China’s Rebirth: Communist Myth, Capitalist Reality
A Historical Analysis of China’s Economic Reform

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ABSTRACT

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China’s post-Mao economic reform is an intensely studied subject among scholars of Chinese politics. With China turning increasingly capitalist, the issue that consumes scholarly interests the most is how to grasp the strange fusion of two ideologically opposed systems, communism and capitalism, into which the reform has evolved the Chinese state since its inception in 1979. The present thesis approaches the issue from a historical angle, attempting to shed the light on the rise of capitalism in China by looking at the broad context of China’s long march to self-generation.
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Introduction

There has long been a debate among scholars of Chinese politics over the nature of China's ongoing economic reform, which was initiated by the late Chinese Communist Party (the CCP henceforward) leader Deng Xiaoping in 1979, and perhaps the factional school of thought has been employed most extensively for analyzing the causality of the reform. There are three different units of analysis contained in this school.\textsuperscript{1} The first unit is power. Chinese politics is seen as a struggle for power among top leaders, and power is the medium through which to gain appointments, influence, and security—both for themselves and for the patronage networks they have created around themselves. The second unit is personality conflict, and the most famous work using personality for analyzing Chinese politics is probably that of Lowell Dittmer's, which explains the cause of the Cultural Revolution as a culmination of personality conflict between Mao Zedong and Liu Shaoqi.\textsuperscript{2} The last unit of analysis is interest, and Chinese politics is construed as the interaction of various socio-economic interest groups in Chinese society. The criterion of interest is, for example, used for analyzing the tension arising from the issue of reform models within the post-Mao leadership. On the one hand, there are those reformers who promote a market-oriented economy and greater political relaxation. On the other hand, the more conservative leaders try to confine economic reform to the plan model and improving the Leninist political system. These three units of analysis are weaved together in some works among the factional school of Chinese politics, while treated separately in other works.

\textsuperscript{1} The factional model is pioneered by Andrew Nathan in his 1957 seminal work on Chinese politics.
While incorporating some elements of the factional model in this thesis, it is nonetheless important to point out that the model is insufficient in providing a satisfactory explanation as regards the strange coexistence of two mutually exclusive systems, namely communism and capitalism, which one finds underlying the Chinese state today. Though there are various streams of perspectives within the factional school of Chinese politics, all of them are nevertheless confined to the frame of view that the dynamics of Chinese politics, and particularly that since China fell into the control of the CCP in 1949, is merely a reflection of elite strife. While such view of Chinese politics is useful for analyzing a particular change of policy course on the basis of leadership change—for example, Deng’s ascendancy as the paramount leader of the CCP in early 1980s results in the change of the course of socialist development in China, from the focus of ideological transformation favored by Mao of the Chinese masses to that of economic modernization, one could hardly rely on it for explaining satisfactorily why Deng’s economic reform has led eventually China down the path of capitalism. If a new leadership engenders subsequently a new policy course, why then did Mao’s handpicked heir, Hua Guofeng, carried on steadfastly Mao’s program of Chinese socialism when he assumed the Chairman position following Mao’s death in 1976? Certainly, there are a number of reasons for Hua’s unwavering loyalty, but the point is clear that the leadership transition does not necessarily induce policy change, much less the kind of change that will propel the entire country into a state of economic existence at variance with the ruling regime’s ideologies, as we see in China.

That the factional model cannot help us understand why China, one of the few remaining bastions of communism on the post-Cold War map, has now an economic
system much akin to western-style capitalism, may be owing to an unfortunate de-emphasis on historical study. What China has today become of is not merely a product of some fifty-year rule of the CCP, but is that of a much longer historical journey of China’s revival, which began with China’s traumatizing experience with the power of the modern West. In the Communist Manifesto, Marx envisions a communist society to be one in which “the present dominates the past”, drawing a stark contrast with the existing bourgeois society where “the past dominates the present”. China has never been a communist utopia, and is still far from becoming one if we assume for a moment that it is a realizable reality. It is only due to the misleading designation originated from the Cold War dichotomous logic that we have come to label China communist. Just because the ruling class worships certain ideology, we ought not to be so quick as to assign the country a label in correspondence with that ideology. We must look at objective facts, according to which the “communist” label China has been given is evidently a misleading one. There is surely no shortage of subjective wishes, as well as an abundance of attempts, on the part of the communist rulers to make China communist, but it is empirically indisputable that China is no communist. Also, to claim that communism can be attained in one country or a few countries, as Stalin did in his “Socialism in One Country”, completely negates its universal characteristic inherent in Marx’s vision. On looking at the collapse of the Soviet Union and the disintegration of the Eastern Bloc, we have acquired a habit of equating those events with the complete failure of communism. However, considering the brief discussion above on communism, it is perhaps more appropriate for us to say that communism did not fail, but the regime which labeled itself as communist did. For it

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seems insufficient to generalize the death of communism merely on the disintegration of polities with a communist designation. One could perhaps make a case against communism on the basis of human nature, but such a case would be but tenuous because human nature is just as difficult to grasp as is communism. We do not know what it would be like living in a society where the present shapes the past, but we have surely much less difficulty in making sense the current trend of a country, as that of the world as a whole, by backtracking what was once the future that is now the past. As far as China is concerned, where it finds itself today bears a deep imprint of its past. It is thus the intention of this thesis to unravel the rise of capitalism in China with a historical approach.

In this thesis, I argue that nationalism is the underlying force that propels both the rise of communism and that of capitalism in China. Nationalism refers here to China’s long march to self-regeneration, and more specifically, both to self-determination and nation-building. Although China shed its semi-colonial status after the communist had taken the country, psychological effects on the Chinese of western domination are still lingering in Chinese consciousness. In other words, the Chinese have not gained independence from the psychological legacy of foreign domination. This is why the communist regime is never tired with nationalistic slogans, one of which is “there would not be a new China without the communist party.” In fact, it is a nationalist regime in essence and a communist regime in name, and it seeks to capitalize on Chinese victim psyche for its continued rule.

On the issue of nation-building, it can be said that Chinese nationalism involves ‘rebuilding’ instead of ‘building’. Since the European warships threw China open in late 19th century, the question of national revival has always been on the mind of successive
Chinese generations, and the Chinese communists did not turn to Marxism because of its internationalist message but rather of its promise of the most progressive and advanced society. As the late Chairman of the CCP, Mao Zedong, said, “Communism is at once a complete system of proletarian ideology and a new social system. It is different from any other ideology or social system, and is the most complete, progressive, revolutionary and rational system in human history.” Thus, it is for purpose of creating such a system in China that the Chinese communists converted to communism. After all, as Lenin instructs in his *What is to be done?*, “a vanguard party must be armed with the most advanced ideology.”

The rise of capitalism in today’s China is a product of a long, meandering search for national revival, as it is the case with the rise of communism in early twentieth century. While in the economic realm changes have resulted in the installation of a capitalist economy, the CCP ideology has also undergone a qualitative transformation. Marxism-Leninism is still very much upheld by both the CCP and its constitution as the guiding ideology, but in reality the communist regime has become more and more inclined to appeal to its subjects in nationalistic rhetoric to galvanize their support for the regime and its economic reform. In fact, the reform is often associated with China’s greatness. As Larry Johnston points out, “Nationalism provides a powerful vehicle for authoritarian rulers to employ in justifying their grip on power and in attempt to secure legitimacy in the eyes of the public.” Marxism-Leninism is slowly fading as a popular faith in China, partly due to the communist regimes’ behavioral inconsistencies between what it calls itself and

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4 Vladimir Lenin, *What is to be done?*. Lenin Selected Works. http://www.marxists.org/archive/lenin/works/1901/witb01/

what it does in reality and partly due to people’s preoccupation with “getting rich” within a new economic context.

Other two concepts that I need to clarify here are those of capitalism and socialism. When looking at China today, nearly thirty years since Deng Xiaoping started the economic reform, one cannot help wondering whether China is still a socialist country or is merely a capitalist country with a socialist label. Although the Party propaganda machine constantly preaches that China is a socialist country, and what China is undergoing is “Socialism with Chinese Characteristics,” an all-encompassing slogan for any policy measures, the facts on the ground display the contrary. There is a common tendency when judging whether or not a country is capitalist to point to the existence of American fast food chains, such as McDonald and Kentucky Fried Chicken, but such a tendency is misleading. For the measurement of capitalism does not depend on fast food chains. To determine whether China is now a capitalist country or still a socialist country, it would probably be best to compare the Mao era with the Deng era in terms of such criteria as the ownership system and the predominant economic model. This thesis construes capitalism in the most conventional Marxist definition of the term, that is, an economic system based on free market and private ownership of the means of production. Though what is socialism is still quite debatable, socialism is seen as the antithesis of capitalism in this thesis, a system of resource distribution based on collective ownership and planning economy.

Capitalism has a long history in the modern West, perhaps arising at the start of industrial revolution. But Marx himself would dispute such a claim, and argue that
capitalism practiced by the Jewish trade long before the advent of industrial revolution.⁶ Be that as it may, it is beyond the scope of this thesis to trace the origin of capitalism. Capitalism arrived in China in the second half of the 19th century, an outcome of western expansion in search of resource market as well as consumer markets. Industrial revolution can be said to mark the beginning of European civilization, the second last civilization in the world of humankind—the last one being the American civilization. When the modern West arrived at the gate of China with its modern technology and new economic methods, the Chinese were shocked at how backward their own civilization was in relation to the newly born European civilization. Suddenly the long cherished image of China as the most advanced civilization was shattered, and the Chinese hubris was brought into a reality check. They fought against being brought out of their cave, but were no match for weapons of the modern West. They opened, though grudgingly, China to the expanding force of capitalism. Capitalism is nevertheless always tainted by the memories of China’s defeats and humiliations at the hands of the modern West, and is thus the source of Chinese nationalism and Chinese receptivity of Marxism.

While taking primarily a historical approach to studying the rise of capitalism in China, it resorts to Robert Tucker’s theory of movement-regime on the de-radicalization of Chinese communism under Deng Xiaoping’s leadership. If we compare China now with China then empirically, it would not be difficult to arrive at a conclusion that China is a capitalist country in production. But that begs a question what causes China to arrive at the current point, what China’s transformation says about the communist party that has been dominating China since the second half of the last century, is the current development inevitable, and where China is going henceforward. Tucker’s model of movement-regime

is quite useful for answering these questions. For one thing, he derives such model from
the study of Soviet politics. The Soviet Russia and China have many things in common.
The most obvious commonality is that both are a communist regime. Both countries are at
the same historical stage before turning communist. The Chinese communist regime is
structured on the basis of the Leninist political system, with the domination of the
communist party. The Chinese communists also borrowed from the Soviet Union the plan
model to modernize China’s economy after seizing the country in 1949. Though the
Soviet Union is now a historical past, its influence on China is tremendous. Secondly,
Tucker calls his model “a comparative concept”, as it focuses on comparing different
periods of the Soviet Union to draw major political and ideological trends. In this paper,
my main task is to compare China under Mao with China under Deng, two periods which
marks significant changes in terms of party ideology and China’s economic development.
Thirdly, Tucker’s model depicts not only communist regime but also a political regime
based on nationalism. Since my main argument in this paper is that China’s economic
reform is a product of a long nationalist search for restoring China, Tucker’s model will
permit me to distinguish a nationalist regime from a “revolutionary” regime. Fourthly, the
concept “revolutionary dynamism” coined by Tucker to characterize the de-radicalization
process in a communist regime will be of much utility for explaining all the changes which
have taken place in Deng’s China. Let me give a rough sketch of Tucker’s model.

The label “movement-regime” is abbreviation of the revolutionary mass-movement
regime under single party auspices, and Tucker develops such a model primarily to expand
what he sees as the limited analytical scope of the totalitarian model, a model which
dominates the study of communist regimes, and which portraits communist regimes as an
unchanging political entity. As Tucker argues, totalitarianism is only a label applicable to a specific period of the Soviet history, the period where the Soviet system was under Stalin’s domination, but cannot be used for analyzing other periods of the Soviet Union under other leaders, such as Lenin and Khruschev. Though the theorists of totalitarianism may recognize leadership change, their theory does not change accordingly. In fact, they see the Soviet system as totalitarian across all periods of leadership since Stalin. As Tucker points out, “this is a questionable procedure from an analytical point of view.”7

The fact that Stalin inherited the Soviet system and transformed it into a totalitarian system is true, but it cannot be said that the Soviet system is totalitarianism, or vice versa, since totalitarianism is merely a part of the whole reality, depicting only a specific period of the Soviet history. In view of the said deficiencies of the totalitarian model for the study of communist systems, Tucker presents his own model termed the movement-regime model.

A movement-regime has four basic characteristics according to Tucker. First, it is born in revolutionary struggle, strives to eradicate the pre-existing system of order for purpose of national renovation. Second, a movement-regime relies on mass mobilization for accomplishing its revolutionary goals. Third, the political structure of a movement-regime is based on the dictatorship of a revolutionary party. Fourth, a movement-regime has no “restricted habitat” in the world. An underdeveloped country may be more prone to the rise of a movement-regime than a developed one, but in general no country can be completely immune to such a political phenomenon as movement-regime. These four basic characteristics are consistent with the communist regime in China. It is also noteworthy that most founders of the Chinese Communist Party are nationalists who

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turned to communism as a solution for reviving China, which will be illustrated in detail in the main body of this thesis.  

Tucker’s discussion on the de-radicalization of movement-regimes is most interesting, as far as this thesis is concerned. He posits that what appears to be a revolutionary regime may go through “metamorphosis”, relinquishing its radical stance and transforming into a regime of different nature. The lost or alteration of what Tucker calls “revolutionary dynamism” or “revolutionary momentum” in a movement-regime results from the change of leadership, which in turn leads to “a qualitative change in the motivation of revolutionary politics.” In the case of the communist regime in China, the leadership change from Mao to Deng also resulted in de-radicalization of the Party’s goals for modernizing China. However, one should bear in mind that who is the successor and how he came to be the new leader are equally important questions. For example, before his death, Mao had handpicked Hua Guofeng to succeed him. After Mao died, Hua became the new leader of the CCP and continued Mao’s radical policies. The reason was simply that Hua came to power with Mao’s blessing and had to continue Mao’s legacy in order to stay in power. Deng was different. He had been Mao’s opponent and purged several times during the Cultural Revolution. He rose to power with the support of other top leaders who had similarly lost their power to the radical Maoists during the Cultural Revolution. Thus, Deng was able to effect a dramatic change of the revolutionary course. In fact, his undertakings were a clear repudiation of Mao’s legacy.

Tucker warns that the leadership of a movement-regime may not admit that “the metamorphosis has occurred.” China’s economic reform started in 1979 has destroyed a

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8 Tucker, pp. 283-86.
9 Ibid., p. 286.
socialist economy to accommodate a capitalist one, but the communist regime cannot bring itself to confessing such a change, simply because such a confession will render the ideological foundation of its rule questionable. For without the communist label, what else can the CCP rely on for remaining in power? Not only does the Party have power and legitimacy to consider, but also the Party's revolutionary legacy to protect. It is therefore necessary to look for evidence "not in the regime's self-definition but rather in changes in the observable complex of ideological and behavioral patterns."¹⁰ In this paper, we will look at both ideological and economic changes initiated by the Deng leadership.

With a historical approach combined Tucker's model of movement-regime, I draw on both primary and secondary sources to build an argument that China's economic development is a product of a long, meandering search for national renovation, and a sub-argument that China is now a capitalist country in substance and a socialist country in name. Tucker's model, more effectively than do those models which specifically deal with Chinese politics, enables me to show the dynamic interactions between nationalist aspirations and de-radicalization of a revolutionary regime discussed in this paper, and to cast a distant look into China's political future.

As for the structure of this thesis, I combine historical with thematic approaches. Historically or vertically arranged, the paper has three major parts to constitute the main body. The first part delineates various attempts at national revival prior to the establishment of a communist regime in China, and included in it is the May Fourth Movement, a significant event for the rise of communism in China. In the second part, I will discuss the communist projects of national revival, namely Mao Zedong's ideological transformation and Deng Xiaoping's economic reform. The last part seeks to demonstrate

¹⁰ Tucker, p. 289.
that China is now a socialist country with a capitalist economy. On the basis of this vertical approach, I insert a thematic or horizontal analysis into each part in order to build up the momentum of my arguments. This blended approach, I hope, can best illuminate the potential readers about what is taking place in China and where China is going henceforward.
Prelude: China’s Decline

Napoleon Bonaparte once referred to China as “a sleeping giant” that, when awakening, “[would] move the world.”\textsuperscript{11} What he did not know in spite of his stunning foresight is that the sleeping giant was to be forcibly awaken by exploding cannonballs and menacing warships of the ascending West which, like all the civilizations preceding it, sought to dominate the rest of the world. The first country that managed to pry open the closed gate of China with guns and cannons from the modern West was the Great Britain in the aftermath of the 1840-42 Opium War, followed by successive intrusions of other countries of the modern West. Historically, China was no stranger to foreign intruders coveting its vast land, rich resource, and perhaps illuminating cultural heritage, and successive Chinese rulers had been able to pacify them either through military might or establishing tributary ties by which Chinese emperors acquired sovereign rights over the ‘barbarian’ states while not governing them directly.\textsuperscript{12} Although China had been ruled at different periods by the Han Chinese, the Mongolians, and the Manchurians throughout its dynastic history, there had never been a disintegrating threat to China as a political-social entity prior to the arrival of the Europeans. It may be said that the fact that China had been able to remain in its political and social status quo shows that China is superior to intruding forces in terms of military technology. Perhaps this superiority nourished in the Chinese a blinding sense of greatness, which had already paralysed their civilization by the time European intruders descended upon the frontiers of China.


\textsuperscript{12} The Qing court excelled at this system of ruling and neutralizing foreign foes. At one time it exercised suzerainty—claiming sovereign rights, but not direct administration—over Nepal, Siam, Annam, and Korea.
However, unlike alien intruders of the past dynastic periods, the Europeans were distinguished by their advanced technology and science, which rendered them far more powerful a force to neutralize, let alone vanquishing it. Furthermore, China’s inability to defend itself in the wake of European military intrusions quashed whatever superior delusions the Chinese may have planted in their deep psychological recess through their century-long isolated existence, which in turn led the Chinese to see the debilitating state of stagnation and backwardness of their own country. Such an exposure must be devastating to their sense of security and confidence as a nation, thus predisposing them to the subsequent fermentation of anti-West nationalistic sentiments while diminishing their trust in the incumbent authority. The nearly three-century Qing dynastic order seems to be on the verge of dissolution, and China’s survival as a country seemed ominously uncertain in a world governed by Social Darwinism.13 Karl Marx alluded some vivid analogies to the crumbling Chinese state as a result of England’s intrusion in a May 1853 article entitled Revolution in China and Europe, which he wrote for the New York Daily Tribune.

Complete isolation was the prime condition of the preservation of old China. That isolation having come to a violent end by the medium of England, dissolution must follow as surely as that of any mummy carefully preserved in a hermetically sealed coffin, whenever it is brought into contact with the open air.14

Isolation was consistent with some fundamental Chinese premises of self-importance. At their root was the assumption that China was the “central” kingdom and that other

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13 A theory founded in Darwin’s studies of species evolution. Social Darwinism (the adaptive process of natural selection determined which species managed to survive and which were doomed to extinction) A British sociologist Herbert Spencer coined the term “survival of the fittest” to describe the development of human societies, and espouses the “survival of the fittest” and applied such a credo to inter-state relations. For the theory of Social Darwinism and its currency in the 19th century world as well as in China, see Charlotte Furth, Intellectual Change: From the Reform Movement to the May Fourth Movement, 1895-1920 in John K. Fairbank (eds.) The Cambridge History of China: Vol. 12 Republican China 1912-1949, Part I. (Cambridge University Press, 1983); also see Jonathan D. Spence.
countries were, by definition, peripheral, removed from the cultural centre of the universe. Consequently, this assumption fostered certain haughtiness in Chinese behavior toward foreign countries. Successive rulers of the Qing dynasty as well as the educated segment of the Chinese population showed little interest in broadening their horizon beyond the borders of China, the "central" kingdom. Furthermore, to preserve China's great cultural traditions', the Qing court had pursued the policy of isolation in order to stave off foreign influence. This policy, as one can imagine, was bound to clash with the empire-building ambitions of European states such as Britain and France.

Isolation may have kept China safe from potential foreign intrusion but it certainly prevented any sort of progress. Basking in the memories of past achievements of Chinese civilization, the Qing ruling elites believed that China was the greatest civilization. Furthermore, many Qing policy-makers encouraged moral and ethical development rather than a balance of development between the country's material strength and its cultural depth. In one sense, the arrival of Europeans in China was a timely warning to the ruling elite of the Qing court, bringing them out of their self-delusion. If China was to continue as a political-social entity in the international system now dominated by the modern West, as the Qing ruling elite came to recognize, some measures to revive China must be undertaken. In short, China's self-imposed isolation resulting from cultural superiority kept the Chinese from a timely assessment of the changing climate in the international realm, the dawn of western civilization, and devising adequate responsive policies. The Opium War of 1840-1842 was therefore a painful and humiliating moment in

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15 For detail on the Qing rulers' arrogance toward foreigners, see Jonathan D. Spence, The Search For Modern China. (New York: W. W. Norton & Company, 1990).
16 Hsu, pp. 192-193.
contemporary Chinese history, because it not only forced China to come out of its isolation and to face the West-dominated international order. The Opium War also introduced a century of humiliation for the Chinese people, as China’s defeat gave rise to the establishment of a treaty system which subjected China to a long list of unequal treaties with various western powers, and finally reduced China to the semi-colonial status.17 As a result, Chinese nationalism was born, marking also the beginning of a long, meandering search for national renovation.

But European intrusions cannot be regarded as the cause of China’s weakness. In the world history, no empire collapses without internal decay at first, and the Qing dynasty is no exception. Mid-19-century China was troubled not only by external wars but also by a series of debilitating social upheavals, which played as important a role in weakening the rule of the Qing dynasty. The largest of these grassroots rebellions is the Taiping Rebellion, nearly toppling the dynastic order. The rebellion lasted from 1850 to 1864, raging over sixteen provinces and destroying more than 600 cities, coming so close to toppling the Qing government. China’s long dynastic history persists in a cyclical pattern of change underlying the life of a given dynasty, during which a period of peace and order is perforce followed by a period of turmoil and disorder. As agriculture is for centuries the predominant mode of production in China, what gives rise to the latter period is more often associated with deteriorating socio-economic conditions in Chinese countryside than otherwise; and what marks this period is virtually always the outbreak of peasant-led rebellions. The Taiping Rebellion stands as one of the most telling examples of so

17 Hsu, p. 192.
desperate rural conditions as to cause a nationwide uprising.\textsuperscript{18} Certain historians are inclined to attribute the outbreak of the rebellion to a single leader or a group of individuals, but Hong Xiquan and other rebel leaders could not have succeeded in arousing the rural masses to their cause had the latter themselves not already been pushed the verge of rebellious explosion.\textsuperscript{19}

The Taiping rebellion registers only a 14-year span (from 1850 to 1864) in China’s several millennia history, but chronology reflects little of its historical significance for the development of modern China. On the surface, the rebellion stands merely as one among numerous nationalist movements either preceding or following it during nearly three hundred years of the Qing rule in China. However, as the rebellion turns on Christianity, it is the first popular movement to adopt western ideologies as its driving force. There are a number of similarities one can readily observe when comparing the Taiping rebellion with the Communist revolution in contemporary China: both are nationalist movements founded upon a western ideology, and both movements modify their respective ideology for it to be appealing to the Chinese masses.\textsuperscript{20} Furthermore, the fact that the rebellion has an ideology at all is already historically unprecedented. For although Chinese history before the Taiping rebellion is replete with grass-roots uprisings, one can hardly find a case where the

\textsuperscript{18} For a detail account of socio-economic situation in Chinese countryside prior to the eruption of the Taiping Rebellion, see Hsu, pp. 222-225. Briefly speaking, the deterioration of rural life is owing to a combination of external factors with internal ones. Internally, the growth of agricultural production is unable to match with the increasing population size, an imbalance exacerbated by the fact that much of arable land is concentrated in the hands of landlords, who farm non-essential products, such as opium, cotton, in order to exchange them for money in China’s burgeoning capitalist market. As a consequence, the price of essential agricultural products, such as rice, increases drastically. To make the situation worse, western countries, protected by various unequal treaties, flood freely the Chinese market with foreign goods to the detriment of domestic agricultural products.

\textsuperscript{19} For instance, Spence, in chronicling the Taiping Rebellion, turns primarily on the story of Hong Xiquan, as if he were the sole protagonist of the event. In contrast, Immanuel Hsu offers a balanced description of the rebellion, showing how desperate conditions in China’s rural areas renders possible Hong’s cause to be carried out.

\textsuperscript{20} Both Hsu and Spence discuss the sinification of Christianity by the Taiping leaders in their respective work.
cause expands beyond fighting for a well-provisioned life into creating a utopian human society. Prostrating before the Christian faith, the rebel leaders promise their followers a "Heaven" on the earth. As Thomas T. Meadows, the interpreter of the British plenipotentiary George Bonham during the Taiping rebellion, observes after reading a pamphlet issued by the Taiping rebels,

The anthropomorphism displayed in the above pamphlet is very striking. The Deity is brought down from a state of distant superiority, and is represented as familiar with mortals, in a degree which to us appears somewhat revolting... 21

Had Karl Marx seen this pamphlet, his reaction would have probably been one of approving smile, for his communism is equally an attempt to materialize heavenly life on the solid ground rather than in the unfathomable sky. Marx may not have been aware of this coincidence, but he did read about the Taiping rebellion in the newspaper, and even expressed a hope that such rebellion as taking place in China would trigger another revolution in Europe, which would succeed where the 1848 Paris Commune revolution had failed. As he commented, "the Chinese revolution will throw the spark into the overloaded mine of the present industrial system and cause the explosion of the long-prepared general crisis, which, spreading abroad, will closely followed by political revolutions on the Continent." 22

The Taiping experience also serves as a source of inspiration to Sun Yat-sen, father of the Chinese republic, whose Three People's Principles was influenced by the Taiping ideology. Sun believed the Taiping failed because the leaders understood only national independence but not popular sovereignty, and monarchy but not democracy. To these ideological omissions, Sun devised the Three People's Principles incorporating

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21 Cited in Hsu, p. 237.
22 Carrere d'Encausse, p. 120.
nationalism, democracy and socialism. Sun's adoption of socialism was in part due to the fact that the Taiping leaders had also advocated such socialist ideas as collective ownership of property and redistribution of wealth during the rebellion.\textsuperscript{23} It may be concluded then that the Taiping rebellion, founded upon the teachings of Christianity, was the first mass movement to assault the Confucian hierarchical-authoritative structure of Chinese society with the idea of egalitarianism, and to envision a better mode of living beyond the traditionally prescribed ideological boundaries. Moreover, the rebellion sowed the seeds in the Chinese soil for the successive infiltration of various ideologies from the modern West.

\textsuperscript{23} Hsu, p. 253.
Dynastic Projects of National Revival
1. The Self-Strengthening Movement

China’s long search for national revival is replete with successive movements aimed at restoring national strength and integrity. The first attempt at national revival made by China’s ruling authority is the Self-Strengthening Movement in 1864. If the sheer length of time taken by the Qing court to suppress the Taiping rebellion could have been a reflection of the dynasty’s diminishing power, the British triumph in the Opium War in 1864 only made such a conjecture a clear fact. China’s humiliating defeat at the hands of the British navy exposed the weakening constitution of the Qing dynasty, particularly in the area of military power which were desperately in need of modern weaponry to replace medieval combat equipments, such as spears, machetes and swords. To revitalize and perpetuate its domination, the Qing court decided to modernize the dynasty’s armed forces by importing western military technology, thereby starting the Self-Strengthening Movement in 1864.\(^{24}\) The movement is perhaps significant for its initiative role in a nationalist debate, which still troubles the power that be in today’s China, on how to use western technology and science for empowering China while avoiding the potential risk of losing China’s cultural heritage.

The movement began with a policy espoused by Zeng Guofan, a Hunaness scholar-general who had risen to political prominence through a series of successful military campaigns in suppressing the Taiping rebellion, of making selective use of Western technology. His arguments for such a policy were that China could “strengthen itself” by

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\(^{24}\) A personal note: a powerful military is especially important for a country like China where whoever happens to rule the country also owns it, and such a political tradition is so deeply rooted that one wonders whether there will ever emerge a time when China belongs to no single individual or a party of individuals, but to every Chinese citizen.
incorporating foreign languages, mathematics, and science into the curriculum. Zeng believed that these elements would give the Chinese the ability to utilize western military equipments, such as warships and guns, which Zeng and other officials of the dynasty believed were the decisive factors for the formidable strength of western countries.\textsuperscript{25} Thus, they concluded, “China would first learn from foreigners, then equal them, and finally surpass them.”\textsuperscript{26} Though court officials like Zeng were willing to concede that the modern West was superior in the province of technological development, they held nevertheless steadfastly that western culture paled in comparison with Chinese culture. Such a sense of cultural superiority was manifested in a widespread maxim: “Chinese learning should remain the essence, but Western learning will be used for practical development.”\textsuperscript{27} This maxim was to become the underlying principle of the Self-Strengthening Movement. To

\textsuperscript{25} With China’s defeat at the hands of British navy during the Opium War in the background, the Qing government concentrated military modernization largely in the area of shipbuilding. Two companies, the Kiangnan Arsenal established in 1865 and the Foochow Dockyard in 1866, led the movement for building a Chinese navy, with the former turning out a total of five ships and the latter a total of forty ships. In 1880, China’s first naval academy was founded at Tian-jing, and eight years later, China’s first navy fleet was established, known as the Peiyang Fleet. Aside from building ships, these two companies, especially the Kiangnan Arsenal, manufactured guns, borrowing Western technology and methods. Furthermore, the Qing government sponsored Chinese students and scientists to study abroad so that they would bring western knowledge back to China. The Self-Strengthening Movement also entailed a limited industrialization program which saw a number of military-related industries such as the mining and steel industries established between 1877 and 1890. Under this industrialization program a railway system was also created covering a total of 3,502 miles. The Self-Strengthening Movement accomplished a great deal in terms of military modernization in China, but unlike the Meiji Restoration in Japan, the scope of the movement was narrow and its objective limited, the reason for which was closely bound up with the Qing ruling elite’s attitude toward the West as a source of learning.

\textsuperscript{26} Ibid., p. 224. This motto is derived from the ti-yong idea, with ti referring to essence in Chinese and yong to practical use. The question of how to cope with the new international order led by the powerful west confounded many Chinese, and such a formulation as combining Chinese culture with western technology and science created to reassert China’s role was “a culturally reassuring position in a time of ambiguous, often painful, change.” It affirmed, falsely or otherwise, the superiority of Chinese moral, cultural and philosophical values, and the continuity thereof. At the same time, it admitted, implicitly though, that China had to adapt to the new international order in which the west was the leader by virtue of its advanced technology and science. To empower China by the fruits of western civilization has been the principal policy strategy underlying China’s economic reform since 1979.
show that Chinese culture was superior, the Qing court had to "learn the superior
techniques of the barbarians to control the barbarians," according to a high Qing official.\(^{28}\)

The obstinate sense of cultural superiority, imbedded in the attitude of the Qing
government towards the modern West, can partly enable us to understand why China did
not go down the same path as the Meiji Japan, where the monarchy embraced a
modernization project that was to furnish Japan not only with technological innovations
from the modern West, but also its political and economic systems. It cannot be said,
however, that the Japanese were not nationalistic, having opened their country completely
to the influence of the modern West. Japanese nationalist fervor wreaking havoc in Asia is
a historical fact of the twentieth century. Perhaps what may ultimately set the Meiji
Restoration apart from the Qing's Self-Strengthening Movement, in terms of the degree of
acceptance to which the Japanese and Chinese ruling authorities display respectively
towards the fruits of western civilization, is a consideration of political power. For
whereas the Meiji government, having risen to political dominance through a revolutionary
overthrow of the feudal-military Tokugawa regime which had ruled Japan from 1603 to
1867, needed a new ideology for consolidating its power, the Qing court was trying
desperately to preserve the Confucian feudal system which was the very source of its
rule.\(^{29}\) As Hsu points out, the leaders of the movement "strove to strengthen the existing
order rather than to replace it."\(^{30}\) In this light, it is then no surprise that the Qing ruling
authority wanted only military technology from the modern West, but not other products it
could offer to China, such as democracy and laissez-faire economy. Thus, the Self-

\(^{28}\) Hsu, p. 277.
\(^{29}\) One may argue that there is a striking parallel between the Meiji Restoration in Japan and the Communist
Revolution in China.
\(^{30}\) Hsu, p. 277.
Strengthening Movement was aimed at revitalizing the Qing dynasty, and ultimately at helping the ruling class to reassert its power, through military modernization.

