

The Political and Economic History of China (1949–1976)

Three-Volume Set



Hu Angang
Translated by Hu Guangyu



Enrich Professional
Publishing

The Political and Economic History of China (1949–1976)



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This series, in three volumes, traces the prolonged transformation of modern China from 1949 to 1976, including the foundation of the People's Republic of China up to the end of the Cultural Revolution. This book presents a general overview of China's modernization process, and of the major economic sectors before and after the founding of the PRC. It also renders a historical picture of China's economic development.

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The Political and Economic History of China (1949–1976)

Volume 1

The Early Stage of
the People's Republic of China
1949–1956

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1

Chapter

China's Situation in the Context of Modernization

THE EARLY STAGE OF THE PEOPLE'S REPUBLIC OF CHINA

China, a vast, densely populated country, is one of the longest-running shows on earth. It remains a giant world power irrespective of its ups and downs.¹ As a unified, multiethnic country, the Chinese civilization has lasted for more than 2,000 astonishing, uninterrupted years.² Like other ancient countries, it saw a long history of power and prosperity before several hundred years of stagnancy and then one hundred years of rapid decline. Then, in the past 60 years, it rose once again, witnessing a great upsurge in the last 30 years. Despite the endless difficulties and vicissitudes, China has stayed a unified country for two-thirds of its history, with its written language and culture intact and its great global influence kept strong. In other words, its history is essentially a record of its rises and falls.

China is the most unusual and charming nation in the world. Getting to know China is just like reading a sealed book; a reader is excited while anticipating what is in the book. According to Mao Zedong:

What has been perceived cannot at once be comprehended and only what is comprehended can be more deeply perceived. Perception only solves the problem of phenomena; theory alone can solve the problem of essence.³

Douglass C. North held similar views:

We never really understand reality. The theories, beliefs, models that we have are very imperfect; they are vast oversimplifications of a complex world, and they are usually static oversimplifications.⁴

Our current knowledge on China, whether it is history or development theories, cannot accurately and comprehensively reflect and explain the rapidly changing, extremely uncertain China. Various reasons include uncertainties of different factors, incomplete and asymmetric information, imperfect knowledge, single-sided cognition, and limited experience. Just as North said:

In a world in which you do not know what is going to happen you do not have any way to be able to statistically derive a probability distribution of outcome.... Yes, we do get it right sometimes ... but we also get it wrong more often than we get it right.⁵

Indeed, relentless efforts have been made to understand this uncertain country and its changes.

China's path to modernization was a path of continued experiential learning. This chapter starts by discussing the relations between its national situation and modernization.

The Need to Study China's Development History

Joseph Alois Schumpeter once remarked that:

...History, statistics, and 'theory.' The three together make up what we shall call Economic Analysis.... Of these fundamental fields, economic history—which issues into and includes present day facts—is by far the most important.... The subject matter of economics is essentially a unique process in historic time. Nobody can hope to understand the economic phenomena of any, including the present, epoch, who has not an adequate command of historical facts and an adequate amount of historical sense or of what may be described as historical experience.⁶

Hence in order to deeply understand the rapidly growing Chinese economy, one has to be familiar with the historical evolution of the Chinese and global economy. Studies in economic history resolve into two broad categories. On the one hand are descriptive narratives that seek to answer questions such as: How does an economy grow? What could be the significance of changes during economic development? An example is the *Cambridge Economic History of Europe* (1998), in which theories are derived from history. On the other hand are analytical commentaries explaining by theories the course of economic development. Examples include *Monitoring the World Economy* (1996), *Chinese Economic Performance in the Long Run* (1998), *The World Economy: A Millennial Perspective* (2001) by Angus Maddison, and *The Rise of the Western World* by Douglass C. North.

There is a need for academic works that combine descriptive research with analyses. These works should describe the historical trends of the Chinese economy, and analyze the internal forces shaping its development from both historical and international perspectives.

Composite Forces Leading to Great Changes in China

The history of the People's Republic of China (PRC) is seen as a record of the rise of an industrialized and modernized country. Generations of leaders—from Mao Zedong through Deng Xiaoping to Hu Jintao—have been pursuing ways to transform China from a traditional agricultural society to a Socialist industrial country. In the eyes of Western historians, the Chinese civilization has a far more vibrant and complicated history than any Western culture.⁷

China's great transitions and changes involve a multidimensional transformation model: from a traditional agricultural society to a modernized industrial society; from a self-sufficient and semi-self-sufficient economy to a commodity economy; and from a centrally planned, closed economy to a modern market-oriented economy. Such transitions are tremendous, rapid but extremely unbalanced. Despite being far from complete, they are apparently interwoven and impact upon each other.

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The transformation and modernization of China are driven by inter-influential forces.⁸ Among the long-term tendencies and forcing factors, it is not only necessary to identify those deliberately constrained or repressed, but distinguish between the obvious and subtle, and the exaggerated and underestimated.

Douglas C. North attributes all economic transitions to changes in the following: population size and quality, human knowledge, and the institutional framework that defines the society’s incentive structure.⁹

In the case of China, the variables behind its tremendous changes include economic, political, social, and natural variables as well as international circumstances (see Table 1.1).

Table 1.1. Variables affecting the great changes throughout Chinese Society

Natural variables	Geological location; Natural geographical and ecological conditions; Accumulation, degradation, and loss of natural capital; Land degradation, desertification, and deforestation; Natural disasters; Pollution
Economic variables	Economic and domestic trade growth; Accumulation of physical and human capital; Non-state owned economy; Financial enterprise system
Social variables	Population size and distribution; Urbanization and rural development; Accumulation, spread, and application of scientific and technological knowledge; Media development; Social security system; Public services; non-governmental organizations (NGOs), and social organizations
Political variables	Political system; Governmental decision-making mechanism; Government structure, functions, and roles; Qualities of political leadership; Legal and judicial system
International circumstances	International and neighboring relations; International trade; International capital investments; Foreign investments; Knowledge in foreign technology; Foreign immigrants; Global resources and security

What is the historical logic of China’s economic growth? Where is the country heading? What achievements were made over the last 60 years of modernization efforts? In which areas was the country less successful, or when did the country fail? It is not possible to gain complete success, nor is it possible to reach total failure. What is needed to be known is whether the right policies outnumber the wrong ones. Practice is the sole criterion of truth, be it success or failure.

In the West, industrialization was a product of the Agricultural Revolution, whereas in China there were no harbingers of its industrialization. In the 1940s, some 90% of its economy was made up of separate agricultural and handicraft economies which had no big difference from decades or even centuries ago.¹⁰

Many historical events can be attributed to socioeconomic changes and transformation closely related to world development. Europe was the cradle of capitalism as early as 200 or 300 years ago, and now it has become the originator of globalization. China did not industrialize and modernize as early as the West; nevertheless, its development also resulted from the interplay between domestic and international factors. The Opium War in the 19th century was a conflict between China and the world's big powers, and between ancient agricultural civilization and modern industrial civilization. The defeat in the war forced China to fling open its door to the outside world by unshackling its closed and self-sufficient position. As observed by Mao Zedong:

The Chinese feudal society lasted for about 3,000 years. It was not until the middle of the 19th century, with the penetration of foreign capitalism, that great changes took place in Chinese society.¹¹

Economic history is a process of divergent individual economic choices and the interactions among them. People make optimal decisions under limited resources based on social—including political and economic—and personal preferences. Nevertheless, every decision is the outcome of interacting composite forces.

How China devised and put in place its Socialist modernization processes has been a central theme of China studies. China's modernization campaign is different from either that of Western countries, or that of the Soviet Union. Initially modeled after the Soviet methods, the campaign proved both successful and unsuccessful—or even ineffective—during 1949 to 1978. Since then, China turned to learning from experiences of Western developed countries but its efforts did not bear much fruit. Whether China can carve its own path to modernization largely rests with China's assessment of its own situation and its choice of development model.¹² Given the world's diversity, there is no “best,” only a best fit for a country.

China's General Situation and Development

Definition and limiting factors

Situation refers to the overall and prevailing objective status of a country. The status is comprised of the most essential and significant driving and limiting forces that shape economic development, and that decide the basic traits and outline the general pattern and direction of long-term development.

Conditions and factors to spark industrialization vary from country to country. In *Agriculture and Industrialization: The Adjustments that Take Place*

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as an Agricultural Country is Industrialized (1949), the author Zhang Peigang presented a revolutionary idea that holds theoretical importance even today.¹³ He argued that the preconditions for industrialization are primary or strategic factors effecting continuous changes in a set of fundamental production functions for the national economy. In other words, these are the essential and decisive inputs for sustainable economic growth, social productivity, and socioeconomic structure. On the other hand, limiting factors refer to hindrances to, or factors that control, the rise and pace of industrialization.

According to Zhang, there are five components of industrialization:

- Population: size, composition, and geographical distribution;
- Natural and physical resources: types, quantity, and geographic distribution;
- Social system: allocation of labor force and production resources;
- Production technology: application of inventions and discoveries; variety of science, educational, and social organizations; and
- Entrepreneurship: Strengthening existing and developing new production functions.

Based on their nature and impacts, Zhang grouped the first two components as limiting factors, and the last two as preconditions; whereas social system could fall under both.¹⁴ He later reclassified the preconditions into three aspects (entrepreneurship, technological advancement, and institutional innovation) and the limiting factors into natural (natural resources and geographical environment) and social (population, culture, and social system) constraints.¹⁵

Government system plays an essential role in economic development. Its two-sided influences could either facilitate or hinder the progress. The ruling class can either be a public servant delivering services and goods, or a social enemy looting resources from the people for their own privileges and affluence. The major cause of the Qing Dynasty's rapid decline was its becoming a social enemy hindering the country's market opening and industrialization. In sharp contrast, New China saw industrialization, modernization, and an economic boost by serving to accumulate human capital and maximize the government's investment in accelerating industrialization.

China's modernization efforts are characterized by the introduction, imitation, diffusion, and innovation of Western technology. Yet the Chinese reluctance to adopt the Western governance model has brought backwardness in technological introduction and subsequent processes.¹⁶

The society is a complicated organization of social institutions that control its operations. The whole set of institutions involve established institutions—constitution, laws and regulations—and irregular institutions—culture,

customs, and ideology—each of which affects in a different manner the public's economic and social behavior. Both planned and market economies are created by the participation of human beings and their choices. The market operations under different institutions form various motivational mechanisms.

The study of economic history aims at understanding the interactions between human demands and resources. Such interactions, driven by economic activities intended to satisfy human needs, lead to the changes in history. Once people learn to utilize rare resources economically and efficiently, potential productivity is bound to increase, an indicator being the continuously growing productivity. Higher productivity represents greater capacity in delivering maximum output with existing resources, thus promoting labor division and professional specialization, and further boosting output. On the macro scene, employment proportion in the agricultural sector declines as that in the industrial and manufacturing sectors are on the increase, followed later by the tertiary industry. Labor productivity increases with more extended labor division, and higher labor productivity in turn comes back to enable more sophisticated labor division.

In order to better understand China's situation, one has to identify and closely examine the favorable and unfavorable factors in industrialization and economic development. Historically, China has been creating more favorable factors while minimizing the unfavorable ones.

The importance of knowing China

The development of New China over the past 60 odd years has centered around one theme: to build a modernized Socialist society under its current conditions. This involves determining what Socialist modernization is, and the step-by-step approach to pull it off under China's conditions. This requires in-depth knowledge of the country.

Knowledge of national conditions serves as an objective basis in devising right development strategies, setting right goals, and formulating right policies. It remains a major concern of Chinese leaders and scholars to ascertain China's position as a developing Eastern power within the global modernization picture. However, the path has not been smooth.

As pointed out in the *Report of the 13th National Congress of the Communist Party of China* (CPC) in 1987:

The development of [S]ocialism in such a developing [E]astern power as China opens up a new frontier in the Sinification of Marxism. The task before us is neither to...construct the [S]ocialist society envisioned

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by Marx, which has highly-developed capitalist production as its prerequisite, nor is it the same as other [S]ocialist countries. Neither blind adoption of doctrines nor imitation of foreign models and experience would work. What China should do is to apply Marxist general principles to the Chinese situation, in order to find its own distinctive Socialist path. For this, the [Communist Party of China] CPC has devoted itself to explorations with both remarkable successes and miserable failures.¹⁷

Since the late 1950s, party leaders were too eager for quick success. They thought productivity could be significantly improved by launching the Great Leap Forward, and that public ownership should be dispersed as widely as possible in Socialist China. A one-sided ownership system is believed to severely hinder productivity growth. The *Report* especially pointed out that “this explains the importance of having a clear understanding of our general situation and what stage Chinese [S]ocialism has reached.”¹⁸

Now, what is the nature of modern Chinese society? As a developing Socialist power and a carrier of Eastern civilization, its unique conditions differentiate it from any other country.

First, China has a large population. At present, there are only 11 countries with a population of more than 100 million, out of which China alone has around 130 million people.¹⁹ On one hand, such a populous country is likely to become the next largest economy, but on the other hand, it is faced with huge rural-urban and regional gaps, as well as social contradictions and imbalances.

Second, despite being the largest developing country, China has long been languishing in impoverishment and backwardness. It has to deal with the arduous tasks of development in the face of complicated international circumstances and under immense international pressure.

Third, China is the largest non-capitalist country. While pursuing economic integration with the capitalist world, China will not enter into a political alliance with capitalism. The fundamental task of its Socialism is to emancipate and develop productive forces under new relations of production, eliminate polarization of social strata, abolish social classes, and root out class-consciousness.²⁰

Lastly, China is a great enduring power of Eastern civilization. Its character, uninterrupted culture, traditions, and historical resources qualify it as the cradle of Asian culture and a weighty part of the world's diverse cultures. Thus, its rejuvenation shall enrich human civilization once again.

It is not easy to recognize the enormous difficulties, conflicts, and complicated challenges of China's modernization, not to mention transcend

them once and for all. There is no ready-made solution to its unique problems, or foreign experiences to learn from. The Chinese people have to carve their own path to modernization, map out development goals, and devise feasible strategies based on China's national conditions.

