

Japanese Chief Cabinet Secretary Nobutaka Machimura, speaking at a news conference in Tokyo on Tuesday, noted a recent rise in "incidents" in China as the "dissatisfaction of people in China" turned against authorities. Machimura added that he hoped such incidents would not "become obstacles to a smooth holding of the Beijing Olympics," and expressed some understanding as Japan faced similar "social turmoil" during its period of rapid economic expansion.

While Machimura may have been using his comments to make a subtle jab at his neighbour's insecurities regarding image and the Olympics, his comments hit directly at the major crisis facing the government in Beijing: managing the social and security consequences of a changing China.

Beijing is well aware of the "contradictions," as the Chinese Communist Party would call them, littering China's economic, social and political landscape. Highlighting this point, the Politburo is holding a special session this week to discuss the state of the Chinese economy, particularly in the coastal growth engines, and security and stability during the upcoming Olympics. For Beijing, the Olympics have been both a blessing and a curse, bringing about impetus for economic and social developments, media openings and a sense of national pride spreading far beyond the mainland, yet also stirring up new and old security issues, providing opportunity for critics of the government at home and abroad, and ultimately exacerbating policy differences among the top leadership.

This year alone, Beijing has been faced with numerous crises. Some of these were natural disasters (though perhaps compounded by human factors), such as heavy snow and floods early in the year hitting the southern croplands followed by the Sichuan earthquake in May; others were security related, such as the attempted downing of a Chinese airliner by suspected Xinjiang Islamist militants, the Tibetan uprising, and bus bombings in Shanghai and Kunming; some were diplomatic, including criticism of support for Sudan, a deferred arms shipment to Zimbabwe, and territorial spats with Vietnam and Japan; and still others, such as numerous public demonstrations, riots, and attacks on government buildings and security forces over economic issues, reflected rising social tensions. Perhaps all of these have been exacerbated by the more open media environment inside China in recent years related both to the pre-Olympic "opening" and to changes in Beijing's image and information management.

There have been similar occurrences in China in any given year over the past several decades. Natural disasters of one form or another aren't exactly infrequent and security concerns with Tibet, Xinjiang, or other ethnic, religious, political or social movements spring up fairly often. Balancing its international image is a constant challenge and China admits each year to thousands of security incidents and social instabilities. But in recent years, such things have appeared more intense, more concentrated and more frequent. Whether this is a reflection of an actual intensification, as Machimura noted, or of increased media openness in China is unclear, but that these issues are troubling to Beijing is obvious.

But while these sorts of troubles rise and fall in China, Beijing faces added pressure this year, first from the Olympics (pressure it has brought on itself) and second — and perhaps more significant in the long run — from the rapid rise in global commodity prices and the simultaneous slowing of global economies. With the former, China tried to use the Olympics to highlight its self-proclaimed role as one of the "big" powers, opening up various restrictions at home to divert criticism from abroad while at the same time tightening the screws in other areas to prevent "embarrassing" situations from arising in full sight of the increased international scrutiny.

This is a very difficult balance in the best of times, but when the second factor — the commodity crisis — struck, it became nearly unmanageable as economic strains destabilized some of the carefully balanced contradictions Beijing had set in place. (China's yuan policy and its simultaneous attempts to drive businesses to the interior and keep the money flowing in from the coast are just two obvious examples.) When social stresses exceeded the expected Olympic patriotism, the newfound openness let information about the troubles inside China spread rapidly, with or without Beijing's consent, limiting the management options for the leadership. The system has been stressed by this short-term event, but it comes at a critical time in the longer-term view of Chinese national control and management.

Throughout history, China has run through cycles of strong centralized leadership, a devolution of power to a large bureaucracy designed to maintain control over the sheer size of the Chinese nation and population, and the eventual loss of central control over the regional and local leaders and economic elite — which in turn triggers an attempt at re-centralization of power frequently accompanied by social and political upheaval before the re-establishment of a strong centre. When Deng Xiaoping talked about black cats and white cats both catching mice and opened up the coasts and ultimately the rest of China to economic growth and its attendant social changes, he was in a sense devolving power out to the local bureaucracies. While this led to the meteoric rise of China economically (though not without its social consequences throughout, including Tiananmen Square, a resurgent Uighur uprising in the mid 1990s, the Falun Gong stand-off and the recent Tibetan rising), it also weakened the central leadership's ability to change course if necessary.

Like the rest of Asia, China's economic miracle was not so much a reflection of some profound but long overlooked new way of doing business; rather it was the tried and true Asian method of economic growth — one with much less concern for profits, sustainability or efficiency than for... well... growth. In 1992, when the rest of the world was scrambling to learn Japanese and seeing the United States as a waning economic power in the face of Japan's rising, Tokyo suddenly realized the consequences of the Asian growth model. It was followed half a decade later by the other Asian tigers, as Thailand, Indonesia, Malaysia and South Korea all stumbled in the Asian economic crisis. China avoided both, but like its neighbors, China's time is coming, and while they may not want to admit it publicly, it seems China's leaders have recognized this as well.

The government has been working for several years, slowly at first but now with more vigor, to reclaim centralized control over the economy, to stave off a major economic crisis, or at least reclaim central control to manage the consequences. President Hu Jintao has repeatedly called

for a shift from a raw economic growth focus to the creation of a "harmonious society;" a pleasant way of saying the redistribution of wealth from the rich to the poor. Add to that the raft of new security regulations and policies put in place in the lead up to the Olympics, which may well serve to secure the venues for a few weeks in August and to batten down the hatches as a social storm swells. We may well be entering the crunch time in China's historical cycle, and the confluence of the openness of the Olympics and the crisis of commodities at this critical moment of re-centralization may well be more than Beijing can manage.

If August passes, and September and October, and the new security, social and economic regulations put in place in the past few months don't revert to their pre-Olympic status, it will be clear that Beijing sees a crisis coming. But seeing the hurricane bearing down on you doesn't necessarily mean you can avoid it or weather it. China is reaching a critical moment, and as Machimura noted in classic understatement, "I suppose that overcoming such incidents will be a major theme for Chinese society in the future."