


10. *Ibid.*, Table 1.1, p. 2.


15. Available statistics on collectively distributed income indicate significant per capita growth during the last two decades of the Mao era. But after taking into account other factors, especially restrictions on private plots and markets after 1966, most observers agree with Nicholas Lardy’s conclusion that “real per capita farm income at best grew very modestly between 1956–57 and 1977.” For a discussion of the difficulties in determining the truth of the matter, see Lardy, *Agriculture in China’s Modern Economic Development*, pp. 160–63.


The Rise of Deng Xiaoping and the Critique of Maoism

The post-Mao era began under cover of a Maoist facade. Hua Guofeng, having presided over the “smashing of the Gang of Four” in the early autumn of 1976, was immediately installed as the new Chairman of the Chinese Communist Party; the installation was legitimized solely by what were claimed to have been “arrangements” made by Mao Zedong on his deathbed. The official press repeatedly reproduced the scrap of paper the dying Mao allegedly had given Hua. “With you in charge, I am at ease,” Mao was said to have scribbled. During his brief tenure, Hua went to great lengths to imitate his predecessor, not only in political style and rhetoric but also in dress and physical appearance. Portraits of Hua appeared in all public places, always hung alongside those of the late Chairman. And the new regime spared no public expense in constructing a huge mausoleum in Tiananmen Square, where the embalmed corpse of Mao Zedong was to reside permanently in a crystal box, so that, as the macabre announcement put it, “the broad masses of the people will be able to pay their respects to his remains.”

To demonstrate continuity with Mao's economic policies, Hua convened a series of conferences on agriculture, the realm where he had made his initial political mark during the “socialist high tide” of 1955–56. The conferences proceeded under the old slogan “learn from Dazhai,” the
brigade that Mao had set forth as the model which exemplified the virtues of egalitarianism and self-reliance. And in early 1977 Hua somewhat rashly vowed, along with other Maoist loyalists, "to support whatever policy decisions were made by Chairman Mao" and "unswervingly follow whatever instructions were given by Chairman Mao." The pledge was to earn Hua Guofeng and his associates the name of the "Whatever" faction, the pejorative label that their political opponents were soon to bestow.

But Hua Guofeng was selective in following the late Chairman's "instructions." Having constructed an elaborate Maoist political facade, he moved, however slowly and cautiously, to abandon the policies of the late Maoist era and to return in large measure to the Maoism of the 1950s. The first such changes came in cultural and educational policies, where the influence of the now imprisoned Gang of Four had been the strongest. Reviving the old Maoist slogan to "let a hundred flowers bloom," the new regime did away with the more obscurantist policies of the Cultural Revolution period. Hitherto banned plays, operas, and films once again appeared in theaters. Literary and scholarly journals dormant since 1966 resumed publication, joined by a growing variety of new periodicals and magazines. An especially notable product of the post-Mao cultural thaw was the outpouring of short stories by young writers describing their experiences during the Cultural Revolution—"the literature of the wounded generation" as it came to be called. Invoking the hallowed Maoist injunction to "make foreign things serve China," the government promoted international cultural exchanges and encouraged the publication of new translations of Western literary classics, repudiating the xenophobic fears of foreign "bourgeois" contamination that had stifled artistic life for more than a decade. Intellectuals who had been jailed, sent to labor in remote rural areas, or otherwise silenced during the Cultural Revolution or before, were quietly rehabilitated. They slowly returned to the cities to resume their work in 1977 and 1978.

Along with cultural liberalization came new educational policies, or more precisely, a return to old ones. Even as he continued to celebrate the accomplishments of the Cultural Revolution in his speeches, Hua began to undo many of the egalitarian educational reforms that had issued from the upheaval, beginning a process that would soon result in the full reestablishment of the elitist educational system built in the 1950s. Special attention was given to reviving the universities and the higher research institutes, which soon were functioning much as they had in the years prior to the Cultural Revolution. The new educational policies were intended to win the support of intellectuals for the Hua regime and for the "Four Modernizations," a term officially enshrined in newly promulgated Party and state constitutions. But Hua Guofeng, a beneficiary of the Cultural Revolution who had clothed himself in Maoist garb, won few new political adherents. His policies, however, did reinvigorate the urban intelligentsia, most of whom harbored anti-Maoist sentiments and would soon articulate them.

The Hua government sought to mitigate discontent among workers and peasants as well as intellectuals. Employees of state enterprises were given a 10 percent wage increase on October 1, 1977, the twenty-eighth anniversary of the People's Republic. This was intended as compensation, in part, for the imposition of stricter forms of "scientific management" and a more stringent labor discipline. And while the Maoist Dazhai model was lauded in official ideology, in practice state agricultural policies permitted larger private family plots for subsidiary production and encouraged the expansion of rural markets.

It was as an economic modernizer that Hua Guofeng attempted to make his mark on the history of the People's Republic. Hua's economic proposals were embellished with an abundance of Maoist rhetoric, especially emphasizing Mao's pre-Great Leap writings. The image of Zhou Enlai was continually invoked to popularize the Four Modernizations. But Hua's economic program was largely based on the policy documents Deng Xiaoping had drawn up for the State Council in the autumn of 1975, although the debt to Deng went unacknowledged. In 1977, as Deng had proposed two years before, the Hua government greatly expanded the purchase of modern technology from the advanced capitalist countries, financed largely by Chinese coal and oil exports. Great emphasis was placed on the rapid acquisition of modern scientific knowledge and the training of a technological intelligentsia, for which the restoration of the pre-Cultural Revolution system of higher education was a prerequisite. Plans were drawn up for the mechanization of agriculture. Both industrial productivity and production were raised through a combination of stricter work rules in the factories and greater material rewards for the workers.

Reflective of the tenor of the times was the reappearance of the economic planners of the 1950s, who had been in eclipse during the late Maoist era. The most politically important among them was Chen Yun, one of the designers of the First Five Year Plan of 1953–57, who favored the use of market mechanisms to supplement state planning.

Hua Guofeng's most ambitious effort to achieve the Four Modernizations was his proposed Ten Year Plan—for the years 1976–85—belatedly unveiled in February 1978. A somewhat revised version of a document drafted by the State Council in 1975 (when that body was operating under the direction of Deng Xiaoping), the Plan called for a new heavy industrial
push on the frenetic order of the First Five Year Plan. By 1985, some 120 mammoth industrial projects were to be constructed, including gigantic steel and iron complexes, oil and gas fields, coal mines, power stations, railroads and harbors. By the year 2000, Hua predicted, China’s industry would approach that of the world’s most advanced nations. But Hua failed to explain how the enormous sums required to finance the new industrialization drive would be raised. Nor did he address the imbalances and other economic problems inherited from the Mao era. Hua’s modernization program proved financially unviable and soon had to be abandoned.

The abortiveness of the Ten Year Plan was one factor in Hua Guofeng’s political demise. Another was the growing power and popularity of Deng Xiaoping, who in his third political ascent (and second resurrection) was determined to make the post-Mao era definitively post-Maoist.

The Triumph of Deng Xiaoping

Deng Xiaoping was the last important member of the remarkable May Fourth generation of Chinese Communist leaders. A Party activist since the early 1920s, his not inconceivable contributions to the Communist revolution—and his membership in the Maoist faction—won him a high place in the postrevolutionary order. In 1956 he stood alongside Liu Shaoqi and delivered one of the two main reports to the Eighth CCP Congress, the one post-1949 Party Congress whose spirit and ideology were to be celebrated in the post-Mao era. In the same year Deng was also appointed Party General Secretary, giving him considerable control over the CCP’s organizational apparatus and permitting him to strengthen the close ties with political and military leaders that he had forged during the revolutionary period. But a decade later, during the Cultural Revolution, Deng Xiaoping was branded “the second leading person in authority taking the capitalist road” and dispatched to labor in a tractor factory in Jiangxi province, far from Beijing. In 1973, under Zhou Enlai’s patronage and with Mao Zedong’s consent, he was recalled to Beijing and restored to his high official posts—and without the customary requirement of confessing past political errors. Deng soon established himself as the dying Zhou’s apparent successor—only to be once again dismissed from office as “an unpertinent capitalist robber” several months after Zhou’s death, blamed for instigating the Tiananmen incident of April 1976. Pursued by the Gang of Four during the last dreary months of Mao’s reign, Deng fled to South China, where his old PLA allies provided sanctuary. His political will undiminished, the seventy-two-year-old Deng plotted his return to Beijing, reportedly contemplating civil war if necessary. But with the death of Mao Zedong in September 1976 and the “smashing of the Gang of Four” in October, a peaceful way was opened for Deng’s second political rehabilitation.

The restoration of Deng Xiaoping to his high Party and government positions, and the rise to dictatorial power that was to make him China’s “paramount leader,” required breaking apart the political coalition that had brought down the Gang of Four. That uneasy alliance was led by Hua Guofeng, who had presided over the October 1976 coup and who had installed himself as Chairman of the Communist Party and Premier of the State Council, making him the official successor to both Mao Zedong and Zhou Enlai. The events that were to result in Deng’s ascendancy and Hua’s demise unfolded over a period of two years, and were carried out by Deng in a manner both sophisticated and ruthless, without provoking those “large-scale and turbulent” political and social struggles that he now so deplored.

More than the force of his personality and clever tactics were responsible for Deng’s political success. He had the backing of most senior Party leaders, many of them longtime associates. No less important was the widespread support he enjoyed among military commanders, partly the political fruit of the close ties he had cultivated with Red Army officers during the revolutionary years. Deng’s belief that the Communist Party should adhere strictly to its Leninist organizational principles and that political promotions should take place in orderly fashion—“step by step” and not “by helicopter,” as he put it—appealed to both the ideals and the self-interest of veteran Party and PLA leaders. After the turmoil of the Cultural Revolution and its aftermath, the promise of bureaucratic regularity and social stability was enormously attractive to senior officials, both civilian and military, and increasingly they looked upon Deng as their natural leader.

In addition to high-level bureaucrats, old cadres, and PLA generals, Deng could add most intellectuals to his list of supporters. He had championed the social interests of intellectuals since the Eighth Party Congress of 1956. And in his 1975 policy documents, Deng had offered intellectuals a prominent and lucrative role in bringing about the Four Modernizations, promising them higher status and greater professional autonomy. Consequently, most intellectuals saw Deng as the legitimate successor to the venerated Zhou Enlai.

Deng Xiaoping’s political ambitions thus rested on a powerful and articulate base of social and political support. But what gave dynamism to Deng’s political coalition was the issue of the Cultural Revolution—and the burning desire of its surviving victims to seek justice and retribution. That Deng himself had been among the victims of the upheaval, indeed twice victimized, won him the sympathy and support of millions who had suf-
fered during the previous decade. Drawn to him were Party cadres who had been attacked, humiliated, and "overthrown"; intellectuals who had been silenced and persecuted; disillusioned former Red Guards who had been betrayed by Mao's torturous political course and found themselves members of "the lost generation"; millions of urban youth who had been shipped off to the countryside; and millions more ordinary citizens who had suffered a variety of physical and psychological abuses. All looked to Deng to bring about a "reversal of unjust verdicts."

Precisely where Deng Xiaoping possessed enormous political assets, Hua Guofeng was burdened with fatal political liabilities. Whereas Deng enjoyed the support of senior leaders of China's powerful military and civilian bureaucracies, Hua, having risen to prominence during the Cultural Revolution, could only call upon a far less important sector of the bureaucracy—the amorphous group of mostly lower-level officials who had benefited from that chaotic period. Deng won wide popular support, at least in the cities, on the promise that he would right the wrongs of the Cultural Revolution era, but Hua had neither a real base of power in the bureaucracy nor any significant popular support in society at large. Indeed, it was precisely his lack of power and prestige that had made him a more or less acceptable candidate to preside over the general interests of the factionalized bureaucracy during the perilous days following Mao Zedong's death—and to preside over the purge of the Gang of Four, who seemed to threaten established bureaucratic interests. The temporary occupant of the positions vacated by Mao and Zhou Enlai, he possessed few of the qualities of either, ill-cast to play the role either of revolutionary or of statesman. Attempting to cling to the high offices he had fortuitously acquired, Hua laid claim to Mao's legacy and the legacy of the Cultural Revolution—but he did so at a time when Mao's aura was fading and when the Cultural Revolution was coming under public criticism. The legacy of the late Maoist era, Hua Guofeng's sole claim to political legitimacy, hung on him like a millstone; he could neither do without it nor, in the post-Mao era, could he survive with it.

Hua Guofeng's political demise was hastened by his political blunders. Hua stubbornly continued to promote a campaign (initially organized by the Gang of Four) to criticize Deng Xiaoping's "counterrevolutionary revisionist line," until the end of December 1976—well after it had become politically anachronistic. After bringing down the Gang of Four, he began a purge of their alleged "hidden followers," thereby weakening his potential support in the Party and government bureaucracies. Hua's "Hundred Flowers" policy facilitated the emergence of an articulate source of anti-Maoist (and pro-Deng) opinion in the cities. His ill-conceived and soon abandoned Ten Year Plan suggested ineptitude. Neither Hua's bland personality nor his thin political credentials could add the substance of power to the high official titles he had inherited. He was thus unable to resist the demands of senior Party leaders, supported by the growing force of public opinion in the major cities, that Deng Xiaoping be invited to rejoin the government. In the summer of 1977 Deng was formally restored to the Party and state positions he had occupied prior to his second fall from power in April 1976, and he soon established himself as one of China's top three leaders—along with Hua and Defense Minister Ye Jianying.

Once having regained a place near the top of the political hierarchy, Deng Xiaoping was unwilling to share power with Hua Guofeng—who, he had not forgotten, had risen to prominence during the Cultural Revolution, when Deng himself had been humiliated and purged. He was now determined to secure supreme power for himself. Behind the usual public facade of "unity and stability" a new struggle in the Politburo erupted between Deng's self-styled "Practice" faction, which had adopted the somewhat banal but politically potent slogan "practice is the sole criterion of truth," and the pejoratively labeled "Whatsoeverists," led by Hua Guofeng.

Throughout 1978 Deng Xiaoping's power and popularity grew. A continuing purge of "leftists" in the bureaucracy created places for Deng's old and new political allies. He successfully cultivated the support of intellectuals, promising them greater material benefits and higher social status, an end to political suspicions, the rapid development of science and technology, professional autonomy, and greater authority in a modernized system of higher education. He also hinted at sweeping economic reforms and political democratization.

Deng's power was further augmented by the reappearance of veteran cadres who had held official positions in the 1950s, their ranks and confidence fortified by the "rehabilitation" of many of Mao's old political foes who had been felled during the Cultural Revolution and before. Among the rehabilitated were 100,000 political prisoners—intellectuals, Party cadres, and others—who had been in detention or political disgrace since the anti-rightist campaign of 1957. They were quietly released from bondage in June 1978; it was not publicly mentioned that Deng Xiaoping had been the chief witch-hunter during the 1957 repression.

During 1978 there were many "reversals of verdicts," but none was more dramatic and of greater political significance than the Party's new judgment on the Tiananmen incident of April 5, 1976. Officials con-
demned as a “counterrevolutionary act” at the time, it had been the pretext for the dismissal of Deng Xiaoping from the government, his second fall from power. But in the autumn of 1978, Wu De, the mayor of Beijing who had ordered the militia into the square beneath the Gate of Heavenly Peace in 1976, was ousted from office and the Tiananmen demonstration was rechristened a “revolutionary event.” The official press now lauded the heroism of the demonstrators who had gathered in Tiananmen Square two and a half years before. In the time between the two Party judgments, the Tiananmen incident had acquired enormous symbolic significance as the expression of the democratic yearnings of the people against a despotic state. What had been enshrined as the “April Fifth Movement” by youthful dissidents in 1976 reappeared in the form of wall posters along the streets of Beijing early in 1978. Calling democracy “the fifth modernization,” the ranks of the youthful activists (mostly ex-Red Guards and young workers) were swelled by the Party’s reversal of its “verdict” on the Tiananmen incident. The democratic activists were further encouraged by the apparent support of Deng Xiaoping and his allies. In the last months of 1978 the streets of downtown Beijing were filled with political meetings and rallies. Ever bolder wall posters denounced the injustices of the Mao period, especially the Cultural Revolution, demanded the ouster of “Maoists” who still sat in the Politburo, and called for human rights, socialist legality, and a democratic political system. It was a time of great exhilaration and hope.

As the Democracy Movement, as it came to be called, grew around the square beneath the Gate of Heavenly Peace, Party leaders gathered in their meeting halls above Tiananmen Square in a “work conference” to prepare the Third Plenum of the Party’s Eleventh Central Committee, which formally convened December 18–22, 1978. It was to prove a critical convocation in the history of the People’s Republic.

The Third Plenum was a decisive, if not yet total, triumph for Deng Xiaoping and his “practice faction.” A sufficient number of Deng’s supporters were elevated to the Central Committee and the Politburo to give Deng effective control over both bodies, and thus over the Party as a whole. Most of those who had been branded “Whateverists” were not dismissed from their formal Party offices for the moment, but they were relieved of their more important political and economic responsibilities. Party Chairman Hua Guofeng emerged from the December 1978 Party meetings with his titles intact but not his power. Forced to engage in a “self-criticism,” Hua now would perform little more than ceremonial functions under Deng’s direction—until he was forced to surrender his political titles in 1981, long after he had surrendered his authority.

What came to be the most celebrated result of the Third Plenum was the decision to “shift the emphasis of the Party’s work to socialist modernization.” Socialist modernization was not a new term but it was imbued with a new meaning: it now meant, simply put, the subordination of all other considerations to the task of modern economic development. Accordingly, the Central Committee decreed an end to class struggle, or at least to struggles of a “turbulent” and “mass” character, hoping thereby to bring about the social and political stability that would facilitate the pursuit of the Four Modernizations. The Third Plenum also enjoined combining “adjustment by the market” with “adjustment by the plan,” thus providing the initial political sanction for the capitalist-style reforms that were to dominate the history of the Deng era.

Deng Xiaoping followed his triumph at the Third Plenum in Beijing with a triumphal tour of the United States at the end of January 1979 to mark the official establishment of diplomatic relations between the two countries, three decades after the founding of the People’s Republic. Deng was the fortuitous political beneficiary of the realpolitik diplomacy begun by Mao Zedong and Zhou Enlai (together with Richard Nixon and Henry Kissinger) seven years earlier, and this added to his already considerable prestige both at home and abroad. Less flattering were Deng’s arrogant public threats to “teach Vietnam a lesson.” On February 17, shortly after his return from the United States, the Chinese army invaded Vietnam. The pretext was the Vietnamese occupation of Kampuchea (Cambodia) and the ouster of the Chinese-backed (and genocidal) Pol Pot regime. After several weeks of bloody but inconclusive fighting, the Chinese troops ignominiously withdrew. China’s Vietnam war took a heavy human and economic toll on both sides and tarnished the international image of the new Deng regime. The only lesson that the invasion imparted was that the military effectiveness of the PLA had declined markedly.9

The Democracy Movement of 1978–1981

Deng Xiaoping soon discovered that he had foes at home as well as in Vietnam. The democratic activists who had assisted Deng in his rise to power in the last months of 1978 increased in both numbers and militancy during the early months of 1979. Many were former Red Guards now in their late
celebrated Dazhai brigade whom Mao had elevated to the Politburo during the Cultural Revolution. The places of the departing "leftists" were taken by veteran Party leaders who had been branded as "rightists" during the Cultural Revolution. For good measure, and reflecting the political temper of the times, Liu Shaoqi, the Leninist par excellence in the history of Chinese Communism, was posthumously readmitted to the CCP in a well-publicized ceremony that featured a speech by Deng Xiaoping. Liu's purge during the Cultural Revolution was denounced as "the biggest frameup our Party has ever known."

The political burial of Hua Guofeng was accomplished in a courteous but pragmatically efficient fashion. As a reward for his political cooperation (and to present a public facade of unity), Hua had been permitted to retain the official titles he had inherited from Zhou Enlai and Mao Zedong for several years after real power had passed to Deng Xiaoping. In September 1980, however, he was forced to resign his position as Premier of the State Council in favor of Zhao Ziyang, whom Deng had elevated to the Politburo in January. Also in 1980, Hua's long powerless position as Chairman of the CCP became purely titular when Deng Xiaoping decided to revive the Secretariat as the leading Party organ, an office Deng himself had headed in the 1950s before Mao abolished it. Named General Secretary (and thus formal head of the Party) was Deng's closest disciple, Hu Yaobang. Hua Guofeng quietly resigned from the now figurehead position of Party Chairman in June 1981, at the same Central Committee meeting that produced the official assessment of Mao Zedong. A year later Hua was dropped from membership in the Politburo, but he was allowed to remain one of 348 members of the Central Committee, an honorably obscure resting place for Mao's first and rather undistinguished successor.

The new political order fashioned in the wake of the Third Plenum was formally consecrated when the Chinese Communist Party (whose membership had grown to 40 million) held its Twelfth Congress in September 1982. The Congress, which Deng Xiaoping described as the most important in the Party's history since 1945, when Mao's leadership had been celebrated, was largely devoted to ratifying Deng's new economic policies (which will be considered in the following chapter) and his revamping of the Party leadership. Hu Yaobang's position as General Secretary was confirmed and the now redundant office of Party Chairman was abolished. The Congress placed unusual emphasis on the Leninist virtues of a tight centralized organizational structure and the discipline of Party members, many of whom at the lower levels of the hierarchy were suspected of lingering "leftist" proclivities. The term "leftist" was now broadly defined to include any lack of enthusiasm for the new regime's reformist economic policies. Although Deng preferred to rule mostly from behind the scenes, having installed proteges as heads of Party and state, by the early 1980s there was no question—and certainly no one dared question—that Deng Xiaoping was indeed China's "paramount leader."