Although the Qing government expected that the Self-Strengthening Movement would enable it to resist foreign aggression and to regain its prestige and respect from the domestic public, the Sino-Japanese War in 1895 over controlling the Korean peninsula quickly demonstrated how foolish this expectation was.\textsuperscript{31} The modernized Chinese military force not only was unable to protect the Qing’s suzerainty over Korea, but also suffered a crushing defeat at the hands of the Japanese troops. To prevent further military losses, the Qing government pleaded for negotiations with the Japanese, which resulted in the signing of the Shimonoseki Treaty that made Korea a Japanese protectorate.\textsuperscript{32} Other terms contained in the treaty also demonstrated that the Self-Strengthening Movement completely failed to restore China as a powerful country, such as an indemnity payment of 200 million taels, and handing over Taiwan, the Pescadores, and Liaodong region of southern Manchuria, to Japan.

China’s defeat in the Sino-Japanese War was an irrefutable testimony to the failure of the Self-Strengthening Movement, shattering the Qing court’s fantasy that China needed only modern guns and cannons for restoring its power and prestige. Furthermore, China’s defeat exposed once again the inability of the Qing dynasty to defend China against foreign aggression, a fact on which various foreign powers capitalized to intensify their demands for special economic and residence rights in China—often called “the scramble

\textsuperscript{31}The cause of the Sino-Japan war lies with control over Korea. For detail of the war, see Jonathan Spence.

\textsuperscript{32}The treaty of Shimonoseki was signed in April 1895 by the Qing court, which allowed Japan to make Korea its protectorate. Korea had been a tributary state of the Qing empire until now. Also, in the treaty the Qing court agreed to pay Japan 200 million taels in war indemnities, to give Japan four treaty ports and to cede to Japan in perpetuity all of Taiwan, the Pescadores, and the Liaodong region of southern Manchuria.
for concessions.” With China steadily falling apart, Chinese opinion over the question of national revival was now divided into several streams, among which the ‘Monarchists’ and the radical nationalists were most prominently influential. The Monarchists, led by such famous Qing scholars as Kang Youwei and Liang Qicao, embraced the dynastic system but advocated a solution of institutional reform. In contrast, the radical nationalists, of whom certain Sun Yat-sen was a leading representative, regarded the Manchurian dynasty as the very source of China’s illness, and sought actively to overthrow it so as to establish in its place a republic. Both groups made an impact on the development of modern Chinese history, to which I now turn.

2. The Hundred-Days’ Reforms

The failure of the Self-Strengthening Movement to empower China by means of modern weaponry compelled the Chinese to consider the urgent need for political changes. The Monarchists, led by Kang Youwei and Liang Qicao, called for a top-down political reform comparable to the Meiji Restoration in Japan. In June 1899, they finally persuaded the new emperor Guang Xu to revamp the existing political and bureaucratic institutions in the Qing dynasty by repeatedly citing as examples the successful reforms in Russia and Japan. The Meiji Restoration was especially stressed as worthy of following in view of the geographical proximity and cultural and social affinity between China and Japan. Under their urging, Guang Xu issued forty to fifty reform decrees in a rapid succession in the areas of education, government administration, industry, and international cultural exchange.33 However, due to fierce opposition from vested interests in the central and

33 Hsu provides an outline of Guang Xu’s reform in his book, p. 376.
provincial administrations, the reform came to a halt a little more than one hundred days (from June 11 to September 20) after Guang Xu had launched it, hence the "Hundred Days’ Reforms."³⁴

The demise of the Hundred Days’ Reforms demonstrated to many Chinese, particularly the radical nationalists, that no meaningful reform could be attained within the political order the Qing dynasty. This stance was reinforced by the dynasty’s suppression of an anti-Christian missionary mass movement, known as the Boxer Uprising, in 1900.³⁵ Many Chinese viewed the uprising as patriotic as it had attempted to expel Christian missionaries from China, and the Qing government’s crack down of the uprising only exacerbated anti-Manchu nationalist sentiments, deepening the view shared now by an increasing number of Han Chinese that China was both externally and internally dominated by alien powers. As Zou Rong, a young Chinese nationalist, wrote in his book entitled The Revolutionary Army,

I do not begrudge repeating over and over again that internally we are the slaves of the Manchus and suffering from their tyranny, externally we are being harassed by the Powers, and we are doubly enslaved. The reason why our sacred Han race, descendants of the Yellow Emperor, should support revolutionary independence, arises precisely from the question of whether our race will go under and be exterminated.³⁶

Zhou did not live long enough to take part in abolishing the rule of the Qing dynasty in China, but the force of history was soon to answer his nationalist calls for a China ruled by the Han race.

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³⁴ As many senior officials saw the reform as detrimental to their own power and privileges, they lobbied the conservative empress dowager Cixi to scuttle it. On September 1899, Cixi issued an edict claiming that the emperor Guang Xu had asked her to resume power. Once back in power, she placed the emperor under palace detention, and had many reformers arrested and executed, save Kang Youwei and Liang Qicai who had gotten the wind of the coup d’ etat and fled the country.
³⁵ The Qing government initially supported the Boxer Uprising, but turned the gun on it under the military pressure of an expeditionary column of about 20,000 troops, consisting mainly of soldiers from Japan, Russia, Britain, the United States, and France.
³⁶ Cited in Spence, p. 235.
Republican Projects of National Revival
1. The Three Peoples’ Principles

The fall of the Qing dynasty may be looked upon as a telling example that no tyrannical system, however powerful, can escape from the punishment of history. Not to engage a lengthy discussion on what led to a speedy collapse of such a two-and-half centuries long dynasty as the Qing, as it would be inappropriate for this present paper, it should suffice to mention that it took only five months from the start of a mutiny by the Qing’s New Army in October, 1911 to the Qing court’s self-abdication, along with an acceptance of the establishment of a republican government in February 1912, that two millennia of China’s dynastic history were brought to a close. What was the bitterest irony for the Qing court was that it was overthrown by its own army, the very instrument with which the court had sustained its tyranny, rather than by Sun Yat-sen and his nationalist colleagues from Tong Men Hui, who had in the last decade of the Qing rule conspired numerous attempts to topple the Qing, but all to no avail.\(^{37}\)

With Republic of China inaugurated on the rubbles of the Qing dynastic enterprise in 1912, and Sun Yat-sen being president of the new republic, it seemed, at least for a short while, that China was on her way to recovery of former strength and greatness as a political-social entity in the new world. Sun had his own program for reviving China, which was based on his Three Principles of the People (san min zhuyi): “nationalism, democracy, and people's livelihood.” The first principle of nationalism called for overthrowing the Manchus and ending foreign hegemony over China. The second principle,
democracy, was used to describe Sun's goal of a popularly elected republican form of
government. People's livelihood, often referred to as socialism, was aimed at helping the
common people through regulation of the ownership of the means of production and land.
Sun envisioned a three-in-one revolution. As his life in the west exposed him to the
problems of industrialism coterminous with the benefits, Sun advocated a social revolution
to equalize the land rights and to prevent the ills of capitalism. As a nationalist, he
advocated a nationalistic revolution to overthrow the Manchu dynasty. As a beneficiary of
western democracy, he advocated a democratic revolution to establish a republic and
popular sovereignty.

However, replacing the dynastic order with a republican one did not change China's
pitiful situation, which became even worse to certain extent following the establishment of
the republic. Internally, the new republican government was plagued by various political,
social and economic problems. To start national finances were in disarray, with a deplete
treasury in Beijing and huge debts to foreign powers. Numerous natural disasters had
devastated the countryside, causing ruined harvests and starvation, and creating masses of
refugees who flocked into China's urban centres in search of food and employment,
augmenting the threshold of social unrest. Facing these domestic problems, the republican
government, however, was unable to do anything about it because of intense power
struggle among various political factions inside the government. In the international
realm, China continued to suffer humiliations at the hands of western power. Foreign
powers continued to enjoy their special commercial privileges and exercise control over
their respective territorial possessions in China, since the republic government continued to

38 The power struggle was mainly between Yuan and the Nationalist Party, which led some the Nationalist
Party members to declare independence the provinces in their control from the Yuan's government.
abide by unequal treaties made during the Qing rule. Furthermore, these foreign powers continued to position their troops and ships within Chinese sovereignty on the pretext of preventing anti-foreigner movements.

To make the matter worse, Yuan Shi-kai, a Qing army general who had been made provisional president of the Republic of China on February 4, 1912, suspended parliament and the provincial assemblies and forced the promulgation of a new constitution, which, in effect, made him president for life. Yet, Yuan's ambitions were still not gratified by such a status. By the end of 1915, he restored the monarchy and crowned himself the new emperor. Widespread rebellions ensued, and numerous provinces declared independence. Although Yuan’s monarchical enterprise lasted only six months, China after his death was overrun by regional warlords and was once again on the verge of total disintegration.

As systemic transformation with the establishment of a republic in China was insufficient to regenerate the nation, something far more fundamental was required to awaken the country and its people.

2. The New Culture Movement

With the republic rife with official corruption and warlordism, a group of Chinese intellectuals began to advocate a solution of cultural transformation for national revival.

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39 For instance, to achieve international recognition of his government, Yuan had to agree to autonomy for Outer Mongolia and Tibet, over which China was still to retain suzerainty. However, China had to allow Russia a free hand in Outer Mongolia and Britain continuance of its influence in Tibet.
40 The main priority of the foreign powers was to protect their investments in China, which had totalled almost $788 million in 1902 and reached $1.61 billion by 1914. See Jonathan D. Spence.
41 See Hsu, The republic that Sun Yat-sen and his associates envisioned evolved slowly. The revolutionists lacked an army, and the power of Yuan Shikai began to outstrip that of parliament. Yuan revised the constitution at will and became dictatorial. In October 1913 the parliament formally elected Yuan president of the Republic of China under duress.
42 Hsu, pp. 478-486.
The leading figures of the group were all prominent Chinese intellectuals, such as Chen Du-xiou, Li Da-zhao and Hu Shi, whom believed that the prospect of a strong and powerful China hinged on generation of a new Chinese cultural identity. These intellectuals saw China’s decline as rooted the Confucian intellectual and cultural tradition and advocated a radical solution of discarding the entire Chinese cultural heritage and putting the Western positivist cultural template in its place.\(^4\) For them, China’s ills lied with the ideological-cultural heritage rather than the type of political system; and they supported this claim by pointing to a number of events emerged following the founding of Republic of China, which I will discuss briefly later. To revive China, in their view, the precondition was to transform Chinese consciousness. Such a belief led them to form the New Cultural Movement, which they intended to be a cultural revolution carried out through Westernization of Chinese cultural identity. Although the movement lost its appeal following China’s humiliating experience at the Versailles Peace Conference which brought a conclusion to the World War I, its brief existence (1911-1919) was well compensated for by its immense contribution to the transformation of the Chinese linguistic system and the development of Chinese nationalism as a whole. Let us now have a look at its genesis, its contributions and its overall imprint on China’s search for a formula of national revival.

Under these discouragements, the previous expectation that a new political system would bring about a China with renewed strength and power fell into pieces. It seemed obvious that China’s revival needed more than a change of political system. Among the

\(^4\) Maurice Meisner, Li Ta-Chao and the Origins of Chinese Marxism. (Cambridge, Mass: Harvard University Press, 1967), p.35. This group of intellectuals are often referred to as the New Youth group, an appellation derived from the periodical bearing the title of New Youth (Xin Ching Nien in Chinese), which was the leading organ of China’s emerging westernized intelligentsia. Most members of the group sat on the editorial board of New Youth.
Chinese who discerned the inadequacy of political transformation in response to the question of national revival and began to advocate a program for cultural transformation were largely a group of western-educated intellectuals, also known as the New Youth group. This group composed of such prominent intellectuals as Li Da-zhao, Chen Du-xiou and Hu Shi, argued that the failure of the republican system to regenerate China lied in outmoded traditional Chinese values and that the survival of China in the “struggle for existence” in the modern world called for the destruction of old values and the adoption of an entire new culture.\(^4\)

The Chinese intelligentsia’s involvement in national empowerment came a long way, dating as far back as mid-19 century, a time when China was beginning to exhibit signs of decline. Chinese intellectuals, as is probably true of intellectuals in other countries, saw themselves as “custodians and political leaders of the society,” whom could not accept the notion that China might vanish as an independent political-social entity.\(^5\) Their contributions to the quest for national revival can be made into a list of proposals, and each proposal was identifiable with a unique approach. The approach taken by the New Youth group was a radical break with all the previous ones as evident in its total rejection of Chinese cultural roots.

To the intellectuals of the New Youth group, it seemed clear that China’s ills lied with Confucian traditions and that they must be abandoned in order to revive China. Yen Fu, the founder of this radical approach, urged that Chinese cultural basis must be revised if China were to exist continuously under the dominance of Social Darwinism. His


\(^{5}\) Ibid., p. 409.
argument was that the Confucian cultural foundation was not suitable for the survival of China because it fostered passivity, contentment and harmony, the values which were opposed to such requirements of survival in the modern world as assertiveness, activism and dynamism. Though Confucianism provided the rulers with political and social stability, Yen Fu pointed out that it created at the same time an obedient people and discouraged competition and innovation. These cultural characteristics would not do well in view of Social Darwinism which confined the survival of a nation to being aggressive and strong.46 Yen’s disciple, Chen Duxiou, who later founded the New Cultural Movement with some other radical intellectuals and much later the Chinese Communist Party, echoed his teacher’s description of divergences between East and West: that the West is animated by a spirit of struggle while the East is languished in an atmosphere of tranquility and inertia; that Western society is based on the principle of individualism while Eastern life revolved about the family; that the West was guided by the rational rule of law and the principle of utilitarianism while the East was ruled by emotions and convention.47 The purpose of drawing these distinctions was to fortify the contention that the only way for China to survive as a socio-political entity is to destroy the old culture completely and replace it with the modern democratic and scientific culture of the West48

In his own words, Chen lambasted conservatism.

We indeed do not know which of our traditional institutions may be fit for survival in the modern world. I would rather see the ruin of our traditional “national quintessence” than have our race of the present and future extinguished because of its unfitness for survival...The world continually progresses and will not stop. All those who cannot change themselves and keep pace with it are unfit for survival and will be eliminated by the processes of natural selection. Therefore, what is the good for conservatism?49

47 Meisner, Li Ta-Chao and the Origins of Chinese Marxism, p. 43.
48 Ibid., p. 43.
49 Cited in Hsu, p. 498.
By the end of 19th century Yen Fu’s view had gained a large following among the Chinese intellectuals, who believed strongly that in order to revive China, its cultural-ideological foundation must first be demolished. It should be noted here that Yen Fu’s cultural approach to national survival had received little currency until now largely because the political condition amenable to such an approach was not available. Since Confucianism was so deeply entrenched in the Chinese state that the denial of the doctrine meant the denial of what Jerome Chen calls the “Confucian monarchy.” The state was not only the material expression of the doctrine but also the guardian of it. In other words, to advocate cultural transformation meant the rejection of the existing political system that was both the guardian and the product of the Confucian ideological-cultural framework, which could in turn jeopardize one’s life. Thus, the collapse of the state as the main conduit of the doctrine meant the demise of a socio-political order founded in the doctrines of Confucianism. The disintegration of the dynastic political system brought into question the whole ideological-cultural order which had hitherto sustained the Chinese state for nearly two millennia, and paved the way for the radical movement of cultural transformation.

As mentioned above, the radical movement for construction of a new Chinese cultural identity was called the New Culture movement, and it was spearheaded by several of China’s most prominent intellectuals at the time such as Chen Du-Xiou, Hu Shi and Li Dao-Zhao, whom Lin refers to as “totalistic iconoclasts” for their endorsement of a radical—yet unrealistic—solution for national revival, which was to consign the entire

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cultural heritage of China into the dustbin of history in favour of the Western positivistic cultural values.\textsuperscript{52} The radicalism in the iconoclasts’ approach largely sprang from the lamentable fact that the change of political system did not correspondingly prevail upon a change in the status of a weak and divided China. Unlike their neo-traditionalist predecessors, who believed that China’s weakness was an outcome of deviating from strict adherence to Chinese cultural heritage, the New Movement iconoclasts saw cultural roots as precisely the impediment to the revival of China as a political-social entity and believed that their destruction as the foundation of Chinese society as well as polity was absolutely necessary for any political action or institutional reform.\textsuperscript{53} As Hu Shi said, China needed to overthrow “Confucius and Sons.”\textsuperscript{54} Chen Du-xiou, Hu’s fellow culture iconoclast, echoed his remarks in these words: “we must break down the old prejudices, the old way of believing in things as they are, before we can begin to hope for social progress.”\textsuperscript{55} In another occasion Chen displayed a disdain for Chinese traditions more militantly,

\begin{quote}
We indeed do not know which of our traditional institutions may be fit for survival in the modern world. I would rather see the ruin of our traditional “national quintessence” than have our race of the present and future extinguished because of its unfitness for survival.\textsuperscript{56}
\end{quote}

One of the cultural objects which constituted “national quintessence” Chen was referring to was Chinese literature, on which his fellow revolutionary Hu Shih mounted numerous scathing attacks. In one such an attack, for example, Hu said: “China’s literature has long been withered and feeble…”\textsuperscript{57} Cooperating with his fellow iconoclasts on the editorial board of the New Youth periodical, Hu Shih launched “the literary revolution,” beginning

\textsuperscript{52} Ibid., p. 17.
\textsuperscript{53} Schwartz, \textit{Themes in intellectual history: May Fourth and After}, p. 421.
\textsuperscript{55} Ibid., p. 93.
\textsuperscript{56} Hsu, p. 498.
with reforming Chinese language in both spoken and written forms. His reason for such a
revolution was that language was the basis of literature and "a dead language [could not]
produce a living literature."58 Hu's call for language reform had a larger purpose than mere
production of "living literature" in the context of the New Culture Movement. As he
pointed out, the language reform was only one phase of the culture revolution. That larger
purpose was to demolish obscurantism of classical Chinese which had rendered education
a privileged right of the few and popularize vernacular language so that more and more
Chinese would be able to have access to education.59 The ultimate outcome of the
language reform, as Hu anticipated, was to "instil new ideas into the uneducated masses."60

Another important figure of the New Culture Movement Li Da-zhao, who was to
become one of the founders of the Chinese Communist Party later, shared his fellow
revolutionaries' views about Chinese cultural roots, but with a muted "totalistic" outlook.
As Meisner points out, Li never leveled an all-out attack on the Confucian tradition and
nor did he subject it to ridicule and deprecation that littered the writings of Chen, Hu, and
other members of the New Culture Movement. His lenient treatment of Confucianism
stemmed from his disgust with "the reactionary uses of Confucianism in contemporary
Chinese politics" than from any deep-seated hostility to the tradition itself.61 By
implication, Li's enthusiasm for a wholesale Westernization of China was much more
subdued than that of his colleagues in the New Cultural Movement. In fact, Li's view of
Western civilization was selective, displaying only a strong interest in Western philosophy

57 For more Hu Shih’s criticism of Chinese literature and his literary revolution, see Jerome B. Grieder, Hu
Shih and the Chinese Renaissance: Liberalism in the Chinese Revolution, 1917-1937. (Cambridge, Mass.;
58 Grieder, p. 83.
59 Ibid., p. 83.
60 Ibid., p. 79.
61 Mesiner, Li Ta-Chao and the Origins of Chinese Marxism p.38.
and political ideas. Furthermore, he strongly believed that both Oriental and Occidental civilizations have their respective flaws and merits, which made them complementary to one another. In short, he envisioned “a new, third civilization” emerging out from a fusion between the two civilizations.\textsuperscript{62} Latent in Li’s approach to the East-West relations was characteristically traditional Chinese dialecticism which views the relationship between things as simultaneously contradictory and inter-dependent that forms a “unity of the opposites.”\textsuperscript{63} Li’s colleagues in the New Cultural Movement, particularly Chen and Hu, objected his idea of East-West convergence. As Chen said, “Whether in politics, learning, morality or literature, Western methods and Chinese methods are absolutely different and they definitely cannot be reconciled or joined together.”\textsuperscript{64} These two divergent attitudes toward Chinese culture represented two strands of Chinese nationalism.

That Li Dazhao’s attitude toward the role of culture in the quest for national revival was rather different from his fellow activists in the New Cultural Movement sheds an important light on what Schwartz describes as “a dilemma of modern nationalism. This dilemma was, as Schwartz lucidly describes,

\begin{quote}
On the one hand, the achievement of national wealth and power may require a radical break with the constraints of tradition. On the other hand, a vital sense of national identity seems to require faith in the intrinsic worth of the nation’s cultural accomplishments of the past.\textsuperscript{65}
\end{quote}

\textsuperscript{62} As Li said in his description of the differences between East and West, “My own view is that the progress of the universe is entirely dependent upon those two kinds of world views...the peaceful and the active, the conservative and the progressive. Oriental and Occidental civilizations really are the two great pivots of world progress, and just as the cart must have two wheels and the bird two wings, it is impossible for one to be lacking. Moreover, these two great spirits will themselves gradually harmonize and fuse to create unlimited progress and a new life. Oriental civilization has become stagnant and Western civilization is weary under the burden of materialism; the crisis of the world cannot be overcome unless a new, third civilization emerges. (Meisner, pp. 46-47)


\textsuperscript{64} Meisner, p. 43.

\textsuperscript{65} Schwartz, Themes in intellectual history: May Fourth and After, p. 416.
Evidently, Li’s view of Chinese cultural heritage was much less harsh than that of Chen and Hu, but his much more balanced approach to the role of tradition in China’s rejuvenation process evinced such a dilemma from which his more radical revolutionary partners such as Chen and Hu were able to escape by virtue of their ‘totalistic’ repudiation of Chinese cultural lineage. However, the “totalistic iconoclasm” in the approach of Chen and Hu to Chinese revival was in the end less appealing to the Chinese masses than Li’s East-West fusion model. The reason was simply that their radicalism and rashness to “assimilate within a short span of time alien ideas based upon centuries of intellectual evolution” were ironically overtaken by the cultural tradition of gradualism and prudence which the iconoclasts were out to destroy.66

Comparing Chen Duxiou and Li Dazhao at this point, we find that they were at one in their uncompromising hostility to traditional Chinese culture; that they both looked to the West for philosophic guidance and accepted this guidance uncritically. Yet, while Chen Duxiou found in democracy and science specific solutions for China’s problems—social, political, and cultural—Li Dazhao’s thought remained on the cosmic level, looking forward to some cosmic act of liberation. We are not surprised that he was the first to accept the messianic message of the October Revolution.67

The project of national revival hinging upon a radical program of cultural transformation, which promoted the wholesale Westernization of China as a recipe for a strong China, left an indelible impact on Chinese language system but was short-lived partly because of its total rejection of Chinese cultural heritage which found little echo among the Chinese masses and partly because of the widespread anti-West sentiment  

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66 Meisner, Li Ta-Chao and the Origins of Chinese Marxism p. 20.
generated by the Allied powers’ betrayal of Chinese sovereign rights at the Versailles Peace Conference in 1919.
The May Fourth Movement

On May 4, 1919, about 5,000 students in Beijing held a demonstration against the verdict of the Versailles Peace Conference on Shan-Dong province. Germany had signed a 99-year lease with the Qing government acquiring the use of Kiaochow in Shan-Dong province as a naval base in 1898. During the World War I, Japan, fighting on the side of the Allies, had taken Kiaochow from the Germans and subsequently occupied the whole of Shan-Dong province. When the war was over, many Chinese, especially members of the Chinese intelligentsia, had believed that the Allies would put the Wilsonian principles of open diplomacy and self-determination into practice by returning Shan-Dong province to China. Much to their chagrin, at the 1919 Paris Peace Conference the Allied powers had decided to honour the secret wartime agreements made by Japan with Great Britain, France and Italy by which Japan would retain the entitlements of Germany in Shan-Dong province. This flagrant denial of the new Wilsonian principles was the trigger of the May Fourth incident. Indeed, Wilsonian idealism and the Fourteen Points had captured the Chinese imagination; many had had strong faith in liberal democracy and hoped that Wilsonian ideals would be the new basis of international relations in the post-war era. So elated when the war was over that many Chinese paraded in Beijing to celebrate the victory of Western democracy over German despotism and militarism on November 17, 1918. It was in this state of high expectation that the Chinese delegation had come to Versailles to seek the recovery of Shan-Dong and the complete abolition of all the unequal treaties issued to

68 Germany asked the Qing court for a naval base as a reward for its having played a part, along with Russia and France, in Japan's return of the Liaodong peninsula to China in 1895. Since all other major western powers had their respective base in the Far East, Germany desired to have a piece of the pie. But the Chinese rejected Germany's request. Then, in November 1897 Germany capitalized the murder of two German missionaries to pressure the Chinese into leasing Kiaochow for a ninety-nine year period, along with a concession permitting Germany to build two railways in Shandong.
foreign countries by the Qing government. However, their high hope was quickly dashed when the conference decided to allow Japan to retain Shan-Dong province.⁶⁹

The May Fourth Movement marked a new phase of China’s quest for national revival. More specifically, the quest moved away from the project of cultural transformation which most post-Qing Chinese nation-builders, be they political leaders and intellectuals, had immersed themselves in up to the point of the Versailles decision, and progressively toward political endeavors to bring about revival of China as a socio-political entity.⁷⁰ Political activism had not been regarded as instrumental in changing China during the second phase of Chinese nationalist movement as it has been shown above that cultural regeneration had occupied the centre stage of the movement. The underlying belief was that corruption, instability, and unruliness existing in the political realm were merely symptomatic of a reactionary cultural foundation which had held sway in every realm of Chinese society for centuries.⁷¹ As such, China’s revival was commensurate with the destruction of the Confucian cultural heritage. In short, it is clear that the Chinese blamed China’s weakness on her own faults. Furthermore, political leaders and intellectuals alike were in favor of Western democracies and looked to them as the guiding light for rebuilding China, even while most western countries, Britain, France, and Germany, still controlled a large number of Chinese urban centres and seaports. As Jerome Chen points out, the world ‘imperialism’ had remained outside Chinese nationalistic thinking in view of western powers’ presence in China.⁷² The Allied powers’ decision over China’s Shan-

⁶⁹ For detail on how the Allied powers reached the decision on the Shang-Dong question at the Versailles Peace Conference, see Margret Macmillan, Paris 1919: Six Months that Changed the World. (New York: Random House, 2001).
⁷¹ Meisner, Li Ta-Chao and the Origins of Chinese Marxism, p. 21.
⁷² Chen, p. 10.
Dong province at the Versailles Peace Conference changed drastically the Chinese perception of the West as well as their nationalistic aspirations.

First of all, the Versailles decision betrayed the true façade of liberal democracies of the West, notably moral hypocrisy veiled by democracy and progressiveness. From that moment on, most Chinese found it difficult to accept the West as teacher and oppressor simultaneously. What is more, the outcome of the Versailles Conference led many Chinese intellectuals to the conclusion that China must rely on herself for rejuvenation and empowerment. One such believer was Li Dazhao, who abandoned the project of cultural transformation after the Versailles decision and began to subscribe to Marxism. As he pointed out shortly after the May Fourth Movement:

In dealing with the Shan-Dong problem we were weak and submissive, and today we hope that other people will come to lend us a helping hand; but it should be known that even in a period of justice, humanism, and brightness people without will and backbone who are unable to help themselves will not be helped by other people; and in a robber world they will suffer even greater misfortunes. Yet we still dream that someone else will come to help us. This shame of having lost our independent nature is a thousand times deeper than the shame of losing territory.

Secondly, most intellectuals who had committed to the belief that cultural transformation was the primary source of change in the previous phase became increasingly in favor of a political transformation as a prerequisite to the solution of national revival. As Li Dazhao, the moderate member of the New Cultural Movement, said after the Versailles decision in response to the radical Hu Shi, who still clung onto the cultural line,

It is first necessary to have a fundamental solution, and then there will be hope of solving concrete problems one by one. Take Russian as an example. If the Romanoffs had not been overthrown and the economic organization not reformed, no problems could have been solved. Now they are all being solved.  

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73 Hsu, p. 594.
74 Meisner, Li Ta-Chao and the Origins of Chinese Marxism, p. 98.
75 Mesiner, p. 107.
The May Fourth Movement opened a new chapter in Chinese nationalism. Not only did the movement signal a move away from the cultural realm toward the political sphere in the quest for national revival, but also the demise of the Westernization project which the New Cultural Movement leaders had created to revive China. However, the irony was that the ideology which was to guide a large number of Chinese intellectuals and political activists in their nationalist endeavors in the post-Versailles era was of western origin, namely Marxism. Let us now turn to the discussion on why and how Marxism became the formula for China’s revival in the post-Versailles era.76

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76 The May Fourth Movement also helped to rekindle the then-fading cause of republican revolution. In 1917 Sun Yat-sen had become commander-in-chief of a rival military government in Guangzhou in collaboration with southern warlords. In October 1919 Sun re-established the Nationalist Party (the Guomindang) to counter the government in Beijing. The latter, under a succession of warlords, still maintained its facade of legitimacy and its relations with the West. By 1921 Sun had become president of the southern government. He spent his remaining years trying to consolidate his regime and achieve unity with the north. His efforts to obtain aid from the Western democracies were ignored, however, and in 1921 he turned to the Soviet Union, which had recently achieved its own revolution. The Soviets sought to befriend the Chinese revolutionists by offering scathing attacks on “Western imperialism.” But for political expediency, the Soviet leadership initiated a dual policy of support for both Sun and the newly established Chinese Communist Party (CCP). The Soviets hoped for consolidation but were prepared for either side to emerge victorious. In this way the struggle for power in China began between the Nationalists and the Communists.
The Rise of Communism in China

The rise of communism in China is just another leg of China’s long journey of regeneration. Before the Versailles Peace Conference and the May Fourth Movement, the Chinese had not shown much interest in Marxism. One reason was that the Chinese revolutionaries, preoccupied with the immediate need to overthrow the Manchu dynasty, had been more interested in methods and ideologies that promised quicker solutions than those offered by Marxist doctrine.\textsuperscript{77}

Another reason is that Marx himself had shown little interest in China, apart from some writings on the Taiping rebellion, and his view of a historical development for human societies from primitive communism through an era of slavery to feudalism and capitalism did not appear to fit China’s historical experience. Given that China was far from even being at the embryonic stage of Capitalism—hence the two key players, the capitalist and the proletariat, which are pre-requisite for a Marxism revolution, did not exist in China, Marxism had very little appeal to the Chinese.

A third reason is that the Chinese intellectuals and revolutionaries turned to the existing democratic institutions and scientific culture of the advanced countries of the West, not to the revolutionary political movements in the West that opposed the existing order after the overthrow of the Manchu Dynasty followed by the establishment of the Republic in 1911.

