, Edward. "Party Bristles at Military's Push for More Sway in China." *New York Times*, sec. Asia Pacific, aug 17, 2012. [http://www.nytimes.com/2012/08/08/world/asia/chinas-military-seeks-more-sway-worrying-communist-party.html?pagewanted=1&\\_r=3&hp](http://www.nytimes.com/2012/08/08/world/asia/chinas-military-seeks-more-sway-worrying-communist-party.html?pagewanted=1&_r=3&hp) (accessed August 12, 2012).

<sup>41</sup> Agencies. "China promotes 6 generals, bringing total to 191." *Global Times*, sec. Politics, july 24, 2012. <http://www.globaltimes.cn/NEWS/tabid/99/ID/667567/China-promotes-6-generals-bringing-total-to-191.aspx> (accessed August 12, 2012).

<sup>42</sup> Wong, Edward. "Party Bristles at Military's Push for More Sway in China." *New York Times*, sec. Asia Pacific, aug 17, 2012. [http://www.nytimes.com/2012/08/08/world/asia/chinas-military-seeks-more-sway-worrying-communist-party.html?pagewanted=1&\\_r=3&hp](http://www.nytimes.com/2012/08/08/world/asia/chinas-military-seeks-more-sway-worrying-communist-party.html?pagewanted=1&_r=3&hp) (accessed August 12, 2012).

<sup>43</sup> Ma, Chengkun. "CCP/PLA Relations under Hu Jintao Leadership." *Annual seminar on contemporary China*. : 1-9. <http://www.docstoc.com/docs/36601764/CCPPLA-Relations-under-Hu-Jintao-Leadership> (accessed August 12, 2012).

<sup>44</sup> Ma, Chengkun. "CCP/PLA Relations under Hu Jintao Leadership." *Annual seminar on contemporary China*. : 1-9. <http://www.docstoc.com/docs/36601764/CCPPLA-Relations-under-Hu-Jintao-Leadership> (accessed August 12, 2012).

### **Impact of Chinese Social Upheaval on U.S. Renewal or Decline**

When evaluating the impact of this scenario on the renewal or decline of the U.S. in terms of economic strength, it is necessary to separate transient consequences from protracted outcomes with regard to assessments of absolute and relative power.

Initially, the absolute economic power of the U.S. would be reduced by large-scale social upheaval in China. Demand for Chinese imports, particularly in sectors of manufacturing and agriculture, would be met with temporary ineptitude as conflict renders Chinese industries increasingly dysfunctional. The cost of living for U.S. citizens would increase as a result. In 2006, the U.S. imported nearly \$300 billion worth of merchandise including clothing, house wares, and general department store products.<sup>45</sup> In 2007, the Congressional Research Service reported that the U.S. relied on China for \$1,969,744 worth of seafood products at a total weight of 513,345 metric tons and \$1,592,249 worth of horticultural products at a weight of 2,480,363 metric tons.<sup>46</sup> In 2011, the Federal Reserve Bank of St. Louis reported that since 2007, U.S. reliance on Chinese imports has steadily increased.<sup>47</sup>

Transnational corporations headquartered in the U.S. and operating in China may experience anxiety over the precariousness of their ability to safely conduct business in the nation, which could result in entrepreneurial retreatment and therefore stunted growth as productivity is compromised and new labor markets are sought. Multinational corporations operate under personalized international strategic management guidelines,

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<sup>45</sup> Stephen Willis, *China Imports to the United States*, <http://ezinearticles.com/?China-Imports-to-the-United-States&id=3874998> (March 2010)

<sup>46</sup> Geoffrey S. Becker, *Food and Agricultural Imports from China*, <http://www.fas.org/sgp/crs/row/RL34080.pdf> (September 2008)

<sup>47</sup> The Economic Populist, *U.S. Imports from China, Mainland, Customs Basis (IMPCH)*, <http://onecentatatime.com/wp-content/uploads/2011/08/US-china-trade-deficit.png> (2011)

which emphasize the importance of stable operations and maximal productivity.<sup>48</sup> These criteria would not be met by a China in 2022 on the brink of civil war whose supply chain has collapsed. Furthermore, as labor unrest increases the prevalence of demands for improved working conditions, foreign companies would likely be first scrutinized by the Chinese government, resulting in the withdrawal of U.S. companies before Chinese companies are targeted for improvement.<sup>49</sup> The costs associated with relocation would also hamper profits for these vagrant companies, altogether reducing U.S. business tax revenues with regard to transnational corporations headquartered in the nation.