The Question of Mao and the Reinterpretation of "Mao Zedong Thought"

Deng Xiaoping's construction of the post-Maoist order required more than the removal of his leftist political foes and their replacement by officials loyal to the new leader. It also required the demystification of Mao Zedong, whose ghost dominated the political consciousness of the new era almost as much as his person had dominated the politics of his own time. The legitimacy of the Deng regime, presided over by men who shared the trauma of having been purged during the Cultural Revolution, could best be established by reducing the still semi-sacred stature of the late Chairman, who had purged them. And Maoist policies and doctrines could more easily be abandoned by demonstrating the fallibilities of their author.

More than a thirst for revenge or pragmatic considerations of power motivated the reassessment of Mao Zedong and his era. Among the surviving victims of the Cultural Revolution, especially intellectuals and Party bureaucrats, there was a moral need to honor those of their friends and colleagues who had not survived. This need dictated not only posthumous "rehabilitations" but also was a dramatic demonstration that the appropriate historical lessons had been learned and that the evils of the Maoist era would not be repeated. Mao had predicted many future cultural revolutions, but his successors were intent on demonstrating that there would never be another.

Yet any serious evaluation of Mao Zedong's historical role was a most precarious political enterprise, and not only because the image of the late Chairman occupied an almost sacred place in popular consciousness. More important was the fact that Mao also loomed large in the consciousness and the lineage of China's post-Maoist leaders. Whatever their personal feelings about their former Chairman, Communist leaders could not do without an historically redeemable Mao in tracing their own line of political descent. Mao, after all, was both the Lenin and the Stalin of the Chinese Revolution, albeit vastly different from his Russian counterparts in ideology, political practice, and personality. Like Lenin, Mao had been the acknowledged leader of the revolution and the founder of the new society; like Stalin, he had been the supreme ruler of the postrevolutionary regime for over a quarter century. Simply to denounce Mao as a tyrant and usurper, as
Khrushchev had denounced Stalin in 1956, would have cast doubt not only on the political legitimacy of the Chinese Communist state but also on the moral validity of the revolution that produced it. In condemning Stalin, Khrushchev could invoke the authority of Lenin. But for Mao’s successors, there was no Chinese Lenin to call on other than Mao himself. It was with these elemental historical and political considerations in mind that Deng Xiaoping observed, in the summer of 1980 when the official assessment of Mao was being prepared, that: “It isn’t only his [Mao’s] portrait which remains in Tienanmen Square, it is the memory of a man who guided us to victory and built a country.”

Deng’s comment suggests that not only considerations of political legitimacy were involved in the Party’s assessment of Mao Zedong, but also the mantle of modern Chinese nationalism. For Mao was twentieth-century China’s great patriotic hero as well as the leader of its Communist revolution. He had, as Deng Xiaoping said, “built a country,” enabling a long humiliated and impoverished China to “stand up in the world.” Moreover, the enormous popular prestige Mao had acquired during his lifetime—as both a revolutionary and a nationalist leader—lingered on long after his death, especially among the peasantry, many millions of whom continued to venerate the deified Chairman. Nor did the dead Mao lack worshippers among living members of the Communist Party, particularly among the old cadres who had fought alongside him during the revolutionary years and the millions of young activists who had been recruited during the Cultural Revolution.

Deng Xiaoping was keenly aware of these elemental facts of Chinese political life. In one of the more perceptive expressions of his celebrated political pragmatism, Deng counseled that it was necessary to make “an appropriate evaluation” of Mao’s merits, warning that otherwise “the old workers will not feel satisfied, nor will the poor and lower-middle peasants of the period of land reform, nor will a good number of cadres who have close ties with them.” In preparing the public evaluation of Mao, his official assessors knew that they would have to proceed with great political caution.

Long before the Party’s formal assessment of Mao Zedong’s historical role was released in June 1981, the reputation of Mao was being gradually undermined by a long series of politically symbolic acts and ideological changes. Although the Third Plenum of December 1978 abandoned many of Mao’s ideas and policies—and clearly inaugurated the post-Maoist era—it did so without issuing any formal judgment on either Mao or the Mao period. Indeed, the official communiqué that concluded the Third Plenum fulsomely invoked the authority of Mao’s writings and announced that an assessment of the Cultural Revolution could wait until an “appropriate time” in the future. But the Plenum did call for a sweeping “reversal of verdicts,” including the rehabilitation of many of Mao’s old political opponents. Of these, none had greater symbolic political import than the reversal of the verdict on Peng Dehuai. Mao’s dismissal of the popular general in 1959 was widely regarded as one of the greatest injustices of the Maoist era, and calls to rectify the wrong had been heard from many quarters for nearly two decades. Peng died in 1974, but the case of Peng Dehuai remained among the many festering sores in Chinese political life. In accordance with the Plenum’s decision, Peng was publicly rehabilitated on December 25, 1978, with Deng Xiaoping delivering the official eulogy, lauding the dead marshal as one of the great heroes of the revolution and restoring him to the honored place in history that he had occupied prior to 1959. The ceremony was rife with political meaning, for it was impossible to honor Peng without suggesting that Mao had been something less than honorable. Nor was it possible to laud Peng without implying criticism of the Great Leap Forward campaign, which Peng had so vigorously opposed, leading to his purge.

The Third Plenum was followed throughout the year 1979 by a torrent of implicit criticism of Mao in official publications—and explicit critiques by Democracy Movement activists, which appeared in unofficial journals and on wall posters. The “rehabilitations” of those who had been branded “rightists” and “capitalist-roaders” during the late Mao era accelerated, restoring to high places in political and cultural life many once purged officials and intellectuals and thus fortifying anti-Maoist opinion in the major cities. Prominent among the rehabilitated was the conservative bureaucrat Peng Zhen, the first of the high-ranking Party leaders felled during the Cultural Revolution, whom Deng now put in charge of drafting new legal codes. The implicit critique of Mao was intensified by a Party campaign against “ultra-leftism,” “which was to remain the principal (although not the sole) ideological and political heresy of the Deng era. While the campaign was ostensibly directed against the long-dead Lin Biao and the imprisoned Gang of Four, the stigma of ultra-leftism was soon employed to generally characterize most of the last two decades of Mao’s rule, as scores of scholars and Party theoreticians put forth increasingly elaborate explanations of the “petty-bourgeois” social basis and “feudal” ideological roots of the Great Leap Forward campaign and the Cultural Revolution. The critique of ultra-leftism, and of the late Mao era in general, gained considerable political momentum when the venerable PLA Marshal (and Politburo member) Ye Jianying commemorated the thirtieth anniversary of the People’s Republic in a speech delivered on October 1, 1979. In an address approved
in detail beforehand by the Party Central Committee, Ye attributed the
disasters of the Great Leap to "leftist errors" that violated "objective
economic laws" and condemned the Cultural Revolution as a decade long
calamity (1966–76) visited on China by those who had pursued an "ultra-
left" line.7 Ye placed the blame on Lin Biao and the Gang of Four, as was
the official political custom of the time, but it was clear to all that many oth-
ers also bore responsibility for the Cultural Revolution, and that Mao Ze-
dong was chief among them.

In the official critique of Maoism that emerged in 1979 and 1980, Mao
Zedong was rarely mentioned by name. Indeed, on other political and pol-
icy matters, his writings were still authoritatively (if selectively) quoted
when it proved politically convenient to do so. But there were increasingly
harsh denunciations of "the personality cult," a term that performed the
same euphemistic function in China at the time as it had a quarter-century
before during the de-Stalinization years in the Soviet Union. The official
remedy for the evils fostered by "the personality cult," sometimes referred
to as "modern superstition," was adherence to Leninist norms of "inner
party democracy" and "collective leadership," although these loudly pro-
claimed principles did little to hinder the concentration of power in the
hands of Deng Xiaoping. "Collective leadership" did find expression, how-
ever, in the redefinition of the official ideology of "Mao Zedong Thought,"
which, increasingly purged of its more radical ideas, was now proclaimed to
be the collective wisdom of the Party, not simply the creation of one man.
Performing a similar function were new accounts of the sixty-year history of
the Chinese Communist Party which emphasized the contributions of rev-
olutionaries who had been neglected in the historiography of the Mao pe-
riod. By the middle of 1980, although the question of the historical role of
Mao himself had yet to be publicly confronted, the last two decades of the
late Chairman's rule had been opened to critical scrutiny.

To undermine Mao's popular prestige, the new government looked to
the televised trial of the Gang of Four, which opened on November 20,
1980, four years after their arrest. Over a period of two months in the Min-
istry of Public Security building in Beijing, the Four were tried together
with Mao's one-time secretary, Chen Boda, before a special tribunal of
thirty-five judges. A separate panel simultaneously tried five PLA generals
implicated in Lin Biao's 1971 plot against Mao, although the relationship
between the two proceedings was never clarified. The lengthy indictment
charged the accused with forty-eight criminal offenses, including plots to
overthrow the government, attempts to assassinate Mao Zedong, illegal ar-
rests, torture, and the persecution of 700,000 people, resulting in 34,000
deaths.8 Although advertised as a criminal trial conducted in accordance
with a modernized legal code, the trial was of course eminently political.
The judges paid far less attention to the new legal codes than to the Party Poli-
tiburo, which dictated the proceedings in detail from the original indict-
ment to the final verdicts.

If the trial of the Gang of Four failed to convince foreign observers that
the Deng government had embraced internationally-accepted legal norms—
indeed, to many it seemed uncomfortably reminiscent of a Stalinist-style
show trial—it did serve the internal political purposes for which it was
staged. The highly publicized trial made for a powerful condemnation of
political life during the last decade of the Mao era, with nightly television
broadcasts of selected segments of the proceedings featuring witnesses
who related in often grisly detail horrifying incidents of torture and death
during the "cultural revolution decade." For urban intellectuals and work-
ers who had been victimized during what was now being called the "feudal-
fascist" reign of the Gang of Four and who could now watch a manacled
Jiang Qing and others on exhibit in an iron cage, the trial served as a partial
"settling of accounts" and an emotional catharsis. For Deng Xiaoping and
his associates, the trial was a satisfying act of political revenge and also
served the eminently pragmatic function of facilitating the ongoing purge
of "leftists" in the Party, state, and military bureaucracies. The trial in Bei-
jing was in fact the model for a long series of less-publicized trials of alleged
"followers of the Gang of Four" in the provinces. But the most important
political purpose of the highly ritualized spectacle was to raise the question
of the role of Mao Zedong in the events for which his widow and onetime
comrades stood condemned as criminals.

It was of course clear from the outset that Mao Zedong was the un-
named defendant on trial with the Gang of Four. In the course of the pro-
ceedings, a defiant Jiang Qing unwittingly (but predictably) served Deng
Xiaoping's political purpose by continually invoking the authority of her
late husband in her defense, at one point declaring: "I was Chairman Mao's
dog. Whomever he told me to bite, I bit." And the chief prosecutor, in a
closing statement drafted by the Politburo, noted (while ritualistically laud-
ing Mao) that the Chinese people "are very clear that Chairman Mao was
responsible...for their plight during the Cultural Revolution."9

But Deng's aim was not to condemn Mao to historical oblivion together
with the Gang of Four. Rather it was to rescue Mao for history by separat-
ing him from the Gang, although it was a humanly fallible Mao who was
rescued, considerably diminished in historical stature and moral authority.
The separation was accomplished by distinguishing between "political er-
rors" and "criminal offenses," a distinction Deng had laid down in the sum-
mer of 1980. The distinction was taken up by the official press during and
after the trial of the Gang, and it was repeatedly emphasized that there was "a difference in principle between Mao’s mistakes and the crimes of Lin Biao, Jiang Qing, and their cohorts." In accordance with this perhaps historically dubious distinction, the Party publicly set forth its official historical verdict on Mao Zedong, five months after a Party-controlled court had passed its verdict of guilty on the Gang of Four.

The Resolution on Mao Zedong

On June 27, 1981, one day after accepting Hua Guofeng’s resignation as Party Chairman, the Sixth Plenum of the CCP’s Eleventh Central Committee issued the long awaited assessment of the place of Mao Zedong in the history of the Chinese Revolution. The “Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China” had been prepared over a period of fifteen months. Four thousand Party leaders and theoreticians, it was claimed, helped draft the document, which was repeatedly revised in accordance with detailed “suggestions” made by Deng Xiaoping. Many of Deng’s suggestions stressed the need to “affirm” Mao’s contributions to the revolutionary cause, in addition to criticizing his political and ideological errors. While most senior Party leaders, virtually all purged during the Cultural Revolution, were eager to avenge themselves on Mao’s ghost, Deng Xiaoping appreciated the political need to preserve Mao as a symbol of both revolutionary and nationalist legitimacy.

As Deng had insisted, the final version of the Resolution generously praised Mao’s leadership in the long revolutionary struggle and lauded his “brilliant successes” in economic development and “socialist transformation” in the early years of the People’s Republic. Yet while praising Mao as a great revolutionary and modernizer, the Resolution was severe in criticizing the late Chairman’s “mistakes” during the last two decades of his rule. Among the mistakes was the decision to broaden the scope of the anti-rightist campaign in 1957, resulting in the persecution of many innocent cadres and intellectuals, although the original phase of that witch-hunt (which had been led by Deng Xiaoping) was judged “necessary” and “correct.” More serious were Mao’s “leftist” errors, which were responsible for the economic disasters of the Great Leap, although it was acknowledged that most Party leaders (including Deng Xiaoping and Liu Shaoqi) had initially supported the ill-fated venture with considerable enthusiasm. Moreover, it was charged that Mao had undermined Leninist principles of “democratic centralism in Party life” by ruling with “personal arbitrariness” and by fostering a “personality cult” during his later years. Even more serious was his invention of the “erroneous left theses” that sanctioned the Cultural Revolution, which was now unambiguously condemned as a decade-long catastrophe “responsible for the most severe setback and the heaviest losses suffered by the Party, the state and the people since the founding of the People’s Republic.” Although the worst evils of the era were attributed to Lin Biao and the Gang of Four, Mao was not spared blame. “Chief responsibility for the grave left error of the Cultural Revolution, an error comprehensive in magnitude and protracted in duration, does indeed lie with Comrade Mao Zedong,” the Resolution concluded.21

The aging Mao’s “leftist” errors, which loom so large and so ominously in the Party’s critique, are ideological tendencies that Marxists traditionally have denounced as “utopian” and “unscientific.” The Resolution elaborated on these. Mao, according to his official assessors, “overestimated the role of man’s subjective will and efforts,” indulged in theories and policies “divorced from reality,” and raised entirely unrealistic expectations of the imminent advent of a communist utopia amid conditions of material scarcity. He thus violated what his more orthodox Marxist-Leninist successors took to be “the objective laws” of history. Yet however harsh the official critique was in this and many other respects, the Resolution, in its overall historical assessment, concluded that Mao’s “contributions to the Chinese Revolution far outweigh his mistakes” and that because of those contributions over so many decades “the Chinese people have always regarded Comrade Mao Zedong as their respected and beloved great leader and teacher.” In the years following the promulgation of the Resolution, it came to be a popularized orthodoxy that Mao had been 70 percent correct and 30 percent wrong.

Private assessments of Mao by many intellectual and political leaders of the post-Maoist order were less generous than those publicly set down in the Central Committee document of June 1981. But the praise for Mao in the official Resolution, which uneasily accompanied the critique of his “leftist” mistakes, represented more than a search for revolutionary continuity and political legitimacy by the new leaders of the Chinese Communist Party. The praise also reflected the genuine respect and admiration (if not necessarily affection) felt by surviving senior Party leaders for the early Mao—the Mao who was the leader of the Revolution, the Mao who was the liberator of the Chinese nation, and the Mao who had been an economic modernizer—before he had been infected with “erroneous leftist” ideas. Veteran Party officials, now restored to power after years of humiliation and sometimes persecution, nostalgically looked back to the Mao who was the revolutionary leader of the Party during their own youthful days as revolutionaries. And they looked back to the Mao who presided over the
new state in the early and mid-1950s, a time they now viewed as a golden age in the history of their land. For Deng Xiaoping and many of his associates, more than pragmatic political considerations were involved in their praise of Mao, for they sought to recapture the "uncorrupted" Maoism of the years prior to 1957, before Mao succumbed to what they regarded as pernicious radical and utopian notions.

In the years after the Resolution of 1981 had settled the Mao question, at least officially, the remaining artifacts of the cult of Mao were quietly removed from public display, although some were soon to make strange reappearances in popular culture and in unofficial political life. But in 1981, in official Communist Party ideology and political ritual, Mao was retained as a revolutionary, nationalist, and modernizing symbol. The purpose, of course, was to reinforce the legitimacy of the post-Mao regime by tying it to the Chinese Communist revolutionary tradition, a tradition in which Mao of course had played the largest and longest part. Consequently, Mao’s writings continued to be frequently quoted in official publications, albeit highly selectively, and the much de-radicalized image of the dead Chairman continued to be utilized and sometimes celebrated over the post-Mao years, as political circumstances dictated.

Yet perhaps more important than the preservation of Mao Zedong as a political symbol was the simultaneous repudiation of the social and ideological radicalism of the last two decades of the Maoist era. That, together with the reduction of Mao from a demigod to a leader of humanly fallible proportions, capable of errors “comprehensive in magnitude,” provided a necessary ideological sanction for the abandonment of Maoist socioeconomic policies in favor of the market-oriented economic reforms that Deng Xiaoping and others were preparing.

NOTES

1. On the demise of the Gang, see chapter 20 above.
3. Born into a well-to-do gentry family in Sichuan province in 1904, Deng barely qualified for membership in the illustrious May Fourth generation. Still a young teenager at the time of the May Fourth incident of 1919, he nonetheless was influenced by the radical political and intellectual currents of the era, journeying to France as a work-study student in 1923. There he joined the French branch of the Chinese Communist Party, then led by Zhou Enlai.
4. See Chapter 20 above.

5. Deng is said to have told his supporters at the time: “Either we accept the fate of being slaughtered and let the Party and the country degenerate, let the country which was founded with the heart and soul of our proletarian revolutionaries of the old generation be destroyed by those four people [i.e., the Gang of Four]... or we should struggle against them. ... If we win, everything can be solved. If we lose, we can take to the mountains for as long as we live or we can find shelter in other countries to wait for another opportunity. At present, we can use at least the strength of the Canton Military Region, the Fuzhou Military Region, and the Nanjing Military Region to fight against them...” Cited in Roger Garrise, Coming Alive: China After Mao (New York: Mentor, 1982), p. 130.

6. See Chapter 17 above.

7. For the prototypical example of his appeals to intellectuals, see Teng Hsiao-p’ing [Deng Xiaoping], “Speech at the Opening Ceremony of the National Science Conference” (March 18, 1978), Peking Review, March 24, 1978, pp. 9–18.

8. For a vivid account of the Odyssey of one of the more illustrious of these victims, the well-known writer Ding Ling, see Jonathan Spence, The Gate of Heavenly Peace (New York: The Viking Press, 1981), especially pp. 335–69.


10. Deng’s demand for the abolition of the “four greats” came in a speech to a Party work conference in January 1980. See “The Present Situation and the Tasks Before Us,” Selected Works of Deng Xiaoping, pp. 224–58. In August 1980, the Fifth National People’s Congress duly obliged, deleting the “four greats” (side) from the state constitution. For good measure, the Congress also eliminated the clause granting workers the right to strike, another constitutional “right” that was rarely exercised. Deng resumed his vitriolic attack against the remnants of the Democracy Movement in a speech to a Party meeting on December 25, 1980, taking special pains to denounce the notion that China was ruled by a privileged “bureaucratic class.” FBIS Daily Report, May 4, 1981, p. W8, and Issues and Studies (Taipei), July 1981, pp. 115–16.


12. Zhao Ziyang (born 1919), a political cadre in the Red Army during the last decade of the Communist Revolution, rose rapidly in the postrevolutionary bureaucratic hierarchy, becoming Party Secretary for Guangdong province in the early 1960s. Purged during the Cultural Revolution, he was among the many veteran officials Mao restored to power in the early 1970s. When he was Party chief in Sichuan province in the late 1970s, his market-oriented economic experiments brought him to Deng’s attention—and to Beijing.

13. Hu Yaobang (1915–1989) joined the CCP in 1933 and served as a political cadre under Deng in the Second Field Army. He remained a member of Deng’s entourage after 1949 and his postrevolutionary political career waned and waned together with the fortunes of his mentor. He was elected to the Politburo at the Third Plenum in December 1978.


17. "Comrade Ye Jianying's Speech" (September 29, 1979), Beijing Review, October 5, 1979, pp. 7–32. Ye spoke on behalf of the Central Committee of the Party, the Standing Committee of the National People's Congress (which he chaired) and the State Council. That Ye, not Hu Yaobang, still the nominal Chairman of the Party, delivered the main 30th anniversary speech was a telling political sign of the time.

18. For the text of the indictment, see Beijing Review, No. 48 (December 1, 1980), pp. 9–28.

19. Jiang Qing and Zhang Chunqiao were sentenced to death but the sentences were commuted to life imprisonment shortly after the trial. Both died in prison. Jiang Qing, reportedly suffering from throat cancer, was said to have committed suicide in May 1991. Wang Hongwen, sentenced to life imprisonment, died of liver disease in 1992. Yao Wenyuan, sentenced to a lengthy prison term, was released from jail in 1996.


23

Market Reforms and the Development of Capitalism

DENG XIAOPING came to power at the end of 1978 on a platform championing "socialist democracy." The promise of democratic socialism struck deeply responsive chords in Chinese society, especially among intellectuals and the urban working class, winning Deng enthusiastic popular support in the cities. The Deng regime was to preside over one of the most extraordinary episodes of economic growth in world history that was to bring relative (if very unequal) prosperity to the Chinese people—but neither socialism nor democracy were to prosper in post-Maoist China.