A fourth reason is that most intellectuals, particularly the New Cultural Movement iconoclasts, immersed themselves in the endeavors of cultural and moral renovation while deliberately shunning political participation. Hu Shi, one of the most militant cultural

\textsuperscript{77}Meisner, \textit{Li Ta-Chao and the Origins of Chinese Marxism}, p. 53.
reformers in the movement, pronounced that he would "[refrain] from political involvement for twenty years, from talking politics for twenty years," shortly after the founding of the Republic of China in 1911.\textsuperscript{78}

Lastly, that Marxism received scant attention in China before the May Fourth Movement was also because liberalism, its ideological antithesis, was the political ideology to which most Chinese intellectuals and political activists paid attention. As mentioned above, the Chinese intellectuals were interested in importing western political systems and cultural values into China.

If Marxism was too far-fetched a political program for China's conditions to be attractive to the Chinese before the Versailles decision in 1919, what about the Bolshevik Revolution in 1917, which took place in China's neighbor, Russia? Russia was also similar to China in many respects. Insofar as Marxism was concerned, one noteworthy respect was that both Russia and China were agricultural society with a vast peasantry class. One general comment which can be made on the Chinese reaction to the Bolshevik Revolution is that the Chinese received the news of the revolution with considered reservations.

Although the eruption of the Bolshevik Revolution in 1917 laid the groundwork for the adoption of basic elements of Marxism, as Meisner points out, the revolution did not stir much reaction within the Chinese intellectual world.\textsuperscript{79} Only a handful of Chinese intellectuals responded to the event with some enthusiasm, given the social and political similarities between Russia and China, and hoped that geographical propinquity would allow the revolutionary waves to spill into China from Russia. That said, it is clear that

\textsuperscript{78} Grieder, p. 115.
\textsuperscript{79} Meisner, Li Ta-Chao and the Origins of Chinese Marxism, p. 61.
most intellectuals maintained an ambiguous attitude toward the revolution. Their avoidance of a clear view can be attributed to several concerns. For one thing, there was considerable doubt that the Bolsheviks would be able to maintain their precarious hold on political power. They were besieged by enemies with formidable military power from both inside and outside countries. If the Bolsheviks were able to cope with the civil war to which their overthrowing of the Tsarist government had immediately given way, it was widely assumed that the European powers would soon assemble in Russia to reverse the course of history. Given this, even those who were most attracted to the revolution chose to stay on the sidelines while apprehensively observing the course on which it was to unfold. Secondly, and as mentioned above, the Chinese intelligentsia had been preoccupied with a cultural revolution rather than a political-social one in China. They were also predisposed to look to the advanced countries of the West for political and intellectual guidance. 80 As Meisner points out, it would require some kind of "psychological reorientation" that the Chinese should turn away from the advances countries such as France, England and American, where democracy and science seemed triumphant, to seeking ideological and political leadership from Russia, a country equally backward and poor as China. 81

Lastly, the political ideology championed by the Bolsheviks had remained largely unknown in China, as mentioned above. As Meisner points out, the Chinese could not be expected to comprehend political vocabularies such as "the dictatorship of the proletariat" and "dialectical materialism." 82 The unfamiliarity with Marxism of both the Chinese intellectuals and political leaders impeded them from providing any informed and

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80 Meisner, Li Ta-Chao and the Origins of Chinese Marxism, pp. 62-63.
81 Ibid., p. 63.
82 Meisner, Li Ta-Chao and the Origins of Chinese Marxism, p. 63.
substantial response or view. As Meisner further states, the Bolshevik Revolution provoked only “curiosity rather than passionate declarations of approval or denunciation.”

Though the Versailles decision undermined the credibility of the West, which in turn allowed Marxism to gain large conversion in China, because it provided the Chinese with an ideological attack on the existing order of the West, Lenin’s rendition of Marxism enabled countries like China to adopt Marxism not only as a weapon against the West but also a political formula for national revival.

The Russian Revolution has shaken off the last dismal autumn leaves from the tree of the world...although the word Bolshevism was created by the Russians, its spirit expresses the common sentiments of twentieth-century mankind. Thus, the victory of Bolshevism is the victory of the spirit of all mankind.

An informed mind would know that Marxian tenets apply only to the industrialized West, even the critiques were inextricably linked with the problems created by industrialization and the rise of capitalism. Most non-Europeans countries had either no trace of capitalism or embryonic stage of it. According to Marx, writing as early as in 1853, some of those non-European countries operated on “the Asiatic mode of production” which was even more backward than the economic system based on slave-holding. If we can quickly recall Marx’s four stages of historical development, the trajectory is led by primitive communism and followed sequentially by slavery, capitalism and communism. Marx equated the Asiatic mode of production with the stage of primitive communism, and the earliest stage of historical development at that, where civilization is still far ahead in the distant horizon.

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83 Ibid., p. 63.
85 Carrere d’Encausse, p. 8.
Upon assigning the non-European societies to the status of primitive communism, Marx, however revolutionary his ideas were in the light of his time, would surely have found shocking the thought that those primitive societies could and should be the leader of a world-wide communist revolution, as his disciple Lenin would propose in July 1920 at the Second Congress of the Communist International. It is certain that Marx did not reject the possibility that Asia plays a certain role in a Europe-led globalized revolution, and he in fact held a view that the spread of capitalism by the European countries into the non-European countries would harbor the seeds of mass discontentment which would germinate into a full-blown revolution in Europe.\textsuperscript{86} Be that it may, Marx envisaged Europe to be the centre stage of revolution, not Asia. Marx’s biases can be attributed to a certain degree of euro-centrism which he possessed being after all a citizen of the first industrialized part of the world. However, his prejudices had also practical grounds where his theories of revolution were concerned, namely the protagonists to carry out a revolution and the material basis necessary for the revolution. In the non-European countries the two criterion were found either entirely absent or still at the nascent stage of development. Thus, when commenting on the possibility of the Russian village community transforming into a higher form of socialist property in 1894, shortly before his death, Engels pointed out: “the initiative for such an eventual transformation...cannot come from this community itself, but solely form the industrial proletariat in the West. The victory of the Western European proletariat over the bourgeoisie, and the replacement of capitalist production by socially-organized production which will accompany this victory—this is the necessary precondition to the raising of the Russian commune to this level.”\textsuperscript{87}

\textsuperscript{86} Carrere d’Encausse, p. 9.
\textsuperscript{87} Carrere d’Encausse, p. 12.
Why and how then did Marxism make its way into the mainstream of the Chinese intelligentsia and became consecrated as the sacred instruction for national revival? The answer must begin with Lenin, who was "the mediator between Marxism and the non-European world," as Schram puts succinctly. A more precise description of Lenin’s role as the mediator would be that he rendered Marxism applicable to those parts of the world where Marx had largely overlooked when building his theory on communism. As a theoretician in practice, Lenin founded the notion of imperialism which became the theoretical impetus for all the revolutions conducted in the name of Marxism that were to take place in the non-European world.

In his *Imperialism, the Highest Stage of Capitalism*, Lenin proclaimed that imperialism was the "monopoly stage of capitalism," and that when capitalism reached such a stage, as in the late 19th and early 20th centuries, it had to seek overseas markets to sell its surplus goods and to buy raw materials. By extension, he went on, the non-European world became both the dumping ground for the surplus goods and the source of exploitation given the vast untapped market and abundant cheap labor. As Lenin wrote of imperialistic expansion,

> [T]he division of the world is the transition from a colonial policy which has extended without hindrance to territories unseized by any capitalist power, to a colonial policy of monopolistic possession of the territory of the world which has been completely divided up.  

Lenin saw a close link between European imperialism and the immense revolutionary potential of the non-European world on several premises. First, imperialism created a

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88 Ibid., p. 16
89 Lenin, *Imperialism, the Highest Stage of Capitalism: A Popular Outline*, (Peking: Foreign Language Press, 1970), p. 105. Imperialism is capitalism in that stage of development in which the dominance of monopolies and finance capital has established itself; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun; in which the division of all territories of the globe among the biggest capitalist powers has been completed.
90 Lenin, p. 105.
relationship between the West and the rest of the world which was essentially the same exploitative relationship between the capitalists and the proletariat inside the countries of the West. One of the founders of the Chinese Communist Party named Li Dazhao captured this keenly by calling the non-European countries “the proletariat nation.” A nation whose role was now the same as the proletariat had also the theoretical legitimacy to partake in a worldwide revolution by conducting a revolution within its borders first. Second, the masses inside those “proletariat nations” were facing double exploitation. They were exploited by both the domestic and foreign oppressors, which should make them doubly more revolutionary than their European counterparts. In this light, Lenin believed that the non-European world was the “weak link” in the chain of imperialism and that the revolutions in that world would cause the entire capitalist system to collapse.91

Lenin’s doctrine of Imperialism allowed thus nationalism to play a role in the liberation of the backward countries—the non-industrialized nations. As the doctrine implies, to liberate one’s country from the ravage of imperialism was at the same time to eliminate the obstacle which was thought, and rightly so, to be the impediment to national revival. In the post-Versailles China, many intellectuals were attracted precisely to this positive attitude toward the role of nationalism in Lenin’s version of Marxism, an attitude which Marx himself would definitely disapprove of.

There was another dimension of Lenin’s doctrine of imperialism which caught the Chinese intellectuals’ fancy. It was the notion that fighting against imperialism at home was an extension of a revolutionary war on imperialism at global level, which provided a space for Chinese nationalists’ messianic vision that China would somehow be able to

91 See the debate between Lenin and an Indian communist M. N. Roy in Marxism in Asia: An Introduction with Readings.
participate in a historic movement of global scale and be a savior to those nations also suffering from ravages of European imperialism. As Li Dazhao argued, "From the beginning, the Chinese national revolutionary movement was a part of the world revolution. The success of the Chinese revolution will have the greatest influence on Europe and the whole world." Yet another facilitating factor for the adoption of Marxism in backward countries like China, was that as Marxism remained as yet realized in the West, adopting it would put China ideologically ahead of the capitalist West.

Thirdly, national liberation under Lenin's doctrine of imperialism would involve mass mobilization. The cardinal problem facing agricultural societies here was how to galvanize the peasant masses into action, but Lenin's notion of a small group of professional revolutionaries leading the masses resolved this problem. The important point here is that in this phase the Chinese peasant masses would be involved in the quest for national revival, whereas in previous phases, their role was either ignored or dismissed as insignificant by political elites and intellectuals alike. The involvement of the Chinese peasant masses in a nationalist cause would not only increase the legitimacy and popularity of the cause but also ensure a much more substantial and meaningful outcome.

Lastly, and aside from ideological as well as practical attractiveness Leninism offered to the Chinese, the popularity of Marxism was further augmented by the Bolshevik government's offer to return to China all the territorial possessions which the Tsarist regime had acquired from the Qing government. Though the Bolshevik government never

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92 Schwartz, Chinese Communism and the Rise of Mao, p. 16.
93 Meisner, Li Ta-Chao and the Origins of Chinese Marxism, p. 175.
94 Ibid., p. 100.
95 See Lenin, What Is to be done?
actually fulfilled the promise, such a gesture stood in stark contrast to the West and profoundly impressed the Chinese.⁹⁶

In the midst of May Fourth student protests against the Versailles decision, Chinese hopes for a renewed China underwent a profound change of course. Prior to the Versailles conference in 1919, most Chinese nationalists had looked to the modern West for a viable solution for revitalizing China. They had been disappointed with the inability of republicanism to move China forward, resulting in a belief that the largest obstacle to a China now with a new political system was the Confucian cultural heritage. And they had arrived at a conclusion that only by means of a transfusion of western cultural values would China be strong again. However, the allied powers’ decision reached at the Versailles conference, giving the Shan Dong province to Japan at the expense of China’s territorial sovereignty, shattered a naïve faith held by the Chinese nationalists about moral rectitude of the modern West. If the Chinese had focused with great admiration their gaze at all the apparent democratic practices in western societies, the Versailles Treaty revealed the evils of capitalism to them. If they had blamed their own cultural heritage for impeding China’s progress, they now saw western imperialism as the largest source of China’s predicament. Thus, the Chinese nationalists, bar a few still entrenched in their illusions about western democracy, turned to Marxism, the antithesis of liberalism, for inspiration and strength required to transform China into a modern nation. In July 1921, two years after the Versailles Peace Conference, a group of Chinese nationalist intellectuals, assisted by Grigorii Voitinsky, an agent of the Third Communist International, or Comintern in abbreviation, formed the Chinese Communist Party (the CCP) in Shanghai. Although both Li Dazhao and Chen Duxiou, formerly leaders of the New Culture

⁹⁶MacMillan, p. 341.
Movement, were absent at the founding meeting, they were honored as the co-founders of the party. According to Hatano, the Congress devoted some time to the question of party organization and established a party constitution and a Central Committee which was constituted under the chairmanship of Chen Du-xiou. Among twelve people at the meeting was the future leader of the CCP, Mao Zedong, who had been invited to be the delegate from the Hunan province because of his reputed political activism in rural areas of Hunan.

In converting to Marxism, Chinese communists possessed in reality an incomplete understanding of their new ideological faith, a deficiency originated from the fact that the Marxism they had found appealing was of a Leninist rendering. As Meisner points out, "those who came into the Communist fold in China were committed to a "Marxist" revolution long before they had accepted even the basic assumptions of the Marxist worldview. This meant that they responded to the message of the Bolshevik Revolution almost completely outside of the framework of Marxist categories of thought". As mentioned above, Lenin's theory of imperialism, together with the outbreak of the Bolshevik Revolution in Russia, received a delayed welcome in the post-Versailles China, particularly within the circles of Chinese intellectuals and political activists, for the Chinese had held a strong faith in western democracy. As sterile calculations of power

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98 Schwartz, Chinese Communism and the Rise of Mao. p. 35.
99 As Schwartz points out, the CCP members had never systematically studied Marxism. Early Chinese communists were thus quite unlike European and Russian Marxists, who had typically spent years studying and debating the fine points of Marxist theory before they decided to participate in the kinds of activities indicated by the communist worldview.
100 Meisner, Li Ta-Chao and the Origins of Chinese Marxism, p. 56.
politics motivated the allied powers to sacrifice China's territorial integrity at the Versailles Conference, the hyper-sensitive nationalist psyche resulting from China's long decline was transmuted into an explosion of anti-West hostility. It was in this context that Lenin's theory of imperialism became a ringing truth to Chinese nationalists. As Benjamin Schwartz laconically commented,

The founding of the Communist Party by a handful of young men, whose commitment to Communism (Leninism) was still a most tentative and superficial affair. They were still the young men of the May Fourth period experimenting with various doctrines but profoundly committed to none. They had come to Communism in the same spirit in which they had previously accepted guild socialism, Tolstoyanism, or theories of free love. The Leninist theory of imperialism, the Karakhan proposals, and the messianic hopes aroused throughout the world by the October Revolution had simply created an emotional atmosphere favorable to the acceptance of Communist doctrine. It was only by hard experience that they were to learn the meaning of total commitment in thought and act and the meaning of iron discipline.\footnote{Schwartz, \textit{Chinese Communism and the Rise of Mao}, p. 35.}

Whereas the modern West had been held as the model for China's revival, Chinese nationalists now attributed its strength and prosperity to imperialist expansion, of which China was a victim. As Li Dazhao argued, China was actually a part of the world proletariat. His reasoning was that China was at the mercy of foreign imperialists who were exploiting all the Chinese people in a manner similar to that in which he capitalists exploited their own workers—by owning the means of production and seizing the workers' surplus value for themselves.\footnote{Schwartz, \textit{Chinese Communism and the Rise of Mao}, p. 35.}

Not only did Lenin's theory enable the Chinese to justify their hostility towards the modern West in the post-Versailles era. But in Leninism did they also find a method for translating their hostility into action, which became the latest answer to the question of national revival. As Benjamin states, "the group of around Chen and Li first became committed to a course of political action, a Marxist-style revolution. The appeal of
Communism to Chinese intellectuals was that it provided an immediate solution for China. The tasks were now to rescue China from the evils of imperialism, and then to place it on the course of socialism, the antithesis of capitalism. Chinese nationalists' adoption of socialism as the program for saving China manifested a rejection of capitalism.

If Marxist-Leninist theory taught that capitalism was a universally necessary and progressive stage of historical development, Chinese nationalist intellectuals militated against embracing that elemental Marxist proposition. For modern capitalism in China was primarily an imported phenomenon under the aegis of foreign imperialism. With industrial capitalism expanding in twentieth-century China, all the social evils associated with early industrialism in the West were recreated, particularly within foreign-dominated treaty ports. It would be incorrect to claim that none of those evils had existed in China prior to the arrival of western influence, as it is simply not true, smack of chauvinism, but imperialism did strike at what the Chinese were incapable of dealing with, primarily due to their century-long stagnant civilization. As imperialist incursions brought the Chinese to seeing the backward status quo in all areas of their own civilization, their hostility was however externally directed, because it was almost an universal rule of human nature to heap blames on an external force for one's own faults rather than critically examining oneself. In this sense, Chinese nationalists only saw all the humiliations their country had

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103 Ibid., p. 35.
104 Imperialist incursions awoke the Chinese to the repressive nature of their own society, for few people could refute the fact that the introduction of technological innovations as a result of imperialism transformed China from a country of many self-contained social enclaves into one interconnected by means of modern transportation and the printing media. They began to see the evils. It is thus unfair to blame entirely foreign imperialism on creating evils. Some of those evils had long existed in Chinese society, but low rate of literacy, Neolithic communicative means, and lack of transportation, together with oppressive structure of social relations, kept the Chinese blind about the problems of their own society. It was those educated who came to see China as it was, but the problems of their own country were exacerbated by foreign imperialism. The sense of hubris as a concomitant product of education could also be the factor in indigenous intellectuals hostility towards the advanced West, which strikes the cord of inferiority in them.
suffered at the hands of imperialism, but never asked themselves what had contributed to their sufferings in the first place. It may be said that it was their chauvinism, nourished by the century-long self-perception of greatness, that drove them to reject capitalism.\textsuperscript{105} As Meisner points out, "it was not old Confucian biases against commercial activities that made Chinese intellectuals suspicious of capitalist development but rather modern nationalist impulses."\textsuperscript{106} Some western-educated Chinese Marxists indeed attempted to adhere to orthodox Marxist perspectives, but no rational arguments could calm the powerful nationalistic fervor in liberating China as quickly as possible from the shackles of imperialism, and in turning it into a country far more advanced than the modern West. Seen from these motives, communism is therefore an instrument for reviving China.

\textsuperscript{105} Such chauvinism has experienced a revival recently in China, as Marxism-Leninism is steadily losing their appeals to the Chinese intoxicated by all the attractions of capitalism.

\textsuperscript{106} Meisner, \textit{Li Ta-Chao and the Origins of Chinese Marxism}, p. 12.
The Communist Projects of National Revival

The project of national revival was inherited by the communists, who defeated the nationalist and seized the control of China in 1949, after having survived nearly thirty-year guerrilla life in the dangerous and impoverished terrains of China’s boundless countryside. But whatever programs the communists had in store for extricating China out of historical stagnation, their implementation had to be delayed, since there was no preoccupation more urgent in the minds of the communists than that of consolidating the newly acquired power. The period from 1949 to 1952 was said to be a transitional stage in China’s socialist construction, a stage neither fully capitalist nor fully socialist but interposed between the bourgeois-democratic revolution and the socialist revolution. Mao called this stage “New Democracy”. During this stage, as Mao said in *On the People’s Democratic Dictatorship*, “the People’s Republic will not expropriate private property other than imperialist and feudal property and so far from confiscating the national bourgeois’s industrial and commercial enterprises, it will encourage their development.”

The New Democracy stage is also labeled as the stage of socialist transformation by the post-Mao CCP literature on the Party history. Mao devised the idea of New Democracy on the strategic wisdom of Lenin’s theory of United Front, a theory deriving much of its inspirations from the ageless ‘divide and rule’ principle. The communists, as the theory instructs, are to capture the crown through allying the strong to eliminate the weak forces of opposition, and repeat the process until having eliminated the last opposition. Mao churned out a similar theory,

which he called "the principle contradiction." This theory enables the communists to
detect and resolve the "principle contradiction" in the process of socialist development. It
is however worth noting that one has to consider the "principle contradiction" in relation to
the communist government. For what is referred to as the "principle contradiction" by the
communists is no doubt at once a threat to their rule. And it must be eliminated one by one.

There seems to be a common habit of characterizing Mao as an ideologue in the post-
Mao China as well as among many China watchers in the West. Mao's idea of New
Democracy shows Mao no less capable of being a pragmatist than an ideologue,
however.\textsuperscript{108} He proposed the idea simply out of two major practical considerations. First,
it was out of a rational calculation of power. The CCP needed to consolidate its power as a
brand new ruler in China. After driving Jiang Jieshi and his nationalist troops (the KMT)
from the mainland, the communists still faced both overt and covert resistance from the
remaining KMT loyalists, and the anti-communist Americans, who were poised to topple
the new regime on behalf of the old. The communists had to exercise prudence, keeping
their sword sheathed, lest their enemies recapture China which they had fought with every
bit of sweat and blood to acquire for nearly thirty years. Thus, the New Democracy was
necessitated by a context where the communists were desperately in need of peace and
stability (it seems quite ironic that the communists are still obsessed with this need to this
day) for cementing their possession of China. In a sense, the communists were forced by
the reality not to antagonize the majority of Chinese power after seizing power, and to
appeal nationalism rather than communism to the Chinese population in an effort to secure
the confidence of the majority while isolating the "principle contradiction", namely those

\textsuperscript{108} Read Manoranjan Mohanty, \textit{Mao, Deng and Beyond: Dialectics of Early Stage of Socialism, China
who were still resisting the communist rule in China. Second, there is a consideration of the post-war economic conditions in China. The 1937-1945 war against Japanese invasion, followed by the four-year long civil war between the communists and the nationalists, deplete China’s economic wealth. When the communists established the People’s Republic in 1949, most modern industries had been destroyed by the wars, with a mounting inflation in China’s economy. To attain peace and stability in the war-torn China, another urgent need was to rebuild China’s economy. It was in this context that the communists tolerated the continued existence of private economies in both urban and rural areas. In the cities, although state-owned enterprises will be “the leading force in the whole national economy” under the communist republic, the new government will “neither confiscate capitalist private property in general nor forbid the development of such capitalist production” as long as it does not “dominate the livelihood of the people.” In the countryside, the communists invoked Sun Yatsen’s principle of “land to the tiller”, taking land from the control of landlords and distributing it among the peasants, who were in turn allowed to privatize their respective portion. 109 By tolerating private economy and

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109 The communist government launched land reform in June 1950, with the passage of the land reform law. The law prescribes land reform be carried out with moderation and gradualism. It rejects an argument that land reform functions to relieve the poor. Rather, it emphasizes that the reform is to free the rural productive forces and “pave the way for industrialization.” The law also insists upon the maintenance of political order in rural area in preference to the suppression of landlord opposition. Furthermore, the law permits rich peasants and landlords to retain their land for their own use. As Mao explains, “The first step of new democracy policy with regard to rural areas is that land be confiscated from landlords and feudal relations be destroyed.” This is different from establishing a Socialist agricultural system. It only turns the land into the private property of the peasants. The economy of the rich peasants’ agriculture is allowed to run as usual. This is the direction of “equalization of land right”, the correct slogan for which is “Land to those who tilt it.” During the initial months of land reform, only a small fraction of the rural landowners had their land seized. Although the holdings of the landlords themselves were confiscated and redistributed, in many cases the land of rich peasants were not touched. However, in the late summer of 1950, the CCP stepped up the pace of land reform, largely because of the entrenched power and influence of landlord over peasants. Furthermore, landlords also use kinship ties and organizations to subvert land reform measures. The poorer peasants themselves, little confident in the power of the newly established CCP regime, were reluctant to oppose the forces that had traditionally dominated the villages. As a consequence, the new land reform program broke permanently the hold landlords over their villages. The method used was class struggle and mass mobilization. The CCP sent work teams down to the
classifying elites into patriotic and imperialist, the communists managed to gain the support of peasants in the countryside and industrialists in the cities for revitalizing China's economy, while weeding out the resistance of traditional elites. In sum, the New Democracy phase was a phase of regime consolidation, where the communists permitted the continued existence of an economic system based on private ownership in both urban and rural areas in China, in order to obtain public support for their governance.

While Mao tolerated the existence of capitalism in China, he devoted much of his energy to making sure that the force of capitalism would only serve to strengthen, not undermine, the communist rule. As Mao said himself, "China must utilize all elements of urban and rural capitalism that are beneficial and not harmful to the national economy." But Mao also urged that capitalism must be regulated. As Noumoff succinctly points out, "the structural features of the capitalist stage would develop in an accelerated and controlled manner under the tutelage of the proletariat—in effect the positive achievement of the capitalist stage without capitalist rule." Mao himself also made this point crystal clear in his *On New Democracy*, and added in an imperative tone that China would not become a capitalist country. As he wrote,

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China's economy must develop along the path of the "regulation of capital" and the "equalization of landownership", and must never be "privately owned by the few"; we must never permit the few capitalists and landlords to "dominate the livelihood of the people"; we must never establish a capitalist society of the European-American type or allow the old semi-feudal society to survive. Whoever dares to go counter to this line of advance will certainly not succeed but will run into a brick wall.\textsuperscript{113}

It is clear that Mao's answer to the question of national revival rejects the option of capitalism, inheriting the ideological legacy of both Li Dazhao and Cheng Duxiou. Like the populists, Li assumed that China would not be forced to endure a capitalist phase of development before the achievement of socialism. In "Youth and the villages" he stated that the purpose of the intellectuals in "going to the villages" was to "spread the principles of humanism and socialism." Later he explicitly argued that it was possible—indeed necessary—for China to bypass the capitalist stage and proceed directly to a socialist reorganization of society.\textsuperscript{114}

Li was willing to concede that the economic factor played an important role in human evolution, but unless changes in economic structure were accompanied simultaneously by a transformation of the human spirit, they would be fruitless. Clearly, he did not share the Marxist faith that a change in economic structure would itself engender a transformation of the human spirit. There is no doubt that Li and Chen are indeed the spiritual fathers of Marxism-Leninism in China, and the first founders of the Chinese Communist Party. Furthermore, as Schwartz observes, "Marxism was carried into China in the wake of the messianic message and the concrete political program of Lenin."\textsuperscript{115}


\textsuperscript{115} Schwartz, \textit{Chinese Communism and the Rise of Mao}, p. 27.
While Chen Du-xiou had become totally committed to Marxism-Leninism, he hardly seemed aware of the perplexing problems involved in this commitment. The whole problem of the "inevitability of the capitalist stage" which had perplexed a whole generation of Russian Marxists, the problem of how to cope with the national factor which had so long preoccupied Lenin, did not seem to exist for him. It had, after all, been precisely the escape from complexity provided by the clear-cut antinomy between capitalism, as the source of all evil, and socialism, as the harbinger of all good, which so strongly attracted him.\footnote{Ibid., p. 28.} Chen adamantly rejected the formulation that capitalism leads to industrialization.

We all agree that it is essential to develop education and industry. On this there is a complete agreement. The question is, however, whether in developing industry and education we shall use the old methods of capitalism or the methods of socialism. My own view is that while capitalism may have been effective in advancing education and industry in Europe, America and Japan, it has, at the same time made European, American and Japanese society mean, fraudulent, close-fisted and conscienceless. The world war and the coming economic revolutions are all fruits of capitalism. Of this we are all aware. Fortunately, we, in China, are beginning our task of industrialization and education while capitalism is still undeveloped. We can thus use methods of socialism to develop out education and industrialization, thus avoiding the errors of Europe, America and Japan.\footnote{Ibid., p. 29.}

Mao agreed with his predecessors’ views that capitalism can be skipped in China, and regarded a tentative toleration of capitalism as politically expedient. However, it seems most likely, from the benefit of historical hindsight, Mao, whose view of capitalism was profoundly shaped by his nationalistic belief that capitalism was an alien force impinging upon China by western imperialism, never accepted the Marxists proposition that socialism presupposes the material, social, and cultural products of a developed capitalist.\footnote{Meisner, Deng Xiaoping: An Inquiry into the Fate of Chinese Socialism, 1978-1994, p. 12.} Thus, he was firm about China not going through the capitalist stage. The New Democracy, as he candidly put it, was to "steer China away from a capitalist future and head toward the
realization of socialism."\textsuperscript{119} Such a position may have contributed to his call for an early end of the transitional phase, since there were resurging signs of capitalism in the summer 1950. The post-Mao leaders accused Mao of prematurely ending the period New Democracy and rushing into collectivization. As one Chinese economist commented in 1979,

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We had originally determined that the process of \textit{transformation should take some fifteen years. However, because of a subjective desire to speed things up and the adoption of stereotyped methods. the transformation was achieved within four years. We were particularly over-hasty in pressing on with agricultural co-operation and the transformation of handicrafts and small businesses. The changes were too fast.}\textsuperscript{120}
\end{quote}

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The Maoist Project: Ideological Transformation

Marx disclosed the evils of capitalism through his labour theory of value, but there is nowhere in his writings one may find him suggesting that the stage of capitalism can be avoided in the historical development of communism. According to Marx, a communist society cannot develop on its own foundations, but "emerges from a capitalist society," just as a capitalist society from a feudal one. The Chinese communists had, however, little use of such a deterministic view of history, and especially of the capitalist stage for reviving China, since their conversion to communism was indeed a rejection of capitalism—or more precisely, its mutated form known as imperialism, which they came progressively to identity as the root cause of China’s sufferings following the Versailles Conference. Thus, they rejected capitalism out of a nationalistic indignation and intended to launch China straight into the more advanced stage of socialism. Such was the lurking background of Mao Zedong’s endeavors to build a socialist China. To construct socialism from a pre-capitalist foundation in China, Mao resorted to two essential ideas of Leninism and developed operational methods accordingly. The first Leninist idea was that of proletarian consciousness, which originated from Lenin’s awareness that the triumph of the Bolshevik Revolution and the subsequent establishment of communist rule in Russia did not mean a simultaneous attainment of socialism. In Russia, as in China, where feudalism is overthrown by a revolution rather than being evolved out of history as in the modern West, a revolutionary overthrow of feudal institutions does not erase at once deep-seated feudalistic mentality. To consolidate the fruits of revolution and build socialism, Lenin

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saw the importance in transforming the masses consciousness through class struggle. In his *On Proletarian Culture*, written on October 8, 1920, Lenin states,

> All educational work in the Soviet Republic of workers and peasants, in the field of political education in general and in the field of art in particular, should be imbued with the spirit of the class struggle being waged by the proletariat for the successful achievement of the aims of its dictatorship, i.e., the overthrow of the bourgeoisie, the abolition of classes, and the elimination of all forms of exploitation of man by man.”

Thus, according to Lenin, the masses would come to eliminate from their consciousness values and beliefs of the feudal past through class struggle. Mao obtained his first real-life experience with this Leninist proposal as a witness of the 1927 peasant uprising in Hunan province. In his passionate account of the uprising, he observed that peasants attacked “the local tyrants, the evil gentry, the lawless landlords, and the corrupt officials from the cities,” and that they also tried to destroy all the feudalistic institutions that sustained socio-economic inequalities in the countryside. These observations, as it can be argued, have strongly influenced Mao’s view regarding the importance of ideological transformation in developing socialism in China. In fact, Mao began to incorporate class struggle into his strategy for creating a communist base in the rural areas of China following his return from Hunan.

Mao’s first experiment with remolding peasants’ consciousness through class struggle took place when he was running the Soviet government in Jiangxi province from 1927-1934. In carrying out the land reform, Mao instigated the Jiangxi peasants into doing what their Hunanese counterparts had done years before, confiscating local landlord’s property while destroying all the feudalistic institutions and symbols. 124 For him,

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redistribution of land must be accompanied by class struggle to inculcate revolutionary consciousness into Chinese masses, a belief which came to dominate his view on socialist construction in China. As Mao wrote later in *On Practice*, a philosophical treatise Mao wrote in 1937,

The struggle of the proletariat and the revolutionary people to change the world comprises the fulfillment of the following tasks: to change the objective world and, at the same time, their own subjective world—to change their cognitive ability and change the relations between the subjective and the objective world.\(^{125}\)

Thus, the Jiangxi land reform aimed at bringing about simultaneously the transformation of “the objective world” and of “the subjective world” of Chinese peasants. And it came about in three different but interlocked stages. The first stage is land reform, followed by land verification, after which proceeds agricultural development. Land reform entailed confiscation and redistribution of land. Land verification involved verifying whether the redistribution had been properly carried out. As Schram points out, the objective of land verification was less an economic one than “the political aim of promoting class struggle.”\(^{126}\)

Obviously, placing class struggle before agricultural development, Mao saw the cause-effect relationship between “the base” and “the superstructure” from a perspective at variance with that of his orthodox Marxist colleagues. In other words, he believed that the development of agricultural production would be possible only after a thoroughgoing transformation of social relationships. Such a position seems to have reversed the Marxian order in which the growth of productive forces precedes the transformation of productive forces.