General Perceptions on China's National Conditions of Mao Zedong and Other Early Leaders

As early as in 1940, Mao Zedong analyzed China's national conditions from a political perspective in his article *On New Democracy*:

From the Zhou and Qin Dynasties onwards, Chinese society was feudal Since the invasion of foreign capitalism and the gradual growth of capitalist elements in Chinese society, the country has changed by degrees into a colonial, semi-colonial and semi-feudal society.... Such, then, is the character of present-day Chinese society and the state of affairs in our country.²¹

In view of this, Mao Zedong proposed that Chinese revolution be divided into two stages:

The first step is to change the colonial, semi-colonial and semi-feudal form of society into an independent, democratic society. The second is to carry the revolution forward and build a [S]ocialist society.... It will own the big banks and the big industrial and commercial enterprises ... and will constitute the leading force in the whole national economy ... The republic will take certain necessary steps to confiscate the land of the landlords and distribute it to those peasants having little or no land.²²

At the Second Plenary Session of the Seventh Central Committee of the CPC before the founding of New China, Mao Zedong summarized the status of China's economy as modern, yet backward and unbalanced. Mao's observation formed the basis of his thoughts on nation-building. His description of China's situation then was set out in seven points:

- Modern industries consisted of some 10% of the national economy; this is progressive, this is different from ancient times.
- Laggard agricultural and handicraft industries scattered across the country comprised the other 90%; this is backward. About 90% of China's economic life remains the same as in ancient times.
- The modern industry, though its output made up only about 10% of China's GNP, was extremely concentrated, with its most significant portion of investments held in the hands of imperialists and bureaucrat-capitalists;

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- Capitalist private sector—the second-largest modern industry—represented an economic force that must not be ignored;
- Separate agriculture and handicraft industries, which generated 90% of domestic GNP, could and must be led prudently, step by step and yet actively to develop towards modernization and collectivization; the view that they may be left to take their own course was wrong. The state-owned economy was Socialist in nature and the co-operative economy was semi-Socialist;
- The restoration and development of the national economy of the PRC would be impossible without a policy of controlling foreign trade, and as long as the problems in establishing an independent and integrated industrial system remained unsolved; and
- China has inherited a backward economy.²³

Mao Zedong's analysis formed the basis in formulating the *Common Program of The Chinese People's Political Consultative Conference*, which served as a quasi-constitution in founding New China.

Liu Shaoqi also analyzed China's national conditions. He put forward the following questions in 1950: Why did Chinese people live a poor life? Why caused their low living standards? One of the major reasons was China's lack of adequate machine technology. Handicraft and agriculture industries constituted 90% of its national economy. Transportation relied on sailing wooden boats, and human- and animal-drawn vehicles.²⁴

Mao Zedong and Liu Shaoqi shared a broad consensus on China's technological backwardness, imbalanced industrial structure, development constraints, and the complexity of its economy. They especially held a profound understanding on the coexistence of a few modern industries and the majority of laggard agricultural economies. The difference between them was that Mao was more optimistic towards finding solutions to China's underdeveloped agriculture. He was certain that:

... when our country has greatly developed economically and changed from a backward agricultural into an advanced industrial country ... the speed of China's economic construction will not be very slow, but may be fairly fast. The day is not far off when China will attain prosperity.²⁵

Later events proved that China's economic development was not slow but rapid; yet unrelenting economic ups and downs kept it from the prosperity. China's initial situation and conditions prior to industrialization were not only different from those of advanced countries at the beginning of their industrialization (1750–1850), but also those of the Soviet Union (1920s–30s). As Maurice Meisner concluded, in 1949 the Chinese Communists inherited a war-

ravaged economy far less developed than the Russian economy at the time of the October Revolution.²⁶ It was such extremely backward and impoverished conditions—the most decisive historical factor—and the solutions to these conditions that determined the nature of Chinese social development since 1949.

After seven years of economic construction after 1949, Chinese leaders realized that the Soviet model might not be suitable for China. In 1956, Mao Zedong published his representative work on China's Socialist revolution and construction: *On the Ten Major Relationships*. Mao commented on China's efforts, comparing it with the Soviet model, from which he further elaborated on 10 major relationships concerning Chinese Socialist revolution and construction, and put forward basic principles for the pursuit of Socialism and rapid economic growth.²⁷ The following paragraphs will analyze, by means of various important indices and indicators, the socioeconomic background and international relations in Mao's time.

Economic development level

At the outset of its industrialization and modernization, China was economically deprived. Average income stood low with a per capita GDP of USD637 (at purchasing power parity [PPP] in 1990 international Geary-Khamis dollars), its relative gap with the U.S. in terms of aggregate GDP being 5.15 times.²⁸ Population barely exceeded 600 million. Mao Zedong described China then as having “vast territory, rich resources, large population and long history”, yet “poor and blank”:

By “poor” I mean we do not have much industry and our agriculture is underdeveloped. By “blank” I mean we are like a blank sheet of paper and our cultural and scientific level is not high.²⁹

His observation was correct and vividly worded. Due to lack of experience in nation-building and development, China's First Five-Year Plan (1953–57) followed the Soviet model of centralized economic planning.

International relations

Western countries headed by America imposed a total blockade and embargo on China, isolating China from almost the whole Western world and depriving it from obtaining foreign capital and advanced technology. China was left with no choice but to turn to the Soviet Union for its major economic and technological support. Mao Zedong made it clear that the 10 relationships underlay 10 major social conflicts in China, and there is no world without conflict. For a country as densely populated and lopsidedly developed as China, there were bound to be

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social conflicts that must be properly dealt with. The matrix of his philosophy of governance calls for holistic planning with due consideration for all interests involved, and coordinated and balanced development. His solutions to the 10 relationships were aimed to:

...turn this negative factor as far as possible into a positive one ...
mobilize all forces, whether direct or indirect, and strive to make
China a powerful [S]ocialist country.³⁰

In later years, he brought forth similar notions such as “Walking on Two Legs” and “Balanced Growth in a Multi-Sector Economy.”

In 1956, Liu Shaoqi pointed out in his political report to the Eighth Party Congress of the CPC that the limited proportion of the capital goods sector in total industry output—26.6% in 1949—demonstrated old China’s devastated production capability. But with the implementation of a policy that gives priority to capital goods development, the figure was expected to soar by 40% by the end of the first five years. Before the founding of New China, over 70% of the country’s industries lay within the coastal zone. This unusual phenomenon persisted until the First Five-Year Plan was put into operation, whereby industrial constructions were gradually shifted inland.³¹

The *Resolution of the Eighth Party Congress on the Political Report of the Central Committee* laid out the critical issues facing the country:

...the major contradiction in our country is already between the people’s demand for the building of an advanced industrial country and the realities of a backward agricultural country, between the people’s need for rapid economic development and the inability of our present economy and culture to meet that need. In view of the fact that a [S]ocialist system has already been established in our country, this contradiction, in essence, is between the advanced [S]ocialist system and the backward productive forces of society. The chief task now facing the Party and the people is to concentrate all efforts on resolving this contradiction and transforming China as quickly as possible from a backward agricultural country into an advanced industrial one.³²

Had China truly followed the path set out in *On the Ten Major Relationships* and the *Resolution*, the country probably would have industrialized and modernized itself more smoothly and successfully. Sadly, there are no ifs and buts in history. Later, the CPC Central Committee headed by Mao Zedong launched the Great Leap Forward and People’s Commune Campaigns. Both went far beyond the country’s capacity and capabilities and, therefore, ended in economic calamity and decline.

After the failure of the Great Leap Forward, Mao Zedong realized that

the limiting factors in China's conditions—huge population, weak economic foundation, and economic backwardness—posed hindrances to its economic development. He concluded that it would take at least a century for China's productive forces to attain and surpass the levels of developed capitalist countries.

...the development of capitalism.... From the seventeenth century to now is already 360 years.... But I would advise, comrades, that it is better to think more of the difficulties and so to envisage it as taking a longer period.... When I explain how our Chinese Communist Party during the period of democratic revolution, after much difficulty successfully came to understand the laws of the Chinese revolution, my aim in bringing up these historical facts is to help our comrades to appreciate one thing: that understanding the laws of [S]ocialist construction must pass through a process. It must take practice as its starting-point, passing from having no experience to having some experience; from having little experience to having more experience; from the construction of [S]ocialism, which is in the realm of necessity as yet not understood, to the gradual overcoming of our blindness and the understanding of objective laws, thereby attaining freedom, achieving a flying leap in our knowledge and reaching the realm of freedom.³³

Among Chinese leaders in the early 1950s, Chen Yun, Vice-Chairman of the CPC Central Committee and Vice Premier of the State Council, showed a profound and accurate understanding of China's national conditions:

Our country houses a large agricultural population. Feeding and clothing a billion people constitutes one of China's major political as well as economic challenges, for grain shortages will lead to social disorder. We cannot afford to underestimate this matter.³⁴

He pointed out that agriculture as the mainstay of the economy had limited the scale of economic construction for quite a long time. When basic needs such as food and clothing are not met, the economy would remain unstable.

The dominant proportion of the agricultural sector has long constrained economic construction. China has a large rural population but limited farmland; hence its agricultural production growth stays low. Since food is critically important to ensure a stable market and infrastructure development, we must take into account the impacts on agriculture during economic construction.

He elaborated his theories in conversational and simple words: Where grain supply is stable, so is the country; where grain is in shortage, so is the market.

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Industrial development is of extreme importance, but even more important is agriculture.³⁵ With China's conditions in mind, he also insisted that:

Food security should receive priority, followed by infrastructure construction. There will be no rosy future if everything is eaten up and used up. The country's future can only be promising, if basic necessities are taken care of before beginning production or construction.³⁶

In 1957, Chen Yun put forward his Theory on National Strength (also known as Theory on National Constraints or Theory on Limited National Capacity), stressing that the scale of construction should be within national capacity.³⁷ It is a pity that his theory did not enjoy mainstream popularity or consensus within the CPC. It was not until 1997 that the theory was accepted by most party members and became the basis of economic adjustment policies.

China's large population raised the need of basic policies on birth control, employment creation, agricultural development, and boosting grain yield. Zhou Enlai, then Vice-Chairman of the CPC Central Committee and Premier of the State Council, repeatedly pressed the issue. In 1954, he observed that the underdeveloped production capability and large population of China would allow employment problems to persist for another fairly long period.³⁸ In 1956, he noted there are both advantages and disadvantages of a large population. Large population leads to huge consumption. Among basic necessities—food, clothing, shelter, and transportation—food is of top priority. Chinese population increases at an annual rate of 2%, with more than 10 million newborns each year—that is a fairly impressive number. By contrast, food production increases at a modest average annual rate of 3%. In view of this, Zhou Enlai advocated economizing on food products. It was a pity that his population policies based on China's conditions were not implemented during the population boom in the 1950s and 1960s. They were not adopted until the early 1970s, when Mao Zedong necessitated control under enormous population pressure.

China has a diversified ecological landscape with abundant resources, but a fragile ecological foundation and low resource per capita. Chen Yun is the first Chinese leader to have noticed China's scarce water resources. He put forward as early as 1951 that China should develop long-term planning and adequate preparation on both storage and release of flood waters, with priority given to the former.³⁹

Zhou Enlai was also aware of the ecological damages as the exchange for economic development. During a speech in 1966, he summed up his governance experience from 1949 until then:

It takes merely one or two years to rectify a bad industrial policy, but a wrong decision on forestry and flood management cannot be rectified

even if years have gone by. I am most concerned about wrong flood control and excessive deforestation. If we cannot exercise proper flood control or curtail deforestation, our next generation will blame on us. We must not be spendthrifts. Forestation is a project of vital and lasting importance, which shall last into the 21st century.⁴⁰

Summing up the lesson from Sanmenxia Key Water Conservancy Project's failure, he declared:

During the course of economic construction, we are bound to come across previously unknown trends or tread into uncharted areas. We should never stop to learn about these trends and areas. As one is recognized and addressed, the next in line steps up.⁴¹

The objective world does not stand still. The process of economic development is to continuously learn about and change the world. As we better understand the world, we bring changes thereto through policies, and face new situations and uncertainties such as ecological problems. If we cannot use the same tools that we have used in the past, or cannot use them uncritically, then in fact we are going to get it wrong in the present and the future.⁴²

Mao Zedong was good at political analysis, particularly on Socialist revolutions. He admitted that China did not yet have the experience in building a Socialist economy. For the Chinese people, the Socialist economy was still in many respects a Marxist realm of necessity riddled with uncertainties.⁴³

Analytical Framework

The author attempts to put forward a basic analytical framework in this book.

First, this book will define the Chinese development model and pattern from a global perspective. In terms of modernization, there are forerunner countries and newcomers, leaders and pursuers. China belongs to the newcomers. It started a century or two later than Western countries, and became a pursuer by the 1950s, especially after 1978. In terms of technological advancement, there are innovators, imitators, adopters, and the marginalized. China had been an innovator of agricultural technology back in the traditional agricultural times, until it became a backward and marginalized industrial society in the modern era. Since 1949, and especially after 1978, China became an active adopter and was gradually turning into an innovator. Under backwardness, and confronted with modernization challenges from the West, China's primary task was to strive towards bridging or narrowing the gap between China and developed countries. In a word, China's development model is that of a typical pursuer, employing different strategies at different stages.

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Second, this book will study the historical arc of Chinese development by applying the challenge-and-response model developed by British historian Arnold Joseph Toynbee. China faced both external and internal challenges of modernization, and responded in both active and passive ways. Using the challenge-and-response model to explain China's responses, we come to the conclusion that different attitudes and strategies at different stages lead to different results.

Third, this book will go on to evaluate the successes and failures of major modernization decisions of the Chinese leadership, by investigating what drove and influenced these decisions. The narrower the gap between their perception and China's actual situation, the more likely it is to obtain success; the wider the gap is, the more likely it is to encounter failure. The Great Leap Forward and People's Commune Campaign initiated by Mao Zedong were two most typical failures, while the household responsibility system developed by Deng Xiaoping was a success.

Fourth, there will be discussions on whether those decisions were successes or failures, based on Chinese leaders' decision-making mechanism for modernization challenges. There were democratic collective decisions and arbitrary personal decisions. Successes are more likely if decisions are made collectively through democratic procedures—this was the key to China's boom from 1949 to 1956. On the contrary, failures are more likely to occur when decisions are arbitrary—this explained the many twists and turns from 1957 to 1976.

Fifth, the author will investigate China's alternative paths of development by considering the factors that decide and affect its leaders' learning capacity. Modernization is a process of continuous learning and adaptation to challenges. Different learning approaches shall directly influence learning capacity, strategic choices, and decision-making capacity.

The author aims to join his readers in discovering, understanding, innovating, and developing China, to give a glimpse of real China and its situation, and to explain the systematic, comprehensive, and correct way to understand China's national conditions.

Chinese Modernization is a Process of Continuous Learning and Practice

Marx once pointed out that, "The philosophers have only interpreted the world in various ways—the point, however, is to change it."⁴⁴ Mao Zedong put this in

a more direct way, "The one and only purpose of the proletariat in knowing the world is to change it".⁴⁵

The birth of New China was the historical starting point of China's Socialist modernization. In more than 60 years, its development has been centered around the construction of a modernized Socialist China based on its national conditions. An understanding of these conditions paves the objective foundation of proper development strategies, goals, and policies. The question of how to study China's conditions remains a substantial issue among Chinese scholars and the CPC. The history of China's economic development reveals the process of Chinese people learning about and reforming their society. The more they know about the society, the more effective their reform proposals will be.

China is unique and unlike any other country on earth. Since the foundation of New China, the four generations of Chinese leadership—Mao Zedong, Deng Xiaoping, Jiang Zemin, and Hu Jintao—has been gaining understanding on China's national conditions through persistent practice, learning, and consolidation. After more than 60 years of exploration, their understanding on China has gone from scarce to abundant, superficial to profound, simple to comprehensive, and lopsided to balanced; while their knowledge on the path and characteristics of China's development has undergone cycles of practice and reflection; and their research on Chinese development theories and strategies has gone through periods of on-going exploration, evaluation, deepening, improvement, and innovation.