Democracy was the first of Deng's promises to be broken. Hardly three months after his victory at the Third Plenum in December 1978, Deng turned against the most vulnerable members of the political coalition that had brought him to power—the young activists who wrote the passionate political treatises and the poignant poetry that appeared on Democracy Wall, and who had supplied much of the elan for the pro-Deng movement during the last months of 1978. The suppression of the Democracy Movement, signaled by the arrest of Wei Jingsheng in March 1979, was a depressingly prophetic pointer to the political future of post-Mao China.

During Deng Xiaoping's reign, to be sure, the Communist state generally relaxed its control over Chinese society, freeing hundreds of thousands
of political prisoners and loosening ideological controls. These were by no means insignificant political gains for the Chinese people. But their democratic potential was severely limited. For “political reform,” which the new regime repeatedly said would accompany “economic reform,” Deng did not mean the process of democratization that he seemingly had promised and that many assumed to be his aim. Rather, by political reform he meant, first and foremost, the restoration of Leninist organizational norms in the Chinese Communist Party, whose discipline had been undermined by the disruptions of the Cultural Revolution. Secondly, he meant the rationalization of bureaucratic rule by making the Communist bureaucracy (in Deng’s words) “younger on the average, better educated, and better qualified professionally.” In short, there were to be no substantive changes in the Communist political system, however far-reaching the economic transformation. The Chinese Communist Party, its Leninist character refurbished and refined, was to retain its monopoly of political power, and the essentials of the Stalinist political system were to be preserved.

If there was little democratic content in the Dengist conception of “socialist democracy,” there was even less socialist substance. When Deng Xiaoping and his politically victorious colleagues began to consider economic reform policies in late 1978 and early 1979, they favored various economic decentralization measures and were increasingly attracted to market solutions to break down the rigidities of China’s Soviet-style system of central economic planning. But they had little interest in any real socialist reorganization of production, wherein the producers themselves would gain a measure of control over the conditions and products of their work.

The reasons for this failure to consider a socialist solution are worth pondering. Confusion over the definition of socialism played a part. In its distorted Stalinist (and Maoist) forms, in both theory and practice, “socialism” tended to be measured by the degree of state control over production, hardly appealing to reformers who attributed the problems of the Chinese economy to an overly centralized and bureaucratized system of state planning. But even those who properly understood socialism to be control of productive processes by the immediate producers rather than by the state were reluctant to propose socialist solutions. For such genuinely socialist solutions presupposed political democracy, and thus posed a direct challenge to the power of the Chinese Communist Party. Indeed, true socialism was viewed as doubly challenging, threatening the economic as well as the political power of the Communist bureaucracy. Moreover, socialism in the form of actual worker and peasant control would have been an historical novelty, never having existed before in China or elsewhere; thus it inevitably raised fears of the unknown. China’s reformers, however bold and innovative they might have appeared at first, confined themselves to actually existing economic models.

Thus, in the discussions among Communist leaders and intellectuals in the politically victorious Deng camp around the time of the Third Plenum, a genuinely socialist alternative to the command economy was never seriously considered. Only reformist measures which could be accommodated within the existing political system were discussed. These included various schemes for economic decentralization and the introduction of market mechanisms. The latter seemed particularly intriguing to many Communist leaders and theoreticians, for it was presented to them at a time when the worldwide neo-liberalist celebration of the “magic of the market” was reaching a crescendo.

The decentralization of economic administration and decision making, experimented with earlier in the People’s Republic (most radically and disastrously during the Great Leap Forward campaign of 1958–60), posed no general threat to Communist rule—although, depending on the particular scheme, decentralization could favor some sectors of the bureaucracy and weaken or limit others. Nor was the market the mortal threat to the Communist political system that it was assumed to be by many foreign observers. Chinese Communist leaders, in part inspired by seemingly successful “market socialist” models in Hungary and Yugoslavia, calculated that market mechanisms could be utilized to improve the quantity and the quality of both industrial and agricultural production without the Party relinquishing political power or the state losing control over the “commanding heights” of the economy. By and large, these calculations proved correct. The Communist Party-state remained politically dominant and retained a large measure of control over vital sectors of the economy. Moreover, Communist bureaucrats, many initially suspicious of market relationships (partly because of ideological principle, partly out of material self-interest), soon discovered that they were uniquely well situated to profit handsomely from a market economy. Many, of course, hastened to do so, in myriad ways that will be explored shortly.

In modern world history, the market is of course intimately identified—economically, socially, and ideologically—with industrial capitalism. That a market economy inevitably breeds capitalist social relationships, and all the inequitable consequences of capitalism, was well known to China’s Communist leaders in the late 1970s. But Deng Xiaoping and his reformist associates did not envision a capitalist future for China. Although some of the more zealous of the reformers tended “to disseminate a naive view of the
wonders of the market," as Carl Riskin has observed, most did not champion a market economy or a capitalist regime because of their intrinsic virtues. Rather, they saw the mechanism of the market as a means to eventual socialist ends, as the most efficient way to break down the stifling system of centralized state planning and to speed up the development of modern productive forces, thereby creating the essential material foundations for a future socialist society. The belief that they were pursuing eventual socialist ends was reinforced by the experiments in "market socialism" then under way in Communist Hungary and Yugoslavia, whose modest accomplishments had been greatly exaggerated by sympathetic Western commentators.

The use of capitalist means and methods to attain future socialist ends was ideologically sanctioned by a more orthodox interpretation of Marxist theory than had been fashionable in the Mao period. Deng’s theoreticians placed special emphasis on the Marxian thesis that socialism presupposed capitalism, the belief that distinguished original Marxism from other nineteenth-century socialist theories. A truly socialist society, Marx had argued, could be constructed only on the material and social foundations of capitalism, only where there existed large-scale industry and, correspondingly, a mature urban proletariat, the indispensable social agent of the socialist future. Thus capitalism, however socially destructive and inhumane, was a necessary and progressive stage in history, Marx taught. Indeed, many of the classic Marxian texts, not excluding the Communist Manifesto, could be read (and were in fact now read in China), as celebrations of the extraordinary productive powers of capitalism. Chinese Communist reformers, therefore, invoked the authority of Marx to support the capitalist methods they favored, and also frequently quoted Lenin, especially such well-known statements as, "the only socialism we can imagine is one based on all the lessons learnt through large-scale capitalist culture."4

In their search for a Marxian rationale for market-reform policies, Deng’s ideologists placed an enormous emphasis on the pernicious influences of China’s feudal tradition. Because of the abortiveness of capitalism in modern Chinese history, they argued, pre-capitalist forms of socioeconomic life and consciousness had survived into the socialist era, making the "remnants of feudalism," not capitalism, the greatest barrier to China’s modern economic development—and thus the greatest obstacle to the true development of socialism over the long term. The deleterious effects of a weak and distorted capitalism were perpetuated by the brevity and incompleteness of Mao Zedong’s "New Democratic" revolution, burdening the People’s Republic with a persisting "feudal consciousness" that was, they argued, largely responsible for the negative developments of the late Mao era, especially the Great Leap and the Cultural Revolution. Since capitalism is feudalism’s natural historical antagonist, according to Marxist theory, it followed that capitalism still had a necessary and progressive role to play in China. On the question of whether the capitalist means they advocated were consistent with the socialist ends they sought, the reformers were perhaps troubled but for the most part silent.

Another ideological construct that was used to provide a quasi-Marxist rationale for the market was a proposition Deng Xiaoping had set forth more than two decades before. At the Eighth Party Congress in September 1956, Deng had argued that with "socialist transformation," that is, the nationalization of industry and the collectivization of agriculture, class divisions (and class struggle) had been virtually eliminated. Therefore the principal contradiction in Chinese society was no longer between antagonistic social groups but rather between "the advanced socialist system and the backward productive forces." 5 The remedy, of course, was to concentrate on developing the productive forces in order to bring the economic base in alignment with the presumably socialist political and social "superstructure."

Mao Zedong had little use for the formulas of the Eighth Congress, which he soon scrapped in favor of a renewed emphasis on class struggle. But when Deng Xiaoping came to power in 1978, his 1956 Eighth Congress thesis was resurrected to become the principal ideological orthodoxy of the early post-Mao era, sanctioning the subordination of all social (and socialist) concerns to a nationalist pursuit of rapid economic development—to be accomplished by the most expedient means, not excluding the means of the capitalist market. In the 1980s, as we shall see, Deng’s thesis was refined and elaborated upon to become the theory of "the primary stage of socialism," an economically deterministic notion (in rather threadbare Marxist guise) which served to give priority to national economic development, regardless of social cost.6

Deng Xiaoping’s economic reform program began in 1979, officially sanctioned by the Third Plenum’s rather ambiguous injunction to combine "market adjustment" with "adjustment by the plan." The ambiguity of the formula was designed to satisfy both the advocates of market-type reform and those who wished to preserve the primacy of central state planning while allowing a supplementary role for the market. The initial reforms, in any event, which were designed to correct the economic imbalances inherited from the Mao period, were essentially administrative measures and required no major concessions to the market. In the spring of 1979,
unceremoniously scrapping Hua Guofeng’s Ten Year Plan, the new government slashed investment in heavy industry and construction in favor of light industry and agriculture. Successful efforts were undertaken to lower the “accumulation rate,” that is, the proportion of the social product appropriated by the state to expand productive capacity. The rate had risen rapidly during the late Mao era and even more rapidly under the Hua Guofeng regime, thereby depressing consumption. This trend was now reversed. Prices paid to peasants for agricultural products were increased substantially, including a 20 percent rise in prices for compulsory grain deliveries to state stores and a 50 percent premium for above-quota sales. In addition, the limit on private household plots was raised from 5 to 15 percent of the cultivated land, and state restrictions on rural marketing activities were greatly eased. Urban workers also benefited, although far less than did peasants, by new bonus and profit-sharing schemes in state enterprises that rewarded gains in productivity.

The Deng regime’s initial economic policies stimulated sizable increases in both agricultural and light industrial production, while at the same time providing both rural and urban inhabitants with greater incomes to purchase consumer goods, which were now being produced and imported in ever-increasing quantities. The marked improvement in popular living standards and the boom in consumption so evident in the early 1980s resulted directly from the policy changes of 1979.

Although rising consumption was due primarily to rising incomes, it was aided by the Deng government’s vigorous encouragement of what proved to be an astonishingly rapid revival of private entrepreneurship in both city and countryside. In addition to thriving rural markets and fairs, in the early 1980s city streets were quickly transformed by the reappearance of peddlers and vendors selling various wares and foods, the opening of private restaurants and inns, and the establishment of many new retail and service businesses—from barbers and beauticians to television repair shops. There was also a revival of traditional handicrafts production, sometimes organized in loosely structured cooperatives, while clothes and sundry household goods were produced in hastily erected workshops and by women working in their homes on the putting-out system.

Government encouragement of these private and vaguely collective entrepreneurial endeavors was intended, in part, to fill a long-standing void in the retail and service sectors of the economy. With even small private shops and markets condemned as “capitalist tails” and mostly banned during the late Mao period, people often had to travel long distances to obtain needed goods and services at government stores, which were frequently staffed (and usually overstuffed) by indifferent employees. In larger part, the government’s promotion of private enterprise was intended to mitigate the social strains of unemployment. By 1984, according to official figures, nearly 40,000,000 people were employed or self-employed in the burgeoning private sector of the urban economy and more than 32 million worked in urban “collective” enterprises, which more and more operated in a capitalist fashion in an increasingly market-driven economy. The numbers were to multiply rapidly as the government removed restrictions on the numbers of workers who could be employed by private capitalist enterprises; by the mid-1980s private and “collective” endeavors had come to be the most rapidly growing sectors of the urban economy.

The attractiveness to the government of self-employment and employment by private entrepreneurs was made quite clear at the outset of the reform period by one of the leading advocates of the market, who candidly observed of such workers that “the state will not be required to pay them wages.” Nor was the state required to pay wages to the ever-growing numbers of people who hired themselves out as servants in private homes. Servants were by no means unknown in the Maoist period, but most were state employees working in the offices and homes of high-ranking government officials. In the post-Mao years, maids, cooks, gardeners, and nannies became commonplace in the residences of the growing elite of technocrats, intellectuals, and mid-level bureaucrats as well as in the homes of the more successful of China’s new capitalist entrepreneurs and those of its many new foreign residents.

The reappearance of petty private enterprise contributed to the liveliness of Chinese cities in the early Deng era, which foreigners contrasted to the austere and drab character of urban life in Maoist China—a comparison invariably made even by those who never visited China during the Mao period. Peddlers, hawkers, and tiny open-air restaurants were soon followed by high-rise hotels, nightclubs, and luxury boutiques—as well as by beggars and prostitutes. Chinese cities thus began to resemble large cities in most of the world, displaying those stark and painful contrasts between ostentatious wealth and grinding poverty that mark most contemporary capitalist societies.

In the early 1980s, the revival of petty commerce in the cities was hailed by many Western observers as a sign of the birth of a vigorous Chinese capitalism. There were, of course, no lack of stories of entrepreneurs who did in fact heed the government’s injunction to “get rich,” and these were widely advertised in both the Chinese and foreign press. But the great majority of those who worked in the new private sector achieved very modest success at best or were able to eke out only a marginal existence, much like their counterparts in the cities of other Third World lands. The real origins
of Chinese capitalism were to be found not in the petty commercial capitalism of the cities but in the foreign trade and investment that passed through Deng Xiaoping’s “open doors” along the South China coast—and in the Chinese Communist state and its bureaucrats who controlled passage through those doors.

The Open Door Policy

When the policy of “the Four Modernizations” was set forth by Zhou Enlai in January 1975, China’s Communist leaders assumed that the pursuit of the ambitious economic goals Zhou proposed would require a vast expansion of China’s international trade, the acquisition of the latest technology from the advanced capitalist countries, and probably borrowing foreign capital. This would mean the abandonment—in fact if not in name—of the Maoist policy of national “self-reliance.”

The principle of self-reliance had acquired an almost sacred status in Maoist China. In part, however, the celebration of self-reliance was a matter of making a virtue out of necessity. Largely isolated from the world capitalist market by a hostile United States for more than two decades, and then cut off from most of the Communist world as well when relations with the Soviet Union deteriorated in the late 1950s, China had little choice but to rely on its own resources during most of the Mao period. That necessity was perhaps made more palatable, and certainly ideologically rationalized, by the Maoist revolutionary legacy, especially the Yan’an ideal of economic self-sufficiency.8 No doubt some Communist leaders, and certainly Mao Zedong among them, were willing to pay the economic price that self-reliance demanded in order to immunize socialist China from the corrosive effects of the world capitalist market. In any event, Mao and his colleagues, consciously or not, were partially imitating the protectionist strategy that Friedrich List devised in late nineteenth-century Prussia, a strategy which kept industrially backward Germany relatively isolated until it was able to compete with industrialized England. Whether deliberate or not, the fact remains that when China entered the world capitalist market in the late 1970s it did so on terms far more favorable than would have obtained in the 1950s.9

Yet whatever their conscious strategy and principles may have been, when the opportunity presented itself the leaders of the People’s Republic acted rapidly to move China into the capitalist world of international trade and finance. The move began in the last years of the Mao period, following the rapprochement with the United States and Richard Nixon’s February 1972 visit to Beijing and Shanghai. Between 1971 and 1974, China’s foreign trade more than trebled, most of it with non-Communist countries.10 The pace of trade quickened under the interim Hua Guofeng regime, and, as has been noted, Hua’s abortive Ten Year Plan called for the massive importation of foreign capital and technology. Deng Xiaoping’s market-oriented strategy of development and his “open door” policies greatly accelerated China’s integration into the world capitalist market. From 1978 to 1988, foreign trade more than quadrupled, and then quadrupled once again over the next six years, with Japan, Hong Kong, and the United States emerging as China’s leading trading partners.

This burgeoning trade has been conducted, on the whole, in accordance with the proclaimed Chinese principle of “equality and mutual benefit” and it is safe to assume that participants on all sides have profited from their various ventures. What has come under critical scrutiny by the Chinese is not the “open door” to trade but the opening of China to foreign investment—and, in order to attract foreign capital, the revival of practices uncomfortably reminiscent of life in the foreign-dominated treaty ports during semi-colonial times. The most conspicuous examples of the latter phenomenon are to be found in the “special economic zones,” the first four of which were established on the South China coast in 1979 near Hong Kong and opposite Taiwan. Others followed, and within a decade virtually the whole of the Chinese coast, as well as several inland regions, were “opened,” which is to say they were offering foreign capitalists favorable conditions for the exploitation of Chinese labor and the making of quick profits—along with the amenities of life that foreign residents expect in a quasi-colonial setting.12

The special economic zones were embarrassments from the outset, on both socialist and nationalist grounds. At a time when the Beijing regime still felt a serious need to claim socialist credentials, the economies of the zones were frankly and indeed savagely capitalist—and to compound the ideological dilemma, the government had proclaimed that the zones would be models for the “reform” of all of urban China. Moreover, the zones were places where Chinese workers were exploited by foreign capital and where Chinese servants catered to privileged foreign residents. And the zones were breeding grounds for official corruption, both on the part of local governments and for the entrepreneurial-minded sons and daughters of high Communist Party officials who used their political influence to enrich themselves in the import-export trade and other business dealings.

Yet, apart from the still controversial question of whether the special economic zones as such have proved their economic worth, which is to say, whether they have generated more capital than the Chinese state has invested in their construction, there can be little doubt that Deng’s “open
"open door" policies in general have yielded most of their anticipated economic benefits: the influx of foreign capital to finance industrial enterprises and various other modernization projects, the alleviation of chronic shortages of foreign exchange, greater access to the advanced scientific and industrial technology of Japan and the Western countries, and employment for Chinese workers who would otherwise be unemployed.

The accumulation of capital for productive investment has certainly been the most important result of the "open door" policy. It is one of the curiosities of the development of Chinese capitalism under the Deng regime that a significant portion of these initial capital accumulations were the fruits of official corruption. Prominent among the members of China's new postrevolutionary "bourgeoisie," for example, were local officials (and their friends and relatives) who were able to buy goods and materials at low state prices and sell them at higher market prices. Equally prominent, especially in popular political consciousness, were the children of high Communist Party leaders who, in the early 1980s, were politically well positioned to play lucrative compradore roles in establishing ties between foreign capitalists and state enterprises. While some of these fruits of bureaucratic corruption no doubt found their way into secret Swiss bank accounts, as rumor had it, most was invested in a vast variety of highly profitable domestic financial, industrial and commercial enterprises in what became an extraordinarily rapid process of capital accumulation and economic growth.

Foreign investment in productive enterprises was also substantial, growing steadily if not spectacularly throughout the 1980s, then exploding into a frenzy of profit-seeking in the early 1990s. More foreign capital was invested in China in the year 1994 alone (US$ 34 billion) than in the entire decade ending in 1989. Much of the imported capital has come from overseas Chinese investors, funneled largely through Hong Kong. And despite the political barriers, by the mid-1990s Taiwanese capitalists alone had invested more than US$ 25 billion on the mainland, mostly in Fujian province.

The attractiveness of China to foreign investors is not simply an endless supply of cheap labor, which of course is readily available (and often even cheaper) in many other parts of the world. Rather, it is an inexpensive labor force that is disciplined and relatively well-educated—and, not least attractive to potential investors, workers who are barred from organizing free trade unions by their Communist government, which also stands ready to ensure "labor peace" in other respects as well. Deng and his successors' insistence on "stability and unity," the official euphemism for a Leninist dictatorship, is well appreciated by foreign investors. A further attraction to foreign capitalists is the possibility of direct access to the internal Chinese market, now well on the way to realizing its long-heralded potential as the largest market in the world.

The obvious economic benefits of Deng's "open door" policies have, of course, exacted costs. Among them has been the conversion of China from a debt-free into a major debtor nation—although China's foreign debt, while large in absolute terms, remains relatively modest by world standards when measured either on a per capita basis or in terms of the size of the Chinese economy. China has, of course, become increasingly dependent on the fluctuations of the world capitalist market (which has not always been kind to developing countries), as well as subject to pressure from "international" (but U.S.-controlled) lending organizations such as the World Bank and the International Monetary Fund. Moreover, the "open door" has created vast new opportunities for official and unofficial corruption—although, as has been noted, in the peculiar circumstance of emergent Chinese capitalism, bureaucratic corruption is also a major source of capital accumulation. Not the least of the costs to China has been the loss of a certain (if unmeasurable) degree of national self-confidence. For the Maoist policy of self-reliance, whatever its economic price, served to instill in popular consciousness the conviction that the Chinese people could make their own distinctive future by their own efforts. That sense of confidence, the significance of which hardly can be overestimated in a land so long dominated and humiliated by foreigners, began to erode in the last years of the Mao regime. But it was more seriously undermined when post-Maoist leaders presented Western capitalist methods and techniques as a panacea for all Chinese problems—and unwittingly fostered what Simon Leys lamented as a "sudden rebirth of blind admiration for the West." In response to that "blind admiration" there predictably have been reactionary nationalist responses, which probably will increase in intensity and virulence in the years to come.

Yet the burial of the Maoist policy of self-reliance did not signal a new era of dependency, as some feared at the inauguration of the "open door" policy. Unlike pre-1949 China, between the ambitions of foreign powers and the Chinese nation there now stands a strong Chinese state presided over by highly nationalist leaders who, materially and psychologically, are more than capable of preserving China's sovereignty. An independent China, however lacking in social and political virtue, will remain one of the permanent achievements of the Chinese Communist Revolution. Nonetheless, the world capitalist market, with which China is increasingly integrated, has been (and will remain) a powerful force for the capitalist restructuring of the Chinese economy.
The Decollectivization of Agriculture

It was the countryside, where the majority of the Chinese people live and work, that was first to feel fully both the economic dynamism and the social destructiveness of a market economy. The agrarian reforms of the Deng regime in 1979–80, which at first seemed a cautious return to the "readjustment" policies promoted by Liu Shaoqi in the early 1960s to recover from the disaster of the Great Leap, soon became a torrent of deradicalizing change that swept away the collective rural institutions built during the 1950s and after. By the early 1980s, the communes had been dismantled, and collective agricultural production had been largely replaced by individual family farming.