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http://www.marxists.org/reference/archive/mao/work/1937/07.htm

relations. However, Marx himself would have probably agreed with Mao’s view regarding the relationship between the economic base and the politico-ideological superstructure. As Marx wrote,

The mode of production of material life conditions the social, political and intellectual life process in general. It is not the consciousness of men that determined their social being, but, on the contrary, their social being that determines their consciousness.\textsuperscript{127}

Removing the old economic system from one’s objective world would not simultaneously make one a new social being, because values and ideas from the old system would still be there in one’s consciousness and thus dictate one’s cognitive process and behaviour. So long as these values and ideas remained rooted in one’s mind, the old economic system demolished would soon creep back into one’s objective world. Mao’s idea of class struggle was precisely to bring about ideological transformation in peasants, consolidating the fruits of land revolution—the destruction of economic basis of feudal landlords or of feudalism. He understood the nature of Chinese society so well. In rural society, as Mao saw, the traditional elite utilized their cultural advantages such as education and organizational skill to capture the leadership of the mass organizations such as the peasant associations, thereby continuing their rule over the poor peasants. The only way to reveal their deception is to raise the poor peasant’s class awareness. As Mao said, “the revolutionary masses are engaged in a serious struggle with the landlords and the rich peasants, but this struggle is not, like that which took place during the first stage, that is, the stage of land reform, an open struggle between the white flag and the red flag; it is a

struggle of the revolutionary peasant masses against elements of the landlords and rich peasants wearing false masks.\(^{128}\)

Class struggle against the elite of the countryside does not, however, mean the physical extermination of all its members. A few of them would of course face execution but the rest would only face total confiscation of their property—the means by which they exploit the poor peasants. Land confiscation aimed at tearing asunder “the economic basis for landlord’s existence as a class.”\(^{129}\) The purpose of class struggle was to cultivate in peasants “proletarian consciousness” through the destruction of the feudal institutions, be they political, social or religious, in rural China as well as through the elimination of old values and ideas.\(^{130}\)

As class struggle was thought to be an effective method for cultivating a socialist egalitarian consciousness in Chinese society, complementary to it was the mass line, which Mao developed on the basis of Lenin’s idea of democratic centralism after arriving in Yanan in 1935.\(^{131}\) The mass line was conceived for purpose of building a style of leadership conducive to the generation of creative and initiative capabilities of the Chinese masses. In his Politburo resolution of June 1, 1943, entitled The Methods of Leadership, Mao wrote: “in all practical work of our Party, correct leadership can only be developed on the principle of ‘from the masses, to the masses’. . . The basic method of leadership is to sum up the views of the masses, take the results back to the masses so that the masses can

\(^{128}\) Schram, p. 167.

\(^{129}\) Ibid., p. 168.

\(^{130}\) Ibid., p. 168.

\(^{131}\) The year 1935 was a significant year for Mao since his participation at the founding of the CCP in 1921. Early that year, Mao was elected Chairman of the Central Soviet Government, the highest position within the CCP leadership, at the climactic Zunyi Conference. Also, the CCP leadership reached a consensus on adopting Mao’s military strategy for wrestling China from the GMD domination, namely that the CCP should encircle the GMD controlled urban areas from the countryside. A few months later, the Red Army arrived in Yanan and set up a new CCP headquarter there, thus ending the famous Long March.
give them their firm support, and they then work out sound ideas for leading the work on hand."\textsuperscript{132} Unlike the elitist system of leadership in China, where the masses have no say in the affairs of the country, the Mass Line method of leadership seeks to create a democratic environment for involving the masses in the processes of governance. Such a style of leadership as predicated on the interaction between the elite and the masses paved the way for implementing Leninist idea of democratic centralism, an idea which reconciles the rule of the people with the leadership of the Communist Party.\textsuperscript{133} In the mind of the Chinese Communist Party, democratic centralism encompasses two different "impulses". Democracy is an impulse from below while the impulse of centralism comes from top.\textsuperscript{134} The mass line method conflates two impulses into a co-ordinated process of policy-making. As Franz Schurmann points out,

\begin{quote}
Centralism implies a system where both general and specific policy impulses originate from the centre. Democracy, on the other hand, implies a system where policy impulses originate from a level below the centre. The Chinese Communists have never advocated instituting democracy at the full expense of centralism, but rather a system which combined the two in a unity of true opposites.\textsuperscript{135}
\end{quote}

Moreover, the mass line would allow peasants to shed their passivity and political apathy through active participation in politics. Lastly, the new form of leadership would permit a close relationship between the elite and people, thereby curbing the tendency of mandarin elitism inherent in the Chinese dynastic political system. The mass line approach constitutes an essential component of Mao's vision on how socialism ought to be materialized in an agrarian country like China, another component being the theory of class

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\textsuperscript{133} Tony Saich. \textit{Governance and Politics of China.} (Palgrave, 2001), p. 83.
\textsuperscript{135} Ibid., p. 86-87.
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struggle. As Selden put it well, "revolution from above could never lead the peasantry into the modern world, and the impetus for rural transformation had to come from and be sustained by revolutionary forces within the village."\textsuperscript{136} The Mass Line approach was thus a strategy for dealing with "the problems and limitations of a peasant society."\textsuperscript{137}

Both the mass line and class struggle formed the basis of Mao’s perspective regarding socialist development in China. In some thirty years between the establishment of the communist regime in 1949 and the ascendancy of Deng Xiaoping in early 1980s, Mao and his followers launched a series of ideological campaigns, of which the 1958 Great Leap Forward and the 1966-76 Cultural Revolution were most famous, in an effort to bring about a rapid revival of China.


\textsuperscript{137} Ibid., p. 248.
1. The Great Leap Forward

The Great Leap Forward was an attempt by Mao to modernize China's economy in a lightning speed. In fact, he was so ambitious as to claim at one point during the short-lived Great Leap Forward that China would surpass such highly industrialized western countries as Britain and the U.S. within fifteen years. Mao also intended the Great Leap Forward to produce better economic results than the Soviet-style plan economy adopted by the CCP from 1952-1957, an economic model which he criticized tirelessly for generating a lopsided emphasis on urban development as well as neglecting ideological transformation. Furthermore, Mao was never quite content with the fact that China used a foreign model for developing its economy, and wanted a homegrown model. At any rate, to harmonize the speed of economic development in both rural and urban areas of China, to permit a transformation in both ideological and material realms of Chinese society, and also to bring about a rapid economic progress, Mao launched the Great Leap Forward, beginning with the collectivization of rural economy so as to make rural labor more productive, since urban industrialization depended on material contributions of the agricultural sector. On July 31, 1955, Mao called for a nation-wide cooperative movement when addressing a party conference. As he announced,

The high tide of social transformation in the countryside, the high tide of co-operation, has already reached some places and will soon sweep over the whole country. It is a vast socialist revolutionary movement involving a rural population of more than 500 million, and it has extremely great and worldwide significance.\(^{138}\)

As a result of this appeal, the process of collectivization began in earnest in the entire countryside in China. Under "the high tide of socialism", the agricultural producers’

cooperatives' size expanded from 20-30 households per unit to 200-300 households per unit. However, land was not yet collectivized. In fact, peasants were still allowed to keep private plots for their own use. Mao’s program was not, as some scholars would suggest, excessively radical. For one thing, Mao called for careful preparations for new APCs, warning against “rashness” and “timidity” in collectivization. Moreover, Intensification of the cooperative campaign resulted only in moderate growth of co-operatives.139

On January 25 1956, Mao delivered a speech to the Supreme State Conference presenting his twelve-year program for agricultural development. In the speech Mao declared that China had moved the stage of socialist revolution from that of bourgeois-democratic revolution as early as in the summer of 1955. The objective of socialist revolution was to set free the productive forces of society. He suggested that in order to attain such an objective, the productive relations must first be transformed. As he stated: “from capitalist ownership to socialist ownership in private industry and commerce would lead to an ever greater release of productive forces; this laid the social basis for an enormous expansion of industrial and agricultural output.”140 The transformation of social basis, a principle of socialist development which Mao had crafted during his years in Jiangxi, had worked in Jiangxi and Yanan and should still be the key to development. Mao encouraged an ideological work to pave the way for further expansion of productive forces.

As early as 1951 Mao Zedong had sketched on alternative path towards the total collectivization of agriculture.141 He was strongly convinced of the inclination of the

139 See Teiws, p. 61. The rate of increase in the number of cooperatives was less than that achieved in the year from early 1954 to early 1955.
140 Ibid., p. 61.
Chinese peasant towards socialist ownership of land, a stand that was later to be vindicated when the peasants often went ahead of the party in the matter of ‘communization’ or in restricting private plots. Mao believed that before the new land relations could congeal, Chinese agriculture should be put through the stages of temporary mutual-aid teams, permanent mutual-aid teams, the primary agricultural producers’ cooperative, and the advanced agricultural producers’ cooperative; the peoples’ commune, at this stage, was still undiscovered.\footnote{Mao was convinced that massive machine alone would not impress the peasants into collectivizing land, for there were cases of socialist countries which had relied upon this strategy and are still waiting, e.g. Poland.}

The most characteristic feature of Mao’s economic policies was the insistence on the involvement of the masses in all levels of the production process, including policy formulation and implementation, initiative for innovation and designing, etc. To the Maoists “consulting the wisdom of the masses’ was an article of faith.\footnote{Nitin Khot, Maoism in Extremis, Liuism in Command: Economic Modernization as Strategy in Class Struggle in China, in China Report, (November-December 1979), p. 57.} They strongly believe that ‘the masses have boundless creative power. They can organize themselves and concentrate on places and branches of work where they can give full play to their energies.\footnote{People’s Daily, Beijing, 23 April 1959.}

Unlike many of his colleagues, Mao emphasized collectivization not only for its economic merits but also for the transforming effects the cooperatives could have on peasants’ political and ideological outlook. As he said explicitly, “the major purpose of co-ops was not so much to serve industrialization as to combat rural class inequality and}
stratification (mainly by eliminating the rich peasant class), and to transform private ownership and management to co-operative forms."

Recall the three-staged land revolution Mao had developed during the Jiangxi years. The policy underscores the importance of the ideological aspect of land revolution, calling for the redistribution efforts backed by class struggle. Applying the same policy to the cooperative movement of 1950s, Mao emphasized the importance of a political and ideological work in the transformation of China’s countryside.

Political work is the lifeline of economic work. This is particularly true at a time when the economic and social system is undergoing a fundamental change. The agricultural movement, from the very beginning, has been a severe ideological and political struggle. No cooperative can be established without going through such a struggle. Before a brand-new social system can be built on the site of the old, the site must first be swept clean. Old ideas reflecting the old system unavoidably remain in people’s heads for a long time. They do not easily give way.

Depriving the landlord and the rich peasants of their properties through land reform does not necessarily clear the pathway for socialism. So long as old values, ideas, and habits exist, capitalism will revive in due course. Political and ideological work in the form of class struggle precisely were aimed to do away with old ideologies and thoughts in China’s countryside. In a word, socialist development in China’s countryside, according to Mao, should not only focus on the change of material conditions but also, and more importantly, that of social consciousness, which can be brought about through agricultural

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146 Mao, *The Three Important Writings of Mao Zedong*, p. 429.
collectivization, that is, through transforming individual economy into collective economy.  

Mao also conceived that collectivization was a process of qualitative change—the change of essence or in the context of this essay, the change of ideological outlook of Chinese peasants, and that that process consisted of several stages (mutual-aid teams, early-stage cooperatives, advanced cooperatives, and people’s communes). However, as Mao noted, the process, through which agriculture was gradually to be socialized, effected both quantitative change and partial qualitative change in peasants’ mentality at each stage. If a complete transformation, especially concerning that of one’s consciousness, can only come about through evolution while the danger of lapsing into old habits lurks constantly in the background, it is then necessary that the process of ideological transformation must be uninterrupted in order to effect as well as consolidate change at every single stage.  

As he said, “in any lengthy process of change, before entering the final qualitative change, the


\[ \text{\textsuperscript{148}} \text{ Ibid., p. 57. The different stages of the collectivization process can also be understood, in a less abstract manner, as the unit of accounting—also known as the size of a production unit. The unit of accounting is the organizational size for both production and redistribution; and the larger the size of a unit is, the higher it is in terms of social consciousness as well as productivity. For example, the traditional unit of accounting in China’s countryside is a family or a household, which is the lowest unit of accounting because it is based on “individual economy.” A household as the unit of accounting thus hampers the process of socialization of agricultural production, essential to the attainment of socialism. Each unit of accounting will go through the process of ideological internalization on the part of participants. This process may also be called consolidation of socialist ideologies whereby members of a given unit of accounting would gradually internalize a particular ideology identified by that unit and thus attain a higher level of consciousness. The consolidation will be brought about by class struggle. As Mao said, “After a cooperative is established, it must go through many more struggles before it can be consolidated.” Once consolidated, the lower unit of accounting is to be superseded by a higher one. The transition from a lower unit of accounting to a higher one ought to be carried out after an accurate assessment of the distance between the level of consciousness and the new unit of accounting. The transition must not occur before the internalization process have completed. In the case where the new unit of accounting implemented is far too advanced from the level of consciousness people are at, the situation must then be rectified through returning to the previous unit of accounting.} \]
subject must pass through uninterrupted quantitative changes and a good many partial changes.\textsuperscript{149}

The collectivization movement was both a transformation of rural economic structure and an ideological makeover of peasants, as Mao had always believed it to be since Jiangxi. In this regard, the Great Leap Forward can be considered an alternative to the Soviet model or more precisely to a model conducive to "elitism, bureaucratism and exclusivity of economic development."\textsuperscript{150} In short, the Soviet model was antithetical to what Mao had always believed a developmental model should be.

As mentioned above, the limitations of the Soviet model became clear as China’s agricultural production could not keep up with the pace of industrial development. This problem had to be dealt quickly if China was to proceed further with industrialization. At the Third Plenum of the Eighth Central Committee in September and early October 1957, top leaders hotly debated the issue of how to approach the development of agricultural sector in tandem with that of industrial growth. The central issue was the question of raising peasants’ productivity. Mao opted for a political and organizational tools to boost peasant output, whereas Chen Yun, the fifth-ranking member of the Party and the highest-ranking economic specialist (urban orientation), took a material-incentive based approach, arguing that peasants’ enthusiasm would be heightened by material rewards rather than ideological exhortations. Mao vehemently rejected Chen’s method, contending that it would revive the remnants of rural capitalism. Mao’s worries were not far-fetched. In fact, as Spence points out, the countryside did see the return of individual economy in the countryside in the middle of the Plan period. With little money coming from the state to

\textsuperscript{149} Mao, \textit{A Critique of Soviet Economics}, p. 56.

\textsuperscript{150} Ibid., p. 56.
recompense their work, peasants gained extra cash through selling produces they yielded from their private plots. Consequently, the richer peasants exert influence over their poor counterparts, portending the re-emergence of class distinctions in China’s countryside.\footnote{Kenneth Lieberthal, *The Great Leap Forward and the split in the Yanan* in Roderick MacFarquhar, ed., *The Politics of China1949-1989*. (Cambridge University Press, 1993), p. 93.}

But it was above all Mao’s faith in the revolutionary creativity of the Chinese peasantry combined with his hostility towards capitalism that led him to launch the Great Leap Forward. While Marx had warned that the peasantry was conservative as stuck in “the idiocy of rural life,” and would never of itself initiate an overthrow of a bourgeois regime, Mao held the opposite view, believing that the peasantry was the truly revolutionary class and able to initiate historical changes. Quite evidently, Mao had drawn up his experience as a guerrilla leader in Chinese countryside. He believed that though the peasants were poor and illiterate, it was because of, rather than in spite of, that fact that held the promise of socialism. As he later elaborated this belief, the backward countries were more amenable to social revolutionary transformation because their people were less poisoned by bourgeois ideology than in the countries of the modern West, where, he charged, “the bourgeois and their pernicious ideas had penetrated “every nook and cranny,” stifling the revolutionary spirit.\footnote{Cited in Meisner, *Deng Xiaoping: An Inquiry into the Fate of Chinese Socialism, 1978-1994*, p. 19.}

Mao thus wanted to infuse the Yanan spirit into China’s path to socialism. He wanted his country to be made over by men and women imbued with the highest consciousness. He wanted above all his people to vindicate his belief that it is with human will, not material incentives, that a new society can be built. As Hsiung points out, the launch of the Great Leap “reflected Mao’s total dissatisfaction and impatience with the rate of progress at home and with the Soviet economic model. . . it also reflected a mood of
optimism that greater progress could be achieved by moral-psychological mobilization and by ideological purification where material incentives were lacking.\textsuperscript{153}

The Great Leap Forward, a program designed to boost China's steel production, was launched in the summer of 1958. To finance the program, it was necessary to increase agricultural production simultaneously, which in turn required the existing cooperatives to be enlarged so that mobilization of rural labor force could be obtained to the fullest extent. However, it was not only for the sake of facilitating the urban sectors that enlarging the size of production unit was necessary. The slogan "walking on two legs" succinctly expressed Mao's disapproval of the Soviet model with its lopsided emphasis on heavy industry. For Mao, the development of the agricultural sector was equally important in China. Furthermore, the attainment of communism, as Marx himself indicated in The Communist Man necessitated bridging the gap between the cities and the countryside. To these ends, Mao called for the establishment of People's Commune. In Resolution on the Establishment of People's Communes in the Rural Areas, issued in August of 1958, the purpose and the functions of People's Communes were clear.

The establishment of People's communes with all-round management of agriculture, forestry, animal husbandry, side-occupations and fishery, where industry (the worker), agriculture (the peasant), exchange (the trader), culture and education (the student) and military affairs (the militiaman) merge into one, is the fundamental policy to guide the peasants to accelerate socialist construction, complete the building of socialism ahead of time and carry out the gradual transition to communism.\textsuperscript{154} Thus, People's Communes can


be said to incorporate all the basic principles of rural development Mao had developed in Jiangxi and Yanan, such as decentralization, mass mobilization and reliance on local initiatives.

It is also noteworthy that expanding the production unit from the cooperatives into the People's Commune was, as Mao points out in the Critique of the Soviet Text, to resolve the contradiction between the ownership by the whole people in the industrial sector and ownership by the collective in the rural sector. Once the contradiction was eliminated, it would be possible to “make a unified plan for production and distribution in industry and agriculture on the basis of ownership by the whole people for an indivisible nation.”\footnote{Mao, \textit{A Critique of Soviet Economics}, p. 53.} Yet, the Great Leap Forward failed to attain the kind of results projected by Mao, whose nationalistic fervor in modernizing China overnight encountered a series of objective impediments.

2. The Cultural Revolution

In 1960, the Great Leap Forward came to a halt. The Great Leap and commune programs had a fruitful start in 1958 largely because that year saw a good harvest. However, the following two years saw heavy floods, draughts and pests ravaging millions of acres, resulting in the drastic reduction in agricultural production, which in turn stalled the Great Leap campaign of urban industrialization. As if to put a nail in one’s coffin, the Soviet decided to withdraw all its technicians and financial aides from China in June 1960. Manmade errors were also responsible for the decline of food production, intensifying the magnitude of famine. To begin from the top, the central leadership erred in overestimating
peasants' readiness to change from the cooperatives to People's Communes. At provincial and village levels the leaders and cadres were accountable for overzealous implementation of the commune program. As Liu Shaoqi, who succeeded Mao as the president of China in 1962, openly told the audience at the Central Committee Work Conference in mid 1962, "the Great Leap Forward led the Chinese economy to the brink of collapse due to the loss of material initiative and individual initiative which resulted from a hasty process of collectivization." 156 Furthermore, some provinces, eager to be on headline news, exaggerated and fabricated quantity of production output. Towards the end of 1959, it became clear that a new policy had to be adopted to shift priority from industrialization to a minimally sufficient food supply.

The first move towards reversing the Great Leap policy came on 3 November 1960 in the form of a Twelve-Article Emergency Directive. The directive reversed several measures of the Great Leap. Firstly, the increase of agricultural production would rely on material incentives rather than ideological platitude. As the directive stated, the new economic policy would "restore incentives to the peasantry by encouraging private plots and reducing the power of the communes to enforce egalitarianism among their component production brigades." Secondly, People's commune was to be replaced by the pre-Leap Agricultural Producers' Co-operative as the basic level of ownership, which was to remain there for at least seven years. Mao himself later admitted that the "scale of the commune units might be too large." On January 1, 1962, the Agricultural Producers' Cooperatives were further reduced to the production teams as the basic accounting unit. Thirdly, all possession taken over by the communes during the egalitarian upsurge of 1958 were to be restored to their owners.

156 Dittmer, p. 12.
The Ninth Plenary Session of the Party’s Eighth Central Committee in mid-January 1961 clearly indicated the way the wind was blowing. It sanctioned private plots, village markets and, in a general way, individual, as opposed to collective, efforts. Collective labor, on construction of social overhead capital projects, was reduced to a minimum. Around this time, Deng Xiao-ping worked out, with the assistance of Liu Shaoqi, a ‘Revised Draft of Working Regulations for Rural People’s Communes’ which came to be known as ‘the sixty articles’. It proposed to free communes from party control. The draft was widely circulated without Mao’s consent. To push matters further, Liu proposed a system of agricultural organization termed “the three private and one guarantee system”, i.e. private or, euphemistically, ‘responsibility’ land to the peasants, markets for private produce and private responsibility for profits or losses of enterprises in conjunction with a guaranteed marketed surplus. By September 1962 Liu had gathered enough strength to get the Central Committee to ratify this ‘responsibility system’.

The Ninth Plenary Session also took stock of the industrial situation. It sought to re-establish strict financial control over industrial enterprises...in the interests of ‘economic efficiency’, enterprises, unable to show profit, were allowed to fold up. Many rural small scale industrial enterprises were either forcibly amalgamated or closed down.158

The Twelve-Article Emergency Directive was a groundwork laid to put China’s countryside onto a new course. Detailed policy that emerged later from it unequivocally, such as the Sixty Articles on Agriculture (Draft Regulations Concerning the Rural People’ Communes) issued in March 1961, were “an attempt to put the clock back.” In other words, the new course was a shift away from an ideologically oriented approach to socialist

158 In 1961, analogous to the ‘Sixty Articles’ on commune management, ‘Seventy Articles’ on industrial management were secretly issued.
construction. Correspondingly, the reversal of the Great Leap policies culminated in the creation of the Household Responsibility System in some provinces. Under the new production system, peasants would be responsible for managing their own farms on the basis of contracts for fixed output quotas for each household. The post-Mao leaders would revive the household responsibility system in their economic reform in 1979.

The emergence of the household system alarmed Mao, who had always believed that the household economy was a symbol of feudalism and thus an obstacle to socialist development. At the Beidaihe Conference in the summer of 1962, Mao reminded his audience of the existence of class distinctions in China’s countryside, implicitly equating the household system with capitalism.

In the final analysis, are we going to take the socialist road or the capitalist road? Do we want rural co-operativization or don’t we? Should we have ‘fixing of farm output quotas for each household [Bao Chan Dao Hu] or collectivization. . . I have spoken to several comrades from the large regions about this, and understand that there are some people who are very surprised when they hear that classes still exist in China,. . . if we recognize the existence of classes in our country, we should also recognize the existence of a contradiction between socialism and capitalism.\textsuperscript{159}

With Mao’s ominous warning to the nation that ‘the capitalist class is right inside the Communist Party, the Maoists sallied forth.\textsuperscript{160} A few months later, at the Central Committee Tenth Plenum, Mao re-emphasized the importance of class struggle in the socialist world,

\textit{We can affirm that classes do exist in socialist countries and that class struggle undoubtedly exists. . . We must acknowledge that classes will continue for a long time. We must also acknowledge the existence of a struggle of class against class, and admit the possibility of the restoration of reactionary class.}\textsuperscript{161}

Mao’s call for class struggle was not without reason. The incentive-based rural policy had corrosive effects on the established egalitarian ethos. First, class inequality in rural

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\textsuperscript{159} Dittmer, p. 40.
\textsuperscript{160} Quoted by People’s Daily, 18 April 1976.
\textsuperscript{161} Dittmer, p. 34.
\end{footnotesize}
area re appeared—rich and middle peasants come back to take control of their lost property. Second, renewed stress on raising production elevated the political prestige of the former middle and rich peasants at the grassroots—rich and middle peasants used their officially sanctioned status to gain control of the allocation of property contracts, giving themselves the most or best land. Third, there was also an increasing cases of corruption among cadres at village level. The statistics prepared by the Henan provincial party showed corruption rampant in the countryside: over 100,000 cases of speculation and profiteering; over 1,300 counter-revolutionary group activities; over 26,000 instances of land lords and rich peasants opposing the government; 8,000 secret societies and religious groups; over 50,000 witches, sorcerers, and geomancers; over 10,000 cases of maintaining family rites; and over 50,000 cases of manage involving financial transactions.162

The re-emergence of class distinctions in the rural areas generated a series of debates and quarrels among the Party leaders, over whether or not a new round of class struggle should be initiated to deal with rural inequality and cadre corruption, which culminated in the launch of the Socialist Education Campaign in 1962. If the failure of the Great Leap exacerbated the growing division within the communist leadership, the campaign of 1962 would be the prelude to political warfare. No sooner had the campaign started than the top leaders were embroiled in a controversy with respect to the methods of dealing corrupt cadres in rural communities.

Mao attributed rampant corruption in the countryside to the revival of old economic practices, i.e. the household system, and launched the Socialist Education Movement, a nation wide class struggle campaign to curb cadre corruption and the resurgence of

capitalist economy in rural China. In the Former Ten Points, Mao’s original instructions for implementing the campaign, he wrote: “The Socialist Education Movement is a great revolutionary movement... this is a struggle that calls for the re-education of man. This is a struggle for reorganizing the revolutionary class armies for a confrontation with the forces of feudalism and capitalism which are now feverishly attacking us. We must nip their counter-revolution in the bud.” 163 Mao went on to say that “class struggle, production struggle, and scientific experiment are the three great revolutionary movements that build up a powerful socialist nation.” 164 It is quiet clear that Mao perceived socialist development as a process of transforming simultaneously men’s consciousness and his physical world.

Whereas Mao insisted on the use of class struggle and mass mobilization for finding out corrupt cadres, his Party opponents, particularly Liu Shaoqi and Deng Xiaoping, wanted to keep the public from involvement in the campaign. Both Liu and Deng regarded cadre corruption as an inner-party affair and thus did not think class struggle to be necessary. As a challenge to Mao’s position, Li and Deng altered the Former Ten Points. The new version was called the Latter Ten Points, which called for a party-controlled rectification operation rather than a countrywide class struggle. They conceived of class struggle as a dated mode of transformation, arguing that it was useful in wartime and land reform but not an effective strategy for industrialization.

Class struggle, which was the mainspring of the Cultural Revolution, was the operational component of Mao’s theory of “continuing the revolution under the dictatorship of the proletariat.” This theory was adopted as official CCP ideology at the

163 MacFarquhar, p. 337.
164 Ibid., p. 337.
Ninth Congress in 1969 and reaffirmed as such at the Tenth Congress in 1973. It postulates that socialism is a potentially reversible process rather than a permanent fact which requires constant revolutionary action—action which prevents the resurgence of class division. This view of socialism differed considerably from Mao’s earlier version. In February 1957, at the Eleven Session of the Supreme State Conference, Mao had regarded socialism as a system—an accomplished reality, not a process—when delivering his famous and influential speech, entitled “On the Correct Handling of Contradictions Among the People.” According to Mao at that time, China had attained socialism because what he called the “basic contradiction”—the contradiction existing in class societies between relations of production and productive forces and between base and superstructure—had been resolved in Chinese society during the 1949-52 period of socialist transformation. This was an essential assumption of another theoretical formulation created by Mao with regard to socialist development, known as the theory of “uninterrupted revolution.” This theory was predicated on the existence of a “socialist mode of production” which might be achieved and progressively consolidated. It provided a solution for resolving what was known as the “principle contradiction”. This contradiction was defined as that “between the advanced socialist system and the backward productive forces of society” in socialist societies in the ‘Resolution on the Political Report’ prepared for the 1956 Congress.

The thesis of a contradiction between production relations and production forces in a given social mode was basic to Marx’s idea of historical development as a series of

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progressive stages. Class struggle, generated by that contradiction, becomes the motive force of social development in a given historical period, when revolution ensues from the rise of new progressive classes that challenge and eventually overthrow those who dominate the old production forces, thereby resolving the contradiction. Hence, for Marxists, the diagnosis of class contradictions in a given historical period provides the basis for formulating the tasks of society. The adequacy of this diagnosis, therefore, is crucial to adequate political decision-making. But Marx did not provide a clear answer to a key question here: If class struggle is the motive force of development in the pre-socialist stages of history, what would the motive force during the socialist phase, when the basic class contradiction has been resolved?\textsuperscript{168}

While pronouncing the end of the basic contradiction between the proletarian and bourgeois classes after the completion of the transformation of private ownership at the Eighth Congress in 1956, the CCP leadership declared that the its primary task was now to promote the progress of industry and agriculture in order to eliminate the "principal contradiction."\textsuperscript{169} In early 1957 Mao himself twice remarked that the principal contradiction of Chinese society had shifted from that between two antagonistic forces to that between production relations and production forces. The fundamental task of the party, proclaimed both Mao and the Eighth Congress, was no longer one of liberating productive forces from the old order but one of developing them under new production relations.\textsuperscript{170}

\textsuperscript{168} Yan Sun, p. 42.
\textsuperscript{169} Sullivan, p. 68.
\textsuperscript{170} Yan Sun, p. 42.
This could best be achieved in a wave-like process of development with alternating periods of mobilization and consolidation, which Mao called the "uninterrupted revolution."\textsuperscript{171}

In the early 1960s, however, Mao began to revise this view. A series of events since late 1957 had led Mao to redefine the state of class contradiction in China. The first was the unexpected surge of the so-called rightists during the "blooming of one hundred flowers" drive of 1957, which led Mao to reaffirm the conflict between the proletarian and bourgeois classes as the principal contradiction in China. Following this change, Mao began to apply the class analysis to the critics of his Great Leap Forward within the party. At the Lushan conference in 1959, Mao declared his conflict with Peng Dehuai, a Chinese Army General who criticized Mao's Great Leap policy in the form of a 10,000 words petition, a "class struggle," setting the precedent of labeling intra-party disputes as class struggle.\textsuperscript{172}

Against this background of domestic and international pressures, Mao's thinking underwent a further change. In 1962 he extended the idea of the principal contradiction between two hostile classes to the entire historical phase of socialism, pinpointing it as the possible cause of the restoration of capitalism in China as well as the source of revisionism within the party and the international Communist movement.\textsuperscript{173}

Mao increasingly felt that in the process of socialist transition, "vested interest groups" might develop into new classes. This new identification thus set the stage for incessant political campaigns since 1958 keyed to the theme of class struggle, culminating in the theory of "continuing the revolution" that materialized in the Cultural Revolution.


\textsuperscript{172} Yan Sun, p. 43.