2

Chapter

Economic Development History of China

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Discussions in economics have always revolved around economic growth, the reasons behind income inequality, the different rates of growth across countries, and the factors preventing some countries from achieving modern economic growth.¹ Nobel Prize-winning economist Paul Samuelson observed:

No new light has been thrown on the reason why poor countries are poor and rich countries are rich.²

There are two sets of questions to be addressed: (1) What explains China’s rapid decline and divergence from the West during the first surge of modernization and economic globalization (1820–1950)? How did the once-prosperous empire gradually fall into sheer poverty? What stands in the way of China’s economic growth? (2) How did China rise again in the second surge of modernization and economic globalization (1949–2009), especially over the past 30 years? How did it move towards convergence with the world, and lift itself from poverty and backwardness to prosperity and advancements? What triggered its rapid economic growth? These two sets of questions are interrelated. Only after answering the first can one gain a comprehensive understanding of the second.

From Divergence to Convergence: China’s Economic Development

History teaches us that there are neither all-time winners nor losers. Similar to an organism, the economic development of a country normally follows a five-stage cycle: preparation, emergence, prosperity, recession, and decline.

Table 2.1. Stages of China’s economic development (1700–2050)

Stage of economic development	Share in world GDP	GDP per capita growth	Population growth	Share in world trade volume
Divergence era				
Decline of traditional agriculture (1700–1820)	Ranked first	Nil	0.85%, higher than that of Europe (0.46%)	Nil
Disintegration of traditional agriculture (1820–1950)	Dramatically dropped from 32.9% to 4.5%	Nil	0.30%, birth and mortality rates stood high	Continued to decline

(Cont'd)

Stage of economic development	Share in world GDP	GDP per capita growth	Population growth	Share in world trade volume
Beginning of modern economic development (1950–1978)	Remained at historical minimum	2.34%	2.06%, high fertility rate	Reached historical minimum of less than 1%
Convergence era				
Emergence, phase I (1978–2000)	Surged from 5 to 11%, probably higher	6.04%	1.45%, birth rate lowered	Rapidly rising to over 4%
Emergence, phase II (2000–2020)	Rapidly rise, reaching 20%	4.50%	Less than 1%, low fertility rate	Rapidly rising to over 17%, rank first
Prosperity (2020–2050)	Rank first and continues to rise	Steadily increase	Nil, with gross population ranking second	Rank first

Sources: Data for 1700–2000 is compiled from Angus Maddison, *Monitoring the World Economy, 1820–1992* (Paris: OECD Publishing, 1995); Angus Maddison, *Chinese Economic Performance in the Long Run* (Paris: OECD Publishing, 2007); and Angus Maddison, *The World Economy: A Millennial Perspective* (Paris: OECD Publishing, 2001). Data for 2000–2050 is the author's estimate.

China's economic development from 1700 to 2050 can be split into two periods, namely the divergence era (1700–1950) and the convergence era (1950–2050), and these consist of five stages: (1) Decline of traditional agriculture (1700–1820), when China's traditional agricultural economy was mired in slow growth; (2) Disintegration of traditional agriculture (1820–1950), when China gradually diverged from European countries. The agricultural sector declined as modern industries emerged, but remained dominant. Even by 1949, modern industries merely accounted for 10% of the economic aggregate; (3) Beginning of modern economic development (1950–1978), when the East–West divergence slowed down. Despite isolation from the world, China still enjoyed economic growth; (4) First phase of emergence (1978–2000), when China showed rapidly growing convergence with the West. This period witnessed an upsurge in the Chinese economy, and its transition from a semi-planned to an open market economy; (5) Second phase of emergence (2020–2050), during which China is poised to become the largest economy of the world.

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The history of China's economic development not only resembled this cycle, but also Toynbee's challenge-and-response model used to explain the rise and fall of civilizations.³ These two theories are interrelated and complementary to each other. As revealed by historical documents and records, untimely responses to the challenges of modernization from the West inevitably sent China into decline and made the nation vulnerable. From 1949 onwards, the Chinese leadership actively addressed the challenges of modernization. Their effort brought nationwide economic growth and social advancement. Thus, China rose again to power and prosperity.

Historical Sources and Comments on China's Economic Growth

How do we determine which stage of the cycle a country's economy is at? The main criterion is its economic strength.

As shown in Angus Maddison's statistics on the share of world GDP for selected countries and regions,⁴ a country represents only a small proportion of the world's economic aggregate during its preparation stage. It takes a long period of preparation before the necessary infrastructure is completed so that industrialization can take place—Britain took from around 1500 to 1700, while the U.S. from 1700 to 1820.

A country becomes a more significant world player in the emergence stage. Take the U.S. for example; From 1820 to 1913, its share in the world GDP shot from 1.8 to 19.1 percent.

The country's share in the total global economic output grows to its peak during periods of prosperity. Italy became prosperous in 1500, Spain in 1700, Britain in 1870 (9.1%), France in 1870 (6.5%), Germany in 1913 (8.8%), the U.S. in 1950 (27.3%), the Soviet Union in 1950 (9.6%), and Japan in 1990 (8.6%).

When the country enters a recession, its economic growth lags slightly behind the rest of the world, with a shrinking share in the global economic aggregate. Such signs were found in the U.S. since 1950 and in Japan since 1990.

As the country faces decline, its economic growth falls far below the world average and its economic share in the world's total drops significantly, as in post-1950 Britain and post-2000 Japan.

China's path of economic development showed certain differences from that of Europe, North America, and Japan. It had been the strongest economy with a large population until it plunged into recession in 1800, and then re-ignited economic growth from 1950 until 2010. During the economic growth period, China successfully initiated industrialization and modernization, and worked to catch

up with developed countries. With its ever-growing role in world economy and trade, China regained its status as a world power once again. This has been a rough course of development: it spent 30 years (1950–80) in preparation, and is now undergoing a 40-year emergence period. It will then enjoy 30 years of prosperity and complete initial modernization.

Changes in China's share of the world's population

In the age of traditional agriculture, dominating powers always have a huge population. A well-developed agriculture leads to an economically prosperous country. But things became entirely different in the modern industrial age. The most populous country does not necessarily become the greatest world power, not without investments to transform the huge population into human capital.

In AD 1, ancient India (including present India, Bangladesh, and Pakistan) had the largest population of about 70 million (32.5% of the world's total). China ranked second with 40–60 million (25.8% of the world's total). The Asian population accounted for 74.2% of the world's inhabitants.

In 1500, India still held the largest population at 25.1%, followed by China with 23.5%. Asia housed about 61.3% of the world's population. In 1600, China's population exceeded that of India, but this was again overtaken in 1700. By the next century, the Chinese population has significantly outgrown that of India and reached the highest level until then, taking up 36.6% of the world's total. The Asian population then represented 65.3% of the world's total population. By 1850, China had a population of some 410 million. Later, a series of major events led by the Taiping Rebellion caused a decline to 360 million in 1873, about 50 million less than that in 1850. By that time, China's share in the world population had dropped to 28.2%, followed by further drops in 1913 (24.4%), and it eventually reached its historic minimum in 1950 (21.7%). In 1973, the Asian population comprised 54.7% of the world's total, in which China and India took up 22.5% and 14.8%, respectively. By 2003, China had 19.68% of the world population, marking the lowest proportion in history. On the other hand, the populations of India and Asia continued to rise to 17.0% and 59.4%, respectively (see Table 2.2). It is estimated that by around 2050, China may rank second in the world after India in terms of population, while its share in the world population may drop to 17–18%.

Table 2.2. Shares of major countries and regions in world population (%)

Year	1	1000	1500	1600	1700	1820	1870	1913	1950	1973	2003
Western Europe	10.70	9.50	13.10	13.30	13.50	12.80	14.80	14.60	12.10	9.20	4.93

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(Cont'd)

Year	1	1000	1500	1600	1700	1820	1870	1913	1950	1973	2003
United Kingdom	0.30	0.70	0.90	1.10	1.40	2.00	2.50	2.50	2.00	1.40	0.90
France	2.20	2.40	3.40	3.30	3.60	3.00	3.00	2.30	1.70	1.30	0.95
Germany	1.30	1.30	2.70	2.90	2.50	2.40	3.10	3.60	2.70	2.00	1.22
United States	0.30	0.50	0.50	0.30	0.20	1.00	3.20	5.40	6.00	5.50	4.54
Soviet Union	1.70	2.60	3.90	3.70	4.40	5.30	7.00	8.70	7.10	6.40	2.07
Japan	1.30	2.80	3.50	3.30	4.50	3.00	2.70	2.90	3.30	2.80	1.88
China	25.80	22.00	23.50	28.80	22.90	36.60	28.20	24.40	21.70	22.50	19.68
India	32.50	28.00	25.10	24.30	27.30	20.10	19.90	17.00	14.20	14.80	17.10
Asia	74.20	65.40	61.30	64.80	62.10	65.30	57.50	51.70	51.40	54.70	59.40
Latin America	2.40	4.20	4.00	1.50	2.00	2.00	3.10	4.50	6.60	7.90	8.63
Africa	7.10	12.30	10.50	9.90	10.10	7.10	7.10	7.00	9.00	9.90	14.64

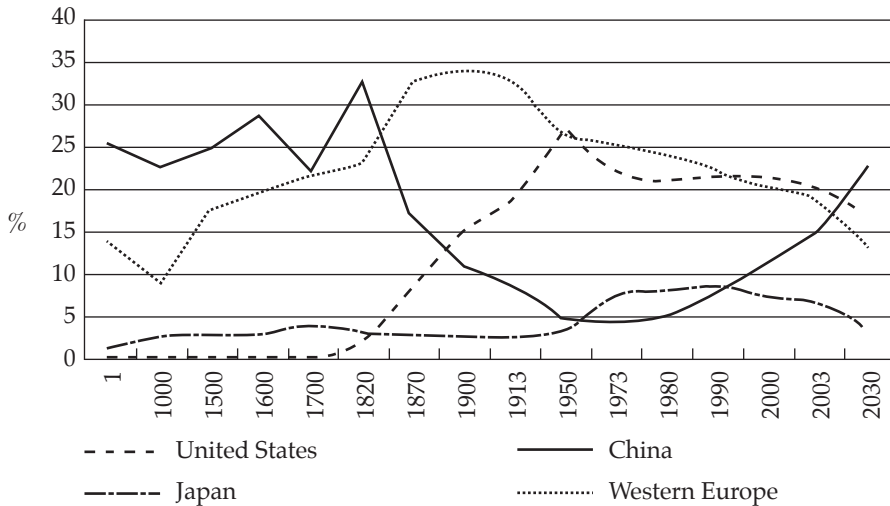
Note: Asian figures do not include those of Japan. Soviet data before 1913 is calculated from the total population of its former member states.

Source: "World Population, GDP and Per Capita GDP, 1–2003 AD," accessed August 2007, http://www.ggdc.net/Maddison/Horizontal_Statistics/horizontal-file_03-2007.xls.

Changes in China's share in world economic aggregate: a U-shaped curve

China has a unique history of development. It enjoyed a fair period of prosperity before its abrupt downturn in 1820. Its economy started to bottom out after 1950, with a resounding boom since 1978 (see Fig. 2.1 and Table 2.3). For quite a long time, China was among the biggest and most economically developed countries. According to Maddison's estimate, back in 1 AD, India had the largest economic aggregate in the world, taking up 32.9% of the world's GDP;⁵ China was second to India, its GDP accounting for 26.2% of the world's total; the whole Asian economy accounted for $\frac{3}{4}$ of the world's total at that time. By 1000 AD, India and China took up 28.9% and 22.7% of the world's GDP respectively, while Asia occupied some two-thirds of the world's total.

Figure 2.1. Changes in GDP shares of the United States, China, Japan, and Western Europe in world total (1–2030)



Sources: “World Population, GDP and Per Capita GDP, 1–2003 AD,” accessed August 2007, http://www.ggdnc.net/Maddison/Historical_Statistics/horizontal-file_03-2007.xls; Angus Maddison, *Chinese Economic Performance in the Long Run*, 2nd Edition, Revised and Updated: 960–2030AD (Paris: OECD Publishing, 2007).

Table 2.3. Shares of major countries and regions in world GDP (%)

Year	1	1000	1500	1600	1700	1820	1870	1913	1950	1973	1978	2008
Western Europe	10.80	8.70	17.90	19.90	22.50	23.60	23.60	33.50	26.30	25.70	22.80	145.20
United Kingdom	—	—	1.10	1.80	2.90	5.20	9.10	8.30	6.50	4.20	3.80	2.84
France	—	—	4.40	4.70	5.70	5.50	6.50	5.30	4.10	4.30	4.01	2.79
Germany	—	—	3.30	3.80	3.60	3.80	6.50	8.80	5.00	5.90	5.54	3.36
United States	—	—	0.30	0.20	0.10	1.80	8.90	19.10	27.30	22.00	21.60	18.61
Soviet Union/Russia	1.50	2.40	3.40	3.50	4.40	5.40	7.60	8.60	9.60	9.40	9.00	4.40
Japan	1.20	2.70	3.10	2.90	4.10	3.00	2.30	2.60	3.00	7.70	7.60	5.70
China	26.20	22.70	25.00	29.20	22.30	32.90	17.20	8.90	4.50	4.60	4.90	17.48
India	32.90	28.90	24.50	22.60	24.40	16.00	12.20	7.60	4.20	3.10	3.30	6.70
Asia	75.10	67.60	62.10	62.90	57.60	56.20	36.00	21.90	15.50	16.40	25.70	43.73
Latin America	2.20	3.90	2.90	1.10	1.70	2.50	4.50	4.50	7.90	8.70	8.00	7.94
Africa	6.80	11.80	7.40	6.70	6.60	4.50	2.70	2.70	3.60	3.30	3.50	3.40

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Note: Asian figures do not include that of Japan. Soviet data before 1913 is calculated from the total population of its former member states.

Source: "World Population, GDP and Per Capita GDP, 1–2003 AD," accessed August 2007, http://www.ggd.net/Maddison/Historical_Statistics/horizontal-file_03-2007.xls.

In 1500, China's economic strength began to exceed that of India to become the world's number one economy. This was largely attributable to the fact that China's population outnumbered India. In 1600, China's share in world GDP reached 29.2%, still ranking first. In 1700, along with changes in population ranking, India overtook China once again.

In 1820, China's share in world GDP reached its historic peak at 32.9%, emerging as an economic power. India stood second. India and China together took up 48.9%, while the whole of Asia 56.2%. France and Britain followed, taking up 5.5% and 5.2%, respectively, and Germany ranked fifth with 5.0%.

By 1870, China's economic aggregate still ranked in the top, yet its share in world GDP declined to 17.2%. India ranked second, followed by Britain, the U.S., and France. In 1913, with its share in world GDP reaching 19.1%, the U.S. took the place of China, with Germany and Britain trailing behind them.

In 1950, the U.S. still took the first place, its share reaching as high as 27.3%. The Soviet Union rose to the second place, with Britain and Germany still remaining behind. China slipped to the fifth place. These five powers together contributed 52.9% to the world's total.

