

LI XIANNIAN —

Head of State and Symbol of National Unity

by Leo Goodstadt

Li Xiannian, born in 1909, has shown an astonishing capacity to survive the crises which have swept China during this century. He is a man of humble origins, born in Hubei, and set to work as a boy to learn carpentry. He has never enjoyed the sort of veneration which surrounded the late Mao Zedong or Zhou Enlai. A practical man, involved in the routine of everyday affairs, he has come under intense criticism throughout his career. Even though he has several times appeared to have lost his claims to political authority, the Chinese Government has always found him indispensable.

His survival has been based on two qualities. The first is the hallmark of the professional administrator: he is prepared to get on with his job no matter what the political battles being waged around him. The second is the skill with which he has handled the work assigned to him.

His first qualification, and a crucial one in a country where the administration came to power by way of wars and revolution, is a good military record. He joined the army in 1926 and became a member of the Chinese Communist Party soon afterwards. He quickly achieved command in combat. Over the years, he held appointments as a political commissar, guerilla commander and general. He fought through some of the toughest campaigns up to 1949 and established his right to the respect of the leadership of the People's Liberation Army.

Then he took off his uniform and went into the civil administration. He cut his teeth in local government. He was part of the temporary trans-provincial administrations set up to run central and southern China. But his main responsibility was running his native province and building up the key industrial centre of Wuhan. By 1954, Beijing was so impressed by his record that he was transferred to the

central administration with the rank of Deputy Premier and given charge of the Finance Ministry.

In practice, his role was that of financial overlord. In the 1950s, he worked under the late Premier Zhou Enlai coordinating the various ministries and departments which had financial and commercial functions. It is very much to his credit that the nation's financial administration did not collapse completely during the Great Leap Forward of 1958 and the three years of hunger which followed. He is known to have faced criticism as the nation shifted towards leftist policies. In 1958, he seemed to follow Zhou Enlai closely and not get too close to the over-idealistic supporters of the Great Leap. In the early 1960s, well in advance of the Cultural Revolution, he protected his position by public displays of loyalty to Maoism. Yet he never forgot his own commitment to professionalism in financial administration.

Despite these precautions, Li Xiannian was highly suspect to the Red Guards, and he came under intense criticism. So fierce were the attacks on him, that the Albanian leader, Enver Hoxha (then one of China's few foreign friends), felt that Li had become a virtual non-person politically. Zhou Enlai saw Li as too valuable to lose, and he handled an increasing share of work as normal government collapsed. By 1969, he was viewed as in charge of the day-to-day business of the Ministry of Foreign Affairs besides having his normal burden of financial duties.

Li Xiannian's survival during the Cultural Revolution when so many more prominent figures (Liu Shaoqi, Deng Xiaoping, Tao Chu, Peng Chen, to name but a few) were tossed aside is notable in itself. What is even more impressive is the manner in which his own branch of government continued to function at high levels of efficiency. The banking system was a major danger point. The very basis of bank operations was anathema to leftist extremists. In the violent anarchy of the times, it would have been easy for the public to have lost confidence in the banking system. The banks were taken into the direct charge of the Finance Ministry. They survived the political denunciations of the Cultural Revolution better than most branches of the administration. The volume of savings deposits maintained by the public with the banks climbed from RMB 7.2 billion to RMB 15.9 billion in 1976, a remarkable vote of confidence.

Prices were also remarkably stable. If 1950 equals 100, the general retail price indexes stood at 134.2 in 1966 and 132.3 in 1976, showing that inflation was ruthlessly suppressed. By 1981, the index had

risen to 150.4, but by now, Li Xiannian was no longer responsible for financial affairs.

Public finances showed a similar determination to protect the national interest. In the years from 1966 to 1976, a total budget deficit of RMB 1.9 billion was recorded. To see this achievement of a relatively balanced budget (taking one year with another) in context, China's subsequent experience should be noted. In 1979 alone, the deficit was RMB 17 billion; almost RMB 13 billion the following year; and the Government hopes to keep the annual deficit to around RMB 3 billion for the rest of the current five-year plan period.

Foreign trade was a prime target for Red Guard criticism. With general disruption of production during the Cultural Revolution, a fall in foreign trade would have been hard to avoid in any case. Foreign trade fell in 1967, 1968 and 1969 and then started to recover. China's total foreign trade in 1966 was worth RMB 12.7 billion; in 1976, it was worth RMB 26.4 billion.

After Mao Zedong's death and the arrest of the "Gang of Four", Li Xiannian was prominent in publicising new policies to promote the four modernisations. On top of his successful record during the Cultural Revolution crisis, his power seemed to be enhanced by the dominant position of Hua Guofeng who had been Li's protégé when first plucked from provincial obscurity to work in the capital in 1971. But very soon, Li Xiannian was pushed aside as Deng Xiaoping made his comeback together with associates who, unlike Li, had not survived the Red Guards and felt suspicious of those who had. At this stage, too, an attack was launched on the economic policies of the Maoist era and also on the 1978 development programme launched by Hua Guofeng.

Li Xiannian was discreet throughout these years and relied on his professional reputation rather than seeking to build up a personal clique. He resigned his Deputy Premiership in 1982 but remained a Party Vice Chairman until such posts were abolished in 1982. He appeared to be destined for retirement, with a long, revolutionary career ending under something of a cloud.

However, the mood of China was changing. Since his retreat from direct involvement in public affairs became noticeable in 1979, the sort of policies he had followed came under fire. But the sort of problems he had always sought to avoid also emerged. Budget deficits, inflation and unemployment were among the most serious, plus corruption, tax

evasion and inefficiency in the management of heavy industry and foreign trade. The liberalism and experiments ushered in by the 1979 reforms had not been an unqualified success so that Li Xiannian's own record began to seem all the more impressive by contrast.

When it came to the selection of a presidential candidate under the new constitution promulgated last year, Li Xiannian had a great deal to commend his candidature. His personal status was high among key elements within the national establishment. General Li was respected by the troops.

The veteran revolutionary from humble origins was the ideal Communist Party member. Never too close to Mao Zedong or the leftists (who had regularly criticised him), he was a Zhou Enlai follower who was not identified with the "pragmatists" who wanted to discard much of the Maoist legacy. He held the middle ground within the Communist Party and was acceptable to most shades of opinion.

Within the state bureaucracy, his reputation as an able and honest administrator was second to none. For the men who have to keep the government machinery functioning no matter what the political rifts within the top leadership, Li Xiannian was a figure to be admired. In addition, his experience in dealing with the outside world on numerous delegations abroad and complex negotiations at home with foreign governments meant that he could be trusted to represent China professionally in the international arena.

For Hong Kong, Li Xiannian offers special reassurance. Until 1978, Li was seen as personally involved in the development of Hong Kong as a source of foreign exchange for Beijing. The banking and business organisations which Beijing has set up in the territory were reported to be under his close supervision. The new President is one of the few individuals in the highest political councils of his country who have direct knowledge of the complexities of Hong Kong's economic operations and of the contributions which it has made to the wellbeing of the Chinese economy over the years.

In times of trouble, Li Xiannian was always a man to rely on to find the formulas to minimise the costs to the country of political excesses. His role has been that of a man willing to sink personal political ambitions to concentrate, instead, on maintaining high professional standards in the conduct of public affairs. He is in many ways a much easier model for younger cadres to imitate than many other senior leaders, which gives added value to his election as the first President since Liu Shaoqi.