\textsuperscript{173} Ibid., p. 43.
The job of the Party was now to stimulate class struggle not just against residues of the past, but also against capitalist forces which were constantly being generated in socialist society. Since these forces were reflected in the Communist Party itself, the main vehicle of social change was constantly in danger of degenerating into its major obstacle. Class struggle thus became an intrinsic part of socialist transition, crystallized in the notion of “class struggle as the key link,” which served to shift the party’s agenda away from economic modernization. On the same rationale, Hua Guofeng continued to insist on class struggle as an “absolute necessary political precondition” of the Four Modernizations.

Mao’s theory of “continuing the revolution”, together with its operational component grounded in class struggle, reflected a shift away from the belief he had held in 1950s, that economic development was the primary task of Chinese socialism. Instead, since the beginning of 1960s, he had begun to conceive of socialism in a way that was “a dynamic process of change and conflict where the struggle between socialist and capitalist forces continued, where the outcome of the struggle had yet to be decided...”

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174 Brugger, p. 135-144.
175 Yan Sun, p. 43. The term “Four Modernizations” derived from the late Premier Zhou Enlai’s January 1975 report to the Fourth National People’s Congress in which he had made his stirring call for the rapid modernization of agriculture, industry, national defence, and science and technology—so that China would be transformed into a “powerful, modern socialist country” by the end of the century. But with Zhou mortally ill with cancer, having left his hospital bed to deliver his speech to the Fourth Congress, it had been left to then Vice-Premier Deng Xiaoping to formulate concrete plans to realize the goals Zhou had set forth. Deng put his mentor’s visions into three policy documents for implementation. For English translations of the original documents, see Chi Hsin, The Case of the Gang of Four (Hong Kong: Cosmos Books, 1977), pp. 203-95.
176 Meisner, Deng Xiaoping: An Inquiry into the Fate of Chinese Socialism, 1978-1994, p. 38. According to Bill Brugger, Mao’s views of the early 1960s are somewhat incoherent and the above view of “class struggle” was only one strand in the polemics of the Cultural Revolution of 1966-69. It was not until 1975 that Zhang Chunqiao and Yao Wen-yuan put forward a more sophisticated argument for the necessity of class struggle in a society undergoing socialist transition. They held that the existence of “bourgeois right” during the transitional stage, which rendered the economic system unequal, would form the basis for a generation of new classes, if not continuously reined in. The term Bourgeois Right was used by Marx and Engels in their Critique of the Gotha Programme in the context of discussing remunerative methods during the transitional stage from capitalism to communism. Those methods, as Marx and Engels hold, would be based on an “exchange of equal values” characteristic of a capitalist economy. In other words, payment would be according to quantity of labour spent. Equality refers to the same standard of remuneration.
The abolition of classes, according to Mao, is the work of long, difficult, stubborn class struggle, which even after the overthrow of the power of capital, after the destruction of the bourgeois state, after the creation of the dictatorship of the proletariat, does not disappear, but merely changes its forms and becomes still more violent in many respects. Furthermore, the dictatorship of the proletariat is not the end of class struggle, but its continuation in new forms...It is the class struggle of the proletariat after it has won a victory and taken political power in its own hands, against a defeated but not annihilated, nor vanquished bourgeoisies, which has not ceased to offer its resistance, but has strengthened its resistance.

The logic of capitalist restoration under conditions of collectivist property was embodied in a debased form of Marxism that was commonly practiced and promoted before and even during the CR. Marxism was converted into an “organizational instrument” embodied in a hierarchical party that engaged in extrapolating citations of Marx (or Lenin or Mao) in the context of justifying action conceived of independently of any deeper Marxist analysis or theorizing of social reality.

Lenin’s notion that during the transitional period the “psychological heritage of capitalism” remained within members of the old exploiting class as well as the revolutionary classes was not reflected in post-Mao analyses, which emphasized that “to eliminate the exploitative system is to eliminate the exploitative class as a class.”

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applied to everyone, but individual differences in terms of physical strength, productive capacities, and socio-economic needs would not be taken into consideration. Thus, inequality would still exist during the transitional phase. See also Brugger, p. 135-144.

177 Ibid., p. 38.
180 Hu Fuming, Politics and Ideology Cannot Serve as the Basis for Identifying Class, and Liao Gailong, Class Struggle and Contradictions Among the People in Socialist Society, Reports delivered on 19
With this new belief, Mao came to see socialism as an ongoing process of transformation, which would not only result in the change of material condition but also, and more importantly, of human consciousness.\textsuperscript{181} For him, class struggle transform people’s consciousness and was thus the key to socialist development. As Mao had written,

All revolutionary history shows that the full development of new productive forces is not the prerequisite for the transformation of backward production relations... First the production relations have to be changed, then and only then the productive forces can be broadly developed. This rule is universal.\textsuperscript{182}

A socialist society, far from having solved the question of class conflict for all time, faced the constant danger of regression back to an acquisitive society, or some reactionary variant thereof. This view is recognized today as a theoretical innovation of Mao Zedong for whom the entire post-liberation situation of a socialist society came closely to resemble that of a bicycle-riding who must constantly keep pedaling to remain astride.\textsuperscript{183}

Hua Guofeng and his Two-Whatever group intended to continue the Maoist approach to socialist development, which placed an enormous stress upon the transformation of human consciousness through class struggle. In 1977, Hua stressed the importance of Mao’s arguments that the basic contradiction of socialist society remained between the relations of production and the productive forces and between base and superstructure, and that the contradiction between the proletariat and the bourgeoisie and between the socialist

\textsuperscript{182} Mao Zedong, A Critique of Soviet Economics, p. 51.
road and the capitalist road was the principal contradiction in socialist society. Though seeking to steer China’s socialist transition away from ideological radicalism of the now fallen Gang of Four and skew policy preference for economic development, Hua still attempted to retain the Maoist revolutionary legacy. In “Great Guiding Principles for Socialist Construction” written by the State Planning Commission and published in People’s Daily on December 12, 1977, the primary attention in promoting economic development was still given to class contradictions and class struggles with “grasping revolution and promoting production” being the essential framework for solving all problems.

At the heart of Mao’s radicalism was a desperate attempt to revive a revolution that seemed to be dying and thus to keep open the possibility of a socialist future. Political decrees issued from the above could not achieve this; it was essential, rather, to revitalize spiritually and activate politically the people. “The only method is for the masses to liberate themselves, and any method of doing things in their stead must not be used.” Political “volunteerism” replaced economic determinism as the vehicle for transforming

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185 Zhang Wei-wei, *Ideology and Economic Reform under Deng Xiaoping, 1978-1993.* (London: Kegan Paul International, 1996), p. 52. Hua’s explicit aim was to implement the Four Modernizations within the framework of “continuing the revolution.” According to Bill Brugger, this formulation, though seemingly employing Mao’s theory of “continuing the revolution”, is in reality more consistent with Mao’s theory of “uninterrupted revolution. Arguing as such, Brugger seems to have contradicted his own interpretation of Mao’s theory of “continuing the revolution, which states that the theory only put economic development in a secondary place to ideological transformation, but not rejecting the importance of the former. See Brugger.
186 People’s Daily, 12 December 1977.
long-standing hierarchical structures of power and the value systems and ideologies
upholding them.188

Consequently, the split between Mao and his opponents deepened, which eventually
led to the Great Proletarian Cultural Revolution in 1966. As a prelude to the Cultural
Revolution, Mao declared,

Where leadership authority has been taken over by alien class elements or by degenerate elements
who have shed their skin and changed their class nature, authority must be seized, first by struggle
and then by removing these elements from their positions...These elements can be fired from their
posts on the spot, their Party membership cards taken away, and they may even, if need be, be
forcibly detained. In places where authority must be seized, or under conditions where the people's
militia organization is critically impure, we should adopt the method of turning over the weapons
and ammunition of the people's militia to reliable elements among the poor and lower-middle
peasants.189

Like the radical intellectuals during the New Culture Movement, Mao saw the primacy of
cultural transformation in China's long march to national revival. After all, he was the
protégé of Li Dazhao, one of those radical intellectuals who had championed the idea of
replacing the entire Chinese cultural heritage with that of the modern West. Also, both Li
and Mao were part of that generation that had witnessed how China was betrayed by the
modern West at the Versailles Conference, and became subsequently committed to
empowering China through the path of communism. Thus, the Cultural Revolution Mao
launched in 1966 can be seen as a hybrid of the New Culture Movement and the
Communist revolution: the idea of cultural transformation is not to westernize China, but
to create a proletarian culture to reject capitalism which he firmly believed had been the
driving force behind the modern West's efforts to dominate China from the Opium War up
to the triumph of the communist revolution in 1949.

25, April-June 1989, p. 143.
189 MacFarquhar, p. 343. Deng Xiao-ping was purged and then rehabilitated twice during the Cultural
The Dengist Project: Economic Modernization

It took the death of Mao for the tumultuous Cultural Revolution to grind to a halt in 1976, and China’s journey of national revival began subsequently to embark on the course of economic development under the leadership of Deng Xiaoping, withdrawing from the Maoist emphasis on ideological transformation. The Third Plenum of the Tenth Central Committee meeting in December 1978 marked such a turnabout change, which was to evolve China into a political entity with a socialist façade and a capitalist essence.

If the attainment of socialism in China had been construed as a process of transforming the people’s consciousness under Mao’s leadership, Deng’s economic reform focused on material transformation, which Deng and his reformist colleagues regarded as consistent with the orthodox Marxism. For according to historical materialism, to arrive at socialism presupposes an abundant material basis generated during the stage of capitalism. In other words, no society, desirous of socialism, can do without first going through the stage of capitalism. As Zhang points out, “In certain ways, Deng was returning to a more classical version of Marxism which emphasizes the economy as the basis and the theory of “existence determines consciousness” and to its basic methodology rather than its utopian themes.” In contrast to Mao, Deng offers no expansive socialist vision. Rather, his project of national revival is a practical one: to make the Chinese people more prosperous and China a modern socialist state. It can thus be argued that his pragmatic style arises primarily from a strong sense of nationalism, which in turn predisposed him to tolerating any developmental methods, even one redolent of capitalism,

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190 Before emerging as the new paramount leader of the CCP, Deng Xiaoping, with the support of People’s Liberation Army generals, first eliminated the Gang of Four by dint of a coup d’état, and then manoeuvred Mao’s successor, Hua Guofeng, into political obscurity through court intrigues.

191 Zhang, p. 22.
so long as they served to revitalize China and place it among the most powerful countries.

I will clarify this argument in the rest of this paper.

1. Dismantling Mao’s Ideological Legacy: From Class Struggle to Practice

Before delving into a discussion on how Deng’s economic reform turned China capitalist, it is necessary to see how Deng and his reformist colleagues dismantled Mao’s legacy before launching the reform, because that undertaking represented the starting point of China’s metamorphosis into capitalism, and perhaps of an exorable process of political transformation when reviewed by the future students of politics or history. The occasion for reassessing Mao’s legacy was unknowingly provided by Mao’s successor, Hua Guofeng, who, motivated by a desire for strengthening his legitimacy, rashly pledged in January 1979 to “resolutely uphold whatever policy decisions Chairman Mao made and unswervingly carry out whatever Chairman Mao instructed.” 192 Hua’s declaration of loyalty, dubbed the ‘Two-Whatever’ doctrine, offered Deng and his supporters a launching pad for a de-Maoization campaign. 193

Deng and his supporters conducted the campaign with much prudence, and such prudence corresponded to both political and ideological imperatives. 194 Politically, Deng needed the Party rank and file to support his leadership struggle against Hua, and his drive for constructing a new ideological line replacing the Two-Whatever doctrine, to get his

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192 People’s Daily, 7 February 1977.
194 Hu Yaobang, who was Deng’s most favoured protégé and was vice president of the Central Party School, first coined the expression of “reversing” and “correcting” during a meeting for the rectification campaign at the Central Party School, in the context of discussing the ideological line of the radical Maoists, such as Lin Biao and the Gang of Four. He called upon the Party cadres to obtain a correct understanding of Mao Zedong Thought and to undo ideological distortions by the radical Maoists. See Phoenix Weekly, No. 5, February 15, 2004 (Hong Kong: Hong Kong Phoenix Weekly Ltd.), p. 23.
reform program off the ground. Thus, he could not afford to demolish Mao’s legacy in one fell swoop, which many Party cadres still fervently believed in. Furthermore, since it was primarily Mao’s ideological line during the Cultural Revolution that Deng and his supporters intended to repudiate, they had to take care not to antagonize a great number of Party high officials who rose to power due to their support for that very line.195 As Ma Licheng points out, Deng understood full well that too rapid and drastic a move away from Maoist orthodoxy would probably antagonize entrenched vested interests, especially in the bureaucracy.196 In terms of power balance, Deng and his allies were still weak to stage an open challenge to Hua and his Two-Whatever faction. Lastly, his failings notwithstanding, Mao was the undisputable leader of the Chinese Revolution to which Deng had devoted much of his life, and the symbol of Chinese nationalism. He had also been the supreme ruler of the post-revolutionary state for more than a quarter of a century. In this sense, as Meisner succinctly observes, “to denounce him simply as a tyrant and enumerate his tyrannies to explain the evils of the past, as Nikita Khrushchev had denounced Stalin at the Twentieth Soviet Party Congress in 1956, would have risked calling into question not only the political legitimacy of the Chinese Communist state but the moral validity of the revolution that produced it.”197 Thus, it was out of political prudence that in the summer of 1980, shortly after the official re-appraisal of Mao began, Deng pledged, “we shall not do to Mao Zedong what Khrushchev did to Stalin at the 20th Soviet Communist Party Congress.” Furthermore, Mao’s legacy consisted in part of the triumph of Chinese nationalism. He symbolized the revival of a weak, ravaged China for many Party members

196 Misra, p. 21.
who had fought alongside him during the war years. As Deng said himself, "It is not only Mao’s portrait which remains adorned the gate of the Tiananmen Square; it is the memory of a man who guided us to victory and built a country." To mistreat Mao the national hero was no less than a sacrilege. In consideration of all these factors, Deng had to endeavor to maintain a degree of continuity with the Maoist past while calling for certain important changes.

Ideologically, Deng shared some of Mao’s values and basics of Marxism, as he still stayed within the ideological framework of Mao Zedong Though to search for theoretical justifications for his reform program, which I will discuss later. This was so because he believed there was a crucial distinction between Mao Zedong, the individual leader, and the system of ideas associated with his name, just as there was the distinction between Marx and Marxism. For both Deng and his successors, Mao Zedong Thought was the collective wisdom of the Party. As Jiang Zeming put it, "CCP members, with Comrade Mao Zedong as their chief representative, theoretically summed up China’s experiences...in accordance with the basic tenets of Marxism-Leninism, moulding them

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198 Meisner, Deng Xiaoping: An Inquiry into the Fate of Chinese Socialism, 1978-1994, p. 142. The original quote is from an interview between Deng Xiaoping and Oriana Fallaci, a correspondent from The Washington Post, and the interview appears in the paper on August 31, 1980, p. D4. One of the monumental moments in the history of the Communist China is when Mao, standing above the heavenly peace gate on October 1, 1949, declared to the nation in his ceremony speech for the establishment of People’s Republic that “Chinese people have risen up.” Manoranjan Mohanty also points out in his Power of History: Mao Zedong Though and Deng’s China that the post-Mao leadership under Deng Xiaoping preserved Mao’s image as a national hero to generate a sense of continuity of Chinese nationalism, and that such a sense was important for Deng’s reform drives. See the article in China Report, Vol. 31, No. 1, January-March 1995, pp. 1-14.

199 Deng does not exercise the same kind of great personal authority and enormous political power that Mao used to wield. The late chairman governed much like an emperor, but Deng is only the primus inter pares and has had to share the leadership roles with a number of “senior statesmen” inside the Party. Moreover, most mainland Chinese leaders have experienced and suffered from Mao’s autocratic rule and personal dictatorship and would never let Deng become China’s latest emperor even if Deng tried. See Parris H. Chang, Who Gets What, When, and How in China: Changes in the CCP leadership and the Rules of the Game in Mainland China after the Thirteenth Party Congress in King-yuh Chang, (ed.), Mainland China after the Thirteenth Party Congress. (Boulder, Colorado: Westview Press, 1990), p. 53.
into a scientific guiding ideology suited to China’s conditions.” As Mohanty points out, the separation of Mao Zedong Thought from Mao the paramount leader “allows a continuous development of the ideological system with contributions from later leaders and movements.” In sum, it was under atmosphere of caution and prudence that Deng and his allies started dismantling Mao’s legacy.  

If Mao had defined socialism as a process of ideological transformation facilitated by class struggle and mass mobilization, Deng and his supporters changed the centrality of Mao Zedong Thought and then repudiated Mao’s definition of socialism. In June 1978, Deng Xiaoping argued that the ‘starting point and fundamental point’ of Mao Zedong Thought was not the theory of “continuing the revolution” but “seeking truth from facts”, an idea Mao had developed during the war years. He defended such a perspective in a speech delivered at the Third Plenary Session of the Tenth Central Committee of the CCP on July 21, 1977, in which he declared that Mao was “a thoroughgoing materialist” and

200 Mohanty, p. 6.
281 The Seventh Congress of the CCP in April-June 1945 adopted the Thought of Mao Zedong as part of the Party’s ideology along with Marxism-Leninism. The Party Constitution defined the Thought of Mao as “The integration of the Theory of Marxism-Leninism with the practice of the Chinese Revolution.” However, as the First Session of the Eighth Party Congress in 1956 the reference to Mao’s ideas was removed from the CCP Constitution. During the Cultural Revolution, his Thought was resurrected as part of the Party’s guiding ideology. The Ninth Congress Constitution of the CCP referred to Mao Zedong Thought as the “Marxism of the era in which imperialism was heading towards total collapse and socialism was advancing towards worldwide victory.”


203 The Third Plenary Session of the Eleventh Central Committee of the Communist Party of China, held from December 18 to 22, 1978, was a turning point in the Party’s history after the founding of the People’s Republic. The central question discussed was the shifting of the focus of the Party’s work. The Committee criticized the Two-Whatever doctrine and affirmed the need to have a correct understanding of Mao Zedong Thought as an integral whole and a scientific system. It recognized the great importance of the public debate that had been going on about whether practice was the sole criterion for testing truth and decided on the guiding principle of emancipating minds, seeking truth from facts and uniting as one in looking to the future. It discarded the slogan "Take class struggle as the key link", which had become
linked "seeking truth from facts" with the mass line, another concept of Mao's which predicated on adhering to popular will.

I think that the principles of following the mass line and seeking truth from facts are of fundamental importance in the style of work advocated by Comrade Mao Zedong. Of course, the relationships between democracy and centralism and between freedom and discipline are also very important. But in view of the existing state of affairs in our Party, I believe that following the mass line and seeking truth from facts take on special importance. Comrade Mao Zedong was a thoroughgoing materialist. He had complete faith in the masses and always opposed any act that was not in keeping with trust in the masses and reliance on them. He listened particularly to what the masses had to say.  

By arguing that Mao's ideological system was based on the principle "seeking truth from facts," Deng was now able to discredit Mao's legacy within the framework of Mao Zedong Thought. For few people could dispute the facts that both Mao's Great Leap Forward and his Cultural Revolution had brought China nothing but social turmoil and economic stagnation. As mentioned above, Mao revised his view of socialism in early 1960s because of the belief that economic development, without a parallel progress in human consciousness, would lead to the emergence of new class division during the transitional stage. It was then necessary for attaining socialism to carry on class struggle in order to prevent the revival of capitalist forces. This view of socialist construction thus stressed the task of transforming human consciousness in developing socialism. In contrast, Deng believed that the reality of the post-New Democratic China demanded attention to be

unsuitable in a socialist society, and made the strategic decision to concentrate instead on socialist modernization. It decided to speed up agricultural development and set the task of improving socialist democracy and the socialist legal system. It examined a large number of cases in the history of the Party in which the charges made against people had been false or exaggerated, or which had been dealt with incorrectly, and redressed the injustices that had been done. It also settled the controversy over the achievements and mistakes of some prominent Party leaders, determining which of their actions had been right and which wrong. At this session the Central Committee also elected new members of the Party's central leading organs. These momentous changes indicated that the Party had re-established the correct line of Marxism ideologically, politically and organizationally.  

focused on modernizing China’s productive forces. In his March 1979 speech on the Four Cardinal Principles, Deng Xiaoping ruled out the existence of “capitalist roaders” within the party as well as the possibility of new exploiting classes emerging in socialist society after the establishment of socialist relations of production in 1952. A Party official backed Deng’s stance and criticized Mao for failing to “make a timely and clear-cut decision to shift the focus of the work on to socialist construction…Class struggle was viewed in absolute terms and its scope over-extended.” A Beijing Review article expressed the similar view.

In the course of developing socialism in China, several approaches have been employed. One is that no enough credence was given to objective laws which very often were replaced by personal will and defied by personal authority; the other was that “taking class struggle as the key link” and “politics in commands everything” was made the sole and supreme “law” dominating the whole of social life.

The Party theoreticians employed at Deng’s service identified three causes of Mao’s misconception of the principal contradiction. The first was Mao’s failure to characterize correctly the nature of the transitional period between the pre-socialist and socialist stage as well as the nature of the socialist stage. In this analysis, Mao applied his view of class relations during the transitional period to the entire socialist stage. He ignored the fact that by 1956, after the transformation of private ownership, the transition to socialism had been completed, thereby eliminating the sources of the fundamental

205 See Why Should a Theory Be Discarded? An Analysis of the Theory of Continuing the Revolution under the Dictatorship of the Proletariat, Beijing Review No. 44, November 2, 1981, p. 22. Class struggle was necessary, the article affirms, “only when the central task of revolution is to overthrow the system of exploitation.” However, once the political and economic bases of the old elite are torn asunder, the proletariat central task is to “develop the social productive forces.


conflict between major economic classes. Any residual class conflicts—arising from remnants of former class enemies or overseas forces—could not function as the motive force of social development. In other words, the empirical context of class struggle no longer existed. In continuing to focus on class struggle, the theory and practice of the key link resulted in “artificially engineered” political campaigns and misguided policy priorities.209

A deeper source of the neglect of changed social conditions was attributed to the special experience of the CCP, which changed from being a party out of power to a party in power. That is, the CCP was more familiar with the destruction of the old order than with the building of the new. As admitted in the party’s 1981 Resolution on CCP History, “some of the laws governing the development of socialist society are relatively clear, but many more need to be explored. Our party had long existed in circumstances of war and fierce class struggle and was not prepared, either ideologically or in terms of scientific study, for the swift advent of the new born socialist society.” Consequently, the CCP was prone to extending its wartime perspective and strategy to the post-revolutionary period. “Even after the basic completion of socialist transformation, we were liable...to continue to regard issues unrelated to class struggle as its manifestation.210

A one-sided understanding of Marxist theory was also said to have given rise to the overestimation of class contradictions in socialist society. For example, Marx envisioned the idea of distribution according to labour for socialist society, even though he admitted that it reflected the concept of “bourgeois right.” Mao, however, understood this to mean that any recognition of material interests would give rise to a new bourgeois class, even

209 Yan Sun, p. 44.
210 Ibid., p. 44.
under socialism. Similarly, Lenin once made the observation that small-scale production would give rise to bourgeois forces during the transitional period of the Bolshevik revolution. Yet, well after the consolidation of China’s transition to socialism, Mao still followed Lenin’s precept. Because these classic masters were misunderstood or dogmatically interpreted, says the Resolution on CCP History, the party’s “subjective thinking” found a false “theoretical basis” in the writings of Marx, Engels, Lenin, and Stalin... The ultimate criticism of Mao’s idea of the principal contradiction was thus directed at his disregard for Chinese reality, on the one hand, and his misunderstanding of theory, on the other.211

For Deng and his allies, Mao’s emphasis on cultivating people’s socialist consciousness was not a correct approach to developing socialism after the New Democracy stage where the exploiting class was allegedly overthrown,212 and the correct approach was to modernize China’s productive forces. A People’s Daily article published in July 1978 argued that Lenin himself had maintained that one of the prime tasks of the proletarian dictatorship was to develop productive forces in order to accelerate socialist construction.213 Mao’s emphasis on “class struggle as the key link,” now regarded as a major misconception, was traced to the leftist failure to understand both the nature of social contradictions in socialist society and the motive force for forward development.214

[211] Yan Sun, p. 44-45.
[214] The de-emphasis of class and class struggle raised a new philosophical question to be addressed: what accounts for the forward movement of society after the struggle between antagonistic classes is over? See Liu Feng and Zhang Zhuanfang, The Struggle of Contradictions Is the Dynamic of the Development of Things, Zhexue yanjiu (The Study of Philosophy), No. 8 (1979); Liu Xinyu, What is the Principal Contradiction in Our Society at the Present Stage? Shehui kexue (Social Science), No. 3, 1979, pp. 16-20. Soviet theorists had offered varying candidates for new contradictions—the contrast between the growing
The 'Report on the Work of the Government', adopted by the Second Session of the Fifth NPC in June 1979, stressed the importance of Mao's analysis of contradictions, arguing of course that the principal contradiction was not class struggle as Mao believed but the tasks of economic modernization as called for by the Eighth Congress of 1958, where the principal contradiction of Chinese society after the completion of socialist transformation had been defined as that between the low level of production forces and the increasing material and cultural needs of the people. Resurrection of the Eighth Party Congress formulation was found justifiable in both theory and reality. The theoretical basis was Stalin's basic law of socialist society on which the 1956 definition was based, while the empirical basis was the discrepancy between the level of production forces and the material needs of society that existed in China. Some Party scholars even went to the extent of accusing Mao of ending the New Democracy period too hastily. They attributed Mao's rash behaviour to a belief that rapid economic progress might be achieved by constantly improving the system rather than by patiently improving the productive forces.

According to the veteran political economist Xu Dixin,

We had originally determined that the process of transformation should take some fifteen years. However, because of a subjective desire to speed things up...the transformation was achieved within four years. We were particularly overhasty in pressing on with agricultural co-operation and the transformation of the handicrafts and small business. The changes were too fast.

needs of the population and the inadequate level of development, the contradictions between laborers being rewarded according to work while they work according to their ability, the contradiction between all workers having the same relationship to the means of production but receiving dissimilar rewards, etc. See, James Scanlan, Marxism in the USSR: A Critical Survey of Soviet Thought. (Ithaca: Cornell University Press, 1985), p. 254. In China during the late 50s, Liu Shaoqi had put forward the contradiction between the advanced superstructure and the backward economic base, while Chen Yun emphasized the contradiction between the growing needs of the population and the low level of economic development.

215 Sullivan, p. 82.
216 Yan Sun, p. 45. Stalin's theory was that class struggle was not necessary in the Soviet Union because class divisions no longer existed with the abolition of private ownership of the means of production.
China’s socialist construction thus embarked on a new course, a course which raised economic development to the nation’s top priority. In accordance with this economic measurement, socialism itself increasingly tended to be defined as little more than modernization. As leading Party officials typically declared after the Third Plenum, “The aim of our Party in leading the whole nation in making revolution and taking over political power is, in the final analysis, to develop the economy.” Deng also declared on numerous occasions that “socialism means a high level of productive forces and enormous abundance of material wealth in society.” Such a view of socialism, as Meisner correctly points out, treated socialism as a means for economic development. Adam Ulam, an American political scientist, put forward an argument in 1960s that Marxism in the modern world is essentially an ideology of modernization, having little to do with socialism but a great deal to do with industrialization. It seems quite difficult to falsify Ulam’s argument in the case of Deng’s China. In fact, his claim became stronger when Chinese socialism was infused with nationalist sentiments, as clearly evident in Deng’s statement that “the purpose of socialism is to make the country rich and strong.” In the final analysis, to use a Leninist expression, socialist construction hitherto meant nothing other than national

220 Building Socialism with a Specifically Chinese Character, June 30, 1984, Build Socialism with Chinese Characteristics was compiled by the Department for Research on Party Literature under the Central Committee of the Communist Party of China. An English edition, under the title Fundamental Issues in Present-day China, was published by Foreign Languages Press in Beijing in 1987. The speeches included date from September 1982 to June 1987. Deng also said, “The superiority of socialism lies in its higher and more rapid development of production forces than capitalism...Poverty is not socialism, even less communism.”
revival, a goal which had been China’s obsession ever since the rise of European civilization in mid-nineteenth century.

All the criticisms leveled at Mao’s ideological legacy were however prudently presented with a simultaneous affirmation of Mao’s contributions as a revolutionary as well as a Marxist theoretician by Deng and his supporters. In the Party’s official assessment unveiled in June 1981, Mao’s mistakes were acknowledged but were regarded as the mistakes of “a great proletarian revolutionary.” The assessment report went on to state that “it is true that he committed gross mistakes during the Cultural Revolution, but if one judges his activities as a whole his contributions to the Chinese revolution far outweigh his mistakes.”

Mao’s mistakes can be attributed to his misjudgement of the objective conditions, but his thought “represents a development of Marxism—Leninism as applied to the concrete practice of the Chinese revolution and has a distinctive content and Chinese characteristic. It will continue to guide our revolution forward.” Deng himself made sure that Mao’s contributions were adequately recognized. When one of the drafts of the Resolution on Party History was brought before Deng Xiaoping in 1980 he was upset by the fact that the draft slighted Mao’s contributions to the Chinese revolution. He said,

If we don’t mention Mao Zedong Thought and don’t make an appropriate evaluation of Comrade Mao’s merits and demerits, the old workers will not feel satisfied, nor will the poor and lower-middle peasants of the period of land reform, nor the many cadres who have close ties with them.

Thus, a distinction between Mao Ze-dong and Mao Ze-dong Thought was made. But such a distinction was for purpose of carrying out Deng’s project of economic

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modernization. In repudiating the radical utopian approach to socialist development, contained in Mao's theory of "continuing the revolution", Deng and his allies simultaneously kicked off a Party-wide theoretical debate for the purposes of mobilizing support for their reform program. The content of the debate revolved around a controversial article entitled "Practice is the Sole Criterion of Truth", originally written by Hu Fuming, a philosophy professor from Nanjing University of the Party School, for a CCP Party School internal journal called Lilun Dongtai (Theoretical Trend), whose readership included all the Party top leaders.\(^{227}\) This article, which sparked off a nationwide anti-dogmatism campaign no sooner than had it been published, challenged, though implicitly, the Two-Whatever doctrine, arguing that any theory, including Mao's, must be tested to see if it is true. The article suggested that every theory has its temporal and spatial context and that it ought to be tested to determine its appropriateness in a new context, and that only though practice could one know whether a theory should be kept or discarded.

That Deng shifted the core of Mao Zedong Thought from the theory of continuing revolution to practice availed his economic reform of much flexibility and freedom. For one thing, a policy decision is now based on empirical facts rather than some preconceived principles, which enables the reform to unfold outside certain ideological framework. Second, and related to the first point, since reform experiments, not ideologies, direct the reform process, the Deng leadership would be able to obviate the need for a prior commitment to any model of economic development, and the choice would depend on

\(^{227}\) It would probably not have been so controversial as the article came to be if Hu Yaobang, Deng's favoured protégé and then vice president of the Party School, had not authorized its exposure to the public through various newspapers and magazines, the most famous ones including Guangmin Ribao and People's Daily. See Phoenix Weekly, No. 5, February 2004, p. 24.
proven efficacy. Third, as socialism is now the byword for economic modernization, there are very few constraints on reform experiments provided that they serve well to enhance China's economic power. This aspect of practice seems consistent with Deng's Cat theory—if a cat catches mice, it must be a good cat irrespective of fur colour. Lastly, as for theoretical justifications of the reform, the Deng government can leave empirical facts to shape them without having to create them beforehand. In short, ideology itself is not the source of truth but merely an instrument for arriving at truth by experimentation, observation, and generalization, as far as Deng's reform is concerned. As Barrington Moore perceptively asserted, "the power of ideas does not need depend upon their logical coherence alone, but also upon the social functions they perform."229

Once the Deng leadership succeeded in shifting the centrality of Mao Zedong Thought from class struggle to practice, it was easy to proceed with economic reform because empirical facts showed that Mao's project was a failure and that China needed a new path. Furthermore, Deng did not have to present a finely tuned blueprint for his program, but leave practice to define the truth. Thus, Deng proclaimed during the initial days of reform, "groping the stones as one crosses the river." However, such a stance underlying Deng's project opened China to all sorts of economic practices, even those of capitalism, and as long as it works to strengthen China, nothing else matters.