In 1973, the rankings of the U.S. and Soviet Union stayed the same. Japan jumped into third place, pushing Germany back into the fourth. China remained in fifth position.

In 2008, China leapt to the second with its 11.5% share. Japan was the third, India the fourth, Germany the fifth. Together these five powers made up 50.4% of the world's total.

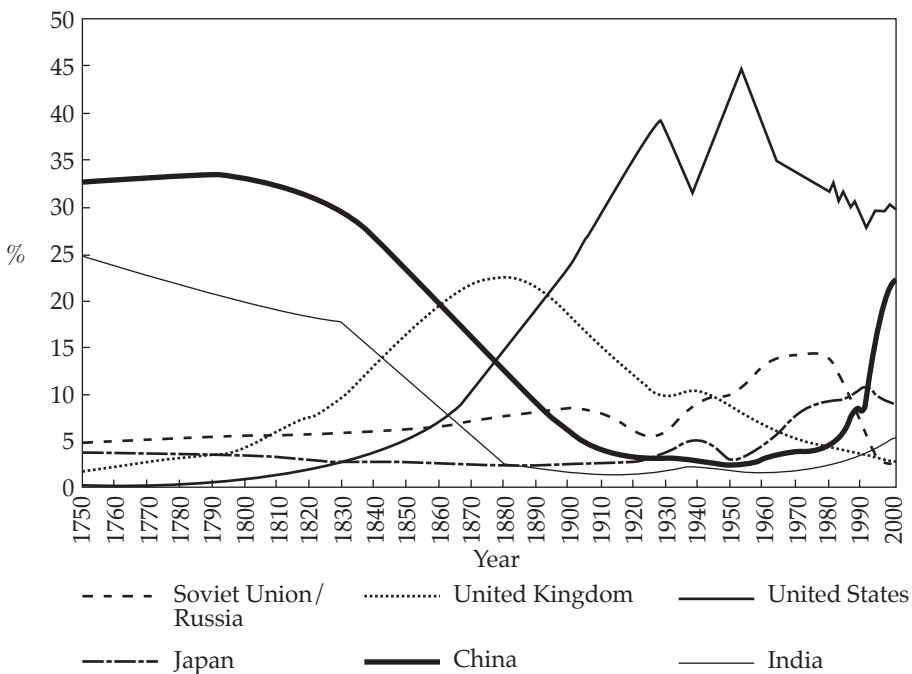
History has shown that an economic peak occurs at different times for different countries. Judging by their shares in the world's total GDP, the Asian and Indian economic peaks appeared in around 1 AD, while those of Africa in 1000, Europe in 1870, China in 1820, Britain and France in 1870, Germany in 1913, the U.S. and Soviet Union in 1950, and Japan and Latin America in 1990. Each of these histories of economic development complies with the aforesaid five-stage cycle.

P. Barioch investigated the transformations in relative economic strength across major world powers by examining their respective contributions to the world's total industrial output.⁶ For quite a while, China had once been the largest economy and manufacturer in the international arena. Its proportion

of industrial output was maintained above 30% until the early 19th century. According to Barioch's estimate, from 1750 to 1800, China accounted for a mere one-third of the world's total industrial output—which may have been on the high side—but this in no way altered the fact that China's economic strength ranked first in the world at that time. This reflected that China was economically better off than most regions of the world back in the proto-industrialization period. Yet China saw a rapid decline during the 19th century, when its share of industrial output fell to 19.7% in 1860 and further to 6.2% in 1900. The trend continued into the first half of the 20th century. In 1953, its proportion of the world's total industrial output sunk to a low ebb of 2.3% (see Fig. 2.2). The different approaches of P. Barioch and Maddison yielded the same finding: China's economic strength in the 19th century and the first half of the 20th century plummeted suddenly from its heyday to its decline.

The rise of Chinese traditional industries during World War I is generally recognized as the successful start of its industrialization.⁷ Several decades before that, China had gained certain industrialization achievements—although limited in scope—yet never did it attempt to transform from an agricultural

Figure 2.2. Shares of the top six global manufacturing countries in world total output



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country into an industrial one, as Japan had accomplished. The industrialization process from World War I to the eve of the Sino-Japanese War was fast. Although the Chinese industry took only 3.1–3.6% of the world market,⁸ it grew at a rapid rate: Industrial Production Index (IPI) increased by almost eight times, from 15.6 in 1913 to 122.0 in 1936. The average growth rate reached as high as 9.3%. Were it not interrupted by the Sino-Japanese War, China's import substitution industrialization (ISI) strategy would have lasted longer.

There were two preconditions for China's industrialization: an independent, unified and sovereign state governed under a strong and efficient central government with control over resource utilization, and a comprehensive and feasible industrialization program.⁹ Both were not in place until 1949 which delayed the facilitation of large-scale industrialization.

China officially launched its industrialization and modernization in 1950 amid extreme backwardness and poverty. The unstoppable decline of China's proportion of world GDP was put to a halt. China successfully maintained its status as the fifth largest economy. Its share in world GDP shot from 5% in 1978 to 17.40% in 2008 (see Table 2.3), closing the gap on the U.S.. China's economy is expected to exceed the U.S. and enter a period of prosperity during 2010 to 2015.

The ranking of global powers has been ever-changing over the past two centuries. After the Industrial Revolution, major agricultural countries such as China and India fell from their leading positions, while the first industrialized countries—like Britain, France, Germany, and the U.S.—grew to become more significant economic powers.

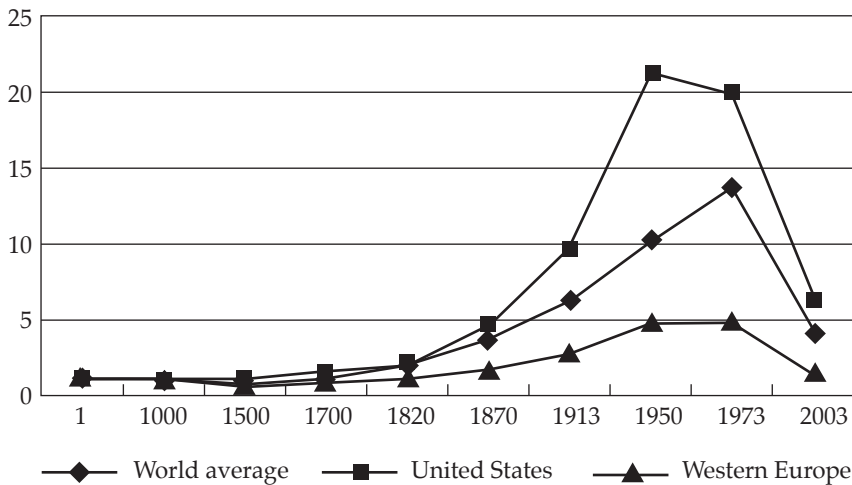
China was plunged from power and prosperity into weakness and poverty. This was indeed an inevitable historical trend after the peak and recession phase. China's modern history was a saga of economic decline and ongoing struggles.

Later, modern China rose from its ashes. Its climb back to being the second largest economy marked the acceleration of its industrialization and modernization. This showed that it is possible for a developing country—especially one with a large population—to become an economic superpower. This is subject to at least five conditions: First, the country should represent a significant proportion of the world population so as to optimize human capital investment, and enable an encouraging and competitive labor market that utilizes domestic labor resources. Second, the country has to go through a longer period of economic emergence, during which its economic growth should exceed both its previous record and that of developed countries, while at the same time maintain a steady and balanced rate. Third, the country should be capable of sustaining long-term political and social stability, so as to create a harmonious environment for attracting domestic and foreign investment, as well as abundant domestic abundant labor forces. Fourth,

its economy and society should be open to the global market. Thus, the nation is in a good position to acquire and utilize knowledge, technology, information, capital, resources, and manpower from the wider world. Fifth, its central government should be modern-minded and target-oriented, and capable of efficiently mobilizing all social sectors and resources. It should also be able to turn negative circumstances into positive opportunities, thereby enforcing fair competition in a market economy, facilitating innovation and productivity, affecting equitable distribution, and harmonizing social conflicts.

China's development accomplishments over the past 60 years have shown that a populous, developing country is capable of the miracle of awakening again to power.

Figure 2.3. Relative differences in GDP per capita between China and other countries



Source: "Statistics on World Population, GDP and Per Capita GDP, 1–2008 AD," accessed 2010, http://www.ggdc.net/MADDISON/Historical_Statistics/horizontal-file_02-2010.xls

Comparison of China's income per capita with the world's average: an inverted U-shaped curve

China used to take the lead in income per capital from AD 1 to the 15th century. For the subsequent 300 years, European countries caught up with and overtook China in terms of real income per capita, as well as scientific and technological advancements.¹⁰ After 1700, the world's average income per capita began to surpass that of China. In terms of income gap per capita, China's

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economic development followed an inverted U-shaped curve. The curve started when China's economic conditions diverged from the rest of the world. Relative differences were constantly increasing, making China one of the world's poorest countries. The later portion of the curve showed economic convergence. Relative differences narrowed which gradually turned China into a developed country.

The period from 1700 to 1950 was an era of economic divergence for China. China's GDP per capita in 1700 was USD600 (at purchasing power parity [PPP] in 1990 International Geary-Khamis dollars, similarly hereinafter). This was less than the Western European average, slightly lower than the world average, yet higher than that of the U.S., Japan, and India. From 1700 to 1820, China began to diverge from the Western European economy. Recession hit traditional agricultural China, denting growth in per capita income. The gap in terms of per capita income between China and Western European countries widened by 0.15% each year. A drastic economic divergence occurred between 1820 and 1950. During this period, the rest of the world enjoyed unprecedented economic growth: global total output shot up by 8 times, and the world average by 2.8 times. In addition, the American GDP per capita increased by 8 times, the Japanese by 1.88 times, and the Western European by 2.73 times. In 1820, China's GDP per capita was slightly lower than that of Japan and the world average, and half of the Western European average. In 1950, China's per capita GDP dropped to 439USD, 27% less than that in 1820 (see Table 2.4). The per capita income gap between China and Western Europe widened by 1.2% each year, while that between China and the rest of the world by 0.78% annually.

During the 250 years after the Industrial Revolution (1700–1950), China's per capita income dropped to its historical bottom, less than one-fourth of the world average. Once the center of world civilization, China became an underdeveloped, backward country.¹¹

The period from 1950 to 2003 was an era of economic convergence. In the early 1950s, China's social and economic development bottomed out. It began to grow at a rate higher than the world average. The trend became more apparent after the reform and opening up in the late 1970s, when China took its first step down the path of convergence with the West.¹² Between 1950 and 1978, China's per capita income rose by a small margin, but it still constituted less than 25% of the world total. In 1978, China's per capita GDP was on a rapid rise, yet it was still among the lowest in the world. By 2008, the figure reached USD6,725, 15 times that in 1950 (USD448), and 6.9 times that in 1978 (USD979). This marked the beginning of China's economic growth as a middle-income country. Between 1950 and 2008, the per capita income differences between China and the world narrowed from 4.72 to 1.13 times, while the gap with Western Europe narrowed

from 10.22 to 3.31 times, and that with the U.S. from 21.34 to 4.64 times (see Table 2.4).

Table 2.4. Per Capita GDP of China, the United States, Japan, Western Europe, and the world average (1–2008)

Year	1	1000	1500	1700	1820	1870	1913	1950	1978	2003
Per capita GDP (calculated in 1990 international dollars)										
Western Europe	576	427	772	997	1,202	1,960	3,457	4,578	12,674	22,246
United States	400	400	400	527	1,257	2,445	5,301	9,561	18,373	31,178
Japan	400	425	500	570	669	737	1,387	1,921	12,581	22,816
China	450	466	600	600	600	530	552	448	979	6,725
World	467	453	566	615	667	873	1,526	2,113	4,382	7,614
Per capita GDP (China as 1.00)										
Western Europe	1.28	0.92	1.29	1.66	2.00	3.70	6.26	10.22	12.95	3.31
United States	0.89	0.86	0.67	0.88	2.10	4.61	9.60	21.34	18.77	4.64
Japan	0.89	0.91	0.83	0.95	1.12	1.39	2.51	4.29	12.58	3.39
China	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
World	1.04	0.97	0.94	1.03	1.11	1.65	2.76	4.72	4.48	1.13

Source: "Statistics on World Population, GDP and Per Capita GDP, 1–2008 AD," accessed in August 2007, http://www.ggdc.net/MADDISON/Historical_Statistics/horizontal-file_02-2010.xls

Changes in China's position in global trade: from a closed to an open economy

The traditional agricultural Chinese economy was highly self-sufficient and isolated, with rare associations or interactions with the global economy. Its goods occupied a very limited proportion of manufactured exports to the world market. According to Maddison's calculations (measured in 1990 international Geary-Khamis dollars), the total value of China's merchandise exports in 1870 was USD1.4 billion (equivalent to USD102 million at current prices, 2.49% of the world's total), USD6.26 in 1929 (equivalent to USD660 million at current prices, 1.87% of the world's total), and USD6.34 billion in 1950 (USD550 million at current price, 1.69% of the world's total).

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An era of isolationism began in China after 1950. Still very much a closed economy, China's position in world trade further diminished as its share in world exports continued to decline, reaching the historical bottom of 0.65% by 1973. This reflected China's situation as one of the most self-contained countries, as well as one of the countries marginalized by economic globalization and technological revolution. The technological gap between China and the Western world was constantly widening.

By the end of the 1970s, China began to open its doors to the world. It showed the development pattern of a semi-open society: increasing integration with the global market, and substantial growth in export volume. Merchandise exports reached USD1.2 billion (at current prices) in 2009, increasing its share in the world's total by 9.9% (see Table 2.5 and Fig. 2.4). In 2001, China became an official member of the World Trade Organization, an indication of its transformation into an open economy.

Table 2.5. China's export volume and proportion in global trade volume (1870–2009)

Year	China's export volume* (million USD)	World export volume** (million USD)	China's share in total global trade volume (%)
1870	1,398	56,247	2.49
1913	4,197	236,330	1.78
1929	6,262	334,408	1.87
1950	6,339	375,765	1.69
1973	11,679	1,797,199	0.65
1992	84,940	3,798,619	2.24
2000***	249,130	6,290,300	3.96
2009****	1,202,000	12,147,000	9.90

Note: The export volume between 1870 and 1992 is calculated in 1990 USD. Export volume between 2000 and 2009 is calculated in current USD.