This radical transformation of peasant work and life, which proceeded far more rapidly than the leaders in Beijing anticipated, just as had been the case with the other upheavals that had kept the rural population in flux over the preceding quarter-century, was in this case not inspired by a new social vision. Rather, it was motivated by the old economic need of the state to extract the surplus from the villages to finance the modern economic development of the nation, now known as the Four Modernizations. State exploitation of the countryside had been the main source of capital accumulation during the Mao period, and this remained the case in the post-Mao years. But it soon became apparent to Mao's successors that the agrarian economy, burdened with a growing population and declining productivity, was now incapable of supplying the needed capital. The essential first step, then, was to motivate peasants to increase production substantially, and thereby raise capital to support modern economic development. The new means to achieve that old end was to be the commercialization of the rural economy, albeit under a large measure of state guidance.

The first measures to encourage peasant production followed immediately from the Third Plenum, as has been noted. These included substantial price increases paid by the state for grain and other agricultural products and the removal of restrictions on rural markets. These policy "adjustments" easily could have been accommodated within the existing Maoist agrarian system—but China's market reformers wanted no such accommodation since they believed that China's real problems resided in Maoist institutions as such, not simply the way they functioned. Thus, the policy changes of early 1979 were accompanied by a wide-ranging and well-publicized critique of collective agriculture in general, undertaken by reformist intellectuals who served as policy advisers to the new Deng regime.

According to the critique, in the collectivization movement of 1955–56, the so-called "socialist high tide," Mao Zedong had ignored basic Marxist teachings on the necessary material conditions for socialism and imposed quasi-socialist relations of production on an economic foundation too weak to support them. Moreover, agricultural collectivization involved massive cadre coercion against the "middle peasants," thus alienating the most efficient producers. The result was rural economic stagnation for over two decades, with little or no increase in per capita income from the mid-1950s to the late 1970s, thus discrediting socialism in the eyes of the majority of peasants. The general critique of collectivized agriculture was reinforced when the much publicized Dazhai brigade, the Maoist model of local rural self-sufficiency and social equality, was officially denounced as a "leftist deviation" and its once-celebrated peasant leader, Chen Yonggui, was purged from the Party Politburo. The Party's charges against the Dazhai brigade, which included allegations of falsifying production figures and financial irregularities, seemed less than entirely plausible to those familiar with the history of this extensively-studied commune.16

In undertaking the critique of collectivization, Party ideologists invoked Deng Xiaoping's old 1956 formula, now the state orthodoxy, to the effect that the main contradiction in Chinese society was not between antagonistic social groups but rather between China's "advanced socialist system" and its backward productive forces. Deng's proposition hitherto had been used to justify a single-minded pursuit of economic development, to the neglect of other considerations, in order to bring the productive forces in harmony with the "socialist system." But the critics of collectivized agriculture gave Deng's formula a new twist, suggesting that a retreat to pre-collective forms of social organization would also contribute to resolving the contradiction between seemingly incompatible levels of social and economic development. Thus they advocated a return to family farming, arguing that a commercialized capitalist system based on individual peasant proprietorship would not only be more appropriate to China's present level of economic development but also would release the dynamism of the market to stimulate the rapid growth of rural productive forces.

The first major institutional change promoting capitalism in the Chinese countryside was officially sanctioned in September 1980, when the Party Central Committee recommended adoption of what generally came to be called the "household responsibility system" (HRS). Under the "responsibility" system, individual peasant households concluded contractual agreements with the production team for the use of given portions of the team's "collective" land, in return for which the households paid the team contractually stipulated portions of their output to meet state tax and grain quota obligations, along with small sums to support the waning collective and welfare functions the team still performed. Farm tools and draft ani-
mals, until now collectively held by the team, were divided among the households, which now engaged in individual family farming. Save for its financial obligations to the team, the household was free to work the land in whatever fashion it wished and to dispose of the surplus as it chose.

Although there had been earlier experiments with various versions of the "responsibility" system, and while in some areas peasants had acted on their own to divide the land, it was not until its official Party approval in the autumn of 1980 that the new arrangement began to be widely adopted. And although it was originally said that the contract system was to be voluntary and primarily applicable to poorer areas where collectivized farming had failed, in fact the HRS soon became mandatory and was rapidly universalized in the early 1980s: local rural Party cadres, fearful of being purged as "leftists," were zealous in promoting the new policy (and sometimes imposing it on reluctant peasants) to demonstrate their political loyalty to the Deng regime. By the end of 1983, 98 percent of peasant households had converted to one form or another of the responsibility system. As had been the case in the collectivization campaign of 1955-56, decollectivization was accomplished with "one stroke of the knife," presumably a leftist error, and little more was heard about the once loudly proclaimed principle of policy variation according to differing local conditions.

What initially replaced collective agriculture was a system Carl Riskin aptly characterized as "tenant farming with the production team and the state as landlord." But the "tenants" did not long remain an undifferentiated mass of tillers of equal parcels of the soil. New economic and social divisions among the rural population developed with extraordinary rapidity as capitalist relationships spread through the countryside. The sources of the new socioeconomic differentiations were many. First, not all the contracts concluded under the responsibility system were made for the purpose of ordinary farming. Encouraged by government policies promoting specialization and marketing, a good many peasants turned to potentially more lucrative pursuits such as the cultivation of cash crops, food-processing enterprises, small workshops and repair shops, and the operation of a variety of new businesses in commerce and transportation. In general, such "specialized households," as they were designated, and owners of businesses fared far better than ordinary peasant households, whose members continued to grow crops such as grain and other essential foods. Secondly, differentiation was promoted in 1983 when the government, in order to accommodate the needs of households lacking sufficient labor power, and especially to encourage the ambitions of the more entrepreneurial-minded rural inhabitants who held promise as potential accumulators of capital, permitted contracted lands to be rented and wage laborers to be hired. A new underclass of subtenants and hired laborers grew rapidly as government limits on the exploitation of labor were ignored and eventually all but removed, while those better endowed with physical and entrepreneurial skills and ambition vigorously strove to prove the truth of the Dengist maxim that "some must get rich first," now the official rationale for growing inequality.

Finally, perhaps the most significant source of differentiation between rich and poor stemmed from the advantages enjoyed by rural Party cadres in the newly commercialized economy. Most rural officials initially opposed the return to individual family farming, partly out of ideological conviction and partly because they feared loss of power and income. However, many soon discovered that their political positions and influence were uniquely valuable assets in pursuing their private economic interests. Presiding over the process of decollectivization, many Party cadres were able to secure the best lands and the lion's share of farm tools and machinery for themselves, their relatives, and their friends. And their old political connections served them well in acquiring goods and materials in short supply for lucrative dealings on the rapidly expanding black market.

Decollectivization was greatly facilitated by the dismantling of the commune system. A new state constitution adopted at the end of 1982 transferred the administrative functions of the communes to township or county (xiang) governments, units of the central state administration. With the demise of the political power of the communes, their collective economic and social welfare functions atrophied or were transformed into private undertakings operated for profit by individuals, families, or small corporate groups. Even medical services and educational facilities were caught up in the commercialization of the countryside. Private doctors and private schools began to appear in many rural localities by the mid-1980s, and have become available to those who can afford them.

An essential prerequisite for the development of capitalism in the Chinese countryside was the privatization of land use, even if the question of formal ownership has been left ambiguous. Land originally acquired by family farmers under the household responsibility system was leased for short periods from the production teams (an organizational structure left over from the collective period) and legally remained collective property. To allay peasant fears that the new system might prove temporary, and to discourage predatory use of the land, a 1984 government regulation permitted fields to be contracted for periods of up to fifteen years. That was soon extended to half a century, and it became generally understood that land could be passed on to one's heirs for several generations. This effectively established a de facto free market in land, with "contracted" lands
rented, bought, sold and mortgaged as if they were fully alienable private property.

The new rural policies yielded remarkable economic results in the early 1980s. From 1978 to 1984 the gross value of agricultural output grew at an average annual rate of 9 percent. There were striking gains in labor productivity in the countryside, rural per capita income nearly doubled over those six years, and there was a visibly dramatic rise in living standards in most of the countryside. This was particularly evident in the widespread construction of new houses, an enormous increase in the purchase of consumer goods, and marked improvement in diet. Although the economic upsurge in the countryside could in part be attributed to the incentives provided by the household responsibility system and the marketization of the rural economy, in part (and probably in greater part) it resulted from the 1979 price increases for agricultural products and the general relaxation of state pressure that preceded them, both of which took place within the institutional framework of the old system of collectivized agriculture. It is instructive that the upsurge in agricultural production began under the Hua Guofeng regime in 1978 (an 8.9 percent increase) and continued in 1979 (8.6 percent), whereas the household responsibility system was not widely adopted until the early 1980s. Whatever the reasons, and they no doubt vary from place to place, the early Deng era undoubtedly will be recorded as one of the most economically successful periods in the history of Chinese agriculture.

The progress in agricultural production, however, could not be sustained. In 1985 there was a sharp and unanticipated decline in grain output—from a record 407 million metric tons the previous year to 379 tons—that sent economic and psychological shock waves throughout Chinese society. It was the largest annual decline since the Great Leap, and it evoked memories and fears of famine. Grain shortages and wild fluctuations in agricultural prices followed in China’s increasingly market-driven economy, a market which offered fewer and fewer rewards for those who actually worked the land. This, in turn, gave rise in many rural areas to bitter and continuing hostility between peasants and government officials, the latter intent on enforcing grain purchase contracts—and sometimes further angering peasants by paying for grain with “white slips” (baitiao), or IOUs, in lieu of cash. The hostility was exacerbated by a plethora of extra-legal taxes and newly invented fees which corrupt officials began to exact from peasants in the late 1980s. Since 1985, in any event, agricultural production has tended to stagnate, barely keeping pace with a relatively low rate of population growth.

Rural household income, and the relative prosperity of much of the countryside, has been sustained since the mid-1980s not by increases in agricultural production or productivity but rather by the astonishingly rapid growth of industry in the form of “township and village enterprises” (TVEs). The program for rural industrialization, a distinctively Maoist policy inaugurated during the Great Leap Forward campaign (as was noted in Chapter 12), originally was conceived not only as a way to utilize surplus labor and local materials that would otherwise go unused but also as a means to promote broader social goals, especially the reduction of the gap between city and countryside. The program was modestly successful during the Mao era. By the mid-1970s, small and mostly technologically primitive factories operated by communes and brigades employed 28 million workers, almost 10 percent of the rural labor force. It was not until the market reform period, however, that rural industry became a really dynamic force in the Chinese economy. With the encouragement of the Deng regime and with the influx of capital—from local governments, private capitalists, foreign investors, and various sorts of cooperative groupings—rural industrial enterprises grew with extraordinary rapidity, not only in numbers but also in size, diversity of output, and technological sophistication. Through much of the 1980s, the output of the TVEs grew by 35 percent per annum, and after a brief period of retrenchment at the close of the decade, high rates of growth (averaging about 30 percent per annum) again were recorded in the 1990s. By 1995, more than 125 million workers were employed in rural industries, which remained the most rapidly growing sector of a generally dynamic Chinese economy. It is the wages (however comparatively low) of these mostly younger members of peasant families who labor in the TVEs that sustains household income in much of the Chinese countryside.

The TVEs are officially classified as part of the “collective” sector of the Chinese economy, and they make up by far the largest part of what falls under that rather ambiguous designation. Yet most of the industrial enterprises in the countryside are owned and managed by private capitalists and local governments, and all perform operate on a capitalist basis in a national and international market economy. Whether the TVEs hold the socialist potential that is sometime attributed to them is questionable—but perhaps it is not yet a closed question.

The rural economic progress of the Deng era did not come about without great social and other costs—and not without creating new barriers to future progress. One of the adverse consequences of decollectivization was a marked increase in the rural birth rate in the early 1980s as the return to individual family farming made farm families want to raise more sons, so as
to provide adequate labor power in the near future and to provide security for aging parents in the long term. It was an eminently rational (if also very traditional) peasant response to decollectivization and the restoration of the family farm, but not one easy to reconcile with the also eminently economically rational government policy of the one-child family, originally designed to stabilize the population at 1.2 billion by the year 2000. Forced abortions ordered by zealous government officials and female infanticide on the part of desperate peasants determined to have at least one son have been among the human sorrows caused by this clash between state and individual interests, a clash which is itself the product of contradictory state policies. In 1985 the government modified the implementation of the one-child policy, effectively allowing rural couples to have two children, thereby easing the tension between state and peasantry but jeopardizing the hope for zero population growth in the twenty-first century.

Decollectivization undermined other long-term goals and programs. The fragmentation of farming units that came with the return to family farms, especially acute in villages where lands of unequal quality were divided proportionally, made large farm machinery useless in many areas, frustrating long-standing hopes for the mechanization of Chinese agriculture. Further, as the old communes and brigades atrophied in a new market-driven society, collective funds were depleted, resulting in a contraction of welfare services for the elderly, the handicapped, and the indigent; the closing of brigade medical clinics in some areas; and a decline in the number and quality of local schools. School enrollments fell, due to the need of peasant families to keep young children at home to assist in farm work, now carried on as a family enterprise. And with the demise of the communes and the brigades, it became increasingly difficult to organize peasant labor for large-scale public works projects, such as the construction and repair of irrigation facilities and dams, a factor that aggravated the terrible floods that ravaged central and northern China in the summer of 1998.

Decollectivization has also added to China’s massive environmental problems. Deforestation (and consequent flooding), for example, has become a serious problem in many regions due to the unplanned construction of new houses and the often indiscriminate felling of trees in order to build them. The boom in housing, partly due to the restoration of family farming and partly to the relative prosperity of many villages, also has contributed to reducing the amount of arable land, accelerating an alarming decline that began in 1957.

The demise of collective institutions has of course undermined such collectivistic values the peasants once held, and the resulting ideological void was quickly filled by traditional customs, beliefs, superstitions, and rituals. It is ironic that “rural reform,” pursued under the banner of the Four Modernizations, has revived the very “feudal” values that Deng Xiaoping and his market-reform theorists have condemned as so historically pernicious and to which they attribute many of the political evils and economic failures of the Mao era. But government leaders have been less concerned about the reappearance of old beliefs and values in the countryside than about what they describe as “extravagant” spending on traditional marriages, funerals, and festivals—for such expenditures drain the capital available for financing land improvements, the purchase of new farm equipment, and water conservation. The paucity of such long-term productive investment is one of the factors responsible for the stagnation of agricultural production since 1985 and China’s increasing reliance on imported food.

The most disturbing social consequence of decollectivization has been the extraordinarily rapid growth of economic inequalities in the countryside and the creation of new rural class divisions. Inequality is hardly a novelty in rural China. But in the Mao period the greatest gaps were regional, reflecting long-standing ecological and other differences between comparatively well-off and impoverished areas of the country, whereas economic differentials within localities were rather small. In the post-Mao reform era, regional inequalities have increased, especially between the coastal areas and the interior, accentuating an old prerevolutionary pattern that persisted throughout the Mao era. What is new is the emergence of ever greater and ever more visible distinctions between wealthy and poor families within villages, townships, and other localities, further confirming the Dengist prediction that “some will get rich first.”

Those who have in fact gotten rich are a minority of the population but a still very substantial number of rural inhabitants who have been best able to take advantage of the new market mechanisms. It is a system that favors the entrepreneurially-mined, the ambitious, the physically strong, the skilled, the clever, and the families with the greatest labor power. Especially favored have been those who hold political power, or those with access to it. It was local Party cadres, overcoming such socialist ideological inhibitions as they may have had, who initially benefited most from the privatization of collective assets and who were able to contract the best lands and the most lucrative business operations for themselves, their relatives, and their friends. Rural Party officials make up the nucleus of a new rural bourgeoisie, who operate an expanding variety of profit-making enterprises. This new class includes the heads of the more successful “specialized households” who hire wage labor and operate their farms and fisheries on a capitalist basis; the owners or contractors of various service,
commercial, and industrial enterprises; the professional managers and technicians who run the township and village enterprises; the local government and Party officials who manage the TVEs and are also often engaged in other legal and extra-legal money-making activities; and a new group of petty landlords who sublease contracted lands to the poorer peasants who actually till the soil. Although they are a diverse and still amorphous class, the members of the various groups who comprise the emerging rural bourgeoisie are defined by one essential characteristic: they live on the exploitation of others’ labor while they themselves largely avoid manual work. In this they perpetuate that most ancient of social divisions—that between mental and manual labor—in an increasingly modern capitalist environment.

Alongside the new rural bourgeoisie elite resides the oldest and most populous of rural social classes, the peasantry, whose perhaps 200,000,000 working members still till the soil, now mostly on individual family farms. Differentials in income and status are enormous, ranging from prosperous “new rich peasants” (many of them favored with the government’s “specialized household” designation) to the most impoverished of rural families, who are often forced to sell or mortgage their leaseholds and driven into the growing ranks of tenant farmers, wage laborers, and the unemployed.

It is noteworthy that while the majority of the Chinese people still live in the countryside, fewer and fewer are actually engaged in agricultural production. During the late Mao period, the communes had provided at least minimal security for most of the rural population, but the abolition of the commune system in the early 1980s revealed that nearly half the rural labor force of approximately 400 million was redundant. Of the 200 million farmers of working age who could no longer subsist on the land in the newly commercialized rural economy, perhaps half eventually found employment as wage laborers in the rapidly growing TVEs and other rural-based but non-agricultural enterprises. The remainder, about 100 million people (although the number fluctuates greatly depending on economic conditions), were thrust into the ranks of a new rural Lumpenproletariat, some reduced to irregular menial labor in the countryside, others forced into criminal activities, but most eventually forming the “floating population” (youmin) of migrant laborers who travel to and from the cities in search of such temporary work as they can find. Living in shantytowns and working for pitiful wages, they supply much of the labor for the construction boom that has made Chinese cities appear modern and seemingly prosperous.

Decollectivization and the spread of a market economy has thus given rise to a new rural social structure, composed of four increasingly distinct and differentiated social groups: a bourgeois elite of de facto owners of various commercial and industrial enterprises, commercial farmers and landlords, local Party and government officials, and professional managers and technical personnel; a much reduced but still sizable peasantry engaged in family farming; a much expanded and rapidly growing class of wage laborers, primarily engaged in industrial work; and an underclass of migrant laborers. It is a social structure conducive to the further development of rural capitalism—and to the disappearance of the traditional peasantry.

While Chinese Communist leaders promote the commercialization of the rural economy and celebrate its economic successes, they nonetheless still on occasion envision (at some unspecified time in the future) the recollectivization of agricultural production. This will come about, they emphasize, not by bureaucratic decree but through the workings of “objective economic laws” and the development of production. And indeed in the mid-1990s there were reports from several northern provinces of a peasant movement, apparently proceeding with the government’s blessings, to partially recollectivize village property and work. Yet it is difficult to foresee a collectivistic transformation naturally issuing from a market economy that is generating such great socioeconomic differentiations and creating powerful vested interests in the present order of things. In such a polarized rural society, with much of the population now schooled in the competitive values of the market, it is most unlikely that collective farming can be reintroduced, either from above or from below, without igniting violent social conflict. It would be most ironic if a regime which so prizes social harmony, and which has condemned Maoist theories of class struggle, should have created social conditions that make real class struggles inevitable.

Urban Industry and the Commodification of Labor

As soon as the Third Plenum adjourned in December 1978, having sanctioned “adjustment by the market,” the economic reformers in Deng Xiaoping’s coalition presented the paramount leader with concrete proposals for the capitalist restructuring of China’s huge but inefficient and technologically backward state-managed urban industrial plant. The reformers argued that the economic growth of the nation and the material well-being of the people would best be served, at least at China’s current stage of development, if the production and distribution of goods were determined
Thus the reformers proposed the decentralization of economic decision making to individual enterprises, which would operate on a profit-making basis, with nonprofitable factories allowed to fail and close, although the latter eventuality was not much emphasized. This enterprise autonomy meant that factory managers, operating within broad state guidelines, would determine production schedules, wages, and prices in accordance with changing market conditions. They would also decide how the profits of the enterprise (if any) would be utilized. Further, and most socially significant, managers would have the power to hire and fire workers in accordance with market conditions and the criterion of economic efficiency. This “smashing the iron rice bowl,” as the terminology of the time had it—that is, ending the system of lifetime job security for regular state employees—would discipline a lackadaisical work force and increase labor productivity, the reformers claimed.

Such, in brief, were the main features of the essentially capitalist model of urban industrial reorganization proposed in 1979. And Deng Xiaoping and other Communist leaders found it attractive, not because they found capitalism as such appealing, but rather because of the model’s nationalist appeals. For the market promised economic efficiency, and that, in turn, inspired hope of a quicker route to national “wealth and power.” Thus, in modified and limited form, the market model was experimentally adopted in late 1979, when the government selected several thousand enterprises to operate on a profit-making basis, as more or less autonomous capitalist units. The program was expanded in early 1980 to cover about 16 percent of the factories and other urban enterprises included in the state budget.

The initial attempt at capitalist industrial restructuring proved short-lived. At the end of 1980, confronted with a host of unanticipated fiscal and social problems, the government was forced to suspend the program. Among the unintended consequences of the market-oriented policies, recently introduced in the rural areas as well as the cities, was a burst of inflation. Although the officially stated rate of price increases (about 7 percent nationwide, somewhat higher in the cities, according to probably understated official figures) was relatively modest by world standards, inflation came as a shock to a population accustomed for nearly three decades to virtually total price stability; over the 27-year Mao period, consumer price increases had averaged less than 0.5 percent per annum. Growing state budget deficits were also alarming, especially for a government that hitherto had scrupulously adhered to a balanced budget. Measures to control the deficit included sharp reductions in capital construction and the closing of inefficient factories; these remedies, in turn, aggravated the chronic problem of unemployment in the cities, now officially acknowledged to be more than 20 percent of the urban labor force.