Conversely, the relative economic power of the U.S. would initially incline in the midst of Chinese social upheaval. U.S. GDP would likely surpass China's as civil unrest permeates and diminishes economic productivity, despite the eventual displacement of U.S.-based transnational companies, which is more consequential when evaluating longer-term impacts on the comparative economic strength of China and the U.S. As a result of this considerable setback to Chinese economic growth, American apprehension over a steadily bolstering Chinese economy that could beckon the prompt cultivation of advanced military power would be ameliorated, alleviating U.S. fears of arriving at a competitive economic and military disadvantage in the face of its own inexorably expanding national debt.

Subsequently, as a resolution to civil unrest and conflict is reached, the absolute economic health of the U.S. would be augmented so long as the prevailing Chinese regime posits a more liberal structure in its approach to the management of the nation's

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<sup>48</sup> *Strategic Management Issues of Multinational Companies: A Case Study on the Coca-Cola Company*, <http://www.slideshare.net/arunspeaker/strategic-management-issues-of-multinational-companies-mn-cs-a-case-study-on-coca-cola-company> (December 2009)

<sup>49</sup> APCO Worldwide, *China's Labor Unrest and Implications for Foreign Business in China*, <http://www.apcoworldwide.com/content/PDFs/china-labor-unrest.pdf> (October 2010)

economy in recognition of the shortcomings of the preceding autocratic strategy. Any lapse in the U.S. transnational corporate utilization of the Chinese labor market would come to a close, while trade agreements more favorable to the U.S. would be made possible by the formation of Chinese economic policies that are more affable to the liberal Western model.

However, the relative economic power of the U.S. would likely experience only a very subtle overall transformation in comparison to present-day circumstances once a resolution to Chinese social upheaval is reached. The profit-based setbacks to the strength of the U.S. economy incurred during Chinese unrest would have to be overcome. The economic benefits of the emergence of a more liberal Chinese economy enjoyed by U.S. trans-nationals would eventually coincide with a general improvement in the fiscal well-being of China in the long term, gradually reducing the comparative advantage of the U.S., but nonetheless strengthening the American economy in sum.

To remark on the impact of Chinese social upheaval on American military power, the absolute and relative outcomes would be similarly beneficial to the U.S. As the political fissure in the PLA resulting in the aggregation of Chinese military personnel on either side of the domestic conflict leads to a significant reduction in China's military resources via casualties of combat, the relative strength of the U.S. military grows. This is not only due to a facile numerical assessment of military might, but also to the hindrance of unity among the Chinese military that would temporarily handicap its capacity to deflect any potential challengers.

Additionally, the absolute military power of the U.S. would stand to gain since there would be diminished pressure on the U.S. to deter Chinese aggression in its

hypothetical pursuit of imperial ambitions in the Asia-Pacific region. This would permit the U.S. to reduce its naval commitments in the area without jeopardizing its military efficacy in defense of vital trade routes as well as the safety of U.S. allies such as Japan and South Korea. These rescinded naval resources could then be used to optimize operations in other regions or to bolster U.S. defenses.

With regard to the international reputation of the U.S., the implosion of the autocratic Chinese model of government by way of long-term violent conflict may lead to an increasingly favorable global perception of liberal democracy, enhancing the diplomatic capabilities of the U.S. and its allies, and further legitimizing the global economic and political endeavors of the West, increasing their success. Admiration among other nations for Chinese efficiency as it pertained to a planned economy would diminish, slighted by this dramatic demonstration of non-sustainability. This in turn would strengthen the soft power of the U.S. military in that its use of force in the maintenance of the current world order would be more ubiquitously considered appropriate; the notion that peace can be best guaranteed under American hegemony would be reinforced lest the U.S. encounter its own brand of domestic upheaval in the coming years.