Sources:

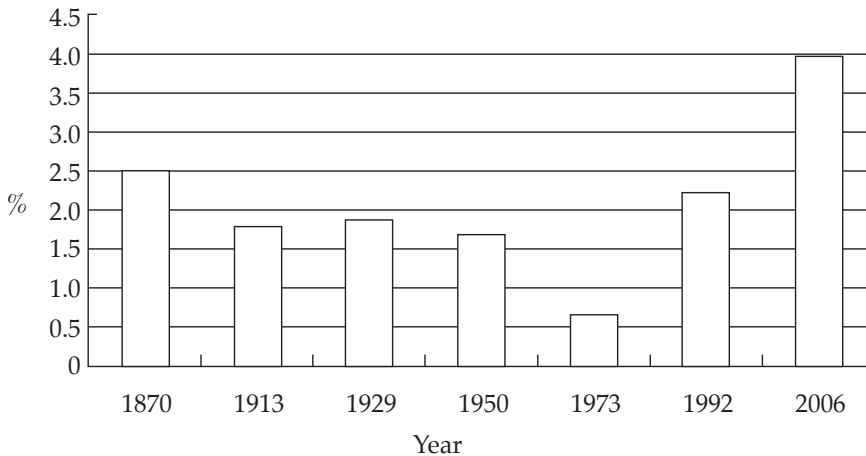
* Angus Maddison, *Chinese Economic Performance in the Long Run* (Beijing: Xinhua Press, 1999).

** Angus Maddison, *Monitoring the World Economy, 1820–1992*, Chinese Version (Beijing: Reform Press, 1997).

*** The World Bank, *World Development Indicators 2002*, (Washington D.C.: World Bank Development Data Centre, 2002).

**** "World Trade Report 2007," http://www.wto.org/english/res_e/booksp_e/anrep_e/wtr07-1a_e.pdf

Figure 2.4. China's contribution to the world's total export volume (1870–2006)



China's gates were forced open by Western powers in 1840. Later, China adopted a different approach towards its opening-up: it took the initiative to open its market to Oriental countries in 1950 and further to the West in 1978. As a result, China began to play a more prominent role in the world market, and the Chinese economy gradually gained influence.

International Circumstances behind China's Economic Development

One needs a global prospective to outline the track of China's economic development. This means having knowledge of the world history of economic development.

Spread of capitalism in the West

During the 17th and 18th centuries, European countries underwent a series of unprecedented capitalist movements, the influence of which extended to North America, Australasia, Japan, and other parts of the world. China, however, was marginalized in these expansive capitalist movements and industrialization. These extensive and profound movements have achieved lasting outcomes (See Table 2.6).

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Table 2.6. Capitalist movements and innovations in history

Bourgeois movements	• English Revolution (1640) • American War of Independence (1775–83) • French Revolution (1789) • Wars of Italian Unification (1859) • Abolition of Serfdom in Russia (1861) • Meiji Restoration in Japan (1868) • Chinese Revolution of 1911 (1911) • New Democratic Revolution in China (1949)
Agricultural reforms	• Land clearance • Introduction of new crop species in Europe • Trading of land-intensive products • Use of fertilizers to facilitate agricultural development • Half of the energy put into agriculture
Technological innovations	• Flying shuttle (1733) • Spinning Jenny (1764) • Watt steam engine (1769) • Three-wheel steam-engined vehicle (1769) • Cotton gin (1793) • Steamboat (1807) • Steam locomotive (1814) • Use of cooking coal in iron-making (1830s) • Iron-melting furnace (1860s)
Scientific advancements	• Copernican heliocentrism (1543) • Galileo's kinematics of free fall (1590) • Galileo Telescope (1609) • Newton's three laws of motion (1687)
Institutional reforms	• Stock Exchanges in Amsterdam (1530), London (1554), Paris (1563), Berlin (1716), and New York City (1772) • Stock market in Amsterdam (1661) • Royal Exchange in Britain (1695)
Patent Laws	• British Patent Law (1642) • United States Patent Law (1790)
Science institutes	• The Royal Society (1660) • British Technology Institute (1754) • The Royal Academy (1799)
Energy Reforms	• Mining • Material conversion • British adoption of coal as major energy source to curb deforestation in the 16th and 17th centuries • Introduction of petroleum and electricity • Internal-combustion engine in the late 19th century
Transportation advancements	• Highways • Canals • Tunnels • Railways

Bourgeois movements in China were different from those in the West. China did not begin these movements until the early 20th century—two to three centuries later than European countries. Hence its late advent to industrialization and modernization. Bourgeois movements in China were externally driven as a passive response to foreign capitalist invasions. China's industrialization was not an eventual outcome of capitalist development or productivity advancements, but a political decision of minority intellectual and political elites. It failed to inspire other types of reforms that would give rise to capitalism, or bring any radical changes; its social influences were limited to certain urban areas. In a word, bourgeois movements in China were of great significance in terms of social development, but none of them turned China towards capitalism, nor make China an economic power.

The New Democracy Revolution was led by the Communist Party of China (CPC). It reflected both the nature of a capitalist revolution and a proletarian revolution. An alternate description of it would be a typical Chinese bourgeois movement under the leadership of proletariats. It was different from either the Western bourgeois revolutions, or the Russian October Revolution in 1917. The New Democracy Revolution directly led the CPC to power, to the establishment of the PRC in 1949, and to the birth of industrialization, urbanization, and modernization in China.

Patterns of modern economic growth (1820–1992)

The substantial significance of capitalist revolution lies in the fact that it ushered in a new era of unprecedented economic growth across the globe. As Marx and Engels commented in the *Communist Manifesto*:

The bourgeoisie, during its rule of scarce 100 years, has created more massive and more colossal productive forces than have all preceding generations together.¹³

At the same time, the world entered an unprecedented era of great economic divergence. During the economic boom from 1820 onwards, China spent 60 years (1949–2000) of modernization efforts to make up for the 130 years (1820–1949) that it had lagged behind. In order to understand how economies diverged from each other, and the fall and re-emergence of China, one should first look into the general historical background of modern economic development.

Angus Maddison summarized three features in post-1820 world economic history:

(1) Rapid growth. Between 1820 and 1992, the economy (in terms of per capita income) consistently increased at a rate even higher than the rapidly growing population, and occupied an increasing proportion in the world's economic aggregate.

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Table 2.7. Regional growth in population, per capita GDP, and GDP (1820–1992)

	Population (times)	Per capita GDP (times)	Total GDP (times)
Western Europe	3	13	40
Western Offshoots	27	17	464
Southern Europe	4	10	38
Eastern Europe	5	6	29
Latin America	23	7	161
Asia and Australasia	4	6	25
Africa	9	3	26
World	5	8	40

Note: GDP was calculated in 1990 international Geary-Khamis dollars

Source: Angus Maddison, *Monitoring the World Economy 1820–1992* (Paris: OECD Publishing, 1995), 2.

Table 2.8. World economic growth (1500–1992)

	1500–1820	1820–1992
Population	0.29%	0.95%
Per capita GDP	0.04%	1.21%
Total GDP	0.33%	2.17%
Export volume	—	3.73%

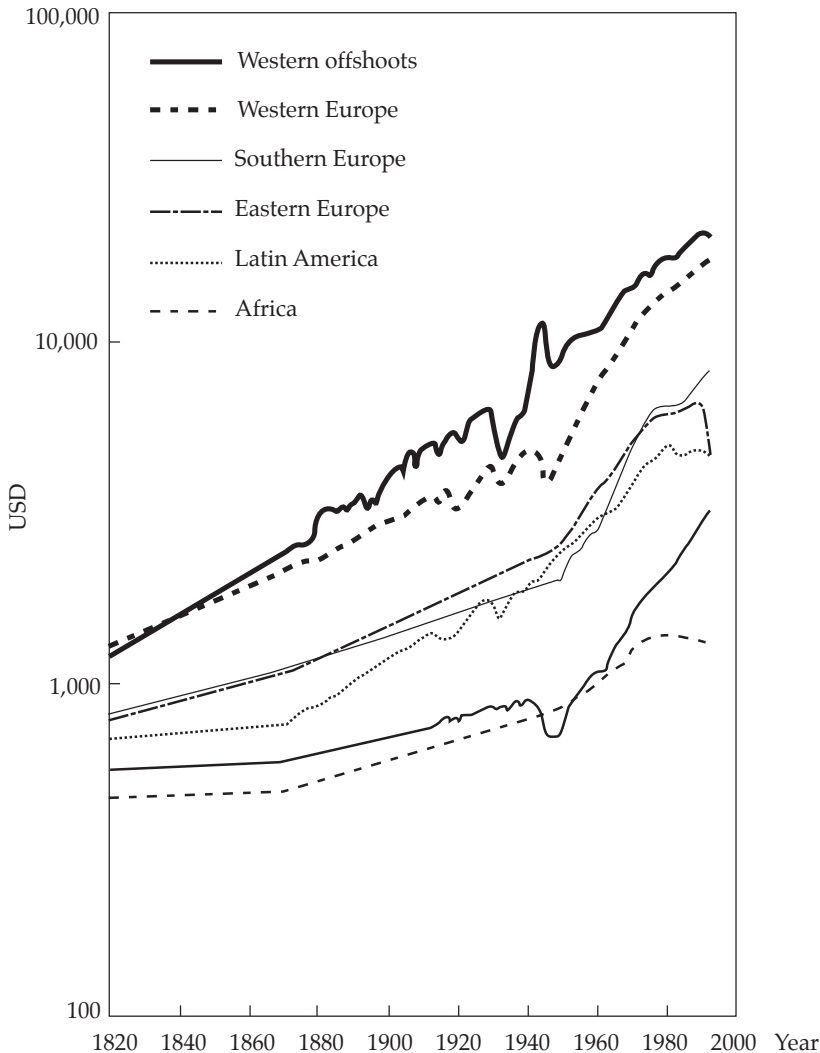
Note: GDP was calculated in 1990 international Geary-Khamis dollars.

Source: Angus Maddison, *Monitoring the World Economy 1820–1992* (Paris: OECD Publishing, 1995), 1.

(2) Unbalanced across regions and countries. Each economy grew in a different pattern. There existed wide gaps in the per capital income between counties and regions. Maddison compared the overall development trends of the world's seven regions. Western Europe, with its per capita income increased by 13 times since 1820, ranked the most economically prosperous region. The Western Offshoots ranked second with its per capita income increased by 17 times. South Europe came third with its per capita income increased by 10 times, followed by Eastern Europe, Latin America, Asia, and Australasia with their per capita income increased by 13, 7, and 6 times, respectively. The growth of the African economy was slowest among the seven regions.

As seen in Fig. 2.5, there was no regular feature in the economic growth of nations. The curves intersected at different times. Income gaps among regions tended to diverge in the long run. Looking into the income gap between the

Figure 2.5. Per capita GDP of the world's seven regions



Source: Angus Maddison, *Monitoring the World Economy 1820–1992* (Paris: OECD Publishing, 1995), 3.

most developed and poorest countries, incomes grew more divergent as time passed, from 3 times in 1820 to 72 times in 1992. Income gaps existed even among countries in the same region. Between 1820 and 1992, Japan showed the highest growth of income per capita at 28 times. Whereas from 1950 onwards, Korea, Taiwan, and Thailand grew most rapidly in the Asian region in terms of income per capita. It is fairly safe to conclude that only a few countries

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displayed convergence towards leading countries like the United States, while most others remained divergent.

(3) Economic growth is never stable; there are times of both prosperity and depression, each of which have unique characteristics.

China missed out on numerous economic development opportunities, and let slip chances to take advantage of world economic growth for its own economic take-off.

From 1820 to 1950, China was at first an opposer and was then marginalized in modernization, leaving it weak and poor. From the late 19th century to the early 20th century, Western countries invaded China. Their support to China in the later modernization movement was limited. The world economic crisis imposed heavy impacts on the Chinese economy, and the large invasion by a then fast-rising Japan caused severe economic and labor losses.

The period between 1950 to 1973 saw the best economic days. However, due to the Western economic blockade against China and its isolationist policies, China failed to make use of this favorable international environment of development. As a result, its world GDP share dropped to a historic minimum, and the country became marginalized in economic globalization.

From the late 1970s onwards, China abandoned most of its isolationist policies. It engaged in the world market and integrated itself into the world economy. It gave an impetus to global development by promoting world peace.

Economic growth determinants for the world and various countries

Maddison believed that there are four long-term determinants of economic growth: technological advancements; accumulation of physical capital; accumulation of human capital (development of people's skills, education, and organizing capacity); and the progress of its economic globalization through trading and investment in commodities and labor, as well as interactions between intellectuals and entrepreneurs. There are three other important factors: economic scale, structural reform, and natural resources. All these are interacting to work in interwoven mechanisms.

Maddison explained the significance of international economic relations and national economic policies to long-term economic growth, by studying the stages of world economic development, and comparing different economies. The worldwide industrialization and modernization which began in the 18th century was essentially dominated by the West. Western countries were not only the headstream of global modernization, but also its heartland. Consequently, the world became overly western-centered. This phenomenon lasted until the second half of the

20th century, when non-Western countries began developing and implementing modernization. Nevertheless this did not change the Western domination. This is undoubtedly true even in the present era of economic globalization, informatization, and intellectualization.

Capitalism has been the prevailing developmental mythology over the last two or three centuries. It nurtured, sowed, and spread the seeds of the factors of modernization across the entire globe. Such is the progressiveness of capitalism as an ideology. Modernization is a process whereby countries realize mutual development through competition. The process of modernization is, in essence, the transition to capitalism. It can be vividly described as a long and competitive open marathon, which is at the same time a display of the unfair nature of Darwinist natural selection.

The past two centuries make up a history of the rise and fall of, and struggles between, world powers. The rapid rise of Capitalism in Spain in the 17th century, Britain in 18th century, and the U.S. in the 20th century radically changed the world. On the other hand, China had no intention to reform and open up itself to the outside world. It insisted on a closed-door policy and its traditional government structure. In a mere 200 years, China was reduced from a world class power at its peak to the most impoverished country in the mid-20th century.