2. Dismantling Mao’s Economic Legacy: Rural Reform

Deng also saw a need for dismantling Mao’s economic legacy, particularly that of rural collectivization, which was an essential component of the Great Leap Forward policy. During the Land Reform campaign of 1949-52, the communist government destroyed China’s archaic and parasitic gentry-landlord class and created a system of individual family peasant proprietorship. However, hardly more than three years following the completion of land reform, the government abolished private landownership in the countryside and changed the unit of agricultural production from individual households to productions teams, setting off the collectivization policy in China’s rural areas. As each production team consisted of three to five households, agricultural production would henceforth be based on pooling of land, labor, and farming tools among those households. Production teams were officially proclaimed to be socialist, but they were replaced by communes during the Great Leap, which were even larger a unit of agricultural production and were hailed as the agencies for China’s leap into a communist utopia. The communes were originally conceived to eliminate “the three great differences”—between urban and rural areas, workers and peasants, and mental and manual labor. They were a collective setting which integrated economic, political, and social life in rural areas, with egalitarian and democratic ethos, and some of them had the entire village population to participate in them. The commune system remained throughout the Mao period. The political ascendancy of Deng Xiaoping resulted in the dismantling of rural communes and a return to individual households as the basic unit of agricultural production, thus establishing the “household responsibility system.”
The Deng government's support of individual family farming coincided with its condemnation of the Mao cult and the Gang of Four's "Feudal-Fascist" reign. Both evils were attributed to lingering "feudal influences" of China's long tradition of a "small producers" economy.\textsuperscript{230} No one noticed the contradiction between ideology and policy, at least not in official print. They undertook, implicitly at first, a wide-ranging critique of collective forms of agriculture in general and particularly the methods of the Maoist-inspired "socialist high tide" of 1955-56, which had so swiftly collectivized the Chinese countryside.

Their theoretical point of departure was the formula that Deng had championed since the Eighth Party Congress of 1956, namely, that the main contradiction in Chinese society was between the country's "advanced socialist system" and its "backward productive forces."\textsuperscript{231} From this proposition there naturally followed the injunction that all energies should be turned to expanding China's productive forces so that economic development could be brought into harmony with the stage of social development, freezing further socialist change in the interim. This suggested that it might be wise to reverse socialist-oriented changes in work organization that were deemed to have been prematurely undertaken, thereby bringing the "relations of production" into greater correspondence with the undeveloped "forces of production." Although Deng and his supporters never openly championed the virtue in partially reverting to pre-socialist (which


\textsuperscript{231} For the original formula, based on the assumption that "a socialist system has already been established in our country" and repeated verbatim in the post-Mao period, see Resolution of the Eighth National Congress of the Communist Party of China on the Political Report of the Central Committee (September 27, 1956), Eighth National Congress of the Communist Party of China. Vol. 1: Documents (Beijing: Foreign Language Press, 1956), p. 116.
is to say capitalist) forms of social relationships, they made their case through a thorough critique of Mao’s collectivization policy.

Mao was charged with ignoring the necessary material prerequisites for socialist relations of production, in accelerating the campaign for agricultural collectivization, thereby resting collective institutions on an economic base far too weak to sustain them. It was further charged that the collectivization campaign had involved massive coercion on the part of rural Party cadres, thereby violating the principle of winning the voluntary cooperation of the peasantry for social change. It was further argued that the rapidity and apparent success with which collectivization had been accomplished during the “socialist high tide” had yielded a “great leap” psychology among Communist leaders—a belief that great economic and social miracles could be instantly achieved no matter how formidable the material barriers. These chiliastic expectations, in turn, had led directly to the misadventure of the Great Leap Forward campaign—and to the enormous economic and human disasters that followed.

The result, it was concluded, was nearly a quarter of a century of economic stagnation in the countryside. Per capita peasant income, it was repeatedly pointed out, was little more in the late 1970s than it had been in 1955. Thus peasants came to associate collectivized agriculture with continued poverty rather than prosperity, setting back the prospects for socialism in the long run. What was needed to “liberate the productive forces,” the reformers argued, was a wholesale transformation of social relations in the rural areas; in effect, the de-collectivization of agricultural production and the introduction of the dynamism of a capitalist market—although neither “de-collectivization” nor “capitalism” appeared prominently in the reformer’s rhetoric.
Two phases constituted the de-collectivization of China’s agricultural production. The first phase was to dismantle the People’s Commune system in the countryside as the basic unit of production. In September 1980 the Party Central Committee inaugurated the “household responsibility system”, establishing the family household as the basic unit of production. The system was said to serve to stimulate peasant initiative in order to increase productivity. As Meisner put it simply, the system was “an agrarian economy that yielded a surplus sufficient to extract capital for industrial and agricultural development.”

Under the household-based system of agricultural production, each peasant family sign a contract with the village production team, agreeing to give the team a certain percentage of production output in exchange for the private use of a certain portion of the collective land.’ In addition, all the agricultural production tools, such as farm tools and draft animals, which had been collectively owned under the commune system, were divided among individual households for private family farming. The responsibility system is arguably not fully ‘capitalist’, because land and farming tools were still collectively owned. As Premier Zhao Ziyang stressed, the system is not what some people branded ‘bourgeois policy’ because the means of production are still publicly owned and the Marxist principle of “to each according to his work” is observed.’ Conceivably, whereas land belonged to the tiller during the New Democracy period, the new household responsibility system did not privatize the land but allowed the tiller to keep the fruits of

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232 The rural reform was actually initiated by some 20 peasant households in Feng Yang county of Anhui Province, who were simply too poor to continue their life in the commune system and signed a secret deal on 21 December 1978, in which they vowed that if their bold attempt went wrong, they were prepared to be imprisoned and executed.” See Phoenix Weekly, No. 5, 2004, p. 16.

their labour and do whatever they wish to with them, provided they meet state procurement quotas, of course.

The household responsibility system introduced in early 1980s was, as Wang pointed out, “a modification of the agricultural policy which Liu Shaoqi had devised following the failure of the Great Leap Forward in order to stimulate production output. Liu’s policy included free rural market, private plots, and the household responsibility for production management.” More importantly, it was a policy that emphasized material incentives instead of ideological purification for the attainment of socialism. This return to the household economy as the basic unit of production was described in Marxist discourse by Du Rushen, a leading agricultural economist, as an effort for “exploring the path of socialist agriculture with Chinese characteristics.”

Free markets also emerged both in the countryside and the cities. A Beijing Review article, published in January 1981, defended free markets, arguing that they do not contradict with the socialist planned economy and they instead “play an active role in economy.” To ally fear that free markets might erode socialism, the article claims that the government has full control over the size and the degree of competition. The article also affirms that free markets will increase in number.

The second phase of rural reform began in 1984 with the proclamation of Party Document No. 1, a phase which the radical reformers believed was indispensable to the continual growth of rural economy after the success of the responsibility system in the countryside. This phase is termed the “second land reform”, the first one being the 1950 land reform.’ The second land reform stepped up de-collectivization of rural land resource

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234 People’s Daily, 7 March 1983.  
by leasing land to individual household, and the period of lease can be as long as 15 years, which not only alleviated the fear of farmers that their leased land might be subject to shifting political winds, as it had happened before, but also provided a strong incentive for the farmers to take good care of land and invest in land.

Document No. 1 also announced the abolition of state monopoly to buy farm products. Instead of selling grain only to the state grain bureau, as has been a stipulated practice, peasants now could sell it on the market “on the basis of 70 percent at above-quota price and 30 percent at the state quota price, depending on the quality of product.”

Lastly, the new directive allowed specialized households to hire more than seven people, the maximum number originally permitted in the Certain Policy Provisions Relating to the Non-Agricultural Individual Economy in Cities and Townships promulgated on July 7, 1981. This had allowed individual businessman to engage up to two ‘assistants’ and five ‘apprentices,’ thus diluting the ideologically sensitive issue of hiring outside labor.236

Premier Zhao Ziyang supported the household responsibility system wholeheartedly, claiming that its adoption was consistent with “seeking truth from facts.”

As he said to a visiting American journalist,

> The contract responsibility system was not our brainchild. It was invented by Chinese peasants. We simply followed the new idea of “seeking truth from facts” and tolerated its experimentation. The experience of Chinese peasants convinced us of its efficiency and we legalized and extended it across the country.237

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236 Zhang, p. 102. The reference here is to the "Decisions of the Central Committee of the Communist Party of China on Some Questions Concerning the Acceleration of Agricultural Development (Draft)" and the "Regulations on the Work in the Rural People's Communes (Draft for Trial Use)". These two documents were adopted by the Third Plenary Session of the Party's Eleventh Central Committee held in December 1978, and then distributed to the provinces, municipalities and autonomous regions for discussion and trial application. The first document was promulgated following its formal adoption by the Fourth Plenary Session of the Party's Eleventh Central Committee held in September 1979. The second one, however, was not submitted to this session for adoption and not promulgated because of anticipated changes in the rural people's commune system.

237 Zhao Ziyang’s conversation with Harrison Salisbury on 5 November 1987, cited in Zhang, p. 70.
Wan Li, Governor of Anhui Province, was one of those provincial leaders who tolerated the practice of the household responsibility system. It was reported that when told that People's Daily had criticized the leasing of land for household farming as practicing capitalism, Wan retorted, the newspaper does not till the land. Nor does it grow crops. Just ignore it. We do what we should do."

Deng's attitude towards privatization of rural economy was also tolerant, though much more restrained than other radical reformers in giving explicit support. His defense of private economy in the countryside consisted usually in an argument that to stop it would undermine the CCP's credibility as a ruling party among Chinese peasants. In recalling how he handled the case of "Fool's Sunflower Seeds" (a peasant of Anhui Province made a fortune out of selling dried salted sunflower seeds) in 1992, Deng recalled,

In the initial stage of the rural reform, there emerged in Anhui Province the issue of the "Fool's Sunflower Seeds". Many people felt uncomfortable with this man who had made a profit of one million yuan. They called for action to be taken against him. I said that no action should be taken, because that would make people think we had changed our policies, and the loss would outweigh the gain. There are many problems like this one, and if we don't handle them properly, our policies could easily be undermined and overall reform affected."

Not every one was in favour of the "household responsibility system" within the CCP power hierarchy, and local resistance was largely due to a fear that such a system would restore capitalism and increase "class polarization" in the countryside. During the Cultural Revolution, much of the radical Maoists' opposition to private economy originated from their belief that private economy would lead to the return of capitalism. Household sidelines and family-based farming were the 'tails of capitalism,' which were assumed to hinder the transition from socialism to communism as they tended to reinforce

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238 Cited in Zhang, p. 71.
the peasants’ ‘petty bourgeois mentality’ and to provide a breeding ground for a new class of rural exploiters. Collectivization in rural areas was considered essential for combating the peasants’ ‘petty bourgeois mentality’, and preventing a breeding ground for a new class of rural exploiters.

Mao Zhiyong, then the first Party secretary of Hunan Province, admitted later, “after the Third Plenum in 1978, some people wanted to practice the responsibility system. We did not agree... In certain areas (we) even banned it.” 240 In his authoritative book on Chinese socialist economics published in 1981, Xue Muqiao, a top-ranking pro-reform economist, still held that the ownership system should be collective in the form of communes, brigades and teams. For Xue, the team, not the household, should still be the basic level of ownership and the basic accounting unit. 241 At the conference of the provincial Party secretaries convened in September 1980, a heated debate occurred about the political nature of the household responsibility system. For instance, Gansu Province had widely adopted the system while Jilin Province and the suburbs of Shanghai had not. Some believed the contract responsibility system, on the basis of production teams, was still socialist, but on the basis of individuals or individual households, it became capitalistic.

Only one third of Chinese provinces vigorously promoted the responsibility system. The rest took a “wait and see” attitude or tried to resist the new practice. It was not until the Sixth Plenum in June 1981 that the household responsibility system was officially asserted. 242 Resistance to a return of the commune system not only came from top-level reformers, but also from ordinary peasants, who had benefited from the new policies. For

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242 Zhang, p. 73.
instance, work teams sent to stop the reforms were coldly received by peasants and could hardly find an audience once again in the Party Central Committee’s Document No. 1 in 1982, which concluded that the contract responsibility system, whether based on households or production teams, was socialist.  

In light of strong resistance, the Deng government carried out the dismantling of the commune system in an incremental way which transformed the substance of the commune system while retaining the nominal existence of the institutions. Such an approach, on the one hand, reduced the ideological resistance to rural reforms and tapped what can be called transitional values of the previous system, such as a differentiated phasing-out of the work-point system, which ensured a relatively smooth transition from the old system to the new one. Wan Li consulted prudence in dismantling commune system, a symbol of the Maoist legacy, and installing the household responsibility system.

Prudence is necessary when approaching the reform of the commune institutions. We should not require each level to reform from top to bottom by prescribing a time limit for fulfillment. Until suitable new organizational forms can replace production brigades and teams, we should not recklessly change existing forms and bring about a disorderly situation.

The campaign against bourgeois liberalization made rural de-collectivization difficult to be carried out in spite of the fact Deng and his allies applied an incrementalist approach. When the campaign started, some local cadres began to claim that economic prosperity would lead to “revisionism,” “polarization,” and “capitalism.” In some areas, work teams were sent to redress the “excess” of the household responsibility system and it was also reported that there were people who wanted to reverse the reform policy despite its spectacular achievements.

244 People’s Daily, 23 December 1982.
While the Party conservatives feared that the de-collectivization policy paved the way for a "peaceful evolution to capitalism" in Chinese countryside, Deng and his supporters persisted in defining the policy as essentially socialist. Socialism, according to them, rest on two loosely interpreted principles: first, state or collective ownership of the major means of production; and second, remuneration in accordance with the principle of "payment according to work." Profits, interests, and inheritance even when accumulated as substantial capital holdings were classified as "earned" income by the radical reformers. Such "rewards for private investment" Du Runsheng conceded was not "distribution according to work in its purest form." "However, since it provides that those who do more work and put in more can get more, and since what is put in is still the material manifestation of one's labor" it was "not contrary to the principle of distribution according to work."\(^{246}\) Other forms of property considered vital means of production in the rural economy (animals, agricultural implements, tractors, etc.) were defended as both permissible and compatible with socialism.\(^{247}\) Characterizing the extension of rural markets and commodity exchange as useful supplements to the socialist economy, they stretched the principle of distribution according to work to include rural entrepreneurs, commodity traders, and prosperous farmers who made a "legitimate return on capital invested."\(^{248}\)

The position of individual business was officially designated in Article 11 of the 1982 Constitution as lawful 'individual economy' and 'its lawful interests' would be

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\(^{246}\) Du Runsheng, People's Daily, 7 March 1983.


\(^{248}\) Ibid. The principle of "distribution according to work presented the norm of distribution as a positive socialist one because in recognizing the material interests of the individual and differences in ability and contributions it fostered enthusiasm in the workforce and stimulated the development of productive forces. In previous years, levelled income, stress on egalitarianism, and equal rewards for unequal work had caused tremendous losses to industrial and agricultural production and prevented improvement in the people's livelihood. See People's Daily, 5 May 1978, *Implement the Socialist Principle of 'to Each According to His Work.'*
protected. Private economy, which began to emerge in 1981, was accelerated in 1983 thanks to the pro-market ideological climate and clear official position on greater liberalization of capital, labor and markets. The term 'private economy' was used more frequently, in addition to 'individual economy,' to designate those firms which employ at least eight outside workers, a natural development out of the expansive individual household business.\(^{249}\) Wan Li gave a verbal reassurance that individual economy could be effectively checked by legislative and administrative means as well as economic measures such as pricing and taxation.\(^{250}\)

De-collectivization did bring about the rapid growth of essentially capitalist relations of production and the emergence of new social class relations of production and the emergence of new social class divisions in the rural areas, developments that were partly spontaneous and partly the result of government policy. Although land theoretically remained collective or public property, in fact land became the private property of those who had contracted for its use. To reinforce the perception of ownership, and to satisfy the needs and ambitions of the more entrepreneurial-minded rural inhabitants, new government regulations promulgated in 1983 and 1984 permitted contracted lands to be rented to tenants and wage laborers to be hired. As those who were physically and mentally better endowed, more motivated, and, above all, better connected politically vigorously pursued Deng Xiaoping's dictum that "some must get rich first," the number of rent-paying tenants and hired agricultural laborers grew rapidly. To allay peasant suspicions that the new system might prove temporary, a 1984 government decree

\(^{249}\) Zhang, p. 102.
permitted land to be contracted for up to fifteen years, a period that was later extended to half a century.\textsuperscript{251} By the end of the reform era's first decade, it was generally understood that lands could be freely passed on to heirs for several generations. It soon became common practice for contracted lands to be rented, bought, sold, and mortgaged as if they were fully inalienable private property. "There was thus established a de facto capitalist free market in land, if not in formal ownership then in rights to land use, which encouraged much speculation in real estate by China’s new monied elites."\textsuperscript{252} Thus, the official status of land and most other productive resources as collective property was retained only in a formal legal sense.

The rural reform policies under "Socialism with Chinese Characteristics" also emphasized the virtues of specialization in production and a greater division of labor, which in turn gave further impetus to the growth of rural capitalism.\textsuperscript{253} Approximately one-fifth of the rural farms were designated "specialized households," where peasants turned from ordinary farming to more lucrative commercial pursuits such as the cultivation of cash crops—tea and silk, the raising of chickens, pigs, and ducks, the herding of livestock, and the operation of fisheries.\textsuperscript{254} Other rural inhabitants took advantage of the responsibility system and the rapidly expanding market economy to establish a wide variety of non-agricultural enterprises, such as trading and transportation companies and a variety of repair and retail shops.\textsuperscript{255}

\textsuperscript{251} Meisner, Deng Xiaoping: An Inquiry into the Fate of Chinese Socialism, 1978-1994, p. 231
\textsuperscript{252} Ibid., p. 231.
\textsuperscript{253} For a discussion of the differences in the attitude towards the division of labour between the Maoist and the Dengist eras. See Maurice Meisner, Marx, Mao and Deng on the Division of Labour in History in Dirlik and Meisner (eds), Marxism and the Chinese Experience: Issues in Chinese Socialism. (Armonk, N.Y.: M. E. Sharpe, 1989).
\textsuperscript{254} Meisner, Deng Xiaoping: An Inquiry into the Fate of Chinese Socialism, 1978-1994, p. 232
\textsuperscript{255} Ibid., 232.
On the horizon of China’s rural areas arose a constellation of privately-owned industrial enterprises, ranging from coal mining and food-processing operations to factories manufacturing various types of consumer goods. Mao had himself encouraged the development of rural industry during the Great Leap Forward, calling upon the Chinese countryside to “vigorously develop industry in the countryside and turn peasants into workers on the spot.”256 That said, Mao’s intention was primarily to industrialize China through the vast land of the countryside. Deng’s reform policies were of a different approach to modernization, namely through privatization of ownership. By the late 1980s, rural industry had come to occupy a crucial place in the national economy, employing some 90 million people (almost 25 percent of the rural workforce) and accounting for more than half of the rural domestic product and more than a quarter of China’s total gross industrial output. Output and employment were to grow at an even more rapid pace in the 1990s, as rural industry recorded astonishing output gains of more than 30 percent per annum.

What is most distinctively capitalist about the reformed rural economy is not the contracting of land to households but rather the increasing prevalence of wage labor. With the rapid growth of commodity production in the countryside, many rural laborers have been transformed into commodities—people who chose to or were forced to sell their labor to those who were now in a position to exploit that labor for profit. When the responsibility system was initially introduced, government policies (still inhibited by lingering socialist norms) stringently limited the number of wage laborers that households or private entrepreneurs could employ. But the limits were rapidly raised, or simply

ignored, and at the Thirteenth Congress of the CCP in 1987, all limits on the hiring of wage labor were removed. The official decision simply ratified the actual economic practice that naturally followed in the wake of de-collectivization. Over the half decade preceding the Thirteenth Party Congress, tens of millions of peasants had hired themselves out as agricultural wage laborers on the expanding farms of the specialized households, and some 68 million additional peasants had left farming to work in factories and in other non-agricultural enterprises. Many millions more followed in the early 1990s. Unlike regular workers in state-owned factories, this rapidly expanding class of wage laborers enjoyed neither welfare benefits nor job security. They were hired and fired in accordance with the needs of their varied employers. Not all the peasants who left the land found regular employment of any sort. By 1989 it was estimated that there were between 20 and 100 million youmin, former peasants who roamed the country in search of employment in the cities. And in 1993 the government acknowledged that more than 100 millions of China's remaining 379 million rural laborers were "surplus" and that the number of redundant rural workers would rise to 200 million by the end of the century. The growth of wage labor, especially after virtually all restrictions on the buying and selling of labor-power were removed, made a mockery of the still officially proclaimed principle of "payment according to work." But what really counted in the reformed rural economy, what determined who "gets rich" and who does not, was not the amount of labor people contributed to social production but rather the ownership (or control) of land, capital, and machinery used to exploit labor.

258 Ibid., p. 233.
Zhao Ziyang declared in a speech in February 1983 on the occasion of the Chinese New Year that “the success of rural reform further clarifies the orientation of reform in urban industry and commerce and other fields.”

\[260\text{ People's Daily, 24 February 1983.}\]
Economic Reform and China’s Road to Capitalism

1. From Plan Economy to Market Economy

That Deng and his supporters shifted the centrality of Mao Zedong Thought from class struggle to practice does not mean that Mao values theory more importantly than practice, however. In fact, Mao’s call for applying Marxism-Leninism according to China’s reality shows a belief in testing a theory through practical experience. What really sets Deng’s project apart from Mao’s is the starting point of national regeneration. For Mao, it is the consciousness of human beings, whereas in Deng’s opinion it is the material condition of human beings. To extricate China from an economically backward state is the precondition for its revival, according to Deng. Thus, by pivoting Mao Zedong Thought on the point of practice, he is able to discredit Mao’s approach with the aid of empirical facts while lobbying for his economics-based project of national revival. Furthermore, while class struggle is Mao’s operational method for transforming the masses’ consciousness, Deng offers no well-defined plan for economic reform but leaves it to the device of practical experience, evident in his characterization of the reform as “crossing the river by feeling the stones underneath.” Without a pre-determined course of development, Deng is able to steer the reform with greater flexibility and freedom. Also, instead of having to find theoretical justifications for his project at the outset, he is to rely on achievements of the reform for validating it. Drawn to the logical conclusion, that means simply that Deng will embrace any methods which can guarantee the success of the reform, even those methods redolent of capitalism. Such is the essence of what Deng calls “Socialism with Chinese Characteristics” at the 12th CCP Congress in September 1992, a vague designation for China’s economic reform, which among other purposes, is to leave
Deng with a wide range of developmental options.\textsuperscript{261} As one reformist economist commented, "the concept is so ideologically flexible that we have enough room to maneuver within it."\textsuperscript{262} What "Socialism with Chinese Characteristics" has ultimately produced, as we will come to see, is a China with capitalistic essence and a socialist label.

The first step the Deng government took down the road of capitalism was replacing the system of plan economy with that of market economy. As the Soviet-style central planning had been proven inefficient, with its inherent rigidities constraining economic growth,\textsuperscript{263} a debate broke out between the conservative reformers who intended to keep the plan system but acknowledged the necessity of improving the system’s efficiency and productivity, and the radical reformers who proposed the abandonment of the plan system for a market-based system. The conservatives were being labeled the "adjusters" because of their belief that all that was needed for improving the productivity and efficiency of the central planning system were some adjustments to be made with respect to the relative distribution of state investment in sectoral development. In particular, the adjusters advocated reducing investment in heavy industry in favor of less costly developmental programs in agriculture and light industry.\textsuperscript{264} Such an adjustment, according to them, would result in a lowering of the accumulation rate, an increase in consumption and

\textsuperscript{261} Zhang, p. 51.
\textsuperscript{263} Hua blamed economic stagnation on the Gang of Four rather than the notion of class struggle, and believed that Mao's economic policy would work once the Gang was removed. According to Yu Qiuili, Minister in charge of the State Planning Commission under Hua's leadership, the struggle against the Gang of Four would be the powerful impetus to economic growth and the roots of China's economic problems did not lie in the central planning system itself but rather in the "failure to correctly implement central planning and its requirements." See People's Daily, 25 October 1977.
\textsuperscript{264} Chen Yun had been urging such adjustments for more than twenty years. In the 1956-57 Party debates, he had been the main advocate of a more balanced and slower pattern of economic growth than envisioned in the policies supported by Mao, Liu Shaoqi, and Deng Xiaoping. See Meisner, p. 209.
consumer spending, and ultimately a rise of people’s living standards.\textsuperscript{265} It should be mentioned here that the type of plan economy the adjusters embraced was not exactly the Soviet system. Theirs was a hybrid of plan and market economies, created to compensate for the deficiencies inherent in a purely Soviet model.\textsuperscript{266} The adjusters’ proposals were countered by the more radical reformers, who held that adjustment measures only served to deal with the symptoms, but not the root cause, of the sectoral imbalance, which lied in the central planning system itself. For them, China should abandon the central planning system altogether and put in its place a market system. The adjusters were not entirely opposed to employing some market mechanisms in China’s economic development, but they rejected categorically the predominance of a market-based economy.\textsuperscript{267} For instance, Chen Yun, the leading proponent of a readjustment policy, gave a widely publicized talk on the primacy of planned economy prior to the convocation of the 12\textsuperscript{th} CCP Congress in September 1982, in which he stressed,

\begin{quote}
Ours is a socialist planned economy. A planned economy should be primary in industry, and there should be no exception in agriculture. The primacy of the planned economy supplemented by market regulation must continue even with the adoption of the (rural) responsibility system...Agriculture, in conformity with planned economy, is in the long-term interests of peasants.\textsuperscript{268}
\end{quote}

\textsuperscript{266} Hu Qiaomu, the president of the newly created Chinese Academy of Social Sciences, criticized the Soviet system for ignoring the existence of “objective economic laws”, in a lengthy speech delivered to the State Council in July 1978. Hu argued that these economic laws were analogous to the laws of nature and thus operated independently of human will and consciousness. Yet the Soviet model of centralized economic planning, he asserted, subordinated these laws to human decisions. Hu drew an example of the law of value to demonstrate how under the Soviet system production was regulated by state administrative decisions rather than by the market, or by price and profit mechanisms. See Hu Qiaomu, Observe Economic Laws, Speed Up the Four Modernizations in Beijng Review, November 10, 1978, pp. 7-12; November 17, 1978, pp. 15-23; November 24, 1978, pp. 13-21.
\textsuperscript{268} Zhu Minzhi and Zhou Aiguo, Chuyi zai zhongnanhai...(The New Year at Zhongnanhai...), Laiowang, No. 2, 1982, pp. 2-3.
The adjusters’ reason for rejecting a market approach to socialist development was simply that such an approach would be tantamount to adopting capitalism. In August 1982, Hu Qiaomu, the second important figure after Chen Yun among the adjusters, distributed a letter written by five economic officials in an attempt to prevent the 12th CCP Congress, which was to be held in the following month, from adopting a radical pro-market economic agenda. This letter raised the most persistent and sensitive ideological question that was to lurk constantly in the background of China’s economic reform: Is the reform policy socialist or capitalist? It is noteworthy that ideological purity has been a persistent and contentious issue surrounding economic development in the history of Communist China, and at times degenerating into a zero-sum political struggle as evidenced by the Cultural Revolution. The letter lamented that if enterprises became “independent economic entities” and if all operations of enterprises were to be regulated by market forces, then “it will weaken planned economy and socialist public ownership”. The letter also clarified the role of commodity economy in socialist development. “Although we still have commodity production and exchange of commodities,” the authors of the letter continued, “we must not describe our economy simply as a commodity economy.” For such a description would “blur the distinction between a socialist planned economy and a capitalist anarchic economy.” Some conservatives even claimed that to go from socialist

269 Zhang, p.67.
270 Ibid., p.67.
271 The term “commodity economy” refers to an economic system combining a plan economy with market mechanisms. It was officially incorporated into the report, prepared by the Office of Economic Reform under the State Council, entitled “Initial Proposals on Economic Structural Reform”, in September 1980. The report stated that the “orientation” of China’s economic reform should be market oriented: while adhering to the predominant public ownership, China should make use of economic laws “in light of the demand of commodity economy and economy of scale” and “transform the present single mode of planning regulation into the mode of market regulation under the guidance of planning.”
272 Zhang., p.67.
273 Ibid., p.67.
planned economy to commodity economy, China would no longer be socialist.\textsuperscript{274} Thus, they stressed that “the purpose of reform should be to expand and improve mandatory planning.”\textsuperscript{275}

Deng’s view on market economy was, however, more positive. In November 1979, Deng told a delegation from Encyclopedia Britannica, Inc. when asked whether socialism can adopt market economy,

> It is surely not correct to say that market economy is only confined to capitalist society. Why cannot socialism engage in market economy? A market economy existed already in the feudal society. Socialism may also engage in market economy.\textsuperscript{276}

Contained in Deng’s answer was an argument that a market economy was ideologically neutral, which in turn would not hurt socialism if it were adopted. Such an argument was provocative, but Deng did not explain how a market economy, a system of economy thriving on private ownership, could operate without undermining such an essential feature of Chinese socialism as public ownership. Perhaps Deng was so absorbed in making China “strong and rich” that he could not care less whether “the cat is black or white as long as it catches mice”. Perhaps what Zhang’s diagnosis was correct, that Deng was more decisively guided by “a strong sense of nationalism” than utopian ideals of communism in undertaking economic reform in China.\textsuperscript{277} In his opening speech at the CCP’s Twelfth National Congress held in September 1982, for instance, Deng stated quite bluntly that “no foreign country should expect China to be its vassal or to accept anything

\textsuperscript{274} Ibid., p.68.
\textsuperscript{275} Jingjixue Wenzhai (Economics Abstracts), No. 1, 1985, pp. 5-6.
\textsuperscript{277} Zhang, p. 49.
that is damaging to China’s own interests.”278 Fuelled by nationalistic sentiments, Deng was determined to make China strong and rich even if it meant breaking the Maoist taboo against opening China to the capitalist world.279

Replacing the plan economy with the market economy began with the landmark “Decision of the Central Committee of the Chinese Communist Party on Reform of the Economic Structure” issued in October 1984. The Deng leadership sought to use the success of the rural reform program, as well as the favourable public response it generated, as a basis for undertaking reforms of the much more complicated and diverse urban sector. The guiding principle of urban reform, as was contained in the Decision, was to remove direct government control over most economic activities in favor of the “free play” of market forces, which it was assumed could more efficiently and rationally determine what was produced and how the products were sold.280 The overall goal of urban reform has been to create a mixed economy in which the market would play a significant role while state planning is concerned more with regulating than with directing the economy. Since the term “market economy” was still ideological sensitive, China’s new economic system, which combined planned economy with some market-orientated mechanisms, was

278 See Opening Speech at the Twelfth National Congress of the Communist Party, (September 1, 1982), in Selected Works of Deng Xiaoping (1982-1992), http://english.peopledaily.com.cn/dengxp/contents3.html. For the CCP, the Twelfth Congress was of historic significance. The congress outlined the general task of the Party in the new historical period as follows: to unite the people of all ethnic groups in working hard and self-reliantly to achieve, step by step, the modernization of industry, agriculture, national defense and science and technology and to make China a culturally and ideologically advanced and highly democratic socialist country. It also set the economic goal for the period from 1981 to the end of this century, that is, under the prerequisite of constantly improving economic efficiency, to quadruple the annual industrial and agricultural output value of the country, i.e. from 710 billion yuan in 1980 to about 2,800 billion yuan in the year of 2000, so that people can enjoy a better standard of living. Furthermore, it was at the Twelfth Congress that Deng put forward the famous motto “Socialism with Chinese Characteristics” for the first time, which was enshrined in the new constitution passed by the Congress, and which was to become the singular guiding principle of China’s economic policies to this day.