As the government grappled with inflation, unemployment, and deficits in 1980, it was also confronted by an alarming drop in the output of heavy industry. This was partly the result of overzealous efforts to correct the imbalance between producer and consumer goods production, but also in part to the new emphasis on enterprise profitability—and the fact that many essential heavy-industrial enterprises could not show a profit in a market economy. In 1981, the output of heavy industry declined by almost 5 percent according to official figures, and by more than 8 percent according to the calculations of foreign observers. The government responded to the economic crisis with a policy that it called “rationalization,” which reestablished strict central state controls over prices, wages, investment, and the allocation of raw materials—in effect, the reestablishment of the “command economy” in urban industry. With the central planning system restored, industrial growth resumed. In 1983, the output of heavy industry increased by 12.4 percent while light industry grew by 8.7 percent. These were approximately the same rates of growth—and the same ratio between heavy and light industry—that were recorded during the late Mao era.

While the “rationalization” of the urban industrial sector was taking place in the early 1980s, the regime turned its attention to the decollectivization of agriculture in the countryside and the promotion of foreign trade and investment in the coastal areas, as we have seen. Nonetheless, the effort to bring market prescriptions to the urban economy was not entirely abandoned. At the same time that the regime was reestablishing central controls over state industries, it was also encouraging the expansion of private and “collective” enterprises as well as promoting foreign-financed joint ventures in the cities and the special economic zones. Ownership and managerial patterns varied greatly in the enterprises of this rapidly expanding nonstate sector of the urban industrial economy, but they shared one essential feature: their workforces were drawn from a rapidly expanding free labor market. Wage laborers employed in urban “collective” enterprises (where employment increased by 7 million from 1981 to 1984) and in the new private sector (where employment grew from 1 to over 3 million in the early 1980s) worked for significantly lower wages than workers in state industries and enjoyed neither the job security nor the welfare benefits (such as health care and retirement pensions) guaranteed by the “iron rice bowl.” Members of a “free” labor market (which is to say that they sold their labor for whatever it would fetch on the market), they could be hired or fired at the will of the managers, depending on the fluctuations of the economy. Together with the much larger numbers of wage earners being employed in
the rural township and village enterprises on a contractual basis, they became members of a rapidly expanding capitalist labor market. That labor market was further extended when many of the peasants made economically redundant by decollectivization swelled the ranks of the migrant laborers who roamed from city to city, searching for such temporary work as they could find. Thus, even though plans for comprehensive urban industrial reform had been temporarily set aside, the “iron rice bowl” already had begun to shrink in the early 1980s, partially satisfying one of the reformers’ key demands.

In 1984, with industrial production stabilized and with the government emboldened by the success of the rural reforms, an ambitious new effort was undertaken to bring about the capitalist restructuring of urban industry. Deng Xiaoping personally provided the impetus for this when early in that year he embarked on a well-publicized tour of the Shenzhen special economic zone and pronounced a grand success what the official press said was the model for urban reform for the whole of China. The government’s restructuring program that followed was similar to the abortive effort that had been made in 1979, save that it was now more comprehensive and pursued with greater vigor and determination.

The program consisted of three main parts. First, there was promulgated the eminently capitalist principle of enterprise profitability. Accordingly, some 400,000 state enterprises were accorded a large measure of autonomy over wages, prices, and investment. In theory at least, they were to thrive or fail on the basis of whether they showed profits or losses in the marketplace.

Second, the 1984 reform program aimed to universalize a market in labor. Over the previous five years, China had already moved a long way toward the creation of a capitalist labor market. Now the Deng regime proposed to “smash the iron rice bowl” (to borrow the reformist rhetoric of the time) among regular workers in state factories, who in 1984 made up about 40 percent of China’s industrial working class. To this “reform,” however, there was intense and bitter opposition, not only among the relatively privileged workers who would have been directly affected but also from a good many veteran Communist Party officials who regarded the guarantee of lifetime job tenure as one of the great accomplishments of the Revolution. In the end, the government compromised: regular workers then employed in state factories would retain their job security and welfare guarantees but new workers would be hired on a contractual basis. A bewildering variety of contractual arrangements were worked out over the years that followed, gradually replacing the shrinking “iron rice bowl.”

The third part of the 1984 program was “price reform,” which intro-duced a three-tiered price structure in place of the old system of officially set government prices. The prices of certain key industrial products (such as steel and oil) remained fixed by the state; prices of other industrial products were allowed to fluctuate within higher and lower government-determined price ranges; and the prices of most consumer goods and agricultural products were freed from all government controls and permitted to fluctuate according to the dictates of the market.

The urban reform program, coupled with the marketization of the rural economy, ushered in five chaotic years which saw spectacular industrial growth and intense social disruption. In 1985 alone, the output of China’s already huge industrial plant grew by almost 20 percent, and high rates of industrial growth, in both urban and (especially) rural areas, continued over most of the rest of the decade. Living standards in the cities rose markedly, if very inequitably, throughout the 1980s, although it has been suggested that this resulted more from the agricultural successes of the early 1980s (and the relatively low cost of foodstuffs and other products of rural origin) than from any improvement in the efficiency of urban industry. However that may be, average real wages of urban workers more than doubled during the first decade of the Deng regime. There were significant improvements in diet, especially in increased consumption of meat, and also in the quantity and quality of clothing. The ownership of household goods—television sets, sewing machines, and refrigerators—grew at spectacular rates. And per capita housing space nearly doubled in the cities, whose landscapes were being transformed by a seemingly permanent boom in construction.

But this material progress, while real enough and certainly heartily welcomed by the Chinese people, was accompanied by social and psychic devastation of epic proportions. The boom-and-bust cycles (officially known as “overheating” and “retrenchment”) came quickly and sharply, bringing hardship and insecurity to much of the urban working population. Adding to the hardships, especially in the “boom” phases of the cycles, were bursts of inflation, which became chronic after the partial implementation of “price reform” in 1985. By the early months of 1989, inflation had soared to an officially acknowledged national rate of 25 percent per annum, although it was considerably higher in Beijing and other large cities. A working population buffeted by unruly market forces was shocked by the growth of obvious and grotesque inequalities in economic and social life. Between a monied elite of entrepreneurs and bureaucrats who profited lavishly from the “free market” (and who were increasingly uninhibited in ostentatious displays of their new wealth in cities that were hastily spawning luxury boutiques and nightclubs), and a pauperized lumpenproletariat of
migrant day laborers who lived in shantytowns, there was opened as wide a
gulf between rich and poor as existed in any of the great cities of the capi-
talist world. And citizens were appalled and angered by the sudden perva-
siveness of bureaucratic corruption, by officials and cadres, high and low,
who were enriching themselves (and their families and friends) by using
their political influence to manipulate the new market mechanisms.

In the late 1980s the economy passed through a series of rather quick
boom-and-bust cycles, and the urban population experienced the painful
and unsettling vicissitudes typical of an early capitalist regime. Growth
rates in industrial production remained high, but so did inflation and gov-
ernment budgetary deficits. By the end of the first decade of the Deng
regime—even though “socialist market economy” was its official designa-
tion—few could seriously doubt that an essentially capitalist economy had
been fashioned in the cities of China. A free market in labor had been cre-
ated, and only a shrinking minority of workers clung to the “iron rice bowl”;
administrative controls had been removed over the prices of many com-
modities, which now fluctuated in accordance with market conditions; and
most economic units operated in accordance with the capitalist principle of
enterprise profitability. All that was lacking was formal, legal private owner-
ship of property. But if China had become essentially capitalist, it was a spe-
cial kind of capitalism, whose distinctive features should briefly be
outlined.

Bureaucratic Capitalism

Bureaucratic capitalism, that is, the employment of political power and in-
fluence for private gain through capitalist methods of economic activity, is
not an uncommon phenomenon in history, having appeared in various
forms in many societies in both ancient and modern times. It certainly has
not been uncommon in Chinese history. An alliance between powerful official
s and a dependent bourgeoisie in profit-making commercial and industrial
activities was a prominent feature of Chinese society and economy through-
out the more than 2000-year imperial era. In and in modern times,
the subordination of the bourgeoisie to high officials of the Guomindang
regime of Chiang Kai-shek in the 1930s and 1940s is one of the classic exam-
les of bureaucratic capitalism in modern world history.

The origins of bureaucratic capitalism in Communist China are quite un-
usual, however. In the case of the People’s Republic, bureaucratic capi-
talism emerged only after a lengthy quasi-socialist period, which had elimi-
nated the Chinese bourgeoisie as a functioning social group. By the mid-
1950s, as we saw in chapter 6, what remained of the Chinese bourgeoisie
(the so-called “national bourgeoisie” in the terminology of the time) had
been bought out by the Communist state, and the remnants of that class
lugged on only as a small group of aging pensioners collecting modest divi-
ends on noninheritable state bonds. The dwindling members of this
dying social class were too few and too elderly to take up the bourgeois
functions that Deng Xiaoping’s market policies demanded. It thus fell to
the Communist state to create the capitalist class that was necessary for the
functioning of a market economy. In a country in which the bourgeoisie
had been eliminated, and capitalist activities long distrusted and sup-
pressed, the most likely candidates for recruitment into such a new class
were the cadres of the bloated Communist bureaucracy.

Many, probably most, Communist bureaucrats were initially hostile to,
or at best ambivalent about, Deng’s market policies. The devolution of
economic control from state and collective organizations to families and
private entrepreneurs seemed to threaten bureaucratic power, status, and
income. Nor could a market economy easily be reconciled with the socialist
values and goals Communist leaders habitually proclaimed and many no
doubt still cherished. It was a rare instance where bureaucratic self-interest
and socialist principles appeared to coincide.

Nonetheless, whatever their initial reservations, the bureaucrats per-
formed their duty, carrying out Party and central government policies
under the banners of “Reform” and the “Four Modernizations.” And it was
not long before officials and cadres discovered that they were in uniquely
favorable political positions to personally profit from the new opportunities
the market offered—in effect, to take the place of an absent bourgeoisie. A
good many hastened to fill the social void. The lead was taken by the
middle-aged sons and daughters of the highest leaders of the Communist
Party, including the children of Deng Xiaoping and Premier Zhao Ziyang,
who used their political influence to play lucrative comprador roles. Oper-
ating in the coastal cities and the special economic zones, they brought to-
gether foreign capital and the Chinese market, receiving handsome com-
missions for arranging deals between foreign firms and state trading
organizations. Beginning as influence peddlers, they soon established their
own import-export companies, and from there some of their number
moved into international financiers and investment bankers, sometimes
establishing ties with huge capitalist conglomerates in Hong Kong and else-
where. Some of the wealth that they acquired by virtue of the political
about whether the order would be carried out. See Seth Faison, “China Moving to Untie Its

41. Gordon White, Riding the Tiger: The Politics of Economic Reform in Post-Mao China (Stanford,

42. For a most insightful analysis of the complexities, see Ellen Meikins Wood, Democracy
Against Capitalism (Cambridge: Cambridge University Press, 1995).

43. Barrington Moore, Social Origins of Dictatorship and Democracy (Boston: Beacon, 1966), es-
pecially chapters 5 and 8.

44. Ibid., p. 418.

The Struggle for Democracy

From the time of his triumph at the Third Plenum in December 1978 until early 1994, when the ninety-year-old patriarch had
become too feeble to appear in public, Deng Xiaoping was unchallenged as China’s “paramount leader.” He was, to put it plainly, the dictator
of a Leninist Party-state and the arbiter of virtually all important decisions.

Yet during the fifteen years that he ruled China, Deng, unlike his prede-
cessors, never assumed the high political titles that corresponded to his real
power. Instead, he selected his proteges to occupy the highest offices of
Party and state. Of these, the first, and certainly the most appealing was Hu
Yaobang (1915–1989), who had joined the Red Army in 1930, at the age of
fifteen. A survivor of the Long March, Hu became politically associated
with Deng Xiaoping during the long civil war, serving as a political commis-
sar under Deng’s command in the Communist Second Field Army. After
1949, his political fortunes fluctuated along with those of his mentor. In
1980 when Mao Zedong’s first successor, Hua Guofeng, was forced to re-
linquish his power (and then his titles), Deng selected Hu Yaobang to fill
the revived post of General Secretary, the formal head of the Chinese
Communist Party. The post of Party Chairman, so long occupied by Mao
Zedong (and so briefly by Hua Guofeng), was abolished.

Hu Yaobang was one of those rare leaders of a Leninist party who had
come to champion democratic values and procedures. Drawn to the more libertarian aspects of the Marxist tradition, he played a key role during the early Deng era in bringing about the “rehabilitations” of intellectuals and officials who had been victims of the political witch-hunts of the Mao period, especially the antirightist campaign and the Cultural Revolution. Although perforce constrained by Deng Xiaoping’s policies and preferences, he did what he could to protect intellectuals from the paramount leader’s periodic (but short-lived) campaigns against “bourgeois liberalization,” especially in the 1983–84 campaign to combat “spiritual pollution.” And Hu Yaobang was the silent patron of the People’s Daily during that brief period in the early 1980s when the official Party newspaper promoted democratic reform and exposed official corruption—largely through the efforts of such democratic Marxists as Wang Roshui, the managing editor, and Liu Binyin, the famed investigative journalist. If these efforts did not necessarily win Hu Yaobang the mass popularity he sought, it did gain him the genuine respect of many intellectuals and students.

Less widely respected, at least until fortuitous circumstances made him into something of a martyr at the end of his political career, was another of Deng Xiaoping’s disciples, Zhao Ziyang (1919– ). The son of a Hunanese landlord, Zhao joined the Communist movement in the mid–1930s, when still a teenager, and served as a political cadre with the Red Army during the last decade of the civil war. As was common among the more able members of the revolutionary generation, Zhao rose rapidly in the postrevolutionary bureaucratic hierarchy after 1949, only to be ousted during the Cultural Revolution. But in 1972, when Mao was rebuilding the Party he had shattered during the Cultural Revolution, Zhao was restored to his post as Party Secretary for Guangdong province, where he cautiously assisted the young democratic activists known by the acronym “Li-Yi-Zhe.” However, it was not Zhao’s cautious patronage of youthful democrats but rather the innovative market-reform policies he pursued as head of Sichuan province in the late 1970s that brought him to Deng Xiaoping’s attention. In 1980, Deng elevated Zhao Ziyang to the Party Politburo in Beijing and installed him as Premier of the State Council, the office so long occupied by Zhou Enlai. From that lofty position, Zhao established himself as the most ardent and effective promoter of Deng’s policies for the capitalist restructuring of agriculture and industry, and especially for the “opening” of China to foreign trade and investment.

By 1985 China was experiencing both the economic dynamism and the social destructiveness of a market economy. Industry, commerce, and foreign trade were booming in the expansionist phase of the “boom-and-bust” cycle that is typical of an early capitalist economy. In 1985 alone, industrial production increased by an astonishing 20 percent. But at the same time much of the population began to feel some of the more painful effects of capitalist development. In Beijing and other major cities, bursts of inflation increased the cost of basic necessities by 30 percent in the early months of 1985, depressing the living standards of the less affluent sectors of the urban population, especially factory workers and lower-level government employees. Moreover, with the rapidly increasing volume of money and goods, bureaucratic corruption grew in scope and scale—and public consciousness of official profiteering grew even more rapidly, spurred by several spectacular financial scandals. Further, as noted earlier, there was a sharp and unanticipated drop in grain production in 1985 as many farmers gave up the unrewarding business of growing grain in favor of the cultivation of relatively lucrative specialized crops in an increasingly commercialized rural economy. The fall in grain output, perhaps more psychologically and politically than economically significant, sent shock waves throughout Chinese society, contributing to the growing unease and restlessness that marked the remainder of the decade. Indeed, many Chinese look back to the year 1985 as the time when the hope and optimism of the early Deng era gave way to growing doubt and pessimism. And it was the time that Deng Xiaoping’s personal popularity began to decline—so much so that by the early months of 1989 the paramount leader, who had enjoyed such great prestige at the beginning of the reform period, had become an object of ridicule and scorn in the cities.

Opposition to the pace and social effects of marketization was reflected in splits in the Communist leadership. The divisions were particularly apparent in the tension between Deng Xiaoping and the veteran economic planner Chen Yun, who favored only a supplementary role for market forces. Chen had become the principal spokesman for those sectors of the bureaucracy that had a stake in maintaining state industry and the system of central planning. In any event, the increasingly chaotic economic situation—an “overheated” economy, in the terminology of the day—forced the government to impose austerity measures in late 1985, resulting in closed factories and unemployed workers.

Nonetheless Deng, and especially Premier Zhao Ziyang, pushed ahead with their program of capitalist restructuring. In 1986, in what was soon to be known as his “coastal strategy,” Zhao promoted foreign trade and investment in China’s most economically advanced areas along the Pacific, from Manchuria and Shandong in the north to Guangdong in the south. He also called for the expansion of the special economic zones. Factories and other economic enterprises were enjoined to operate as independent units responsible for their own profits and losses; in effect, they were to
conduct their businesses in accordance with the capitalist principle of profit maximization. And there was a renewed emphasis on doing away with the system of job security popularly known as the "iron rice bowl," thus creating a more fully capitalist labor market. Indeed some of the more ardent reformers associated with Zhao lauded the virtues of a "reserve army of labor," that is, a large mass of unemployed workers who could be hired cheaply and fired quickly.

... In the history of the Deng era, as had been the case during the Mao years, periods of relative intellectual and political liberalization alternated in cyclical fashion with periods of repression. In the spring of 1986, presumably to commemorate the thirtieth anniversary of Mao's "Hundred Flowers" policy, Deng Xiaoping inaugurated a period of political relaxation, encouraging ideological flexibility and stressing the need for "political reform." Leading Marxist intellectuals responded by emphasizing the nondogmatic character of original Marxism, arguing that Marxism was based on the assumption that the theory would be in a process of constant change as it interacted with changing social realities. Much was heard about Marx's concept of alienation, which had been revived in the early 1980s as a tool to critically analyze postrevolutionary Chinese society and politics—until discussion of alienation was suppressed by the Party's campaign against "spiritual pollution." In the course of the suppression, Wang Ruoshui, the best known of the "alienation school" theorists, was dismissed from his post as managing editor of the People's Daily. In the summer of 1986, Wang Ruoshui was restored to public prominence when his treatise "On the Marxist Philosophy of Man" was published in a Shanghai newspaper. Here, as in his writings during the earlier alienation debate, Wang stressed the democratic and humanitarian strains in the Marxist tradition.

Deng Xiaoping's call for "political reform" received concrete, if very limited, expression in November 1986 when the National People's Congress promulgated an electoral law for selecting delegates to local people's congresses. The first test of the electoral law, and of the democratic intentions of the Dengist regime, came on the campus of the University of Science and Technology in the provincial capital of Hefei.

The University of Science and Technology, a highly prestigious institution, had been moved during the Cultural Revolution from Beijing to the relative tranquility of Hefei (the capital of Anhui province), where it remained in the post-Mao years, enrolling an elite group of students, mostly the offspring of high officials and prominent intellectuals. On December 5, 1986, 3,000 students demonstrated to protest the lack of any real choice in forthcoming local elections. The student calls for democracy won the vigorous support of university vice-president Fang Lizhi, the well-known astrophysicist, and the covert support of various intellectuals associated with Party General Secretary Hu Yaobang. Other issues soon became involved in the continuing demonstrations, including nationalist resentments against Japan, which burst forth on the anniversary of the famous "December Ninth Movement" of 1935, when an earlier generation of students had taken the lead in protesting the failure of the Chiang Kai-shek regime to oppose Japanese aggression.

The 1986 student pro-democracy demonstrations quickly spread from Hefei to some dozen cities in the Yangzi valley, culminating in Shanghai where 50,000 protesters filled People's Park in the city center on December 20, following minor clashes with the police. By this time, Deng Xiaoping and the mostly retired but still influential Party elders who surrounded him were determined to bring the demonstrations to an end. The students had begun to attract the support of workers (albeit in small numbers) in Shanghai and elsewhere; they appeared to have ties to some of the democratic Marxists in Hu Yaobang's camp; and the whole movement was escalating beyond the organizational control of the Communist Party, indeed in opposition to it. Drawing strained parallels with the Cultural Revolution, and raising the specter of "chaos," the student movement was condemned in official publications; municipal authorities were ordered to prevent further demonstrations. Under the threat of government repression, and with the beginning of semester exams, the student movement faded away early in January 1987.

Nonetheless, there were reprisals. Although the relatively few students who had been arrested were released—hoodwinked by bourgeois intellectuals, it was said—many of the workers who had been jailed during the demonstrations remained in prison on various charges, including "counter-revolution." A new campaign against "bourgeois liberalization" was launched against intellectuals, the third such witch-hunt of the Deng era. Among the victims were Fang Lizhi, who was expelled from the Communist Party and dismissed from his post as vice-president of the University of Science and Technology. Another was Liu Binyan, the investigative journalist whose exposes of official corruption had earned him the enmity of Party bureaucrats. Liu was removed from the staff of the People's Daily, and also, for the second time, expelled from the Party.

But the most prominent casualty of the repression was Hu Yaobang, who was ousted from his post as General Secretary of the Communist Party in January 1987. Deng Xiaoping had decided months earlier to remove Hu as Party head, in part because Hu's efforts to curb corruption
among the children of senior Party leaders and his close ties to democratic intellectuals had angered Party elders. The purge was to be carried out in accordance with formal Party rules at the Thirteenth Party Congress, scheduled to convene in the autumn of 1987. But the timetable was moved up, and the procedure became irregular in response to the student protests of the winter of 1986–87; Hu Yaobang was forced to accept responsibility for the disturbance, blamed for insufficient vigilance in combating “bourgeois liberalization.” The decision to remove Hu, announced as an action of the Party Politburo, which in fact never convened, was actually made at an informal meeting of Deng Xiaoping and a group of Party elders, later dubbed “the Gang of Old.” The ambitious Premier Zhao Ziyang probably participated in the meeting, although Zhao later denied that he was involved in the ouster of Hu Yaobang. Zhao, in any event, was the political beneficiary. He was named to succeed Hu Yaobang as acting General Secretary of the CCP in late January 1987, and his position was formalized at the Thirteenth Party Congress in the autumn of that year. Hu Yaobang was allowed to retain his seat on the Politburo, and also on its six-member Standing Committee, but he was shorn of power and influence. Li Peng, a Soviet-trained engineer who easily accommodated himself to the interests and the style of the established Party-state bureaucracy, was named to fill the premiership that Zhao Ziyang had vacated. A technocrat who was an implementer rather than a formulator of policy, Li Peng was ideally suited to faithfully carry out Deng Xiaoping’s orders.

