By Patti Waldmeir in Shanghai and Jamil Anderlini in Beijing

Beijing has underlined its concern that an economic slowdown could lead to social unrest in China, with the country’s security chief urging local officials to do more to prepare for the “negative effects of the market economy”.

Zhou Yongkang, a member of the politburo, told provincial officials that they needed to find better methods of “social management” - a euphemism which can include everything from better internet censorship and strategic policing of violent unrest, to a better social safety net.

“It is an urgent task for us to think how to establish a social management system with Chinese characteristics to suit our socialist market economy,” he told a seminar on “social management innovation”.

“Especially when facing the negative effects of the market economy, we still have not formed a complete mechanism for social management,” he said. Mr Zhou also urged officials to limit spending on wasteful “vanity” projects that trigger public anger.

His comments are the clearest sign yet that Beijing is worried that the global economic crisis could lead to serious domestic social unrest. Mr Zhou’s remarks, published by the state-run Xinhua news agency on Saturday, came at the end of a week which saw evidence of a slowdown in Chinese manufacturing, an easing in credit policy to avert a sharper slowdown, and two outbreaks of violence.

Recent months have seen a rise in unrest - apparently linked to economic grievances, including workers’ fears about the economic dislocation caused by Beijing’s long-term plan to move away from low-value manufacturing to more creative and innovative industries.

Workers in Shanghai clashed last week with police at a Singaporean consumer electronics supplier during a strike over mass job losses due to a company relocation, the US-based group China Labor Watch said.

Tension split over in the central Chinese city of Xian on Friday, with Xinhua reporting hundreds of people overturning police and government cars after officers took more than two hours to arrive at a scene where a girl had been killed by a building truck. Ordinary citizens often complain that the government does too little to protect them from safety risks like dangerous driving by such trucks.

More than 10,000 workers in Shenzhen and Dongguan, two leading export centres in southern China, went on strike last month to protest against cuts in overtime - which they rely on to supplement meagre basic pay.

The ruling Communist party relies on rapid economic growth as its main source of legitimacy and Chinese leaders assume that if the economy slows too much it will be unable to contain the resulting social unrest.

Many analysts believe double-digit inflation and an economic slowdown were important contributors to the 1989 Tiananmen Square upheaval and resulting massacre.

In the midst of the 2008 global financial crisis the government identified 8 per cent gross domestic product growth as the level necessary to avoid political chaos and mobilised the entire state sector in a successful effort to “protect 8”.

Source: http://www.ft.com/intl/cms/s/0/61673902-1e6e-11e1-bae4-00144feabdc0.html