279 Zhang, p. 49.

designated as ‘the commodity economy.’ Furthermore, a planned commodity economy had already been in operation in China, since the state, collective and private sectors had all engaged in commodity exchanges despite their inherent differences. For instance, circulations of capital goods among the state enterprises, as well as marketing of products across economic sectors, all confirmed the existence of a commodity relationship in the Chinese economy. Commodity exchange was therefore perceived as the base of the Chinese socialist economy.

To produce the desired “planned commodity economy”, the Deng leadership recognized the necessity of transferring more authority over economic decision making to urban factory managers. A “factory director responsibility system” was developed to encourage more local initiative, more efficient use of resources, and more skilful and judicious leadership by the frontline producers, accompanied by a reduction of economic control in the hands of the Party Committee in industrial enterprises.

By socialist ideological standards, the Decision constituted a fairly important theoretical breakthrough and a significant deviation from the widely accepted conventions. First, the Decision defined the nature of the socialist economy as ‘planned commodity economy’, and asserted that China’s economy was not market based. As the Decision stated, “Ours is on the whole a planned economy, that is, a planned commodity economy, not a market economy that is entirely subject to market regulation.”

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281 In September 1980, this concept was officially incorporated into the report, prepared by the Office of Economic Reform under the State Council, entitled ‘Initial Proposals on Economic Structural Reform.’ The report stated that the ‘orientation’ of China’s economic reform should be market oriented: while adhering to the predominant public ownership, China should make use of economic laws “in light of the demand of commodity economy and economy of scale” and “transform the present single mode of planning regulation into the mode of market regulation under the guidance of planning.” See Wu Jinglian, Planned Economy or Market Economy. (Beijing, Chinese Economics Press 1993), pp. 134-135.

282 The Decision of the CCP Central Committee on the Reform of Economic System, see Zhang, p. 112. The concept of commodity economy originated was in 1979, and shelved by the first campaign against
Decisions gave priority to the law of values, according to which the price of the commodity must reflect its value, over the classical socialist "law of planned and proportionate development". The Chinese economy, claimed the Decision, "is a planned commodity economy with public ownership as its base, consciously following and applying the law of value." Third, the Decision redefined the relationship between mandatory and guidance planning. It also established the market orientation of China’s economic reforms by making it clear that the objective of urban reform was to step-by-step 'reduce the scope of mandatory planning and appropriately expand that of guiding planning.' It refuted the convention that put planned economy and commodity economy opposite each other by declaring that "the full development of a commodity economy is an indispensable stage in the growth of society and a prerequisite for our economic modernization." The decision reaffirmed Deng’s idea of "whether a policy that

bourgeois liberalization in 1981. The concept rejected the classical Marxist view that commodity market and money exchange ultimately come to an end under socialism, as well as the Stalinist them that socialism only adopts central planning. According to Stalin, only the collective sector contained commodity exchange and it only constituted a very small portion of the socialist economy. The state sector operates on behalf of the 'whole people' and therefore did not need commodity exchange. See J. Stalin, Selected Works of Stalin, Vol. 2. (Beijing, People’s Press, 1952), pp. 548-550.

283 The Decision of the CCP Central Committee on the Reform of Economic System, see Zhang, p. 113. According to Ma Hong, a commodity economy should "bring into full play the role of the market and its regulation." See Ma Hong (ed.), Modern China’s Economy and Management. (Beijing, Foreign Language Press, 1992), p. 8. Hu Qiaomu, the president of the newly established Chinese Academy of Social Sciences, delivered a speech at the State Council, entitled Observe Economic Laws, Speed Up the Four Modernizations. In it, Hu discussed some basic principles which would entail a moderate economic reform. Hu reassessed Stalin’s theory on the incompatibility between ‘the law of value’ and the 'law of planned and proportionate development.’ He introduced the concept of underdeveloped productive forces to stress the need for a significant deviation from Stalin’s theory, and he observed that the two laws could be made mutually interdependent under socialist conditions characterized by underdeveloped productive forces. In other words, a socialist country should respect the 'law of value' in its planned economy and China should readjust certain prices so as to reflect the balance between supply and demand and grant greater autonomy to enterprises under central planning. See Hu Qiaomu, Observe Economic Laws, Speed Up the Four Modernizations, in Beijing Review, No. 45, November 10, 1978, p. 7.

284 The Decision of the CCP Central Committee on the Reform of Economic System, see Zhang, p. 113.

128
facilitates the development of productive forces should be regarded as the most important
criterion for assessing the success or failure of a policy.\textsuperscript{285}

Deng highly commended the Decision and described it as “a draft of new political
economics that has combined basic Marxist principles with China’s socialist practice.”\textsuperscript{286} He attributed the Decision to a crystallization of practical experience gained from the rural
reform. As he asserted, “without the (reform) practice over the past few years, it would
have been impossible to produce this kind of document. Even if it had been produced, it
could hardly have been adopted.” In October 1985, Deng told a group of visiting
American entrepreneurs that there was no fundamental contradiction between socialism
and market economy.

\begin{quote}
We used to have a planned economy, but our experience over the years has proved that having a
totally planned economy hampers the development of the productive forces to a certain extent. If
we combine a planned economy with a market economy, we shall be in a better position to liberate
the productive forces and speed up economic growth.\textsuperscript{287}
\end{quote}

Deng also rejected the argument that a market economy was only a feature of capitalist
society while introduced the idea of “socialist market economy.”

\begin{quote}
It is wrong to maintain that a market economy exists only in capitalist society and that there is only
“capitalist” market economy. Why can’t we develop a market economy under socialism?
Developing a market economy does not mean practicing capitalism. While maintaining a planned
economy as the mainstay of our economic system, we are also introducing a market economy. But it
is a socialist market economy. Although a socialist market economy is similar to a capitalist one in
method, there are also differences between them. The socialist market economy mainly regulates
interrelations between state-owned enterprises, between collectively owned enterprises and even
between foreign capitalist enterprises. But in the final analysis, this is all done under socialism in a
socialist society. We cannot say that market economy exists only under capitalism. Market economy
was in its embryonic stages as early as feudalist society. We can surely develop it under socialism.
Similarly, taking advantage of the useful aspects of capitalist countries, including their methods of
operation and management, does not mean that we will adopt capitalism. Instead, we use those
methods in order to develop the productive forces under socialism. As long as learning from
\end{quote}

\textsuperscript{285} Ibid.
\textsuperscript{286} Wenhu Ribao, 23 June 1993.
\textsuperscript{287} Deng Xiaoping, \textit{There is No Fundamental Contradiction between Socialism and a Market Economy},
capitalism is regarded as no more than a means to an end, it will not change the structure of socialism or bring China back to capitalism. 288

As Zhang points out, “it revealed an important approach adopted by the Chinese reformers in ideological innovations: de-politicizing those ideologically sensitive concepts and neutralizing their content in such a way that they could be used for China’s market-oriented economic reforms. Many western concepts were presented in a value-free discursive framework and projected as favorable to China’s national interests. Consequently, many western concepts were gradually incorporated into the reformist doctrine.” 289

Deng began to express his favorable views regarding a market-based economy as the development model for China. His performance-oriented approach became more acutely recognizable when he said,

Why do some people always insist that the market is capitalist and only planning is socialist? Actually they are both means of developing the productive forces. So long as they serve the purpose, we should make use of them. If they serve socialism they are socialist; if they serve capitalism they are capitalist. 290

To strengthen his point about market approach being value-free, Deng revised a long-held value-added distinction between planning and market.

It is not correct to say that planning is only socialist, because there is a planning department in Japan and there is also planning in the United State. At one time we copied the Soviet model of economic development and had a planned economy. Later we said that in a socialist economy planning was primary. We should not say that any longer. 291


289 Zhang, p. 116.


291 Ibid.
At the same time he reassured that China would not take the capitalist road. During a talk with Frank B. Gibney, Vice-Chairman of the Compilation Committee of Encyclopaedia Britannica, Inc. of the United States, Paul T. K. Lin, Director of the Institute of East Asia at McGill University of Canada, and others, Deng stated,

Market economy involves only the foreign-funded enterprises. Taking the country as a whole, this is not a problem. The state-owned sectors and collectively owned sectors are still the mainstay of our economy. Although in our economy there may be some investment from overseas Chinese which might be in the form of capitalism, it is different from regular foreign investment because the majority of these overseas Chinese come to China with reverence, hoping to develop their socialist motherland. Some people are afraid that China will take the capitalist road if it tries to achieve the four modernizations with the help of foreign investment. No, we will not take the capitalist road. The bourgeoisie no longer exist in China. There are still former capitalists, but their class status has changed. Although foreign investment, which belongs to the capitalist economy, occupies a place in our economy, it accounts for only a small portion of it and thus will not change China's social system. Achievement of common prosperity characterizes socialism, which cannot produce an exploiting class.  

As Zhang points out, these remarks raised an ideologically sensitive issue of whether socialist central planning should allow a market role in the form of price mechanism. Deng tried to veil China's economic reform with a "socialist" label. He claimed,

We are trying to achieve modernization in industry, agriculture, national defence and science and technology. But in front of the word 'modernization' is a modifier, namely, 'socialist', making it the 'four socialist modernizations'.

He emphasized the distinct features of socialism once again, namely public ownership and common prosperity, arguing the China was a socialist country because "the publicly owned sector...accounts for more than 90 percent of the total." He went on to justify the use of

\footnotesize

\begin{itemize}
  \item 292 Ibid.
  \item 293 Zhang, p. 55.
  \item 295 Deng, Reform is the Only Way for China to Develop its Productive Forces.
\end{itemize}
market mechanisms in China’s economy as they can contribute to the development of socialism in China.²⁹⁶

Lifting price control was a further step towards abolishing the plan economy. It was concluded that the creation of a “rational” pricing structure in which the prices of commodities reflected the true costs of their production as well as the demand for them—was well beyond the technical capabilities of state economic planners to make. Thus, it was decided to rely more on market forces to perform this function. Accordingly, the number of goods subject to state-determined prices was reduced in late 1984, and price controls were removed on a variety of key food products (including meat, fish, vegetables, and eggs) in early 1985. Moreover, with the adoption of the “procurement contract system” in early 1985, all agricultural products were freed from mandatory state planning and state price controls. Finally, a new round of administrative decentralization was decreed—allowing provincial and local governments a considerable degree of authority over governmental revenues and expenditures.

The most glaring feature of capitalism incorporated into the reform proposals was that of profitability, a feature which is now commonly known as “the bottom line” in many capitalist countries in the world. Surplus value and capital accumulation are the critical components of what determines whether an enterprise meets its bottom line or not. Essentially, capitalism survives on the tenet of profit maximization rather than on the purpose for which production is undertaken to meet social needs. What the Deng leadership undertook in its reform program was precisely to set profitability as the primary

²⁹⁶ Ibid. Deng said, “...we allow a small private sector to develop, we absorb foreign capital and introduce advanced technology, we encourage Chinese and foreign enterprises to establish joint and cooperative ventures and we even encourage foreigners to set up wholly owned factories in China. All that will serve as a supplement to the socialist economy.”
criterion of production, not social utility. To consolidate profit maximization as the rule of the thumb, the National People’s Congress promulgated a national bankruptcy law in December 1986, following numerous heated debates.297

The second indicator of China graduating into a market economy was another essential component of capitalism, namely commodification of labor. Labor can now be bought and sold on the market much in the fashion that goods are bought and sold on the market. The commodification of labor completely defied the principle of full employment with job security during the Maoist era. The pretext for such a capitalist act was to break the “iron rice bowl”, an expression which described a life-tenure of state enterprises workers, and which was regarded as a major obstacle to profitability. Rationalizing on “objective economic laws”, the state granted enterprise managers the authority to hire and fire employees according to fluctuating market conditions and the financial conditions of their enterprises. As Gordon White points out, job security was part of “the superiority of socialism” while attempts to undermine it, such as rendering labor a commodity, were comparable to creating a capitalist “wage labor” system.298

To complete the entire picture of a market economy, the Deng leadership granted the market the ultimate authority to shape a pricing system. Initially, the prices of essential industrial products as steel, coal, and oil would remained fixed by the state; other industrial products would be allowed to float within a range set by the state, with the exact price negotiated between sellers and buyers; and most consumer goods, along with agricultural food and products, would be allowed to fluctuate freely. The Chinese constitution was also

amended to facilitate economic reforms and reflect the new conventions. A Beijing Review article claimed, 'the planned economy, once regarded as the cornerstone of socialism, has finally lost its dominance in China after four decades' and amendments were made to the 1982 Constitution at the first session of the Eighth National People's Congress held in March 1993.\textsuperscript{299}

By 1982, the official regional press was warning of the dangers of 'peaceful evolution' back to capitalism and of the CCP 'changing political color.' Though the Cultural Revolution had been a mistake, the Party 'must not go the other extreme, negate the correct things in Mao Zedong's standpoint and deny that the danger of 'peaceful evolution' still exists in China.'\textsuperscript{300} A series of articles were published on eliminating leftist influence in People's Daily. The first of the series, entitled "To Change Old Concepts", suggested that resistance to reforms did not come from the ordinary people but from some "leading cadres who have not yet been emancipated from the shackles of old concepts".\textsuperscript{301} The second article published on 5 December sharply criticized propaganda departments for being seriously influenced by leftist ideology and claimed: "Taking the class struggle as the key link has become a habit within the Party and its influence should not be underestimated. Comrades working on the ideological front in particular must never underestimate the leftist influence."\textsuperscript{302} The third article, entitled "Theory and Practice", was based on Hu Yaobang's speech at a meeting of the heads of propaganda departments across the nation on 4 December, became a widely-reported international event, as it asserted,

\textsuperscript{299} Constitution Amended to Advance Market Economy, Beijing Review, April 26-May 2, 1993.
\textsuperscript{300} Dazhong Ribao, 1 April 1982.
\textsuperscript{301} People's Daily, 30 November 1984.
\textsuperscript{302} People's Daily, 30 November 1984.
Marx passed away 101 years ago. His work were written more than 100 years ago. Some of his assumptions were based on conditions of that time. Great changes have taken place and some of those assumptions are not necessarily appropriate today. There are many things which Marx, Engels and Lenin never experienced, things which they never encountered. We cannot expect the writings of Marx and Lenin of that time to solve our current problems.\textsuperscript{363}

\textsuperscript{363} People's Daily, 7 December 1984, this statement immediately led to reports in the Western media that China had abandoned Marxism. Reacting to this, People's Daily published a correction the following day, modifying the last remark into 'we cannot expect the writings of Marx and Lenin to solve all our current problems,' a clear indication of the top-level ideological dispute concerning the relevance of Marxism to China's reality.
2. From Public Ownership to Private Ownership

That Deng’s project of national revival led China down the path of capitalism can be further seen in the privatization of state-owned enterprises (SOEs), accompanied by official endorsement of privately-owned businesses.

China’s privatization of SOEs began with privatization of small and medium state-owned and collective enterprises. The privatization drive was triggered by the deterioration of these enterprises’ performance amid intensified market competition in the 1990s and the resultant fiscal difficulties of local governments.\(^{304}\) In light of the fact that over half of all SOEs were losing money and that most were deeply in debt, the Deng government now saw foreign direct investment (FDI) as a means to save the state-owned sector from bankruptcy, financial crisis, and rampant unemployment. The privatization process experienced yet another acceleration after 1997, when Jiang Zemin, then the president, endorsed the sale of all but the largest state enterprises.

The dominant mode of early privatization was the conversion to the employee, ownership, which was more palatable to employees and more acceptable ideologically as well. Privatization through employee ownership proved effective in getting privatized enterprises out of the protection of local governments and also in strengthening intra-enterprise discipline. But the employee ownership with equal equity distribution came with the adverse effect that could not be negligible: inefficiency in decision-making. As the awareness of this problem grew and spread, the centralization of capital in the hands of

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managers/executives and the buyout by private companies came to be encouraged as more favorable methods of privatization.\textsuperscript{365}

The 15th Congress of the CPC in 1997 marked the start of the easing of political constraints on privatization of publicly owned enterprises and business activities of private-sector companies, the waves of privatization gradually spread to relatively large public-owned enterprises. In particular, at state-owned and collective enterprises that have achieved the impressive advancement in the market economy on the strength of top managers' competence, moves emerged to seek de facto privatization at the initiatives of such top managers. Mailyard Group, the top exporter of apparel products to the Japanese market, and TCL, the second biggest manufacturer of home electric appliances after Hai-er, are the typical examples of such enterprises.\textsuperscript{386} According to official statistics, the number of state enterprises fell from 262,000 in 1997 to 159,000 last year.\textsuperscript{387} According to an official's incomplete statistic, up to 1987 there were 225,000 private enterprises and 3.6 million employees.\textsuperscript{388} By 1997 there were 960,000 registered private firms in China, employing 13.5 million people.\textsuperscript{389}

The new policy was heralded with the slogan, "Hold the Big, Release the Small", signaling the government's willingness to allow many small and medium-size SOEs to change ownership; this effectively allowed large-scale privatization, although the

\textsuperscript{365} Ibid.
\textsuperscript{366} Ibid.
government resisted using those words.\textsuperscript{310} Furthermore, the Jiang government justified the policy in terms of a struggle between Chinese national industry and foreign industry. The Chinese regime has retained its legitimacy by simply refashioning the debate into one of Chinese industrial survival amid ever increasing foreign competition. Privatization ("letting go") is necessary so that Chinese "national industry" can be re-vitalized and strengthened to meet its global competition. As Mary E. Gallagher said well, "A nationalist perspective has replaced a socialist perspective and so far has shielded the Chinese leadership from accusations that it has sold out socialism."\textsuperscript{311}

More recently President Jiang Zemin made a controversial and still contested decision to allow private entrepreneurs to join the Chinese Communist Party. This change of heart toward China's "red capitalists" is considered a signal of the party's increasing desire to strengthen both the private sector and the party links to a burgeoning private business elite.\textsuperscript{312}

Thus, foreign acquisition of SOEs became a major facet of the as yet undeclared privatization process.\textsuperscript{313} Yet, quite consistent with Deng's doctrine of practice, the announcement at the Fifteenth Congress merely bestowed official approval on widely spread privatization practices that had been occurring in many localities since 1992. "The 15th Congress merely set the ideological tone by officially acknowledging the need to

\textsuperscript{310} If fully implemented this would affect over one hundred thousand small and medium-size state enterprises. Jean-Francois Huchet, The Fifteenth Congress and the Reform of Ownership: A Decisive Stage for Chinese State Enterprises, China Perspectives 14 (November–December 1997), p.17.

\textsuperscript{311} Mary E. Gallagher, Reform and Openness: Why China's Economic Reforms Have Delayed Democracy, p.364.

\textsuperscript{312} Mary Kwang, CCP Welcomes Private-Sector Members, Straits Times, July 2, 2001; Ching Cheong, Opening the Doors to the Capitalists, Straits Times, July 15, 2001.

clear out the redundant workforce and to allow the state to abandon its medium and small enterprises step by step.”

But a “powerful momentum was injected into the process” after China completed a leadership handover in November 2002. And on Oct. 14, the Central Committee passed a resolution that quietly called on the party to push ahead with privatization and cleared the way for the sale of medium and large state-owned enterprises. For the first time, the party said it would “vigorously develop a mixed economy” with stock ownership playing a dominant role. “Before the policy was ‘Grasp the Large, Release the Small’, but now the large enterprises can be released too,” said Zhang Wenkui, a researcher at the State Council Development Research Center, which advises the leadership. He said the resolution also opened the door for the state to sell majority stakes in strategic industries.

A senior Chinese official confirmed the policy shift during a news conference, citing a decision by the party’s powerful Central Committee last month that used stronger language to encourage the transfer of state-owned factories and other enterprises into private hands. Li Rongrong, director of the agency that manages state assets, said the government planned to remain in strategic industries critical to the Chinese economy and national security but added that it was no longer necessary for the state to hold a majority stake in a business to maintain a “controlling, influencing and driving force.” He said “very, very few enterprises” would remain wholly state-owned and predicted the country would enter “a peak period of mergers and acquisitions” because local governments, which administer about 90 percent of the country’s state firms, have been granted more authority

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314 Gu, p. 47.
316 Ibid.
317 Ibid.

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to dispose of the businesses.\textsuperscript{318} As Philip P. Pan of the Washington Post said, "The new push to privatize China's vast and inefficient state industries represents another step by the Communist Party away from the socialist principles with which it took power in 1949 and toward the capitalist system it once condemned. In a sign of the political difficulties the reversal presents, officials refuse to use the word "privatization," preferring terms such as 'ownership transformation'."\textsuperscript{319} It's no secret that the country's private sector has been booming, accounting for between one-third and one-half of the country's GDP, according to the World Bank, even though it suffers from severe restrictions in accessing capital, especially the capital markets.\textsuperscript{320}

Also, since the mid-1990s, the Chinese government has been promoting the reorganization of public enterprises into joint stock companies and their stock exchange listings as part of the broader corporate reform of state-owned and collective enterprises. Some of the most prominent state-owned enterprises have already been listed on the stock exchanges, such as Baoshan Iron and Steel and Sinopec Corp. The reorganization into joint stock companies and exchange listings can be considered as a step in the phased privatization process. However, the ratios of state-owned equity shares in exchange-listed state-owned enterprises still remain high at several-dozen percentages.\textsuperscript{331}

At the conceptual level, the emphasis on leasing industrial and commercial enterprises to individuals and collectives raised the issue of diversification of ownership and challenged the orthodox concept of state ownership. The introduction of securities markets and stock exchanges raised the question of how many Western-style reforms

\textsuperscript{318} Philip P. Pan, Washington Post, November 12 2003.
\textsuperscript{319} Ibid.
\textsuperscript{320} Dan Slater, Finance Asia.com Ltd, 27 August 2002.
\textsuperscript{321} Imai, http://www.ide.go.jp/English/Publish/Spot/25.html
China could absorb and still call itself a socialist country. The same question applied to the adoption of a controversial bankruptcy law. These emerging problems were bound to be troublesome to party leaders like Chen Yun, who adhered to more orthodox socialist concepts.

At the level of implementation, questions emerged concerning the speculation and exploitation that was believed to accompany the operation of stock exchanges. The introduction of bankruptcy provisions was viewed as contributing to unemployment and hardships for the workers. Also, the introduction of a labor contract system, while providing opportunities to motivated and competent workers, might well threaten the livelihood of the less skilled. Even the new value being placed on entrepreneurship challenged the previous way of life, in which the state made all decisions and provided the means of sustaining life.

The CCP under the new leader Hu Jintao, who succeeded Jiang in March 2003 announced a constitutional amendment that would legalize private property while broadening the focus of the party to represent private businesses at the Second Session of the 10th National People Congress on March 12, 2004. The amendment declares that "private property obtained legally shall not be violated" and will be placed "on an equal footing with public property", according to the official New China News Agency. The other amendment enshrines in the constitution the "Three Represents" theory of former president Jiang Zemin, which broadens the base of the Communist Party to include the economic elite and businesses. The theory essentially holds that the Communist Party should represent the interests of all Chinese people, not just the proletariat.322

Virtually assured of adoption in the party-controlled National People's Congress, the amendments constitute a significant advance in China's ongoing transition from communism to capitalism. They amount to recognition that the economic future of the world's most populous country rests with private enterprise -- a radical departure from the political roots of this land still known as the People's Republic of China.  

"These amendments of the Chinese constitution are of great importance to the development of China," Premier Wen Jiabao said at a news conference shortly after the two measures were passed in a nearly unanimous vote by the National People's Congress, China's 2,904-member legislative assembly, on the final day of its 10-day annual meeting. He added: "We will make serious efforts to carry them out in practice." "We will unswervingly encourage, support and guide the development of the non-public sector," Premier Wen said last month in an interview with The Washington Post. He singled out protection of private property as something that would "give greater scope to the creativity and enterprising spirit of the Chinese population and will in the end help us achieve the goal of common prosperity."  

Ying Songnian, director of the law department at the National School of Administration, said the amendment could also offer increased protection to farmers and other small landowners whose property is confiscated by local governments eager to please big developers. Such confiscations, sometimes by corrupt officials, have produced a wave of complaints in recent months, prompting Wen to pledge that his government would seek to put a stop to them.

The amendment marked China's formal renunciation of Maoist doctrine that made owning property an evil. In effect, it put private property on an equal legal footing with

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323 Goodman, p. A01.
324 Ibid., p. A01.
state-owned property, a welcome change for foreign investors who have invested billions of dollars in China and for the millions of Chinese entrepreneurs who have founded businesses since economic reforms began in 1979.

Deng's view—that the most important features of socialism are the predominance of public ownership and an ultimate common prosperity—was reaffirmed at the Congress, but as the fourteen years of economic reforms have already diversified China's ownership system, the definition of 'public ownership' has become far more elastic than ever before. Jiang Zeming's report interpreted Deng's argument that public ownership not only includes the state enterprises but also the rising collectives and the 'township and village enterprises' that are responsive to market signals and have been largely responsible for the relative success of China's economic reforms. Most economists also consider stockholding companies as publicly owned if the state has a greater share. On common prosperity, 'simultaneous prosperity for everyone is impossible,' Jiang claimed. 'We should thus widen the differences in personal income to a reasonable degree' in order to achieve higher efficiency and the ultimate goals of common prosperity, a sharp contrast to the more conservative tone of his 1989 article.325

325 Zhang, p. 216.
3. From Isolation to the Open-Door Policy

The metamorphosis of China under Deng’s economic reforms, progressing toward capitalism, is increasingly justified in nationalistic parlance, and no reform measure can better capture this newly acquired habit than the establishment of Special Economic Zones (SEZs), a essential component of Deng’s Open-Door policy.

The SEZs are not a Chinese invention. When the Deng leadership began to set up SEZs in 1979 along the southern coast in the provinces of Guangdong and Fujian, there were already a hundred such zones operating in various Third World countries, especially in Asia, the most successful located in Taiwan and South Korea.326

Deng supported the idea by drawing inspiration from his early revolutionary experience and claimed that “during the war, wasn’t Yanan a special zone?” Deng derived his belief in the zone idea from the two views he had expounded in 1978: first, some people and some regions should be encouraged to get rich to set examples for others to emulate; second, that China must open itself to the outside world to “absorb advanced foreign technology, managerial experience and capital.”

In 1984 the territorial areas of the four original zones were expanded. Fourteen coastal cities, from Qinhuangdao and Tianjin in the North to Beihai in the Southwest, along with the island of Hainan, were opened to foreign investment. In early 1985, Premier Zhao Ziyang announced that three large regions had been similarly opened as areas for preferential foreign investment and trade—the Pearl River delta surrounding Canton, the Min River delta in Fujian province, and the Yangtze River delta around Shanghai—with

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326 The first four zones were Shenzhen, originally a small fishing village bordering Hong Kong, which was the largest and most important of the four; Zhuhai, a town close to the Portuguese colony of Macao; Shantou, the old treaty port city of Swatow in northern Guangdong province; and Xiamen, the former treaty port known as Amoy located in Fujian province, and across the straits from Taiwan.
two additional regions in North China, the Jiaodong peninsula in Shangdong province and the Liaodong peninsula in Manchuria, soon to follow.

Those zones were designed to attract foreign capital and technology by offering foreign investors favourable conditions for making quick profits, especially an unlimited supply of cheap labour and preferential tax and other fiscal arrangements, and the modern amenities of life that temporary foreign residents desire. It is usually stipulated that goods produced in the zones will be exported so as not to compete with domestic industries. It is assumed that by confining foreign operations to defined territorial enclaves, the country as a whole can be insulated from foreign influences, a political psychological necessity in ex-colonial lands historically exploited by imperialism.

The strategy for the SEZs stressed the so-called “four primaries”: foreign investment was to be the primary source of construction funds; joint venture and wholly foreign-owned enterprises the primary form of zone enterprises; zone-made products primarily exported overseas; and the market forces primary means of macroeconomic management. Such a strategy was proven vulnerable to the challenge of its critics, as it defined the present tasks of the SEZs in terms of its end-goal. It was replaced by a new strategy called a “two-way” model” or “double fan”, which mimic an arrangement where foreign capital and technology were employed to build industrial capacity to compete in the international export market while domestic resources were used to shape an export-oriented economy.

In the SEZs, to facilitate profitability of enterprises, Hu Yaobang created the directors’ responsibility system, a system which gave unprecedented decision-making power to the director or manager rather than the Party secretary of an enterprise. This
system was later introduced across the country as a solution for making state enterprises profitable. A People’s Daily article observed that “the factory managers almost unanimously agreed that possessing autonomous decision-making power was a precondition for keeping enterprises profitable, particularly those partaking international market competition.

The establishment of the SEZs, met a fierce opposition from conservative leaders, who feared that opening China to western businesses, together with official tolerance for economic practices of a capitalist nature, would compromise China’s socialist system. Chen Yun, for instance, attacked the SEZs for opening China to the influence of “negative things” from the modern west, and criticized the Deng leadership for having done little in stopping the infiltration of the “negative things” into the rest of China. He also fretted over the “corrosive” influence of capitalist on the Chinese population and the diminishing confidence in socialism. As he contended, “some people saw high-rises and expressways, etc, in foreign countries; thus, they believed that China was inferior to the foreign countries and that socialism did not work.”327 During the 1980-81 campaign against “bourgeois liberalization”, the Chinese press repeatedly acknowledged that high Party officials were comparing the SEZs to the treaty ports and foreign concessions of the nineteenth and early twentieth centuries in China.328 This comparison was employed to criticize such special privileges as tax breaks and internal borders.

The rights of foreign enterprises to freely recruit Chinese employees and repatriate profits and establish wholly foreign-owned enterprises were regarded by conservative

ideologues as betraying China’s economic and political sovereignty. The SEZs were regarded as “selling out the country”. As Harry Harding noted, “one senior leader who had visited Shenzhen was quoted in the Chinese press as saying: “Apart from the five-starred Chinese communist flag, everything in Shenzhen has turned capitalist.” Another official apparently burst into tears at seeing Shenzhen, declaring that he would never have joined the Communist revolution had he known Shenzhen would be the result. The critics asked that if foreign-owned subsidiaries were allowed to repatriate profits earned in China, “are we not regressing to capitalist exploitation?”

Deng’s supporters launched a counter-attack by invoking arguments similar to those made by the Qing reformers for initiating both the Self-Strengthening Movement and the Hundred-Day Reform. As they argued, the zones would attract foreign capital, assist in introducing advanced technology, create new jobs, and serve as “schools” for learning the principles of the marketplace that could then be applied to the structural reform of the urban economy. But they were not merely schools from which to learn the modern west, as one looks back. They were on a larger scale what Suzanne Pepper called “a casebook example of the principles the reformers hoped to adopt for the economy as a whole.”

On the criticism that the SEZs were like the pre-1949 foreign concessions which western powers had procured from the Qing government through military coercion, Deng’s supporters countered that the comparison was far-fetched because China retained full sovereignty and political control over the zones. In fact, as they went on, China is able

329 Harding, p. 168.
330 Ibid., p. 168.
either to create or abolish the zones as it wishes. Furthermore, foreign businesses operate under Chinese law. Preferential treatment extended to foreign investors was mutually beneficial, and therefore the SEZs were not “colonies”. The reformers invoked Lenin’s New Economic Policy to back up their defense of the SEZs, holding that Lenin endorsed the idea of socialist countries making use of foreign capital for promoting their economic development without abandoning their sovereignty and ideology. The reformers admitted that some exploitation did exist in the zones. However, as they justified, this was a kind of “buying out policy” similar to the method used against the national bourgeoisie in the early fifties and justified by Lenin’s New Economic Policy.