China Once Surpassed the West

It is astonishing for a multi-ethnic civilization like China to have maintained a continuous history over the past 2,000-plus years. China's more than 1 billion people on its vast territory of 9.6 million km² share the same language, culture, traditions, and customs. The Chinese language has a long history and a huge pool of users. Chinese is unique to all other languages; it bridged communication barriers and became the most potent tool of national unification.¹⁴

Civilization reached a peak during the 600 years of the Tang and Song dynasties. China accomplished great achievements not only in art, literature, and science, but also in economic growth and technological advancement. The Chinese people developed improved farming methods, cultivated new crop varieties, and regionalized crop production by building water conservancy facilities. Advancements in water and land transportation took place to meet the needs of extensive commodity exchanges and rural markets. Monetization of the Chinese economy gave birth to business metropolises and mega-cities in developed regions. The large Chinese textile industry—the first mechanized industry in the world—brought about increased productivity and a consequent rise in farm labor

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efficiency. The grain yield per *mu*¹⁵ reached 108kg as early as in the mid-and-late Warring States Period, 132kg in late Western Han Dynasty, and 167kg in the mid-and-late Tang Dynasty. Wang Yuanming estimated Western Europe’s grain yield per land unit in the 13th century at approximately two-thirds to three-fourths of that of Qin and Han China. Western Europe’s agricultural productivity did not reach China’s level in the Qin and Han Dynasties until the 16th century. The rice yield per land unit in southern China during Tang and Song Dynasties was several times that of Western European countries.¹⁶ In fact, China’s grain yield in the Tang Dynasty was even higher than that of many countries today. In Tang China, each farmer harvested 2130.5kg of raw grain, whereas the average nowadays is less than 400kg. An important reason for the higher output back then was that farmers at that time had almost 18 *mu* of arable land per capita. In the Song Dynasty, China was introduced to Indian cotton-breeding techniques and early-maturing paddy rice, and new world crops such as maize, peanuts, tobacco, chili, beets, tomatoes, potatoes, and sweet potatoes.¹⁷ In the Song Dynasty (960–1279) virtually all authorities agree that there was significant new momentum in the Chinese economy, with an acceleration of population growth, clear indications of progress in agriculture, increased specialization and trade, and a more flourishing urban economy (see Table 2.8).¹⁸

Table 2.8. Labor Productivity and Agricultural Output from mid-to-late Warring States to mid-Qing Periods

Dynasty	Fields (100 million mu)	Arable land (100 million mu)	Labour force (100 million)	Arable land per capita (mu)	Grain yield per mu (catty)	Raw grain per capita (catty)	Product Grain per capita (catty)	Product Grain per unit of labour (catty)
Mid-to-late Warring States	0.90	0.85	0.20	4.23	216.00	914	563	2,027
Late Western Han	2.38	2.24	0.60	3.76	264.00	993	597	2,151
Tang	2.11	1.99	0.60	3.76	334.00	1,256	665	2,396
Song	4.15	3.90	1.04	3.75	3.09	1,159	605	2,179
Ming	4.65	4.20	1.30	3.23	346.00	1,118	626	2,255
Mid-Qing	7.27	6.18	3.61	1.71	367.00	628	350	1,260

Source: Wu Hui, *Study on Grain Yield per mu in Chinese history* (Beijing: Agricultural Press), 195.

Note: The Ming population and grain yields for the Warring States, Han and Tang periods may have been lower.

Chinese regimes, even the ancient dynasties, had a clearly-defined division of roles and responsibilities for each organization in the government. French Sinologist Professor Jacques Gernet remarked that China was the first nation to put forward the concept and principles of forming a state, and to use it as a weapon of war. The state promulgated a hierarchical ruling system governed by laws and regulations, through which central authority is exercised throughout the vast Chinese territory. Professor Gilbert Rozman, Princeton University sociologist, believed that:

China seemed to have been, if not the leading, one of the leading civilizations for at least two millennia. In the governance of a society large in both extent and population, the Chinese knew neither peers nor superiors.¹⁹

David S. Landes sees China as one the earliest developed countries, with an advanced agriculture, ever-growing population, a long history of dynasties—and a deteriorated environment.

...China, the most precocious and long the most successful developer of all. Here is a country with some 7 percent of the earth's land area that support some 21 percent of the world's population.... Some 2,000 years ago, perhaps 60 million people crowded what was to become the northern edge of China—a huge number for a small territory. This number more or less held over the next millennium, but then, from about the tenth to the beginning of the thirteenth century, almost doubled, to around 120 million. At that point came a setback, due largely to the pandemics also scourging Europe and the Middle East; and then, from a trough of 65–80 million around 1400, the number of Chinese rose to 100–150 million in 1650, 200–250 million in 1750, over 300 million by the end of the eighteenth century, around 400 million in 1850, 650 million in 1950, and today 1.2 billion, or more than one fifth of the world total. This extraordinary increase is the result of a long-standing (up to now) reproductive strategy: early, universal marriage and lots of children. That takes food, and the food in turn takes people. Treadmill.²⁰

China has always accorded top priority to agriculture. It is estimated that, over the preceding two millennia, agriculture represented over two-thirds of its GDP and four-fifths of the labor force.²¹ Agriculture still accounted for almost two-thirds of GDP from 1880 to 1933.²²

The center of gravity of the Chinese economy has been shifting north and south. In the early years, the imperial heartland was in the northwest loess area of dry-farming. In the 8th century, three quarters of the population lived

Table 2.9. Population distribution from Western Han to Qing China

	Western Han (2)			Tang (752)			Southern Song (1210)			Ming (1491)			Qing (1850)		
	Population (thousands)	Population density (people per km ²)	Percentage in total population (%)	Population (thousands)	Population density (people per km ²)	Percentage in total population (%)	Population (thousands)	Population density (people per km ²)	Percentage in total population (%)	Population (thousands)	Population density (people per km ²)	Percentage in total population (%)	Population (thousands)	Population density (people per km ²)	Percentage in total population (%)
Middle-and-lower Yellow River basin	38,256	42.80	65.95	28,998	32.30	48.10	47,541	53.20	43.95	21,217	30.40	23.08	107,347	120.10	24.60
Yangtze River and the Huai He delta region	787	115.20	13.57	12,137	23.40	20.21	23,650	45.60	21.85	39,275	75.70	42.70	136,308	262.90	31.24
Southwestern provinces	4,364	3.90	7.52	8,081	7.10	13.45	10,431	9.20	9.65	4,138	3.70	4.51	56,974	50.40	13.06
Hubei and Hunan provinces	1,996	5.00	3.44	2,540	6.40	4.23	6,906	17.40	6.39	6,562	16.50	7.13	54,352	136.60	12.45
Guangdong, Guangxi, and Fujian provinces	698	1.20	1.20	2,482	4.30	4.13	10,243	17.80	9.47	10,720	18.60	11.66	55,918	97.30	12.82
Northeastern provinces	1,052	1.30	1.81	1,003	1.30	1.67	3,715	4.60	3.37	4,350	5.40	4.71	3,415	4.30	0.78
Other regions	3,670	0.60	6.33	4,838	0.90	8.06	5,685	1.10	5.26	5,541	101.00	6.03	19,655	3.70	4.44
Total	58,006	—	100.00	60,060	—	100.00	108,178	—	100.00	91,980	—	100.00	436,299	—	100.00

Source: Zhao Wenlin and Xie Shujun, *China’s Demographic History* (Beijing: People’s Publishing House, 1988), 592–598.

in North China, where the main crops were wheat and millet. By the end of the 13th, three quarters of the population lived and produced rice south of the Yangtze River (see Table 2.9).²³

The central government played an important role in the construction and development of irrigation works. An average of 10–16 irrigation projects were built in each century before the Tang Dynasty. The number went up over the succeeding 1,300 years. Between 1400 and 1820, irrigation systems covered about 30% of arable land, while that of India was a mere 3.5% in 1850. No other country invested such capital and labor as China did in irrigation facilities. No other country attained such high levels of grain output per capita as China did.

China's economy reached a peak during the reigns of Qing emperors Kangxi and Qianlong—the period became known as the Kangqian Period of Harmony—during which its population, area of cropland and grain output far exceeded historical precedents. In 1799, China's total arable land reached approximately 1.05 billion *mu*, its crop yield shot as high as 204 billion kg, surpassing the rest of the world.²⁴ By 1784 (59th year of Qianlong's reign), China accounted for one-third of the world's 900 million population. The total value of commodities in market circulation was 350 million taels of silver.²⁵ The value of commodities circulated in the market was 350 million taels of silver, no less than 450 million taels. Of the three most populous cities in the world in 1800 and 1825, two were Chinese cities, namely Beijing and Guangzhou (see Table 2.10). The Kangqian Period of Harmony saw both the last golden age of agricultural development in traditional China, and its fading majesty against global changes. The Chinese empire has been stuck in a rapid decline ever since.

Table 2.10. Top three populous cities in the world (1800–1950)

Year	Most populous city	Population (thousand persons)	Second populous city	Population (thousand persons)	Third populous city	Population (thousand persons)
1800	Beijing	1,100	London	861	Guangzhou	800
1825	Beijing	1,350	London	1,335	Guangzhou	900
1850	London	2,320	Beijing	1,648	Paris	1,314
1875	London	4,241	Paris	2,250	New York	1,900
1900	London	6,480	New York	4,242	Paris	3,330
1925	New York	7,774	London	7,742	Tokyo	5,300
1950	New York	12,300	London	8,860	Tokyo	7,547

Sources: Tertius Chandler and Gerald Fox, *3000 Years of Urban Growth* (San Diego: Academic Press, Inc., 1974), 323–337; Obuchi Hiroshi and Morioka Jin, *Economic Demography* (Beijing: Economic College Press, 1989).

Causes of China's Economic Decline

Knowing the causes of China's economic stagnation and decline helps understanding its rapid recovery. What was behind the long-standing stagnation and sudden decline of the powerful and prosperous Chinese empire? History can give no definite answer. The explanations to this historical enigma are varied; both foreign and Chinese scholars have presented theoretical analyses and past lessons. The historical facts and changes behind the enigma are far more complicated than one might imagine.

Existing explanations

Dr. Joseph Needham posed the question of why did the Industrial Revolution not start in 14th century China, despite the presence of all crucial conditions, as derived by later economists and historians from the British Industrial Revolution of the late 18th century. The Needham Puzzle boiled down to two difficult questions: Why was China more advanced among civilizations for centuries? How did China lose its technological and economic edge over the West?

Needham's problem generated a series of important questions:

Why did China not build its own modern society, despite its many inventions and innovations that underpinned the modern world? Why did not the Industrial Revolution take off in China, despite being technologically superior to other nations?

Why did the Renaissance originate in Italy and not in China? Why was it the West that invented the modern world, given that more than half of the world's inventions were introduced from China? Is it true that the Chinese lacked synthetic skills? Are there deep-rooted problems in the Chinese culture and society? Can these explain the above questions? There is no definite answer.

Renowned scholars have put forward two alternative explanations: the theory of insufficient technology demand and the theory of insufficient technology supply.

Mark Elven suggested a reason to China's economic stagnation: the disequilibrium between population and land resources. With a rising man-land ratio, labor became cheaper, whereas resources and capital relatively more expensive. This thwarted any move to invent labor-saving machinery. The rise in man-land ratio also meant a falling surplus per head of population. The diminishing agricultural surplus in turn hampered China's ability to sustain its industrialization efforts. By the time China had accumulated enough

knowledge necessary to start an industrial revolution, the demand of labor-saving machinery still stood high, and a large agricultural surplus was made available as the main source of finance for industrialization. In China, the agricultural slack season lasted a mere one and a half months. Farmers in the southern irrigated regions worked sunrise to sunset year-round; they had hardly known leisure. In its late stage as a traditional agricultural society, the Chinese economy grew in quantitative terms but with almost no qualitative change. The agricultural output in traditional China became mired in stagnation as a result of what he called a “high-level equilibrium trap” induced by the rapidly growing population. This population-driven economy became stagnated in two ways under population pressure. On one hand, it consumed every dollar in farmer households that was not spent on necessities, making it impossible for small peasants to establish their own capital base. On the other hand, overpopulation pushed traditional input (such as water works, fertilizers, and labor) to a limit before diminishing returns kicked in. As a result, agricultural output reached the optimal point where any additional internal incentive would have been in vain; further increase is only possible through industrial and scientific revolution. Such economic structure hampered industrial and economic growth, as well as the entry of new investors.²⁶

The high-level equilibrium trap illustrates that in an overpopulated traditional society with an oversupply of agricultural labor, new innovations could bring neither higher output nor profits in the short run. On the contrary, the oversupply of cheap labor distracted the attention of economic and technological development from labor-saving and substitution to capital technology and excessive consumption of human labor. This flung the economy into stagnation and the poverty trap.

Chinese economist Lin Yifu put forward the theory of insufficient technology supply. He believes that technological inventions during the imperial times were born from insights gained from natural observation. The larger the population is, the more likely inventions and discoveries are to occur. Therefore, China's large population gave it an advantage in scientific and technical innovations. In the modern times, however, inventions arise from scientific knowledge and experiments. China fell behind the West because of its reliance on experiences, whereas Europe had already turned to scientific knowledge and experiments during the Scientific Revolution of the 17th century.

According to Lin, the imperial examinations were a probable cause of the absence of scientific revolution in China; its syllabus and incentive structure inhibited the rise of modern scientific research among intellectuals. Candidates of the examinations were required to memorize the Four Books and Five

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Classics by heart. Once they passed these rigorous examinations, they got too busy with social activities and the pursuit of power, to the point that they had neither the time nor interest to amass sufficient scientific knowledge.²⁷

Greek-Canadian historian L. S. Stavrianos gave his explanation on the absence of modern science in China:

In China, Confucianism continued to dominate society. Its esteem for age over youth, for the past over the present, for established authority over innovation made it an unequaled instrument for the preservation of the status quo in all its aspects. The resulting atmosphere of conformity and orthodoxy, precluding the possibility of continued intellectual development, helps to explain why China fell behind the West in technology, despite its brilliant initial achievements in developing paper, printing, gunpowder, and the compass. These early inventions were not followed by the formulation of a body of scientific principles.²⁸

There are two major poles of opinion on pre-modern China. Philip Huang, in his *The Peasant Family and Rural Development in the Yangzi Delta, 1350–1988*, suggested that population pressure in the Ming-Qing Yangtze delta led to diminished marginal returns for further labor intensification, or what he termed, involution.²⁹

Kenneth Pomeroy argued that until 1800 Europe and China were comparable in overall development; the Western world possessed no distinct, unique, and internally-generated advantages. By the late 18th and early 19th centuries, history came to a point where the East and the West diverged dramatically ever since, in terms of enterprise and socio-political structure, overseas coercion, and capital accumulation, degree of Capitalism and New World colonization, as well as international competition, aggression, and government structure. The Western world had no decisive advantage: advancements supposedly unique to the West also existed in the East; those that seemed exclusive to the West merely arose under particular, Western circumstances. The East had something of its own that arose under its own circumstances. Advancements supposedly unique to the West might not have been as advantageous as the public perceived. Both the East and the West had suffered hindrances on their paths. During the process of proto-industrialization and the early stages of the Industrial Revolution, both the West (Europe) and the East (Asia) were faced with ecological pressure as a result of the population boom and land shortage. Both solved their problems through manufacturing exports and resource imports. They used the same economic model and suffered the same limitations. The superiority of the West was in the New World, where an abundance of land-intensive goods—such as cotton, timber, and grain—lifted the ecological restrictions off Western Europe, led it to the

successful Industrial Revolution, and brought about the great divergence between Western Europe and other parts of the world.³⁰

Adam Smith presented an economic analysis on the causes of China's economic stagnation, despite the fact that he had never set foot in China. He categorized countries by the advancing, stationary, or declining state of their societies. China seemed to stay stationary; the wages and stock of its inhabitants continued for several centuries at the same extent, neither rising nor falling.

China has been long one of the richest, that is, one of the most fertile, best cultivated, most industrious, and most populous, countries in the world. It seems, however, to have been long stationary. Marco Polo, who visited it more than five hundred years ago, describes its cultivation, industry, and populousness, almost in the same terms in which they are described by travelers in the present times.³¹

Adam Smith explained China's long-standing stagnation from three aspects, starting with agricultural stagnation. The greatest part of the capital of every growing society is, according to him, first directed to agriculture, afterwards to manufacturing, and, last of all, to foreign commerce. China's policy, however, focused way too much on agriculture. In China, every man wanted to have land—be it through ownership or rental lease—of his own. Land tax and rents were almost the sole sources of government revenue. Land tax could amount to one-fifth or one-tenth of the gross produced. Such a tax system allowed the sovereign and government to share with landlords and farmers the fruit of their delicate cultivation, but reduced their incentive; hence it was called a “destructive” tax. In most European cities, industrial and commercial growth were causes of rural development, rather than results.