The pace of capitalist development accelerated during Zhao Ziyang’s stewardship of the Chinese Communist Party. Under Zhao’s “coastal strategy,” designed to promote an export-oriented economy, foreign trade flourished and favorable conditions were created for foreign investors. New vigor was brought to the eminently capitalist tasks of creating markets for labor and land. And “price reform” was further pursued, with the prices of an increasing number of commodities left to the determination of the market. All of these developments—the influx of vast sums of foreign capital, the growth of a real estate market, and commodity prices left to easily manipulated “market forces”—encouraged official profiteering and created vast new opportunities for bureaucratic enrichment.

Yet Zhao Ziyang still felt the need to claim a socialist lineage. Thus, an economic system that was rapidly on its way to becoming capitalist, as was clear to all, was officially called “socialism with Chinese characteristics.” Multitudes of intellectuals associated with Zhao and Deng were brought forth to construct a Marxist ideological rationale for the regime’s market policies. They drew upon the rather prominent strands in the original writings of Marx that celebrated the economic dynamism of capitalism and its historical progressiveness. They repeated Deng Xiaoping’s celebrated 1956 thesis that the main contradiction in Chinese society was between its “advanced socialist system” and “backward productive forces,” a formula that sanctioned the most rapid possible route to modern economic development by any means available without regard to immediate social consequences. And they invented for Zhao Ziyang’s use the theory of the “primary stage of socialism,” the main ideological construct of the time.

The notion of the “primary stage of socialism” held that China was already essentially a socialist society by virtue of the predominance of “public ownership” of the means of production and a system of “payment according to work.” Both of these presumably socialist principles were of course fictitious, and were now even further removed from reality than they had been in the Mao period. According to the Dengist definition, China was socialist—but still immaturely socialist due to the nation’s continuing economic backwardness. Only with the growth of modern productive forces to a sufficiently high level would a fully developed socialism flower. This, however, would take time, indeed the better part of a century? In the meantime, all energies were to be devoted to the task of economic modernization, pure and simple, by the most efficient means possible.

The theory of the “primary stage of socialism” served as an ideological rationale for capitalist borrowing. It was assumed, not unreasonably, that a market economy, under favorable political and international conditions, offered the best chance for rapid economic modernization—and thus was the most efficacious way to establish the necessary material foundations for a developed socialist society. However, the arrival of that “developed” socialism was set so far in the future that it could not easily be related to the efforts of those who lived in the present. Socialism, the task and destination of generations not yet born, thus became unimaginable and irrelevant to those who lived in the here and now. Moreover, in the process of postponing almost indefinitely the arrival of the good society, the very definition of socialism became meaningless, and the means and ends of socialism were hopelessly confused. As originally conceived, the means of modern economic development were to serve eventual socialist ends, but as time went on socialism itself was defined as economic progress, pure and simple. Deng Xiaoping, the paramount leader, was the principal source of this confusion. One of his final comments, made in 1992, summed up his thoughts about socialism over the years: “Socialism’s real nature is to liberate the productive forces, and the ultimate goal of socialism is to achieve common prosperity.” These were laudable sentiments, to
be sure, but one might well use the same words to characterize the "real nature" of capitalism.

On other occasions, Communist leaders simply equated socialism with the political dominance of the Chinese Communist Party, presumably on the theory that the Party was the one institution that guaranteed the development of socialism and the eventual arrival of communism, whatever social detours might be necessary along the way. Such were the views expressed by Deng Xiaoping and Zhao Ziyang, both of whom, one strongly suspects, were always far less concerned with the good society of the future than the Communist Party's domination of the present. And it was also common to confuse socialism with Chinese nationalism, as when Deng Xiaoping said in 1980 (and he repeated it many times in different ways) that "the purpose of socialism is to make the country rich and strong." In the end, as the Deng era came to its economically triumphant and socially destructive conclusion, what remained of socialist aims and values were subordinated to the eminently nationalist goal of making the Chinese nation "rich and strong," for which modern economic development and a powerful state apparatus were the essential elements.

Zhao Ziyang's position as General Secretary of the Chinese Communist Party was formalized at the Party's Thirteenth Congress, which convened the last week in October, 1987. The Congress also officially sanctioned the policies that Zhao had pursued since succeeding Hu Yaobang in January—policies that were hastening China's transition to capitalism, even though they were officially described as part of the program of building "socialism with Chinese characteristics." But the proceedings were mostly devoted to celebrating the accomplishments of Deng Xiaoping, who was praised in an extravagant fashion not heard since the days of the Mao cult. Indeed, Zhao Ziyang characterized Deng's ideas much in the way the thought of Mao Zedong had once been celebrated, as "a model in the integration of the universal truth of Marxism with Chinese reality." The Third Plenum of 1978 was equated in historical significance with the revolutionary victory of 1949, the second of the "two major historic leaps" in adapting Marxism to Chinese historical conditions. And the Congress contributed generously to the construction of a new cult of personality—with speeches, books, and plays glorifying the life and thought of the paramount leader from the time of the revolutionary battles of the 1930s and 1940s to the building of "socialism with Chinese characteristics" in the 1980s.

It was generally assumed that the Thirteenth Congress would be the occasion for Deng (and other veteran Party leaders of his generation) to retire from such official positions they still held and remove themselves from active involvement in Party and state politics. Deng did in fact resign from the Party Politburo, as did other elderly Communist leaders. Of the five members of the new Standing Committee of the Politburo, only Zhao Ziyang remained after the Thirteenth Congress; the newly selected members (Qiao Shi, Li Peng, Hu Qili, and Yao Yilin) were considerably younger than their predecessors, so that the average age of the body plunged from 77 to 63 years. The members of the new Standing Committee appeared in public attired in Western-style suits and ties (instead of the "Mao suits" many of the older leaders favored)—signs of "virility" and "modernity," it was said in the Western press.

Yet despite all the personnel changes, Deng Xiaoping retained supreme power after the Thirteenth Congress, indeed no less power than he enjoyed prior to the Party meeting. In large measure, Deng's continuing political dominance flowed from the great personal prestige he enjoyed as China's "paramount leader." In part, it resulted from the one formal office Deng unexpectedly decided to retain after the Thirteenth Congress—the chairmanship of the Party's Military Affairs Commission, which gave him effective control of the PLA. And Deng's continuing political dominance was also perpetuated through a group of "retired" Party elders who gathered around him; dubbed "the Gang of Old," they exercised enormous influence on official policy and practice through informal political networks based on longstanding personal relationships.

Encouraged by the decisions of the Thirteenth Congress, and by Deng Xiaoping's advice to proceed with greater "speed" and "boldness," Zhao Ziyang again accelerated the process of capitalist restructuring early in 1988. The "coastal development strategy" was more fully implemented, opening to foreign investment seaboard areas (from Manchuria to Guangdong) with a total population of 200,000,000. The resulting influx of foreign capital, along with expansionist monetary policies, fueled an extraordinarily high rate of industrial growth (21 percent in 1988) but also contributed to the tide of bureaucratic corruption that was to engulf the Deng regime in the closing years of the decade.

Zhao Ziyang's market-oriented policies also included "enterprise reform," a mostly abortive effort to remove government control over the finances and management of state-owned factories. To that Zhao added, with the vigorous assistance of Deng Xiaoping, another attempt at "price reform," the gradual abolition of state-fixed prices for many commodities, both finished goods and raw materials, in favor of a reliance on market forces. But the mere anticipation of decontrolled prices brought economic
and financial chaos. Fears of inflation in an economy already suffering from strong inflationary pressures resulted in a rush to withdraw funds from bank accounts, panic buying, hoarding, wild speculation in commodities, and a flurry of price increases by industrial and commercial enterprises. By the early autumn of 1988, inflation in the major cities had reached a per annum rate of 30 percent. The economy was out of control and the government was forced to adopt severe austerity measures to avert a disastrous crash. "Price reform" was abandoned even before it had been officially instituted, credit was severely tightened, the money supply and capital investment were cut, and central government controls were reestablished over many enterprises and regions which had gained de facto autonomy.

Both inflation and the retrenchment policies necessary to restrain price increases brought hardship to much of the urban population, especially workers in state factories, minor officials and clerks in government offices, intellectuals, students, and others dependent on state salaries and subsidies. Peasants, especially those engaged in grain and other basic food production, also suffered due to shortages of ever more expensive fertilizers, low government purchase prices for grain, and the extra-legal exactions of corrupt officials.

The ravages of inflation on living standards were exacerbated by the austerity measures that the government introduced in the autumn of 1988 to "cool" the "overheated" economy. These included strict controls on credit, which resulted in closed factories and unemployed workers. Particularly hard hit were the township and village enterprises (TVEs), the most dynamic sector of the Chinese economy, which had been increasing industrial output at rates near 30 percent per annum and which employed nearly 100,000,000 workers in the late 1980s. Rural industry, however, was heavily dependent on easy credit, and the government's austerity program of late 1988 forced some TVEs to close and most others to reduce production. Millions of young workers (especially young female workers) lost their jobs, some of them joining destitute peasants in a "floating population" (youmin) of migrant workers who moved from the rural to urban areas, and then wandered from city to city in search of such temporary work as they could find. In the spring of 1989, it was estimated that over 50 million people had been thrown into the ranks of this wandering tankenproletariat.

Yet despite inflation, or sometimes because of it, some prospered, at least during the 1988 boom phase of the economic cycle. Among those who enriched themselves were those involved in foreign trade, especially politically influential traders who were able to acquire goods and materials at low state prices and export them at world market prices; the managers and employees of the rapidly expanding private and collective industries; rural entreprenuers and even urban street vendors; and especially corrupt bureaucrats who had access to relatively cheap state-priced goods and raw materials. But for most, in a society where the gap between rich and poor was already widening with alarming speed, living standards deteriorated due to inflation—and then fell even more rapidly because of the austerity measures the government adopted in late 1988 to stem inflation. Eroding living standards, combined with growing anger over profiteering bureaucrats and others who flaunted wealth obtained by dubious means, expressed itself in widespread social unrest in the winter and spring of 1989. Signs of popular dissatisfaction with the Deng regime were everywhere: workers' strikes and slowdowns in factories; an alarming upsurge in crime (which increased by 50 percent in 1988 over 1987, according to official figures); the appearance of youth gangs in both cities and countryside; the rapid spread of old social vices such as drug addiction, prostitution, gambling, and pornography; growing student political activism, which spread from the campuses to city streets where illegal "big-character posters" began to appear; and peasant unrest, which was expressed in physical clashes with local officials and the swelling of the "floating population" of migrant laborers.

The social unrest did not escape official notice. Mobile armed police forces were organized in anticipation of disorder and police officials were dispatched abroad to learn the latest anti-riot techniques.

Neo-Authoritarianism

Physical preparations to protect the Communist state were supplemented by new ideological defenses. A revealing sign of the times was the effort of intellectuals associated with Party General Secretary Zhao Ziyang to provide an ideological rationale for combining a capitalist market economy with a Stalinist political dictatorship—the strange union that had in fact resulted from Deng Xiaoping's economic reforms. The "new authoritarians," as they came to be called, argued that the historical experience of the successful modernizing countries of East Asia—Meiji Japan, Taiwan, Singapore, and South Korea—demonstrated that the imperatives of modern economic development, especially the need to tame the masses and discipline the working population, demanded a strong state and a powerful (and enlightened) ruler. The existing Leninist political apparatus under the guidance of Deng Xiaoping eminently fulfilled these requirements, needless to say. But in addition to a wise and powerful leader, the neo-authoritarians self-servingly argued, China's economic success required a "decision-making group" composed of intellectuals such as themselves, intellectuals who could design the future and advise the leader on how to ar-
rive there. In the meantime, China could not afford democracy, which would bring the chaos of Party politics and disruptive protests by the victims of the transition to a market economy, thus delaying China’s modernization. Political democracy was not ruled out entirely, but the neo-authoritarians said that it presupposed a highly developed economy and a viable capitalist class. These did not yet exist, and thus democracy was put off until an indefinite time in the future.

Neo-authoritarian doctrines, tacitly endorsed by Party General Secretary Zhao Ziyang and based on the ideas of Deng Xiaoping, or so its proponents claimed, brought criticism from democratic Marxist intellectuals. Many democratic Marxists, such as Su Shaozhi, had been associated with ousted Party head Hu Yaobang, and thus now found themselves in political limbo, increasingly in opposition to both Deng Xiaoping and Zhao Ziyang. A lively debate ensued. The critics contended that dictatorial means, whatever their economic efficacy, would not likely lead to democratic ends and they doubted the relevance of the histories of the smaller East Asian countries to the enormity of China’s political and economic needs.

While the content of the debate was rather unremarkable, it did reveal how much political perspectives and social ideals had changed over the first decade of the market-reform era. In 1978, intellectuals, inspired by the promise of “socialist democracy,” had flocked to join Deng Xiaoping’s camp. Ten years later, in the debate on neo-authoritarianism, socialism was barely mentioned by either Zhao Ziyang’s ideologists or their democratic critics. Both sides embraced the market reforms that were rapidly producing a capitalist economy, differing only over whether the process should proceed under the auspices of an authoritarian or a democratic political regime, although they agreed that in either case intellectuals were to play the crucial historical role. Marxism was largely ignored—in favor of conservative Western political science theories in the case of Zhao’s most prominent ideologists, and conventional Western liberalism in the case of their democratic opponents. In the space of a decade, the intellectuals who remained the supporters and theoreticians of the Deng regime had abandoned the goal of a socialist democracy in favor of a neo-authoritarian doctrine that advocated a capitalist autocracy. The intellectual change was striking, almost as sweeping as the socioeconomic transformation itself.

**Hesbang (River Elegy)**

As some intellectuals debated neo-authoritarian doctrines, another controversy was raging over a widely viewed film entitled *Hesbang (River Elegy)*, which had been broadcast nationally on China Central Television (CCTV) in June 1988. While seemingly unrelated, the two debates had much in common. Both were centrally concerned with the political role of intellectuals, that most enduring preoccupation of the modern Chinese intelligentsia. Both were very much involved in the factional political struggles that revolved around Communist Party General Secretary Zhao Ziyang. And, most importantly, both debates revealed the ideological as well as material triumph of capitalism—and how irrelevant socialist ideas had become in Chinese intellectual life only a decade after Deng Xiaoping had achieved power on a platform championing “socialist democracy.”

*Hesbang,* visually stunning and passionately narrated, was a bitterly iconoclastic critique of traditional Chinese culture. Inspired by the radical anti-traditionalism of the May Fourth era, the producers of the film suggested that the pernicious influence of traditional values was mainly responsible for China’s millennial inertia and its modern backwardness. The Yellow River, both stagnant and destructive, was *Hesbang*’s metaphor for Chinese history, a history marked by the periodic and violent collapse of the sociopolitical order, which is then inevitably reconstructed on its old foundations in accordance with an archaic and unchanging value system. This “ultrastability” of China’s 2,000-year feudal society is the curse of Chinese history, stifling creativity and inhibiting economic development, especially the development of capitalism. The Yellow River, the cradle of Chinese culture and civilization, symbolizes the profound conservatism and backwardness of this peasant-based and inward-looking society, which, on its own, is capable only of reproducing itself and its stifling traditions.

The antithesis of the Yellow River in *Hesbang* is a vibrant blue sea, symbolic of the outward-looking oceanic cultures of the capitalist West, the dynamic homeland of modern science, industry, and democracy. Like some of their May Fourth predecessors (see chapter 2) who advocated “wholesale Westernization” in 1919, the producers of *Hesbang* discovered in the Western countries all that they found lacking in China and Chinese culture. A romanticized image of “the West” for China to emulate was thus constructed. But the May Fourth parallel, while tempting, is far from exact. Although the May Fourth intelligentsia lauded Western science and democracy, they were also very much aware of the threat of Western imperialism and the social ravages of Western capitalism. That awareness stimulated their often agonizing efforts to distinguish between the progressive and reactionary features of the Western countries, efforts which led many to look to socialist and Marxist theories to resolve the dilemma. Seven decades later, by contrast, their would-be successors ignored the anguishing dilemma that the West was oppressor as well as teacher in modern Chinese history. Instead, the long and exploitative history of foreign
Zhao Ziyang was the chief political patron of the writers and producers of *Heshang*, and, not surprisingly, Zhao and his economic policies were praised in the film. Moreover, Zhao went to great lengths to ensure that *Heshang* was seen on television sets throughout the country. Following the initial broadcast in mid-June 1988, members of the “Gang of Old” and other conservative Party leaders denounced the film for preaching “cultural nihilism,” and in July Party propaganda chief Hu Qili prohibited additional showings. The decision was reversed by the personal intervention of Zhao Ziyang, permitting a second nationwide broadcast in mid-August. It was not until September that the Party Central Committee convened to definitively ban the film. By that time, videotapes of *Heshang* and a book reproducing the script had been widely circulated. It was even reported that a copy of the video had been presented by Zhao Ziyang as a gift to Lee Kuan Yew, the dictator of Singapore, who personified the doctrine of “neo-authoritarianism.”

It was widely assumed, by both the leaders of the Deng regime and its critics, that the televising of *River Elegy* encouraged political activism by students and intellectuals, and thus contributed to the Democracy Movement of 1989. Liu Binyan, for example, wrote that the 1988 documentary (along with an earlier TV dramatic series *New Star*) “reverberated throughout Chinese society, proving that intellectuals were capable of doing a great deal more than they had done so far.” And after the tragedy of June 4, 1989, Communist leaders repeatedly condemned *River Elegy* for provoking what was officially called a “counterrevolutionary rebellion,” and sought to arrest its producer, Su Xiaokang, who fled into exile.

It was the intention of the authors of *Heshang* to promote democratic political change. They attempted to do so in part by launching a thinly veiled attack on conservative Communist officials who opposed the economic as well as political reforms proposed by Zhao Ziyang, however limited the latter were. Politically conservative bureaucrats were usually culturally conservative as well, and thus *Heshang*, by linking the dictatorial character of political life in modern China to authoritarian elements in traditional Chinese culture, seemed doubly outrageous to most Communist leaders—an anti-patriotic affront to the national cultural heritage as well as a manifestation of the political heresy of “bourgeois liberalization.”

Yet *River Elegy* did not convey an unambiguous democratic message. The democratic credentials of the filmmakers were compromised from the beginning because of the patronage of General Secretary Zhao Ziyang. Zhao, after all, was the leader of a Leninist party; he had consistently supported Deng Xiaoping’s Four Cardinal Principles (among which the leadership of the Communist Party was foremost), and he promoted neo-authoritarian doctrines. Moreover, the film itself communicated not so much the virtues of democracy as such as a glorified image of the wealth and power of the West. And what was most powerfully conveyed was the self-serving message that intellectuals were the natural leaders of Chinese society, entrusted with the mission of bringing about the capitalist regeneration of China in accordance with models of the “blue civilizations” of the advanced Western countries. It was a message that reinforced the many traditional and modern forces that fostered intellectual and political elitism, a message more consistent with Leninism and neo-authoritarianism than with popular democracy. The romanticization of the West and the elitism of China’s intellectuals were to be among the more glaring weaknesses of the great Democracy Movement of 1989.

The Democracy Movement (1989)

Yet a few intellectuals, especially those who had been shunted aside after the ouster of Hu Yaobang as Party chief in 1987, did contribute to the intellectual origins of the Democracy Movement of 1989. Several well-known intellectuals, including Fang Lizhi (who had been expelled from the Party as well as dismissed from his university post following the student demonstrations of the winter of 1986–87), lectured at informal seminars organized by students at Beijing University and other colleges in the summer and fall of 1988. The best known of the “democracy salons,” as they came to be called (in imitation of the radical ferment among young aristocrats that ushered in the French Revolution of 1789), was organized by Wang Dan, an undergraduate history major at Beijing University and a future leader of the Democracy Movement.

In December 1988, Su Shaozhi, a prominent Marxist theoretician and economic policy-maker in the post-Mao era—until his dismissal as head of the Marx-Lenin-Mao Institute following the fall of Hu Yaobang—boldly attacked the official ideology of the Deng regime as “ossified dogma” divorced from the changing socioeconomic realities of China and the world. To help revitalize ideology and policy, Su called for the free discussion of the many Western Marxist schools of thought that long had been beyond the pale of acceptable political discourse in China.

Early in January 1989, Fang Lizhi wrote an open letter to Deng Xiaoping suggesting that the release of Wei Jingsheng and other political prisoners would be an appropriate way to commemorate both the fortieth anniversary of the People’s Republic and the seventieth anniversary of the May Fourth Movement—and, for good measure, the bicentennial of the French Revolution of 1789 and its universal principles of “liberty, equality, frater-
nity, and human rights.”19 Fang’s letter emboldened other prominent intellectuals, who over the next two months followed with an unprecedented stream of petitions to Party and government leaders calling for a general amnesty for all political prisoners.

Ferment among the intelligentsia (or, more precisely, a tiny number among them) was soon overshadowed by growing student political activism. In the early months of 1989, the “democracy salons” which had been held erratically in 1988 had developed into discussion groups which met regularly on the campuses of several universities in Beijing. Operating under such innocuous sounding names as the “Confucius Study Society,” the students met to discuss democratic theories and other heterodox ideas. In addition, secret quasipolitical groups were organized on campuses in Beijing and other cities, where students planned demonstrations to commemorate the seventieth anniversary of the May Fourth Movement of 1919 and its hallowed principles of “democracy and science”—in defiance of the official ceremonies that were to be held under the auspices of governmental organizations.