Another argument in defense of the SEZs given by the reformers was that the SEZs are the vehicle for bringing foreign capital and technology into China. When interviewed by Henry Grunwald, editor-in-chief of Time, Deng said,

The policies of using foreign funds and allowing the private sector to expand will not weaken the predominant position of the public sector, which is a basic feature of the economy as a whole. On the contrary, those policies are intended, in the last analysis, to develop the productive forces more vigorously and to strengthen the public sector.334

This argument seems to be conceived on the same logic as the formulation of “using western technology for empowering China” devised by the Qing reform-minded officials for rationalizing both the Self-Strengthening Movement and the Hundred-Day Reform. That formulation, later simplified into a slogan “Chinese knowledge in essence, Western technology in use,” reflects ultimately a tortured nationalistic sentiment that China’s regeneration cannot do without resorting to the fruits of western civilization, but China has somehow to preserve its cultural essence in the process. In defending the SEZs, the communist reformers betrayed the same sentiment. They intend at once to modernize

334 An interview with Henry Grunwald (Editor-in-Chief of Time),

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China by means of western technology and investments and to prevent the erosion of Chinese essence which is now socialist rather than Confucian. As such, the Deng government came to characterize the SEZs as “socialist in nature and capitalist in use.” The zones were essentially “socialist” because they were “under the supervision of the working class state.”

It may be said that there is nothing Chinese about the communist version of the Qing formulation since neither socialism nor capitalism is an indigenous ideology, but welding them into one harmonious paradigm is indeed a peculiarity discoverable nowhere but in China, and more precisely Deng’s China, which is commonly known as “Socialism with Chinese Characteristics.”

Deng’s economic reform was infused with a sense of continuity in the quest of reviving China in a new international setting. He resumed the theme of “Chinese knowledge for essence, Western knowledge for use” to defend a developmental agenda which included the introduction of a market economy in China. Deng began to raise a number of big issues on the relationship between socialism and capitalism and on the modernization of China. In 1984, Deng presented more clearly his concept of ‘one country, two systems’ for solving issues like Hong Kong, Macau and Taiwan. He endorsed the expansion of the Xiamen SEZ and the idea of turning Xiamen into a ‘free port’. He even asserted that capitalism could contribute to socialism by claiming that “the existence of capitalism in limited areas will actually be conducive to the development of socialism.”

However, he refrained from a complete embrace of the West, fearing the loss of China’s identity as a major power. Deng called for guarding against the corrosive influence of

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"external decadent ideologies." It is in this light that his famous motto "Socialism with Chinese Characteristics" makes most sense.\(^{337}\) For Deng, one purpose of such a motto was to "highlight the Chinese national and ideological identity and independence from both the Soviet communist model and the Western capitalist model."\(^{338}\)

But if the essentially ideologically determined conclusion that the objective of the West was to change China's political system dictated Deng's emphasis on China's sovereignty, the equally ideologically determined conclusion that Western capitalism is primarily driven by profits dictated Deng's advocacy for attracting more foreign capital and technology to China.\(^{339}\) Furthermore, unlike his conservative colleagues but very much like the Qing reformers, Deng seems so convinced that the force of capitalism can be controlled to serve specific nationalist ends.

At the current stage, foreign-funded enterprises in China are allowed to make some money in accordance with existing laws and policies. But the government levies taxes on those enterprises, workers get wages from them, and we learn technology and managerial skills. In addition, we can get information from them that will help us open more markets. Therefore, subject to the constraints of China's overall political and economic conditions, foreign-funded enterprises are useful supplements to the socialist economy, and in the final analysis they are good for socialism.\(^{340}\)

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\(^{337}\) Su Shaozhi, Director of the Institute of Marxism-Leninism-Mao Zedong Thought, in an article entitled *Developing Marxism in the Reform and Building Socialism with Chinese Characteristics*, made a distinction between the Marxist conclusions of universal application and those of non-universal application, calling for a new version of Marxism that could explain and guide China's unique reform and rejecting the 'old antiques' (chennian gudong), a suggestive reference to some classical Marxist concepts. He warned that sticking to dogmatism would provide 'refuge and a hobed for leftism' and 'ideological pretexts for the critics of the reform.' See *People's Daily*, 11 March 1983.

\(^{338}\) Ibid., p. 51.

\(^{339}\) Ibid., p. 190.

4. From Socialism to the Primary Stage of Socialism

If Mao’s project of national revival had intended to shape China in the image of a utopian ideal, Deng’s project, as it worshiped practice, favoured a modification of ideology in correspondence to the changing reality in China. As reform policies of Socialism with Chinese Characteristics have steadily substituted a plan economy for a market-based one, and a public ownership system for a private one, it seemed an imperative for revising Chinese socialism to narrow the widening gap between China’s ideological label and its actual reality. At the 13th Congress of the Communist Party of China held in late October and early November 1987, which marked an important milestone in the process of economic reform, the CCP demoted China to the “primary stage of socialism, an idea which had originally been put forward by Su Shaozhi, a former Party theoretician, as early as 1979 to justify why China should readjust its relations of production to suits its actual stage of development.341

In 1979, Su published an article in the CCP funded Academic Monthly Journal, refuting the formulation of the Eighth Congress in 1956, which identified the principal contradiction as that between an advanced social system and backward social productive forces. Such a formulation, he argued, distorted Marxism because it conveyed an impression that a society can produce socialist relations of production that transcends the requirements of the productive forces.342 According to him, the relations of production can only be considered advanced in light of an equally advanced productive forces, and when

341 Su Shao-zhi was the first deputy director of the Institute of Marxism-Leninism-Mao Zedong Thought of the Chinese Academy of Social Sciences, founded in July 1979. In 1982, he was elected director of the institute and served in that post until his ouster after the Tiananmen crackdown in June 1989.
342 Su Shaozhi, On the Principal Contradiction Facing Our Society Today, Xueshu yuekan, No. 7 (1979).
they facilitated the development of productive forces. Su argued strikingly that since the productive forces "can never be overtaken by the relations of production in any sense," what was defined as 'advanced' in the late 1950s might not be advanced at all. Elaborating on this argument, Su pointed out that the most significant aspect of China's economic base had been the predominance of the peasantry and small-scale production. This stress on the peasantry along with the low level of economic development also justified the position that China was not quite ready for the kind of socialist relations—exemplified by the commune—that had been established in the 1950s. Su consequently rejected the notion that China in the aftermath of socialist transformation had socialist relations of production. Marxism in China, he felt, had strayed from original Marxism. He argued that the Marxism China had learned from the Soviet Union was Stalinism, not true Marxism, and that understandings of Marxism in China had suffered further when Mao Ze-dong made mistakes in both theory and practice in his later years.

Su substantiated Mao's deviation from Marxism by pointing to a claim made by Mao in April 1958, which treated economic backwardness as a socialist advantage, rather than a reason to postpone the socialist reorganization of society. This was a startling inversion of Marxist and Leninist orthodoxies, Su contended, though by no means it implied that Mao envisioned a communist society residing in perpetual conditions of material impoverishment. According to Lenin, backward productive forces make it

343 Sullivan, p. 78.
344 Ibid., p. 78.
345 Misra, p. 9.
346 Mao claimed that "the more backward the economy, the easier, not the more difficult, the transition from capitalism to socialism." See Mao Ze-dong, Reading Notes on the Soviet Union's Political Economy, Long live the Thought of Mao Ze-dong. (Taipei. N. P. 1969), pp. 333-34.
difficult for a country to realize socialism. This is why Lenin conceived a period of
transition prior to socialism in countries without capitalist experiences, and the whole
purpose of the transition period was for the economy to overcome its immaturity. But this
transitional period was prematurely terminated, and China was immediately declared a
socialist country. This was so simply because Mao had thought the Chinese unstained by
capitalist morality would be able to develop socialism. For Marxist, Su argued, the
criterion of advanced socialism was that laid down by Marx in his ‘Critique of the Gotha
Programme’ the first stage of communism.\textsuperscript{348} The current stage of Chinese socialism was
“not yet well developed” and the ‘imperfect aspects of the social system’ had yet to be
transformed and adapted to the needs of production.\textsuperscript{349} Furthermore, Su and other like-
minded Party theoreticians dismissed Mao’s concept of “capitalist roaders” and argued
conversely that the absence of a full-fledged capitalist stage in China made the system
vulnerable to the re-emergence of a feudal exploitative class.\textsuperscript{359}

Arguments such as those of Su suggested that either the use of the term ‘advanced’
to describe the relations of production was misleading or else some relations of production

\textsuperscript{348} In Critique of the Gotha Program, Marx writes, “In a higher phase of communist society, after the
enslaving subordination of the individual to the division of labour, and therewith also the antithesis
between mental and physical labour, has vanished; after labour has become not only a means of life but
life’s prime want; after the productive forces have also increased with the all-round development of the
individual, and all the springs of cooperative wealth flow more abundantly—only then can the narrow
horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each
according to his ability, to each according to his needs.” See Robert C. Tucker (ed.), The Marx-Engels

\textsuperscript{349} Sullivan, p. 78.

\textsuperscript{359} Guo Luoji, Commenting on the So-called Crisis of Faith, Wenhuibao, 13 January 1980, p. 3. Liao
Gailong, Historical Experience and Our Road of Development, Zhonggong yanjiu, no. 19 (1981), pp. 108-
77. At an international conference in Yugoslavia Su Shaozhi reiterated that due to its long history as a
feudal, autocratic country, China’s “cadres and people had been more deeply influenced by feudalism than
by capitalism.” Some Questions in China’s Socialist Economic Construction,” paper delivered at the
“Round Table 1980 of Socialism in the World” International Conference held in Cavtat, Yugoslavia, from
should be described as "too advanced". Thus, as the logic of his arguments goes, if the productive forces are backward, it is then difficult to maintain the position that the productive relations are advanced. To resolve such a contradiction, it is then important to rename the advanced relations as backward. It is important to note that the thrust of Su’s writings was eroding the legitimacy of those very glories—the overthrow of feudalism and capitalism, and the establishment of socialism—on which the Party based its right to lead the country.

Refuting Su’s thesis that the Chinese Communists may have attempted a premature establishment of socialism, Feng Wenbin, another Party theoretician, argued that Marx and Engels had not ruled out the possibility of socialist revolutions for countries in which capitalism was insufficiently developed, nor had they specified that socialism could only be practiced on the basis of a high proportion of large-scale socialized production.

Having compromised with the moderates on the thesis that China had become a socialist society by 1956, Yu Guangyuan, Xue Muqiao, and other researchers went on to argue that the existence of a commodity economy and diverse modes of production at the present time implied that these were inherent features of socialism. Lenin’s definition of socialism as public ownership of the means of production and distribution according to work thus had to be revised to accommodate this. Indeed, commodity economy and diverse property arrangements were not only “special characteristics of the first stage of communism, i.e., socialism, they were also the basic defining characteristics of this stage.” By the mid-1980s, Yu was using the same inverted logic to boldly assert that

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351 Sullivan, p. 79.
352 Misra, p. 96.
353 Yu Guangyuan, Ownership, Socialism, Socialist Ownership, Shehui kexue yuekan (Social Science Monthly), No. 3 (1981), pp. 38-51
socialism was also "state capitalism." On the one hand, Yu argued that Lenin's vision had been impaired by the limitation of the period of transition, and thus he could not have perceived—as the Chinese reformers ostensibly did—that "in the period of socialist construction the existence of state capitalism is possible." On the other hand, to justify state capitalism and understate the socio-economic consequences of the introduction of capitalist features into the Chinese economy Yu utilized Lenin's positive comments in the context of the transitional Soviet society of 1918.

As Zhao Ziyang prepared to unveil the third phase of reform at the Thirteenth Party Congress in 1987, his intellectual establishment refashioned the original theses into the more positively sounding "primary stage of socialism."

How do things stand in China, now that socialism has been developing here for more than three decades? On the one hand, a socialist economic system based on public ownership...a socialist political system of people's democratic dictatorship (have) been established, and the guiding role of Marxism...affirmed. The system of exploitation and the exploiting classes have been abolished...On the other hand, (China's) per capita GNP still ranks among the lowest in the world. Some modern industries coexist with many industries that are several decades or even a century behind present-day standards. Some fairly developed areas coexist with vast areas that are underdeveloped and impoverished...the backwardness of the productive forces determines the following aspects of the relations of production: socialization of production, which is essential for expanded socialist public ownership, is still at a very low level; the commodity economy and domestic market are only beginning to develop; the natural economy and semi-natural economy constitute a considerable proportion of the whole; and the socialist economic system is not yet mature and well-developed.

The concept "the primary stage of socialism" consisted of four elements. First, socialism was an evolving process which neither Marx nor Lenin was able to foresee so concretely in their lifetime. Zhao Ziyang asserted,

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354 Yu, Reform Is Also a Philosophical Revolution, Xuexi yu yanjiu (Study and Research), No. 10 (1984), p. 9-11.
We are not in the situation envisaged by the founders of Marxism, in which socialism is built on the basis of highly developed capitalism, nor are we in exactly the same situation as other socialist countries. So we cannot blindly follow what the books say, nor can we mechanically imitate the examples of other countries.\footnote{356}

It is clear that Zhao acknowledged that there now emerged a kind of de facto economic and political pluralism under the one-party system. Implicit was a long-held Maoist belief in applying Marxism to the actual conditions of China. Second, China was still in the primary stage of socialism in view of its weak material base. Zhao stated that China’s present stage of economic development was still marked by a number of factors such as low per capita GNP, a large rural population, and a high illiteracy and semi-illiteracy rate. Third, during this stage, economic development was of overriding importance for the Party. Zhao highlighted the issue of removing poverty and backwardness as the “fundamental task” of this stage for the Party and defended Deng’s thesis of primacy of economic development, claiming,

Helping to expand the productive forces should become the point of departure in our consideration of all problems, and the basic criterion for judging all our work should be whether it serves the end.\footnote{357}

Fourth, this stage was not short. It started in the 1950s and would continue to the middle of the next century, corresponding to Deng’s grand goal of making China approach the level of the developed countries by 2049, the one hundredth anniversary of the PRC.\footnote{358}

When the draft of Zhao’s report placing China at the primary stage of socialism was presented to Deng, he immediately accepted it, observing, ‘it is a good design.’\footnote{359} Compared with Lenin’s Russia, the same issue of whether a society emerging from

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\begin{itemize}
  \item \textsuperscript{356} Zhao, p. XIX.
  \item \textsuperscript{357} Ibid., p. V.
  \item \textsuperscript{358} Ibid., p. V.
  \item \textsuperscript{359} People’s Daily, 23 June 1993.
\end{itemize}
feudalism could pass straight to socialism emerged. Like Lenin, Deng found the pressing
need to speed up economic development after the Party gained power. In early 1987, Deng
even admitted that China was, strictly speaking, ‘not qualified to engage in socialism,’
which caused alarm in the top leadership.\(^{360}\)

The Deng leadership justified the concept by contending that its birth was a great
effort to combine Marxism with Chinese reality. But such an ideological contrivance met
widespread cynicism. As the concept can now be used to legitimate and induce many
reform policies, while re-defining socialism revealed an arbitrary use of ideology to suit
one’s purpose. In such an attempt, few theories can retain its original content.

In the aftermath of the Tiananmen Crisis in June 1989, conservative leaders held
that there should be a large-scale campaign against “peaceful evolution”, a phrase
attributed to a remark made in the 1950s by John Foster Dulles, ex-Secretary of State of
the United States, that Western powers should encourage the peaceful evolution of socialist
countries from socialism to capitalism and place this hope in the youth of these countries.
The question whether reform was socialist and capitalist was once again revived, as shown
in a key-note editorial in People’s Daily,

> The reform and opening up that we speak of are reform and opening up on the basis of adhering to
> the four cardinal principles...However, in the past few years certain people have looked at reform
> and opening up from the viewpoint of bourgeois liberalization and opposed adhering to the four
> cardinal principles. The “reforms” they speak of actually mean changing the course of socialism to
> that of capitalism; the “opening up” they speak of actually means turning China into an appendage
> of imperialism.\(^{364}\)

The dramatic changes in Eastern Europe and the Soviet Union seemed to have further
convinced conservative leaders about the struggle against “peaceful evolution”. Some even
resurrected the theme of class struggle to make a case against economic reform. Deng

\(^{360}\) Zhang, p. 162.
\(^{364}\) People’s Daily, 22 December 1989.
Liqun was reported to have observed that the problems of bourgeois liberalism since 1978 “prove the correctness of Chairman Mao's theory on class struggle, and the dramatic changes in Eastern Europe vindicate the correctness of this theory.” However, the collapse of the Soviet Union and of its satellite states convinced Deng Xiaoping more of the centrality of economic development in China. He argued that the fate of the Soviet Union was largely due to economic failure. Furthermore, he saw the Soviet Union as an opportunity for China to gain recognition of its approach.

If, while these countries are in turmoil, China doubles its GNP in real terms for the second time, according to plan, that will be a success for socialism...if China holds its ground and attains its goals for development, that will demonstrate the superiority of socialism.

To those who disseminated the danger of peaceful evolution, Deng rebutted,

So long as the leading bodies uphold Marxism and adhere to the Party's basic line, we should not be afraid of peaceful evolution. This should not be overemphasized among the workers, peasants, and soldiers at the basic levels.

The process is conceived in essentially evolutionary terms, as a gradual and peaceful social progression from lower to higher stages, with each stage reflecting the growth of the productive forces. For Mao Ze-dong, by contrast, the whole process of development—from the transition to socialism to and through the realization of a communist utopia—was characterized by a continuous series of radical revolutionary ruptures with the past, by qualitative breaks with existing reality, and by changes in social relations with, as Mao put it, “one revolution following another...without interruption.”

362 Mirror, February 1991, p. 28.
Under Deng's leadership, socialism is not a single stage in historical development but rather a process, which proceeds through many stages, each of which is tied to, and essentially determined by the level of economic development. Moreover, the procession through the various stages of socialism is of indeterminate historical length, and the time of the consummation of the process cannot be predicted in advance: "As to how long this period will last, we are not fortune tellers so we cannot guess. But owing to the backwardness of production in our country, it will undoubtedly be a very, very long period divided into numerous stages." Perhaps the designation "the primary stage of socialism" is just an euphemism for saying that socialism failed as a means for strengthening and enriching China. And capitalism is now the new instrument.

Conclusion

A quarter of century has elapsed since Deng Xiaoping redirected China’s quest for national revival toward the path of economic transformation. Few people could have foreseen during the totalitarian reign of Mao Zedong that China would one day join the world of capitalism, a world from which Mao and his followers had kept China by means of relentless ideological campaigns for nearly thirty years since the establishment of the communist regime. The change of leadership (from Mao to Deng) within that regime seems to have resulted in what Tucker calls “the loss of revolutionary dynamism” or the de-radicalization of Chinese communism, if we applies the factional model of Chinese politics, which hinges a shift of policy course upon factional struggles within the top echelon of the CCP. While that model has certain validity in explaining the dynamics of Chinese communist politics, intra-party conflicts are nevertheless on methods rather than goals. Mao and Deng both converge on reviving China as the goal while diverging from one another on the method for accomplishing that goal. Mao’s method is to purify the Chinese masses in socialist ideologies, as he may have discerned the likelihood that mere economic revival would lead China down the path of capitalism. However, his method unfortunately failed, owing to both domestic and international contingencies, to bring about a communist utopia in China; and ironic as it may sound, it increased actually the likelihood of capitalist transformation in China. For one thing, years of material deprivation and political instability, suffered by the Chinese masses in Mao’s revolutionary China, culminated finally in an eruption of mass protest against the communist regime, as evidenced by the first Tiananmen incident in the early months of 1976. The regime suppressed the protest, but recognized that it had to move China away from Mao’s path if
it wanted to remain in power. The communist regime, though equipped with arguably the most progressive ideology, inherited sadly from China’s dynastic past the political tradition that the country belongs to whomever happens to rule it. Thus, the post-Mao reform was to revitalize the declining legitimacy of the communist party, even at the expense of socialist ideals it was supposed to represent and implement.

Secondly, if we place the post-Mao reform within the historical context of modern China, we would probably realize that capitalist transformation as is now well underway in China is merely part of a long and tortuous march of national revival, which was initially set off by China’s defeat during the Opium War in mid-19th century. In the space of 120 years between the inauguration of the Self-Strengthening movement by the ruling Qing dynasty in 1861, and the launch of Deng’s economic reform in 1979, China underwent a series of radical or reform programs in search for political, cultural and economic renewal, not to mention two systemic changes along the way—the first one from a dynasty to a republic and then from a republic to a communist state. In this context as is shaped by the question of national revival, one may begin to make sense why the communist China today has actually a capitalist mode of economy.

The recent rise of capitalism in China can be seen as merely another episode of the very nationalist movement which led many Chinese to embrace communism in early 20th century. This movement was born out of China’s humiliating defeat during the Opium war with Britain in mid-19th century, and grew rapidly in both scope and intensity as China suffered many more military defeats at the hands of western powers while bowing to unequal treaties one after another in the years ensued. The mission of this increasingly enlarged nationalist movement rested squarely upon finding a viable solution for reviving
China in a world now dominated by the modern West. In the beginning, the search for such a solution was mainly undertaken by the ruling elite of the Qing dynasty, as exemplified by both the Self-Strengthening Movement and the Hundred-Day Reform. These top-down attempts at reviving China were surely meant to prolong the life of the decaying Qing dynasty, given that it was a deeply entrenched feature of China's dynastic political culture that the country was always the private property of whoever happened to rule China. Thus, to strengthen China was tantamount to maintaining the domination of the Qing imperial court. The fall of the Qing dynasty in 1912, followed immediately by the establishment of the republic China, led also the struggle for China’s renewal from a formerly exclusive occupation of the ruling elite to a popular concern. This qualitative change of the nationalist movement gave rise to a flourish of proposals for dealing with the question of national revival, and among them the most influential was that of cultural transformation advocated by a group of radical Chinese intellectuals. Their proposal was rooted in a gnawing sense of frustration at the failure of the republican system to transform China. Seeing that the republic China was mired in corruption and warlordism, they, most of whom had previously welcomed the systemic change as a solution for China’s ills, came to believe that Chinese culture was the largest obstacle to China’s progress and that China needed to adopt the western culture wholesale. These cultural revolutionists made some headway with their program, especially in reforming the Chinese language. However, that the allied powers handed over the Shandong province to Japan at the Versailles Conference in 1919 crushed all the illusions they may have entertained about the modern West. Rather, the Conference revealed to them the hypocrisy of western democracy and liberalism. As they turned their back on the west, they began to find Leninism a sound solution for
renewing China. For Leninism not only enabled them to see China’s plight in terms of western imperialism, but also provide them a series of organizational methods for saving China from the evils of capitalism, or so they believed. Thus, it was out of nationalistic sentiments rather than an educated understanding that they came to reject capitalism and devote their attention and energy to the building of a communist China. That communism was the more advanced stage than capitalism was the main attraction for their battered nationalistic pride.

With the triumph of the communist revolution in 1949, China’s long march of national revival was now confined to the framework of Marxism-Leninism. At the early stage of the communist regime, the CCP adopted the Stalinist plan economy to transform China’s economic backwardness. But as such a model focused on the development of heavy industry to the exclusion of rural modernization, the communist regime scrapped it at the end of First Five-Year Plan in 1957 and plunged into Mao’s Great Leap Forward program designed to speed up China’s socialist construction through collectivization. This program underscored Mao’s belief that socialism was an ongoing process of ideological transformation, not a ready-made reality guaranteed by the establishment of a communist system as Stalin would have it, and his boundless faith in human will for conquering economic difficulties confronting China’s transition from a pre-industrial society into a socialist one. However, the Great Leap Forward did not translate Mao’s optimistic hopes into empirical facts. Rather, it resulted in a colossal of economic devastations and massive starvation in China’s countryside. The CCP had consequently to halt the Great Leap Forward only one year into its existence, and began to salvage all the damages done to China by it. From 1959 to Mao’s launch of the Cultural Revolution in 1966, China’s path
to socialism was led by an economic policy analogous to Deng’s at the beginning of economic reform in 1979. The policy combined the plan economy with some features of market economy to resuscitate China’s economic development which had been brought to the verge of collapse by the Great Leap Forward. Some CCP top leaders designed and in charge of implementing the policy, such as Liu Shaoqi and Deng Xiaoping, encouraged “the household responsibility system” and tolerated free markets in China’s countryside. However, their policy was vilified by Mao and his followers within the Party, who accused Liu and Deng of “taking the capitalist road” and saw the re-emergence of free market practices in the rural areas as a further proof that the Chinese masses needed a complete renewal of their consciousness. In this light, Mao launched the Cultural Revolution in 1966 in order to eliminate “the capitalist elements” both within and outside the Party, and for the ensuing ten years, China’s search for national renewal suffered another setback, degenerating into relentless ideological campaigns, and mass purge meetings and parades in every quarter of the country. The ten-year Cultural Revolution was arguably the darkest phase China had ever had to bear up in its long journey of self-strengthening. But the darkest moments of the night always signal the advent of the dawn. With Mao resting in peace in September 1976, the Cultural Revolution finally ended, and China’s socialist development was now about to be switched to Deng’s economic approach.

It is likely that Deng never intended his economic reform to wind up propelling China onto the path of capitalism. For one thing, he was himself one of the oldest members of the CCP, devoting the whole of his life to the communist cause. Though he was branded “a capitalist roader” along with Liu Shaoqi during the Cultural Revolution by Mao and his followers, it was nothing but a clash between their economic approach and
Mao’s ideological approach to socialist construction. He was, in short, no less a communist than Mao himself, even though his understanding of Marxism may be questionable. Secondly, it is not reasonable that he would endorse something which was antithetical to the political system he had fought for and derived his power from. What led Deng to welcome features from the capitalist mode of economy was his pragmatism on the surface, as many scholars and students of Chinese politics have long believed. However, Mao himself was no less a pragmatist than Deng, as exemplified by many of his war strategies which accumulatively garnered for the communists the final victory. Deng was a pragmatist, but he was more of a nationalist. Like many other veteran party members, Deng joined the communist revolution because he believed that communism was more progressive than capitalism and was the only solution for saving China at the time. Communism for many veteran communists was a means for China’s regeneration rather than an end in itself. Mao was equally a fervent nationalist, but his program was too progressive for the time to succeed. He wanted the Chinese masses to acquire socialist consciousness over a short span of time, and was possessed by an exaggerated confidence in collective ability to transform China. In one sense, his program was consistent with Leninism but defied Marxism. Marx indeed exposed the evils of capitalism to the world, but he never proclaimed that capitalism as a historical stage of world development can be skipped. Surely one must bear in mind that Marx was analyzing the modern West and had no program for the pre-industrial countries like China. It was Lenin’s theory of imperialism that gave the pre-industrial countries a role in Marx’s analysis of capitalism. Lenin raised Marx’s theory of class struggle from the specific context of industrialized societies to posit that the relations between the industrial world and the pre-industrial
world was identical to that between the capitalist class and the working class within an industrialized country. Imperialism is the last stage of capitalism, as Lenin proclaimed, where western industrialized countries plundered natural resource of their respective colonies and exploited the labor of colonized people. Lenin's message to the people of the pre-industrial world was that they must first liberate their own country from the control of western powers and that they then set up a communist-led proletarian regime. This message surely implied that capitalism was not a mandatory stage of historical development, as Marx would have it. In the post-Versailles China, Lenin's theory of imperialism, together with the Bolshevik Revolution in 1917, became surely appealing to the Chinese, whose nationalist pride had just been deeply injured by the allied powers' decision to give the Shandong province to Japan. Lenin's theory not only enabled them to make sense of the modern West's betrayal, but also equipped them with a solution for saving China. Furthermore, since communism is the heaven on earth according to Marx, the Chinese must have thought that they have found the solution for rebuilding China. But they were surely so taken by their nationalistic rage as to ignore the historical lineage between capitalism and communism identified by Marx in his writings. Capitalism, closely associated with China's numerous humiliations, was thus rejected by the Chinese nationalists who were now turned communists.

In 1979, when Deng launched the economic reform, he probably had no idea that the reform would eventually lead China down the path of capitalism. That he kept open a wide range of options for economic development under the aegis of "seeking truth from facts" served political and personal needs. Politically, Deng had to make sure that his project would be a success in order to discredit Mao's ideological approach on the basis
empirical facts. There was no pre-made blue print for his reform project, because that gave him the freedom of mobility when one strategy did not work. That is the reason why he claimed practice to be the core of Mao Zedong Thought. Economic performance, not ideological purity, would be the only goal of socialism according to Deng. But such an attitude predisposed him to adopting anything deemed to be amenable to China’s economic development, even a capitalist mode of production. Personally, as a nationalist, Deng wanted to see China becoming powerful and prosperous in a short span of time. He repeatedly said that the Cultural Revolution set the clock back on China and that China must now catch up on fast. But China was bare with money and technology. So how to catch up became a question of how to attract western businesses and investment into China, which Deng dealt with by setting up a constellations of SEZs on the Chinese soil where capitalism was allowed so as to entice foreign investors. In the meantime, Deng had to reassure his colleagues, particularly those Party ideologues, that China was still socialist by defining socialism as a system with public ownership, and promoting common prosperity. Later when private ownership was recognized as legal while individual prosperity really became the norm, Deng still maintained that China was socialist. From a standpoint of the ruling regime, it is understandable that the communist regime cannot openly admit that China’s economy was in essence capitalist, for such admission would de-legitimize the communist party. There is another reason, though somewhat inconceivable, that Deng had no doubt about China being socialist despite the introduction of the capitalist economy. Deng and his followers may truly believe that capitalism was a controllable force which can be steered according to their wishes to strengthen China’s economy without adversely affecting the socialist political system. Whether he was
genuine or not is not the concern of this paper, but the truth is that China is today socialist in name and capitalist in essence.

The rise of capitalism in China seems to have validated Marx’s prediction about the inexorable expansion of capitalism. As Marx wrote in Manifesto of the Communist Party,

The need for a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, and establish connections everywhere.  

Wealth by means of conquest enables the rapid advancement of technology in the modern West, and technological innovations furnish in turn the domination of the world by the modern West. Such a dialectical force of capitalism, as Marx observed, “draws all, even the most barbarian, nations into [the western] civilization.”  Furthermore, “it compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them... to become bourgeois themselves.” Capitalism, as brilliantly summed up by Marx, “creates a world after its own image.” The history of capitalism in China was one in which it came in the form of imperialism, left because of the rise of communist, and is now back again. This time it is probably here to stay.

The loss of revolutionary dynamism by the Chinese communist regime seems predetermined by the CCP founding fathers’ nationalist agenda. In China, communism has been merely an ideological-organizational instrument for attaining China’s rebirth as a powerful civilization in a world dominated by the capitalist West. Communism was thought to be more advanced a socio-economic system than capitalism by many founding

368 Ibid., p. 477.  
369 Ibid., p. 477.  
370 Ibid., p. 477.
members of the CCP, including Mao and Deng, who had all been injured psychologically by numerous humiliations China had suffered at the hands of the powerful West, and subsequently resolved to commit their entire life to bringing about a strong and independent China. Sharing the same communist vision, the founders of the CCP however diverged on the method for its attainment. Mao championed the primacy of ideological transformation while Deng sought an economic solution for China’s march into communism. It is not likely that Deng relinquished the communist ideal during his post-Mao economic reform, but he was probably so eager at accomplishing a Great Leap Forward in China’s quest for national revival as to pay little attention to all the potential consequences of his pragmatism on socialist development. The ongoing metamorphosis of China’s economic structure into capitalism has gradually done away with whatever traits Chinese socialism may have had, and what is left is only a socialist label, which the post-Deng leadership has to preserve as it is the only source of their power and political legitimacy. The current leadership is more concerned with the continuity of the communist party rule than with the realization of communism. In other words, to remain in political dominance is now the ultimate goal. This brings us to the political future of China. It is no denying that Deng’s economic reform has transformed successfully China from a weak, backward country into one that commands respect from the world around. However, fast economic growth, together with the status of being the world’s largest market, should not be the final indicator of China’s revival. If China is to continue to stand as an independent and strong country, there must be a Great Leap Forward with regards to its political life. Perhaps the real solution for China’s revival is the development of a
political culture where the country will no longer be the private property of whoever comes to govern it.
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