Smith went on to address the contempt for industry and commerce in China. China was more advanced in technology and manufacturing than most Latin American and European countries at that time. Nevertheless, progress in industry and commerce was hindered by the general contempt. Strangely enough, India and China neglected foreign commerce; they undoubtedly laid a trap for themselves.

Third and lastly, China's legal system reached its height of development. Economic stagnation can be attributed to the deficiency or saturation of natural resources, territory, capital, and other factors.

China seems to have been long stationary, and had, probably, long ago acquired that full complement of riches which is consistent with the nature of its laws and institutions. But this complement may be much inferior to what, with other laws and institutions, the nature of its soil, climate and situation, might admit of.³²

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The Chinese domestic slavery and usury systems were far more developed than those in Europe. Taxes were levied in real terms. The practice gave rise to bureaucrats who committed graft, blackmail, and extortion; they were considered social vermin, exploiters of the people, and guardians of outworn conventions.

A comprehensive interpretation of China's economic stagnation

Economic causes

The absence of favorable social circumstances and other fundamental conditions of economic development was a fatal reason to China's economic stagnation. Its non-unified markets were walled up behind tollgates and tariff barriers, insulated from free entry of, and competition from, foreign players. There were neither legal protections for modern, socialized production sectors, nor the infrastructure essential to socio-economic operations. There was neither a unified, stable, and modern financial system, nor a stable society to support long-term economic development.

The 13th century China was trapped in a dead end of industrial development, under its autocratic regime that limited the emergence of new market players. Contrary to European efforts spent on protecting industry and commerce, the Qing government controlled, restrained, and cracked down on commercial and industrial activities. The commercial and industrial sectors, in traditional eyes, were lowest among all social sectors, with no contribution to national growth. The imperial court imposed heavy taxes on handicraft items. Handicraft products were purchased at low prices and freely redistributed. Various political means were used to hamper industrial and commercial development: restrictions were placed on the production and circulation of handicraft products. Workers were strictly controlled. Only authorized merchants were allowed to trade. Pillar industries that provided national welfare and livelihood to the masses—copper mining, grain transportation, and salt trade—were centrally monopolized.³³

The autocracy severely impaired the development of the newly-emerging productive forces. Market competition was limited; establishment of new enterprises was prohibited, and all import and export operations were controlled by the state. Policies to restrict foreign trade were implemented, whereby trading ports were brought under strict control, the quantity and varieties of imported or exported goods were regulated, and foreign merchants became limited in their scope of operation. Government-granted monopolistic companies were granted commissions to perform political functions.³⁴

Slow economic growth seldom goes hand in hand with much technological

advancement. Agriculture development in China relied mostly on intensive labor input, utilization of arable land and domestic market expansion to remote areas. The colossal, traditional agricultural economy trapped in poverty and bankruptcy was China's biggest obstacle to effective modernization.

Political causes

The absence of a strong, modern-minded leadership is the root of China's failure to launch industrialization and modernization. The Qing government completely closed its doors to the global trend of modernization for as long as two centuries, and consequently lost its historical opportunity to modernize. When Britain blasted open China's doors with cannons in the 18th century, the weak Qing empire had long lost the ability to respond to outside challenges. After the Qing Dynasty was toppled, China became torn apart by swarms of warlords.

When European and American countries began to replace despotism with democracy one after another, emperors Kangxi, Yongzheng, and Qianlong further gradually centralized their power, and pushed imperial feudalism to an unprecedented peak. The feudalist regime stopped certain phenomena often seen in previous dynasties: state power being seized by Chancellors, eunuchs, and members of the consort clans; military officers domineered the court; civil officers formed private cliques for private gains and neglected their duties; intellectuals criticized the court. Yet the absence of regulations and supervisory measures allowed endless bribery, corruption and abuse of power; these eventually led to social stagnation and hindered modernization.³⁵

The giant empire was actually weak on the inside. Even in its economic heydays, tax revenue never took up more than three percent of its national income. Burdened with a rapid population growth and ruined public infrastructure, the imperial court was unable to organize the manpower and generate sufficient revenue to meet economic demands, not to mention to defend itself against invasions and outside challenges.

It was a paper tiger, weak enough to be defeated with a single blow.

Given that in the mid-1900s, China and Japan were at similar levels of development, why did Japan advance from an agricultural society into a modern power, but not China? Back then, the two countries had large populations, high paddy rice yields, and similar income per capita. In the early 20th century, the Japanese government played a crucial role in taking its first step towards technological modernization and building modern transportation infrastructure; this explained why Japan has successfully initiated a period of sustained economic development. On the contrary, modern economic development did not take place in China on a large scale, partially attributable to its weak and

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incapable regimes. Foreign invasion made things even worse. As a matter of fact, the Chinese government did not play an effective role in economic development until 1949.³⁶

Long period of self-imposed seclusion

China appeared extremely powerful and wealthy before modern times. Yet it later chose to take the isolationist approach. The Celestial Empire slept calmly and serenely for centuries, ignorant to, and unaffected by, the outside world. During its sleep, the rest of the world took a turn and left China far behind.

The modern perspective would attribute China's stagnation and rapid decline to its closed-door policy. The ruling class's adoption of isolationism brought serious impacts to China's social development in the long run. Regulations on foreign trade hindered capital accumulation for industrial and commercial sectors. The limited introduction of science and technology widened its gap with the West. Restrictions on the inflow of foreign capital, commodities, and knowledge caused a long period of economic stagnation and isolation from the world's waves of industrial and technological revolutions. China missed the first opportunity for modernization and started lagging behind.

Demographic factors

The Chinese population grew rapidly from 1800 onwards. Production output and population growth are generally considered solid signs of modern economic progress. It is estimated that in the 200-odd years since 1770, the annual average output of industrialized countries grew at a rate of 3%, population at 1%, and per capita output at 2%. These growth rates were much higher than those before the industrial revolution in the 18th century. However, despite the absence of an Industrial Revolution, the Chinese population presented a rapid growth. Historical records suggest that China's total population was 75 million in 1640 (during the early Qing Dynasty), 140 million in 1741 (6th year of Emperor Qianlong's reign), and by 1790 (55th year of Emperor Qianlong's reign) reached a new height of 301.48 million. It is estimated that from 1741 to 1790 the annual average population growth was 1.5%, exceeding that of European countries in the same period. By 1851, China's total population grew to 430 million. The large population intensified population-land pressure problems, and consumed the country's elite agricultural surplus. Because of this, it failed to build the primitive capital for economic development. China greatly enlarged its population base during the modern times, which had a profound impact on its later economic development.

China's population base exceeded 400 million at the beginning of its modernization. The figure was reduced by 80 million during the Taiping Rebellion, but bounced back to 400 million by the end of the Qing Dynasty. Despite suffering from ceaseless wars and natural disasters in the republican period, its population still increased at a rather high rate, reaching 540 million in 1949.³⁷ Due to the immense population pressure, China's natural resources per capita was for long relatively scarce. Faced with growing population pressure and increasing demand for land, the Qing emperors remained stubborn with traditional agriculture-oriented policies, instead of nurturing industrial and commercial development, or boosting foreign trade to absorb the redundant agricultural labor. The court encouraged wasteland reclamation. Since the abolition of tax on newly reclaimed land in 1740 (5th year of Qianlong's reign), the amount of arable land in China sharply increased, and broke the historic height of one billion *mu*.³⁸ Per capita grain yield was basically stable and recorded slight increases from 1400 to the mid-20th century, during which the highest per capita yield hit 350kg in 1936.³⁹ Since every plot of wasteland had been cultivated in the Qing period, the growth in grain yield afterwards depended on agricultural advancements. In the mid-1930s, the modern industrial sector only took up 18.9% of the total output value despite slight increases, or 37.1% even including the contribution from tertiary industries.⁴⁰ Agriculture still dominated the national economy. In the days before economic take-off, China's situation was far from optimistic. The increasing population exerted excessive stress on the already limited natural resources; land annexation in rural areas became more serious, causing labor surplus and consequent wide social resentment, banditry and disturbances in certain areas that the system of production relations back then could not solve. Had there been a natural disaster or man-made accident, these problems would have escalated into farmer riots and rebellion. The imbalance between population and land resources caused the economy to wobble up and down around the hunger line. Social stability became dictated by contingent factors.

In previous times, such problems were typical signs of social unrest and a change of dynasty. They made the initial conditions even harder for China; the economy was constantly struggling to meet people's basic needs, and battling threats of political turmoil from lower social classes.⁴¹

Technological factors

Agriculture is dependent on human labor, rather than physical, kinetic, or energy-intensive technology. As Maddison pointed out, economic advance in imperial

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China was at best very slow.⁴² A stubbornly agricultural-dependent economy was bound to decline in the modern industrial era.

China's technological innovations were agricultural oriented. Due to the stagnation of agricultural technology, scientific and technological innovations in China could not be mentioned in the same breath with those in the West. The latter proved an impetus for constant economic growth and social modernization. China's inability to develop or import such technology was a crucial cause of its failure to take the lead in modernization. Only by importing or developing its own technology could a country break free from the long-term stagnation and lay the cornerstones of economic growth. This was, however, difficult to accomplish for an agricultural civilization. Such was the primary reason of the long-run stagnation of China's agricultural economy.

According to Cai Fang and Lin Yifu, satisfactory return always comes with rapid technological advancement. Lower return rates would discourage capital accumulation, and in turn prevent capital deepening. This explains some historians' observation of the absence of capitalist market and production relations in modern China, despite the relative early emergence of capitalist relations.⁴³

Institutional factors

What determines a country's rate of economic development? Douglass North's theory of institutional change explains the process of economic growth. He believed that the decisive drivers of economic development lie in institution rather than technology.

The effective organization of the Western European economy explained the rise of the West.⁴⁴ Efficient organization entails the establishment of institutional arrangements and property rights that create an incentive to channel individual economic effort into institutions that guarantee minimum gains and benefit innovative mechanisms. Given institutional innovations and changes, productivity and economic growth are possible even without new technology.⁴⁵ In North's words, institutions are a set of rules, compliance procedures, and moral and ethical behavioral norms.⁴⁶ His theory of institutions covers property rights, the state, and ideology.

According to North's theory of property rights, under the constraints of existing technology, information costs, and future uncertainties, the most effective property rights regime is the one which yields minimum cost in problem-solving. Competition encourages the replacement of less competitive ones with more competitive ones. An effective property regime must be competitive and

exclusive—a clear definition helps reduce future uncertainties, thus reducing the possibility that opportunistic behavior may arise. Otherwise, an economy is bound to decline or stagnate. Effective regimes played an important role during every period of prosperity in Chinese history; every period of decline is characterized by an ineffective economic organization.

For North, two general types of explanation for the state exist: a contract theory and a predatory, or exploitation, theory. The latter views the state as a tool of rulers to exploit and tear from the citizenry. The contract theory rests on the assumption that the state is formed as a social contract which binds people; its function is to serve the people. The criterion that differentiates these explanations is the distribution of the “coercion potential,” which is a characteristic of the state. The contract theory assumes an equal and consensus-based distribution of the coercion potential. The exploitation theory, on the other hand, assumes an unequal and imposed distribution of the coercion potential. North believes that every state is dual-natured and dual-purposed; it functions not only to maximize the income which accrues to rulers, but also to reduce transaction costs, thereby maximizing the national output and increasing the national revenue. These two purposes are contradictory; it is indeed the contradiction and its consequent conflicts that influence the rise and fall of a nation.

North sees ideology as a source of social stability. Ideology, in certain ways, guides people’s actions and presents a solution to the free rider problem. A successful ideology must be flexible. The study of institutional economics investigates how people respond to the evolution of institutions and how their decisions impact the world.

North’s theory explains the rise and fall of China. Back in the agricultural age, China’s relatively effective economic organization gave rise to agricultural, technological, literary, and cultural achievements—until the human society entered an era of industrial civilization era. China’s agricultural economy became shadowed by Western socialized production. It was still growing but at a slow rate; whereas the industrial sector hardly witnessed any growth. China did not recover until the creation of a more effective economic organization in the 20th century, as it stumbled towards industrialization.

China’s early attempts at modernization

Despite the economic decline, elites never stopped their relentless efforts to explore a road towards a rebirth of the empire. Their attempts at modernization were precious experiences and lessons to the future rise of China.

The Westernization Movement was China’s first attempt. The court

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established a Ministry of Foreign Affairs, which was also charged with promoting Westernization. The Ministry accomplished a series of firsts:

- Reformed the Green Standard army and equipped the first modern Chinese army with advanced military training and weaponry
- Established the first arsenals for Western vessels and cannons
- Established the first schools teaching foreign languages and sciences with modern teaching methodologies and curriculum
- Organized and sent the first batch delegations and students to Europe and the U.S., so as to learn from capitalist developed cultures, technology, and institutions, thereby establishing the first contact with the West
- Introduced Western machinery and production engineering for the first textile factories, steelworks, coal mines, iron ore yards, and steamship companies
- Built the first railway line
- Set up the first postal and telegraph service, in the form of joint government-private operation or government-supervised private operation.⁴⁷

Modern industrial sectors formed during Westernization were mostly military-related, such as the Jiangnan Arsenal, Tianjin Arsenal, Nanking Arsenal, and Fuzhou Naval Yard. Most were mostly established and run as a monopoly by a feudalistic government of bureaucrats and compradors. Meanwhile, civil enterprises were established and operated under government supervision or joint operation, covering fields of mining, iron smelting, transportation, textiles, and others. They monopolized their business and enjoyed various privileges. Some compradors received foreign monetary support. Yet most ended in failure within a few decades.

The second reform was launched after the defeat in the First Sino-Japanese War. China suffered a disastrous defeat and agreed to a humiliating treaty under which it was forced to cede territories, pay indemnities, and allow the construction of foreign-owned factories. This triggered European powers' attempts to carve up China. The court and people was shocked by how Japan, despite being a small island country, learnt from Western experiences with capitalist industrialization and rose to power. They realized that China should also learn from the West and, by promoting commerce and industry, transform into an industrialized power.

In the spring of 1895, Kang Youwei called upon more than 1,300 successful provincial examination candidates who were attending the metropolitan examinations in Beijing to join him in presenting a memorial to the throne

requesting that Emperor Guangxu nullify the treaty and institute progressive reforms. This was the first example of involvement of scholar-officials in China's modernization. Later, these modern-minded reformists drafted wide-reaching reforms of the military, bureaucracy, and education. Their plans were implemented with support from Emperor Guangxu. Unfortunately, the reform lasted a mere 100 days.