But unanticipated events dictated swifter and more dramatic political acts. On April 15, 1989 the ousted Party chief, Hu Yaobang, suffered a fatal heart attack while attending a meeting of the Politburo, where he had been permitted to retain a seat even after falling out of favor with Deng Xiaoping. Politically astute students, beyond wishing to show their genuine respect for the democratically inclined Hu, also recognized the political opportunity. They knew that the death of a high Party leader was a time when the authorities would briefly tolerate a degree of political dissent, an opportune moment to revive the tradition of “mourning the dead to criticize the living.” Thus, late in the night on April 15, graduate students in the Party History Department at People’s University, many of them from high official families, bicycled to Tiananmen Square to lay wreaths at the Monument to the Heroes of the Revolution in memory of Hu Yaobang. Students from other universities in Beijing soon followed their daring example, embarking on “long marches” through the streets of the capital singing the “Internationale” and other revolutionary songs on their way to the Square and to government buildings.

The marches and demonstrations spontaneously grew larger and more militant day by day. Some students staged a sit-in at the Great Hall of the People, demanding that representatives to the National People’s Congress receive their petitions calling for such elementary democratic rights as freedom of organization and freedom of the press, and condemning bureaucratic corruption and nepotism. Other students, joined by unemployed youth, clashed with police when they attempted to storm the walled com-

ound in the old Forbidden City where top Communist Party leaders had their homes and offices. The numbers in Tiananmen Square grew as workers and other citizens began to demonstrate alongside the student pioneers of the Democracy Movement.

In response to the growing popular unrest, the government barred the public from Tiananmen Square on April 22, the day of Hu Yaobang’s funeral. But the authorities were outwitted by student organizers, and when Deng Xiaoping and other Communist leaders left the Great Hall of the People following the official memorial services for Hu Yaobang, they saw 100,000 people standing in the Square in silent defiance of the Deng regime. More than a million citizens lined the route of the funeral procession to Babaoshan, the cemetery on the Western outskirts of the capital. Once the hallowed ground for the burial of revolutionary heroes and martyrs, it now mainly had become the official cemetery for Communist bureaucrats.

In the days following Hu Yaobang’s funeral, student leaders announced the establishment of an “Autonomous Federation” to coordinate student activities at twenty-one Beijing area universities and colleges; they formalized the boycott of classes by declaring a student “strike”; and some student activists began to appeal directly to the people of Beijing through street-corner speeches calling for democracy and denouncing official corruption. Deng Xiaoping was enraged, perhaps not least of all because of the ridicule heaped upon the increasingly unpopular “paramount leader,” now often compared with the reactionary Empress Dowager, Ci Xi, who had presided over the decay of the Qing dynasty in the late nineteenth century. For his part, Deng compared the student activists of 1989 to the rebels of the Cultural Revolution, both having as their aim the creation of “chaos under the heavens.”20 The paramount leader’s anger found fulsome expression in an editorial that appeared in the People’s Daily on April 26, apparently authored by Deng himself, which attributed the student demonstrations to a “planned conspiracy” to “plunge the whole country into chaos” in order to “negate the leadership of the Chinese Communist Party and the socialist system.” Henceforth, the editorial warned, the ban on illegal organizations and unauthorized demonstrations would be strictly enforced, and students were forbidden to associate with workers, peasants, and students at other schools.21

The People’s Daily editorial outraged students (and others) who had taken special pains over the previous two weeks to demonstrate their loyalty to the nation, to the Communist Party, and to socialism. Rather than frightening students into quiescence, as Deng had intended, the effect of the editorial was to politically activate and unify students into what was
soon to become a massive social movement. Throughout the night of April 26—a time emotionally charged with feelings of heroic self-sacrifice—students at two dozen Beijing colleges labored feverishly to organize the next day's defiance of the Deng regime. In the early morning hours of April 27, students moved out through the gates of their schools, pushing away the bewildered police and militia who had been dispatched to keep them on the campuses, and joined together in an 80,000-strong march through the streets of the city to Tiananmen Square. There they broke into smaller groups and, waving banners and singing revolutionary songs, they marched through the streets of the capital all day, seeking public support. Some citizens joined the student marchers and others offered food and money in spontaneous and often affectionate displays of solidarity.

The government, its leaders divided over how to deal with the rebellious students, retreated from the uncompromising position Deng Xiaoping had set forth on April 26, agreeing to meet with student leaders. Over the next three weeks, the Democracy Movement grew while the faction-ridden Communist Party seemed confused and impotent. The disarray of the Deng regime was compounded on April 30, when Party General Secretary Zhao Ziyang returned to Beijing after a week-long visit to North Korea.

Zhao Ziyang's relations with Deng Xiaoping had been deteriorating since the beginning of the year, when Deng became suspicious of his erstwhile protege's tolerance for "bourgeois liberalization" among intellectuals. At the same time, Zhao's popularity in society at large had evaporated; his free-wheeling market policies were blamed for the inflation which was ravaging the cities. And with his two sons conspicuously enriching themselves in the lucrative import-export trade, the Zhao family became the personification of the official profiteering that now pervaded the Communist bureaucracy and that had aroused enormous popular resentment. Zhao feared, no doubt for good reason, that Deng planned to make him the scapegoat for the economic troubles of the time—and depose him just as he had purged Hu Yaobang two years earlier.

Partly motivated by considerations of political self-preservation, partly following his natural inclinations, Zhao sided with those Party leaders who favored a conciliatory policy toward the rebellious students. This pitted Zhao against his longtime patron, Deng Xiaoping, in an internal political struggle that immobilized the Party apparatus for half a month, thereby permitting the Democracy Movement to grow.

On May 4, 1989, Zhao Ziyang characterized the students' demands as "reasonable" and urged that they be implemented in democratic fashion and through legal means.22 On the same day, in commemoration of the seventieth anniversary of the May Fourth Movement, more than 60,000 stu-

dents from thirty universities and colleges in Beijing peacefully marched from their campuses to a rally in Tiananmen Square. Although the march defied Party-dictated municipal regulations banning unapproved demonstrations, the police did not impede the columns of arm-linked, banner-waving students. The Beijing students were joined by delegations of university students from cities across the land, and more significantly, by nonstudent groups—older intellectuals, journalists from Party-controlled newspapers, workers, and other citizens. In all, more than 300,000 people gathered in the Square that day to hear speeches lauding the democratic and patriotic spirit of May Fourth, with many speakers taking pains to couple their pleas for democracy with proclamations of support for the Communist Party and the "socialist system." It was the largest demonstration thus far, and observers marveled at the extraordinary self-discipline of the participants and the organizational skills of the students.

Yet the massive May 4th rally, although clearly a triumph for the student movement, seemed anticlimactic and changed nothing. Over the week that followed, demonstrations were smaller and less frequent as many striking students returned to classes. There appeared to be a return to normalcy. But beneath the apparent calm a fierce struggle was raging within the inner councils of the Chinese Communist Party. The outcome would determine the fate of the Democracy Movement.

The inner-Party battle pitted Party General Secretary Zhao Ziyang, the disciple, against the "paramount leader" Deng Xiaoping, Zhao's erstwhile mentor. Zhao, struggling for political survival, championed many of the students' demands, although he took care to keep a safe distance from the students themselves so as not to further anger Deng. But Zhao endorsed the students' demand for a retraction of the now infamous People's Daily editorial of April 26, which Deng had authored. Zhao praised the patriotism of the students and supported many of their demands, including guarantees for freedom of the press and the establishment of an independent judicial system. Zhao also called for negotiations between the government and the student leaders, to be conducted on a democratic basis. But Deng Xiaoping rejected all compromise. He heard echoes of the Cultural Revolution in the spontaneity of the student movement, and he was determined to punish a new generation of youth for their rebellion against the authority of the Communist Party and their subversion of the sacrosanct "stability" of the post-Maoist order. He thus gathered around him "the Gang of Old"—veteran and mostly conservative Party leaders (virtually all of whom, like Deng, had been victims of the Cultural Revolution), and most of the generals of the PLA. Even so, it was to take Deng almost two weeks to fully reassert his authority as "paramount leader."
Deng Xiaoping’s eventual triumph over Zhao Ziyang in the Politburo in mid-May was greatly facilitated by divisions among the students. In a movement so spontaneous and so youthful, chaotic factional conflicts were inevitable. While the ideological and organizational divisions were many, and often trivial, there was one fundamental difference that had momentous implications for the goals and tactics of the Democracy Movement. On the one hand, there were the older graduate students (and their followers) who had initiated the movement in mid-April and who sought to influence the internal politics of the CCP by attempting to work with Zhao Ziyang and the intellectuals associated with him. Increasingly distinguished from them, and far more numerous, was an amorphous mass of politically and culturally radical undergraduates; distrustful of authority and established institutions, they sought their own place in society, free from the organizational control of the Communist Party. They saw little difference between Zhao Ziyang and Deng Xiaoping, and were largely unconcerned with the internal struggles then raging among the senior leaders of the Party. After the massive May 4th march, and the calm that followed, the leaders of the younger and more radical students—such as Wang Dan (a Beijing University undergraduate history major) and Wuer Kaixi (a Beijing Normal University undergraduate)—became the most prominent leaders of the Democracy Movement.

The new student leaders were impatient. Frustrated by the divided and paralyzed government’s delays in responding to student demands for a “dialogue,” the young leaders endorsed calls for a hunger strike to break the impasse and reenergize the movement. On the afternoon of May 13, 500 students marched into Tiananmen Square. Surrounded by thousands of supporters, they began a hunger strike in the center of the Square, encamped before the Monument to the Heroes of the Revolution. Not coincidentally, it was precisely the spot where the Soviet leader Mikhail Gorbachev was scheduled to be officially welcomed by the Chinese government two days later.

In 1989 Mikhail Gorbachev was a towering figure in world affairs. He was particularly popular in China, where his policy of glasnost, his outgoing personality, and his promises to democratize a Communist regime were often contrasted with the personal remoteness of Deng Xiaoping and his political conservatism. Moreover, Gorbachev was to be the first Soviet leader to visit China since Nikita Khruushchev’s stormy meeting with Mao Zedong in 1959, and his trip was intended to mark the end of the long and bitter period of Sino-Soviet hostility. The visit was widely anticipated as a major event in twentieth-century history, and thus television journalists from around the world converged on Beijing to record the meeting be-
tors. In the square itself, the growing number of students who camped out in support of the hunger strikers created an iconoclastic carnival-like environment that obscured the deadly seriousness of the political drama that was being played out. In what seemed like a counterculture festival that some American observers called "a Chinese Woodstock," the young Chinese imitated Western radical youth of the 1960s. They danced and sang ballads, joined by several popular folk singers and rock stars; they gave spontaneous speeches and engaged in heated political debates; they wore colored headbands in emulation of radical Japanese and Korean students; they irreverently chanted slogans ridiculing Communist leaders, especially Deng Xiaoping and Premier Li Peng; and they organized essential services for their temporary municipality in the Square, acquiring supplies of food and water, organizing rudimentary waste disposal and medical systems, and operating an ambulance service that conveyed dehydrated hunger strikers to city hospitals.

As the Democracy Movement grew in scope and scale in mid-May, Deng Xiaoping intensified his efforts to suppress the "turmoil." Party elders, formally retired from their official positions but still influential in state and military bureaucracies, had been meeting at Deng's home since early in the month to discuss how to deal with the "rebellion." Alarmed by the participation of Party-state cadres and industrial workers in the massive demonstrations of mid-May, the "Gang of Old" demanded the imposition of martial law in Beijing. The decision was conveyed to Party General Secretary Zhao Ziyang when he was summoned to Deng's home on May 18, the day Gorbachev flew from Beijing to Shanghai. That evening a hastily called meeting of the Politburo's Standing Committee endorsed the martial law recommendation. Zhao Ziyang, his relationship with Deng now completely shattered, cast the lone dissenting vote. Although several other Politburo members were said to have grave reservations over the deployment of PLA soldiers in the capital, none were willing to defy China's "paramount leader." The martial law proclamation, covering key districts in Beijing, was announced by Premier Li Peng in a televised speech on the evening of May 19, after pro forma approval by the Party Central Committee and the State Council. Zhao Ziyang, in the meantime, was making a most unusual exit from Chinese Communist politics. After having unsuccessfully opposed the Politburo recommendation to impose martial law at its late night meeting on May 18, the General Secretary of the CCP embarked on a lonely journey to Tiananmen Square. Over the previous week, Zhao had praised the students for their patriotism and expressed support for many of their demands while imploring them to end the occupation of the Square. But he had refrained from talking directly with student representatives. Now, in the early morning hours of May 19, as his Party career was ending, he wandered aimlessly among the hunger strikers. "I have come too late," he tearfully acknowledged. And he added: "We were once young too, and we all had such bursts of energy. We also staged demonstrations... and we also did not think of the consequences."29

This act of contrition, perhaps the most humbly memorable episode in Zhao Ziyang's long political career, was one of the charges brought against him in late June during the proceedings that formalized his dismissal as General Secretary of the Chinese Communist Party. During the remainder of the Deng era, Zhao was kept under house arrest, living comfortably but silently in a villa in central Beijing.

The immediate popular response to the declaration of martial law in Beijing was defiance. Students in Tiananmen Square, who had suspended the hunger strike shortly before Li Peng decreed martial law on May 19, resumed the fast on May 20. On Sunday, May 21, more than a million citizens gathered in the Square to protest, and another demonstration of a million defiant citizens took place on May 23. In some working class residential areas, citizens erected barricades to defend the city against the PLA units that had begun to surround the capital. Factories were closed by strikes and public transportation was disrupted. The Democracy Movement spread sporadically across the country, from cities in Manchuria to Canton and Hong Kong. The Standing Committee of the customarily docile National People's Congress declared its support for the student demands and called for the repeal of martial law. And a highly prestigious group of retired PLA generals wrote an open letter to Deng Xiaoping recalling the army's popular revolutionary traditions and reminding the paramilitary leader that: "The People's Army belongs to the people... and cannot stand in opposition to the people." Indeed, the first groups of young soldiers who entered the capital intuitionally fraternized with the population they had been dispatched to control, and some welcomed student invitations to join together in singing revolutionary songs.

The young soldiers were quickly withdrawn and replaced by divisions made up of veteran professional soldiers. By the last days of May, Beijing was surrounded by more than 200,000 troops unquestionably obedient to the commands of Deng Xiaoping. The Democracy Movement disintegrated under the pressure. Large-scale marches and demonstrations ceased. The hunger strike was called off for the second time. The number of occupants of the Square rapidly dwindled as most students returned to their campuses, or in some cases joined a belated "go-to-the-people" move-
movement. By the end of May no more than 5,000 people remained in the Square, most students from universities located far from the capital.

As the student activists faded away, the heart of the Democracy Movement moved to the working-class neighborhoods of Beijing, districts several miles to the east of the Square and on the outskirts of the city. After a decade of market reform, the grievances of workers were many, even though material conditions of life had improved. The inflation that plagued the country, and especially the urban areas, since 1987 had eroded the gains in living standards achieved in the early reform period. Proposals for a “free labor market” by the neo-liberal economic advisers who surrounded Deng Xiaoping and Zhao Ziyang, and especially their increasingly shrill calls to “smash the iron rice bowl,” made state workers fear loss of their job tenure and welfare benefits. Anxiety over the insecurity of their own positions sometimes turned to anger as they witnessed an orgy of official profiteering by high Communist leaders and their offspring, from Deng Xiaoping and Zhao Ziyang down to the lowest levels of the political hierarchy. And workers continued to resist bureaucratic control of their daily lives carried out by the hated work unit (danwei) system inherited from the Mao era.

The grievances of the urban working class, a combination of resentments over the oppressiveness of the old political system and new discontents over the unjust social consequences of the market, were expressed in growing worker support for the Democracy Movement, evident in the massive demonstration of May 17 in which workers prominently participated. That event did much to rekindle the “Polish fear” among Party leaders, their decade-old obsession about the rise of a Solidarity-type alliance between workers and intellectuals in opposition to the Communist state. And that fear, in turn, contributed to the fateful decision to impose martial law.

Communist leaders need not have worried about a worker-intellectual alliance. The elitism of most Chinese intellectuals precluded such a development. About the condition of the working class, little had been heard from Chinese intellectuals save for complaints that workers were comparatively better paid than intellectuals. Some of these class prejudices had filtered down to students as well, many of whom opposed participation of workers in the Democracy Movement on the grounds that workers were undisciplined and prone to violence. The participation of workers, it was suggested, would provide the government with an excuse to use force to suppress the movement. Thus, in the early weeks of the movement, student demonstrators often marched with arms linked to exclude workers and other citizens, thereby, they thought, preserving the “purity” of their uniquely nonviolent crusade. By mid-May, however, as the now enormous

movement clearly was nearing the climactic point in its struggle with the Communist state, students welcomed workers who offered their support—and protection.

Deng Xiaoping, in any event, was determined to “teach lessons” to those he regarded as the ungrateful beneficiaries of his reforms, and to use massive military force to do so. Due to divisions over tactics among Party and military leaders, the reluctance of the young soldiers of the 38th Army (the first to enter the city) to fire on unarmed civilians, and logistical problems involved in the transfer of other army groups from their bases to the vicinity of the capital, it took the Deng regime nearly two weeks to enforce its martial law decree. But by the beginning of June, Deng had assembled an overwhelming military force. Two hundred thousand troops surrounded Beijing, poised to strike on command. It was as if the capital of China was besieged by a foreign army.

In a heroic response, workers and other citizens undertook an extraordinary effort to defend the city—and to defend the students who remained in Tiananmen Square. Barricades were erected along the roads that PLA tanks and personnel carriers would need to travel to reach the center of the city. And at key intersections around Tiananmen Square, overturned buses and heavy trucks blocked the streets. In an effort to mobilize the people to defend Beijing, workers and students covered walls with posters, distributed leaflets, and gave passionate street-corner speeches to groups of citizens engaged in unaccustomed free political debates. Bicycle and motorcycle brigades were organized (the latter by sympathetic small entrepreneurs) to report on troop movements and alert citizens to danger. The police and other municipal authorities having vanished, workers and students assumed responsibility for maintaining public order and directing traffic. For many citizens of the capital, a new sense of solidarity and independence was briefly experienced.

The invasion of Beijing began at dusk on June 3. An initial PLA force of 40,000 troops, equipped with tanks and armed personnel carriers, smashed through the barricades in the eastern and western suburbs of the city and moved along the streets that led to Tiananmen Square. The advance of the army was temporarily halted in heavily populated residential districts several miles east of the Square, where large crowds blocked the way. In the less heavily populated districts just west of the Square—an area dominated by official buildings—workers, students and other citizens from various parts of the city rushed to block the advance of the army. Armed (if armed at all) with bricks, sticks, and Molotov cocktails, the civil-
ian defenders were cut down by the PLA’s tanks, machine guns, and AK-47s, in the first of many instances of indiscriminate killing that marked what was to be a night of terror. A similar fate befell the defenders in the residential neighborhoods to the east of the Square. Shortly after midnight, PLA forces reached Tiananmen, leaving long trails of death and destruction in their wake. Most of the killing had taken place in residential neighborhoods (far removed from the eyes of the television cameras trained on the Square) and in the downtown streets near Tiananmen, as the army blasted its way through human barricades and hunted down civilian resisters on its bloody drive to the Gate of Heavenly Peace. Although there were many student casualties, the great majority of dead and wounded were workers and other residents who had barricaded the streets in a futile attempt to block the army’s advance.

There were few casualties in the Square itself. Much of the credit for averting further bloodshed belongs to several unlikely heroes—notably the rock star Hou Dejian and the literary critic Liu Xiaobo, who began a hunger strike on June 2 to demonstrate solidarity with the students and who negotiated with PLA commanders the safe passage of the remaining 5,000 occupants. In the early morning hours of Sunday June 5, the last of the student rebels filed out of the debris-filled Square under the menacing gaze of helmeted soldiers. They found themselves in a city that seemed to be under foreign military occupation. They wandered along streets in downtown Beijing strewn with rubble and burned-out military vehicles, past buildings pockmarked by the previous night’s gunfire. The streets were patrolled by heavily armed soldiers and helicopter gunships hovered above, their searchlights ominously trained on the streets below. This eerie dawn-hour evacuation of Tiananmen Square effectively marked the end of the Democracy Movement, although scattered resistance to the PLA occupation continued in various parts of Beijing for several days and there were futile (and quickly suppressed) demonstrations in a dozen other cities protesting the massacre in the capital.

On June 9 Deng Xiaoping appeared on television to congratulate the military and police forces who had crushed what he called “the counter-revolutionary rebellion” and to offer condolences to the families of the several dozen soldiers who had been killed during the fighting. Deng had no words of regret about the civilian victims, however, whom he reviled as “the dregs of society.” According to later government statements, the number of civilian deaths was less than 300. The absurdity of the official figure was pointed out by several eyewitnesses, some of whom observed that the number of unclaimed bodies in several hospitals in central Beijing was alone greater than the government’s figure for the total number of people killed. Although the actual count can never be known with any degree of certainty, independent observers in Beijing at the time estimated that civilian deaths ranged from 2,000 to 7,000 people, with the wounded numbering several times those figures. But no less chilling than the killings themselves was the cold and calculating manner that the employment of massive military force was decided upon—by Deng Xiaoping and a small group of elderly Party leaders who, determined to punish the youthful demonstrators and terrorize a population they regarded as insufficiently grateful, deliberately ignored all opportunities to resolve the crisis peacefully.

A nationwide wave of arrests followed the military suppression. Over the months of June and July, it is estimated that 40,000 people were arrested by various secret police agencies. Of these, several thousand were sentenced to jail terms and several hundred were executed. Most of those imprisoned and all who were executed were workers or other ordinary citizens. Students, many of whom had relatives in high places, were treated relatively leniently—save for selected leaders of the movement, whose twenty-one names appeared on a highly publicized “most-wanted” list; most of the young dissidents either fled into exile or were hunted down and jailed.

In the years following the Beijing massacre, well into the new decade, Chinese political and intellectual life was markedly more repressive than it had been during most of the 1980s. Persecution of political dissenters was harsher, the activities of the secret police more pervasive, jailings were more frequent, and Party censorship of newspapers, journals, books, and movies was more stringent. Yet despite the political repression—and perhaps partly because of it—social and economic life returned to “normalcy” with unseemly haste. China’s market reformers went about the business of promoting capitalist development as if nothing unusual had happened in 1989, and indeed with renewed ardor in the 1990s. It was remarkable, and remarkably depressing, how rapidly the intense political and moral passions that had gone into the making of the Democracy Movement faded and dissipated—submerged under government-promoted waves of consumerism and nationalism.

NOTES
1. The acronym “Li-Yi-Zhe” consists of the first, second, and third characters, respectively, of the names of three democratic activists in Guangdong province in the 1970s—Li Zhengtian, Chen Yiyang, and Wang Xiahe. They became nationally known for their influential treatise,
The End of the Reign of Deng Xiaoping: China in the 1990s

In the weeks following the Beijing massacre of June 3–4, 1989, it was widely predicted that economic stagnation would be the price China would have to pay for the brutal political acts of its leaders. It was a time when many Western commentators were celebrating the victories of Western capitalism and political liberalism over European Communism, some of the celebrants proclaiming that the triumph of the "free market" was the culmination of human progress and that it heralded "the end of history." This utopian celebration reinforced a long-standing belief that capitalism and liberal democracy went hand in hand. And from that assumption it followed that the Chinese Communist "hard-liners" who ordered the military suppression of the Democracy Movement would also terminate the market reforms that had stimulated the economic successes of the past decade. That Deng Xiaoping was at once the most prominent of the hard-liners in 1989 (indeed, he was called "the butcher of Beijing" at the time), and at the same time the most ardent promoter of Chinese capitalism was an apparent contradiction that was conveniently ignored.

Deng Xiaoping, for his part, saw no incongruity between capitalist economic methods and the Stalinist political system over which he presided. In his June 9th speech congratulating the soldiers who had crushed the Democracy Movement, or what he called "the counterrevolutionary rebellion," he vowed that the policies of market restructuring and the "open door" to the world capitalist market would not be abandoned; indeed, he suggested that they should be pursued at an even "faster pace." This would not only strengthen the nation and the power of the Communist state but also raise the living standards of the people, thereby dulling memories of the "Beijing Spring." Deng reasoned. The interests of the nation, the Party, and popular welfare would be equally well served by speeding up capitalist development. Thus in a secret speech to top Communist officials delivered on June 28, 1989, Deng advised that the difficult question of fixing political responsibility for the traumatic events of the spring of 1989 be set aside for several years to enable Party leaders to fully devote their efforts to promoting economic growth.

Nonetheless, the years following Tiananmen were a period of harsh political repression. Thousands of Party cadres in Beijing and elsewhere who had supported the Democracy Movement, or were suspected of having sympathized with its aims, were expelled from the Communist Party or demoted. Purges also struck intellectuals, who instantly lost the limited degree of free expression they had painstakingly gained during the 1980s. Newspapers and periodicals, some of which had acquired a small if precarious degree of autonomy, were again reduced to their customary status of official organs of Party and state. Witch-hunts seeking out religious and political heretics were intensified, and dissenters were often jailed, sometimes under brutal conditions that brought international protests.

Yet it was during this time of harsh political repression in the early 1990s that China made its most spectacular economic gains, which, it was soon revealed, gave the PRC the world's third largest economy (in terms of gross output) and raised the specter of a new superpower in the making.

In 1989, to be sure, China had suffered severe economic difficulties during the "bust" phase of a typically capitalist economic cycle, enduring a painful combination of inflation and recession. Inflation, rising to a rate of 30 percent per annum in the major cities, resulted from Premier Zhao Ziyang's expansionary market policies of 1987–88—and recession resulted from the austerity measures Zhao had been forced to adopt in late 1988 to control inflation. Both had contributed to economic hardship in the cities, which in turn had generated popular support for the student movement of 1989. Production declined and unemployment increased during the dreary last six months of the year and into early 1990. However, with inflationary pressures subsiding, the government's austerity policies were eased in the summer of 1990 and growth resumed. In 1991, China's GDP increased by
7.5 percent. And following Deng Xiaoping’s “southern tour” of January 1992, China achieved extraordinarily high rates of growth over a sustained and crucial period in the mid-1990s.

The “Southern Tour”

At the beginning of 1992 Deng Xiaoping no longer occupied a formal position in China’s political hierarchy. In the autumn of 1989, just a few months after the PLA’s suppression of the Democracy Movement, he had surrendered the last of his official titles, the chairmanship of the Party’s Military Affairs Commission. Yet even without holding any Party or state office Deng remained politically dominant, meeting informally with retired Party elders of his own generation to decide the most important affairs of state, decisions which the elders implemented through their protégés in the Party and state bureaucracies. Deng’s new protégé was Jiang Zemin, the former Party chief of the Shanghai region, who succeeded the purged Zhao Ziyang as Party General Secretary in June 1989 and who faithfully carried out Deng’s policies.

But it was mainly by virtue of his own prestige and personality—and by the aura of mystery that had come to surround him and his movements—that Deng remained China’s “paramount leader” in the early 1990s. Armed with a mini-personality cult that his supporters had constructed, especially after 1989, Deng began to hover over the Party apparatus in Mao-like fashion, bypassing formal Party procedures and personally intervening from above to turn policy in the direction he favored. Deng’s most dramatic Mao-like intervention was his remarkable “southern tour,” which transformed the pace and nature of China’s economic development.

On January 18, 1992, the 87-year-old Deng Xiaoping embarked on a five-week journey through southern China, visiting the cities of Canton (Guangzhou), Wuchang, and Shanghai as well as the special economic zones of Shenzhen and Zhuhai. At each stop along his highly publicized tour, Deng exhorted local officials to accelerate economic development and to “deepen” market-oriented restructuring, praising the capitalism of the Shenzhen economic zone and the freewheeling market policies of Guangdong province as models for national emulation. “Low-speed development is equal to stagnation or even regression,” Deng warned, one of the many sometimes cryptic comments made during the course of his journey, comments that were almost immediately translated into official policy and practice—in this case, the abandonment of the post-Tiananmen policy of limiting economic growth to 6 percent per annum to avoid inflation and social unrest.

Other pronouncements by the “paramount leader” encouraged a more rapid and thoroughgoing process of market reform. To those who feared that greater marketization would result in a fully capitalist China, Deng replied that the existence of the Communist state guaranteed that economic development by whatever means ultimately would have a socialist outcome. “Political power is in our hands,” he reassured the critics.

But Deng sought not simply to assuage the skeptics but to remove their leaders from power and influence. To this end, during the course of his “southern tour,” he proclaimed that the main danger confronting the Party was no longer the rightist heresy of “bourgeois liberalization,” presumably the source of the “counterrevolutionary rebellion” of 1989, but rather once again “leftism,” which was broadly defined as a lack of sufficient enthusiasm for capitalist restructuring and the more rapid pace of economic development that Deng favored. Thus was set the ideological stage for the final Party battle between the Deng faction and the “conservatives,” who favored retaining a significant role for central economic planning and the state industrial sector. The main spokesman for the latter was Chen Yun, long Deng’s most prominent and tenacious foe, whose ideological capitulation in the spring of 1992 marked the definitive victory of “Dengism” in the Chinese Communist Party.

In May 1992, the comments and speeches Deng made during his “southern tour” were collected in “Central Document No. 4” in the form of concrete policy guidelines issued to Party and state officials throughout the land. There followed a swift movement toward a more fully capitalist economy amid frenetic economic growth. State enterprises were allowed a wide degree of autonomy to operate on both the domestic and international capitalist markets, including conducting foreign trade on their own. Moreover, inaugurating a complex and prolonged process of semiprivatization, a limited number of state enterprises were permitted to modify their ownership status by issuing stocks which could be purchased by individual investors as well as by institutions. Such stocks were sold on newly established exchanges in Shanghai and Shenzhen, both stops on Deng’s tour, and later some of these became the much sought-after “red chips” on the Hong Kong stock exchange. In addition, more generous terms and additional “open” cities were offered to foreign banks and investors who wished to conduct business in China. And a massive effort was undertaken to make the city of Shanghai the largest trade and financial center in East Asia, one which, it was predicted, would eventually eclipse Hong Kong.

These measures, along with expansionist monetary policies, and the political sanction Deng’s tour gave local officials and Party bureaucrats to increase investment and take financial risks (and to enrich themselves in the
process), combined to set off an economic boom unprecedented in Chinese history and perhaps in world history. Starting from an already substantial economic base, China’s GDP increased 12 percent in 1992, voiding the post-Tiananmen government decision to the effect that China’s social and natural environment could accommodate no more than a 6 percent per annum rate of economic growth. In 1993 the GDP grew by an astonishing 14 percent, and by 12 percent again in 1994. Extraordinarily high rates of growth continued through the mid-1990s, despite government austerity policies that aimed (with considerable success) to control inflation. By the mid-1990s, the once seemingly utopian goal (set at the beginning of the Deng era) of quadrupling the size of the Chinese economy over the twenty-year period 1980–2000 already had been exceeded. From 1991 to 1997, the average per annum increase of China’s GDP was 11 percent, by far the most rapid rate of growth of any major economy in the world.

Deng Xiaoping’s policies—and Deng himself—were celebrated when the Chinese Communist Party convened its Fourteenth Congress in Beijing in October 1992. The Congress ratified the virtually unlimited adoption of capitalist methods and ideas to accelerate economic growth, although the social result was officially called a “socialist market economic system.” For inventing this oxymoron, Deng was extravagantly praised for making yet another “great theoretical breakthrough” in the development of “Marxism-Leninism-Mao Zedong Thought,” which incongruously remained the title of official state ideology. The Fourteenth Congress marked not only the definitive triumph of Deng’s market-based economic policies and his ideology but also his definitive political triumph in the Chinese Communist Party, even though he no longer occupied any political office. The Dengist political victory was symbolized by the Congress’ abolition of the Central Advisory Commission, chaired by Chen Yun. This body had been created in 1982 (and originally headed by Deng) and served as a forum that allowed retired Party leaders to intervene in affairs of state—in addition to ensuring them the material luxuries and special privileges to which the higher leaders of the Chinese Communist Party had long been accustomed. A more substantial political victory was the wholesale revamping of the personnel of the central organs of the Party, which were now almost totally dominated by members of the Deng faction. Almost half the members of the Fourteenth Central Committee were newly selected, virtually all from among Deng’s staunchest supporters. This not only ensured that the Party would remain firmly loyal to the paramount leader and his policies but also reduced the average age of members of the Central Committee to a relatively youthful 56 years, more than 80 percent of whom were college graduates in engineering and the natural sciences. The Fourteenth Congress thus progressed toward realizing Deng’s goal of “political reform”—for by political reform he essentially meant not popular democracy but rather simply the technocratic rationalization of bureaucratic rule. As he had said at the beginning of the reform period, the aim was to make Communist leaders “better educated, professionally more competent, and younger.”

But it was his economic program, not his political policies, that really mattered, at least in most Western minds. Throughout the 1980s Deng had been celebrated in the foreign press as a great modernizer who had put Maoism to rest. When he ordered the PLA to crush the Democracy Movement in 1989, however, he was widely condemned as a brutal Communist dictator. But with his ardent promotion of capitalism during his 1992 “southern tour” and after, Deng was rehabilitated in the Western media, and was now once again praised as an enlightened market reformer.

The resumption of rapid market-based economic growth in 1992 soon brought consequences familiar to those who had experienced the boom and bust cycles of the 1980s. The first result was inflation, which by the summer of 1993 was approaching a 25 percent per annum rate in several major cities—and in 1994, according to probably conservatively compiled official statistics, was 24 percent nationwide, but considerably higher in key urban areas. Inflation—combined with a new upsurge in official corruption and bureaucratic profiteering, speculation in real estate and stocks by local governments and private individuals, and the loss of central government economic controls over some of the more booming areas, especially Guangdong province—inflicted hardship on much of the working population.

To deal with this chaotic situation, Deng Xiaoping called upon another of his proteges, Vice Premier Zhu Rongji, who had been the mayor of Shanghai in June 1989 and had managed to keep order in China’s largest city without unduly antagonizing either the local population or the authorities in Beijing. Zhu, who had been promoted to the Standing Committee of the Politburo at the Fourteenth Party Congress in October 1992, had been frequently praised by Deng for his economic expertise. He was now appointed governor of the People’s Bank of China, with a mandate to bring the economy under control and to counter the regionalist tendencies that the economic reforms had fostered. Emulating central bankers in capitalist countries, Zhu imposed an austerity program that relied on fiscal and monetary restraints (i.e., limits on credit and reductions in government spending and investment) to bring down inflation without plunging the economy into a deep recession. His aim, in addition to reestablishing central government control over the financial affairs of the provinces, was to dampen inflation by lowering the rate of growth from more than 12 percent to what
he believed was a socially and environmentally sustainable rate of 8 percent per annum.

Deng Xiaoping objected, however. In October 1993 he issued a brief but potent declaration: "Slow growth is not socialism." As a result, Zhu Rongji's austerity plan was modified, permitting the economy to again expand by 12 percent in 1994. But enough of Zhu's tight fiscal policies remained to dramatically reduce the rate of inflation from 24 percent in 1994 to a surprisingly low 6 percent in 1996—while the GDP continued to grow at a rate of about 10 percent per annum. Zhu Rongji's policies had achieved the desideratum of central bankers in capitalist countries around the world—a "soft landing" which yielded the happy combination of low inflation and high rates of growth. Zhu was duly celebrated in international banking circles and by Western journalists—and in China he became the leading candidate to succeed Li Peng as Premier of the State Council when Li's term expired in March 1998.

Deng Xiaoping made his last public appearance in February 1994 during the Lunar New Year celebrations, when a five-minute segment on national television showed the paramount leader greeting Communist officials in Shanghai. It was on that occasion, according to the official account, that Deng made his final call for a more rapid pace of economic growth. During the televised segment, however, Deng was not heard to speak, and indeed his obvious fraility and dazed expression were taken as signs of his imminent departure. Deng lingered on for another three years, although he was too physically and mentally incapacitated by Parkinson's disease and other ailments to continue to play a significant role in Chinese political life. Deng Xiaoping died on February 19, 1997 at the age of 92. The country that he had launched on so frenzied a course of economic development barely paused to note the passing of the onetime paramount leader.

Deng was the last of China's old revolutionaries, the final important survivor of that remarkable group of Communist leaders who could claim membership in the May Fourth generation of revolutionary intellectuals. Those who followed were essentially products of the post-1949 People's Republic. Deng, by contrast, had come to political maturity during the early 1920s when as a young work-study student in France he had joined the French branch of the embryonic Chinese Communist Party. He had returned to China to participate in the great revolutionary upsurge of 1925-27. After the defeat of the urban revolution he fled to the countryside and soon became one of the leaders of a peasant army during the Maoist phase of the revolutionary civil war. After 1949 he was among the leading half-dozen members of the Maoist ruling group—at least until he was temporarily felled by the Cultural Revolution.

Although Deng Xiaoping could claim a long revolutionary lineage, he will best be remembered as the father of Chinese capitalism. Capitalism was not his aim, to be sure, and he preferred to believe that the economic system he fashioned was the initial stage of socialism, which would fully flower in the middle of the next century. Nonetheless, he found capitalist economic methods the most efficient way to bring about rapid modernization—and it was a nationalist vision of the wealth and power of China in the world that was always at the the heart of his world view, as was the case with many other Chinese Communist leaders.

In a somewhat macabre sense, Deng died in a way that facilitated the "stability and unity" he so prized in life. For his lingering death, over a period of three years, enabled his handpicked successor Jiang Zemin to consolidate his power and that of the post-Deng ruling group. During that time, Jiang removed potential sources of opposition within the Party and jailed or exiled such dissidents as remained in the land. In the process, Party General Secretary Jiang acquired several new titles—the honorific title of President of the People's Republic and the more than honorific Chairman of the Party's Central Military Commission—making him simultaneously the head of the civilian state bureaucracy, the PLA, and the Chinese Communist Party.

Jiang Zemin continued the essential elements of Deng's policies: rapid economic growth, capitalist restructuring, and the preservation of a Leninist party dictatorship. Even during the three years when semi-austerity measures were in effect (1994-96), the increase in GDP averaged nearly 10 percent per annum. Direct foreign investment boomed, with major multinational groups (in which U.S. and Japanese firms had major stakes) beginning to eclipse overseas Chinese investments funneled through Hong Kong and Taiwan.

Jiang Zemin's boldest economic proposal, an entirely logical step in the progression of Deng Xiaoping's market reform plan, was to call for the partial privatization of the state industrial sector. State-owned factories and related enterprises, which still accounted for over 40 percent of industrial production in 1997 and employed 120 million workers, were of course essential for the functioning of the Chinese economy, especially in the spheres of heavy industry (such as steel, petrochemicals, mining, and machine building) and in the application of advanced technologies. However, according to the reformist criterion of enterprise profitability, which had now become a sacrosanct principle, more than two-thirds of state enterprises were losing money. According to the market precepts that the Com-
munist leaders now embraced, this was ideologically heretical as well as a drain on the state budget. Efforts to “reform” (which is to say, to apply capitalist methods to) the state industrial sector had been under way for over a decade, beginning in the mid-1980s with ideological assaults against “the iron rice bowl,” the system of lifetime job tenure and social welfare benefits. But the reformers had been able to do little more than nibble at the edges of the huge state sector, detaching only a few smaller and obviously failing enterprises from direct central government control. Party leaders were reluctant to confront the problems of the state sector, in part because they feared that relinquishing government ownership would be interpreted as an abandonment of socialism. But even more, Communist leaders feared unrest among the urban working class, who would have been the main victims of “reform.” For the “unprofitability” of state industries was due less to poor management than it was to the relatively generous treatment of state workers, who enjoyed considerably higher wages and much greater security than workers in the private and “collective” sectors. It is, after all, mainly cheap and expendable “free labor” that makes non-state factories so profitable.

But despite the political risks, the inexorable and insistent demands of a growing market economy made Jiang Zemin an advocate of privatization, although the term was not officially used. In the spring of 1997, beginning with a blast against the “ossified” thinking of “leftists,” General Secretary Jiang set forth his plan for the reform of state enterprises in a speech to senior Party leaders. While the state was to retain ownership of a number of key defense-related and high-technology industries as well as the grain trade, most enterprises were to be privatized or at least partially denationalized. Under the slogan “Zhua da, jiang xiao” (“grasp the big, let go of the small”), all but the largest and most essential enterprises were to be turned over to various forms of non-state ownership at a more rapid pace than hitherto had been the case. And even most large enterprises were to have diverse forms of ownership, including substantial shareholdings by both foreign and domestic investors, with both individuals and institutions (such as pension funds and local governments) participating. Moreover, the term “state ownership” was liberally redefined so that enterprises where the government’s share was only thirty percent could be classified as “public.”

Over the summer, Jiang’s speech was widely circulated for discussion among Party cadres and then published in the Guangming Daily in late July. Jiang’s privatization proposal was formally adopted by the Fifteenth Congress of the CCP, which convened in Beijing on September 12, 1997.

The Fifteenth Congress

The main business of the first Communist Party Congress of the post-Deng era was to legitimize the leadership of Deng’s handpicked successor, Jiang Zemin. This was duly accomplished without debate and by unanimous vote by the 2,000 delegates to the Fifteenth Congress. In the process, the only conceivable rival of Jiang, Qiao Shi, the Chairman of the National People’s Congress, was dropped not only from the Party Politburo but from its 193-member Central Committee as well. According to some rather strained interpretations, Qiao Shi, a onetime secret police head, was an advocate of democracy and the rule of law, and thus his fall from power set back the prospects of democratization. Also removed from the top leadership was General Liu Huaqin, leaving the ruling seven-member Standing Committee of the Party Politburo without a PLA representative. The three most powerful politicians in China after the Fifteenth Congress, listed in the customary hierarchical order, were General Secretary Jiang Zemin, Premier Li Peng (who soon was to succeed Qiao Shi as Chairman of the National People’s Congress), and the financial specialist Zhu Rongji (who was to succeed Li Peng as Premier). Jiang Zemin emerged from the Congress with his power and prestige greatly augmented, having demonstrated that there was some substance to the high titles he had accumulated, titles which made him, simultaneously, the head of the Party, the head of state, and leader of the military. But while Jiang had collected more official titles than his predecessors, he possessed less personal power, ruling more as the head of a committee than in the individual dictatorial fashion favored by his mentor Deng Xiaoping, and before him, Mao Zedong. Nonetheless, there was little doubt after the Fifteenth Congress that Jiang was politically dominant, and he capped his internal political victory with an eight-day visit to the United States and a summit meeting with President Clinton—in a quite conscious and sometimes embarrassingly obvious imitation of Deng Xiaoping’s triumphant American tour of January 1979. Clinton reciprocated with a state visit to China in the summer of 1998. Traveling in truly imperial fashion, with a retinue of more than 1,000 people, Clinton’s trip proved surprisingly productive for Sino-American relations—although the event was marred by accusations of “high treason” directed against the American president by some of his domestic critics.

The main policy business of the Fifteenth Congress was to approve the plan for the privatization of state enterprises, which Jiang Zemin had set forth in his May 1997 speech and which then had been circulated for discussion at Party branches over the summer. The approval of the Congress came without serious debate or discussion and, as was customary, by unan-