The conservatives still had the upper hand, and this was the cause of the failure. Political scholar Samuel Huntington noted that a successful top-down modernization is guaranteed support from the bureaucracy, the middle class, the mass of ordinary people, as well as foreign governments and political parties. Reformists during the Hundred Days' Reform failed to obtain critical and powerful bureaucratic support. There was no middle class in China at that time. The vast mass of people was trapped inside a conservative political culture. Foreign support (especially from Britain and Japan) was superficial and temporary. In contrast, the conservatives were extraordinarily powerful. The faster the pace of reform was, the stronger their resistance.⁴⁸

The third reform was launched after 1903. The rulers were forced to reform after the Eight-Nation Alliance invasion. The imperial examinations were abolished; modern schools were set up. By 1909, 5,234 new schools were set up, catering to 92,169 students. Students were encouraged and sent abroad; military schools were established; the Banner Troops were cut down in numbers; the Green Standard Army was reformed; new troops were trained; certain central bureaus and local offices were replaced; The ministries of foreign affairs, commerce, transportation, postal services, and telecommunications gained more importance. Later, the first supervisory body of enterprises was set up. In 1909, consultative councils were set up in each province, headed by the Central Advisory Council in Beijing. The Qing government announced its plan to convene a congress and enact a constitution nine years from then. As another tool to promote commercial and industrial development, a series of laws and regulations—including Commercial Law, Company Law, and Bankruptcy Law—were drafted and promulgated accordingly.

However, before plans were put into practice, the throne was overthrown in the 1911 Revolution. A new round of reforms took place during the republican period.⁴⁹ Following the revolution, regulations on private investment were loosened; institutional arrangements and incentive mechanisms were implemented to stimulate private funds. The First World War relieved the threats on China for the moment; the war also created a certain market space, giving rise to small and medium-sized enterprises as well as capital inflows. The republican government, although lacking a complete set of industrialization

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strategies, did put forward a range of policies and mechanisms to guarantee and promote economic development, especially in private sectors. There were the *Articles of Incorporation* and *General Rules for Merchants* to ensure the legal status of enterprises and entrepreneurs, the *Corporation Loan Guarantee Act* and *Securities Exchange Act* to encourage and regulate investments, and the *Regulations on National Currency* and *Regulations on Measurements* to promote a standardized market system.

Different from the military regimes that ruled Beijing from 1912 to 1928, the Nanjing Government established a relatively centralized regime and grew into one that not only sought economic growth, but was also capable of providing the necessary conditions and guiding the economy towards development.⁵⁰ Between 1927 and 1936, the Nanjing Government enacted and promulgated more than 200 acts and regulations. Although the proportion of state-owned capital had dropped from 40% in 1920 to 24% in 1936, a centrally-planned economy began to come into being. The import of institutions produced notable results, reflected in the fact that a considerable part of light industrial sectors grew to become highly self-sufficient.

The Qing collapsed in 1911 after 70 years of public revolts and foreign invasions. Bureaucrats and landlords did not attempt any profound reform or modernization campaign, since their privileged treatment and social status were endowed by the 1,000-year feudal regime. During the 40 years after that, China became overrun by warlords. Occupied in civil wars and even fiercer foreign invasions than before, they hardly made any contribution to the economy. The Kuomintang's rule was nowhere near democracy. The limited progress in the achievement of economic modernization was reflected in northeastern China's situation and the number of trading ports, thanks to the permeation of capitalism and the slow emergence of capitalist relations. Foreign powers forced open China's doors to international trade, only to disappointedly find that trade opportunities there were scarce and development was backward.⁵¹

Chinese elites had never stopped learning from other countries and searching for a new political development model for China, yet they failed to find a way towards modernization and prosperity. Around 1911, Liang Qichao, Sun Yat-sen, Song Jiaoren, and others set their eyes on Western parliamentary democracy and Japanese experiences. In the 1920s, Chen Duxiu, Li Dazhao, and members of the Communist Party were convinced that the Soviet government was more advanced.

Mao Zedong stated that past effortless attempts proved that the capitalist model was unfeasible for China. It was not until the establishment of the People's Republic of China in 1949 that the central government took on the function of a modern state and started to transform China from an agricultural country to an

industrial country, and from a democratic society to a Socialist state. The birth of New China was only the first step in China's long march.⁵²

From Lagging Behind to Catching up

Modernization is considered one of the most dramatic, far-reaching, and apparently ineluctable examples of social change in human history.⁵³ It is the primary impetus for radical changes in a country and even in the whole wide world, and yet at the same time, can cause serious damages to, or the complete destruction of, every traditional social institution without exception. Cyril E. Black and others defined modernization as the process by which societies have been, and are being, transformed under the impact of the scientific and technological revolution.⁵⁴ Modernization first appeared in Western Europe; the push for social reform later spread throughout every country in the world, and set off a cascade of changes in all aspects of human relationships.

Modernization quickly illuminated the globe and became the dominating model of human development. This, however, did not imply that every country was given equal opportunities and supportive conditions. China's modernization differed considerably from that in European countries and its offshoots (the United States, Canada, Australia, and New Zealand), Japan, and the Soviet Union.

First, China was a latecomer to modernization. It was at least 200–250 years behind Western developed countries. China did not show any sign of modern economic growth (GDP per capita growth of over 1%) until its initial stage of modernization, following the establishment of New China. Imperial China, as one of the less wealthy areas of the world, had never been successful as a latecomer but rather one that has always lagged behind.

Second, before the founding of New China, its seeds of innovative transitions were not internally generated. China's modernization efforts before 1950 were passive and slow responses to external shocks and challenges.

Third, China's modernization was not a slow process of economic development initiated by a single person or a group of commoners, but a government-enforced, fast and dramatic socioeconomic transition. The Qing government encouraged both private and foreign-invested enterprises to get onboard with modernization, thereby transforming from a passive recipient to an active participant in modernization. The process was characterized as abrupt and revolutionary, yet at the same time unequal and imbalanced.

Fourth, China's modernization was not pursued along a self-secluded, detached, and conservative path, but an ever-learning and ever-growing one.

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Fifth, China's modernization was a catching-up process with the pioneers and forerunners of modernization.

China's responses to Western challenges can be divided into two periods.

Table 2.11. Challenges and responses to China's Modernization

Year	1840–1911	1911–1948	1949–1977	1978–2000	2001–2020
Period	First wave of modernization: disintegration of agricultural society	Second wave of modernization: introduction to components of modernization	Preparatory stage towards modernization: initiation of industrialization	Modernization-oriented industrialization of the government and private sectors	Peak of modernization; a new age of industrialization
International environment	First golden age of the world economy; spread of Imperialism into China	The World Wars and the Capitalist economic crisis	Second golden age of the world economy; Cold War; Sino-American tension and reconciliation; Sino-Soviet antagonism; 1973 oil crisis	Economic globalization; informatization; post-Cold War era; dissolution of the Soviet Union; Sino-American conflicts; Asian financial crisis	Third golden era of the world economy; Economic globalization; trade liberalization; informatization; intellectual development; Sino-American cooperation and conflicts
External challenges	Spread of Capitalism	Spread of Capitalism and Imperialism; Japanese invasion	United States and the Soviet Union	Enemy forces	Enemy forces; non-traditional security threats; conflicts across the Taiwan Strait
Major diplomatic events	Opium War; First Sino-Japanese War; the Eight-Nation Alliance invasion; imposition of unequal treaties	Second Sino-Japanese War; abolition of unequal treaties	Korean War, Vietnam War, Sino-Soviet confrontations; Sino-American ambassadorial talks	Sino-Vietnamese War; establishment of Sino-American diplomatic relations; WTO accession	China's entry into the G20, IMF, and the World Bank
Internal challenges	Social traditions; bankrupt and dispossessed farmers	Revolutionaries; secret groups in coastal and urban areas;	Minority intellectuals	Minority intellectuals and laid-off workers	Rising social tensions; corruption; human-nature conflicts
Major domestic political events	Taiping Rebellion; Wuxu Reform; Gengzi Reform	1911 Revolution; May Fourth movement; The Civil Wars	The Great Leap Forward; Cultural Revolution	Third Plenary Session of the 11th CPC Central Committee; Tiananmen Square protests of 1989; Fourth Plenary Session of the 13th Central Committee	Nil

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(Cont'd)

Year	1840–1911	1911–1948	1949–1977	1978–2000	2001–2020
Major domestic economic events	Westernization Movement	Central Bank (1928) regained rights of tariff autonomy; abolition of Likin Tax (1931) and unequal treaties (1945)	Land reform; nationalization and collectivization; abolition of private ownership and establishment of planned economy	Implementation of the household contract responsibility system; disintegration of People's Commune; Emergence of market economy and private sectors; increased inflow of foreign capital	Further improvements for Socialist market economic system; enforcement of a unified market system
Diplomatic approach	Closed-door policy	Weak diplomacy	Inclination towards Socialism and self-reliance; Growing isolation from the U.S. and Soviet Union	Opening-up	Strong diplomatic image while seeking friendly neighboring relations, economic ties, peaceful development, and mutual benefits
Agricultural policies	Cultivation of wasteland, tax rate freeze; water conservancy projects	Nil	Water conservancy projects; encouragement of grain production	Encouragement of grain production; promotion of self-reliance	Encouragement of grain production; Promotion of agricultural diversification and export
Commercial and industrial policies	Implementation of commercial and industrial restrictions, limitations on market competitions, and central monopoly	Promotion of capitalist-bureaucratic economy and central monopoly	Nationalization and Collectivization; abolition of private ownership	Denationalization; abolition of central monopoly; encouragement of private ownership and market competition; industrialization in rural areas	Liberalization of non-public sectors; provision of guidance and support to non-public sectors
Science and technological policies	Abolition of science and technological development	Establishment of the Central Research Institute	Establishment of the five major scientific research institutes; promotion of science and technology; strengthening of military technology	Support for development of non-governmental science and technology institutes; strategies to attract foreign research and development (R&D) facilities	Support for technological innovations; utilization of science and technological resources to build an innovative country
Trade policies	Ban on maritime trade; forced opening of 92 trading ports; trade barriers; high custom duties	Nil	Central monopoly; protectionist policies; import restrictions; high custom duties; trade barriers	Export-oriented policies; free trade; encouragement of foreign investment	Promotion of regional economic integration and market liberalization

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(Cont'd)

Year	1840–1911	1911–1948	1949–1977	1978–2000	2001–2020
Labor policies	Traditional imperial examinations	Abolishing imperial examinations; introduction of modern education system; establishment of modern universities	Six-year compulsory education; gradual development of secondary education; eradication of illiteracy; Thought Reform Movement	Increased investment in human capital; mass spread of compulsory education; support for private schools; increased political status of intellectuals	Increased investment in human capital; increased popularization of secondary education; promotion of tertiary education; promotion of a learning society
Population policies	Encouragement of population growth; free movement of population	Free movement of population	Encouragement of population growth; population control; restrictions on population movement	Population control; restrictions on population movement	Encouragement of population growth; elimination of urban-rural discrimination
Cultural policies	Cultural monopolization; obscurantism	Nil	Restrictions on freedom of speech; Cultural Revolution	Restrictions on freedom of the press; enrichment of culture	Promotion of freedom of the press; enrichment of culture; increased government influence

Imperialist invasions from the industrialized world between 1840 and 1949 were a cultural shock for China. China was forced to join the modernization movement and respond to challenges from Western imperialism. The Chinese people were astonished and woke up to the heavy blow from Japan in 1894. Kang Youwei stated that China must reform or perish. Following the failed Boxer Rebellion in 1900, even the extremely conservative Qing councils started to seek reform.

From 1949 onwards, China actively confronted the challenges of modernization. The Communist Party of China started to industrialize despite difficult circumstances, in the hope of spurring economic growth and reforming the society in all fields. By 1978, China has effectively laid the initial foundation of industrialization, and established quite a self-sustaining and comprehensive market system. From then on, the Communist Party opened its doors to economic globalization, and went on to promote some of the most profound socioeconomic reforms the world had witnessed.

3

Chapter

Initial Conditions for China's Modern Economic Development

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Men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past.¹

A major consideration overlooked in previous studies on China's modern economic development is the very different initial conditions of China, Europe, North America, Japan, or the former Soviet Union during their early modernization efforts. For China, the drives behind its modernization—whether direct or indirect, internal or external—were highly unique. Therefore, international experience was of limited usefulness in guiding China; there was little that foreign theories on economic development could provide on the unique conditions and limiting factors of such a vast, populous agricultural giant as China.

In 1949, China was in a state of complete ruin and devastation. The economy was at a standstill. Industrial tasks were driven by manual labor. There were hardly any industrial sectors, and industrial products were significantly scarce. Agriculture was at the mercy of farmers and the seasons. The prevailing modes of transportation were arduously primitive, such as animal-drawn carts and wooden sailing boats. Postal services and telecommunication infrastructure were underdeveloped. Communication was very difficult in most inland areas: around half of the country did not even have telephone, with those that did were relying on manual connections for calls. About one-third of all provinces were not reachable by phone or telegraph. Consumer goods were in short supply, and there was rampant inflation. The vast majority of the people were struggling to keep food on the table and a roof over their heads.²

China was inferior in every way, compared to Western Europe, Northern America, Japan, or the Soviet Union in the 1920s during their initial industrialization periods. In the early years of its nationhood, the PRC remained one of the poorest societies in the world. In other words, China did not possess any necessary conditions of industrialization, let alone rapid industrial growth and large-scale economic infrastructure projects.

This was indeed the harsh reality that the Chinese leadership was facing at that time. Nevertheless, they started from that very low baseline, overcame the seemingly impossible challenges and obstacles, and transformed the society from a traditional agricultural one to an urban industrial one, from a feudal-colonial one into one on the road to a neo-democratic transition to Socialism. The forced (but fairly successful) modernization and industrialization started an unprecedented chapter in China's economic development.

This chapter focuses on China's situation before and after its 1949 rebirth.

What factors in Chinese society helped facilitate China's progress towards modernization? What were the barriers? In what ways was China different from the industrialized West during the early stages? How similar and different were Japan and the Soviet Union at the beginning of their industrialization? What dictated China's choice of industrialization model?

China's uniqueness shaped and determined the choices of Chinese leaders and the nation's unique model of economic development.

China's Favorable Conditions for Modernization

China was naturally blessed with the basic assets and potential capacity for its industrialization and modernization campaigns in 1949.

Cultural heritage

Chinese civilization has an unrivalled history and diversity. The nation is a melting pot of over 50 ethnic nationalities, composing 20–23% of the world's population. Its language, as a vehicle of knowledge and thought, has been one of the most potent unifying factors over the course of thousands of years. Obviously, a standard dialect and a standard written form of language give a country an advantage over those with several dozen prevalent spoken languages and hundreds of local dialects. China's ethnic groups have more than 80 independent spoken languages which belong to five language families; among them, 29 belong to the Han-Tibetan branch (98.59% of the total population). Han-speaking Chinese—the Han, Hui, and Manchus—make up 94.45% of the nation's population. The Han language is the most widely used, and varieties of dialects have emerged over the course of history. Mandarin Chinese speakers amount to 16% of the overall world population, making Mandarin the most spoken language in the world, along with English (see Table 3.1).³ The ability of Chinese characters to bridge ethnic barriers rendered it unique and has created a favorable environment for modernization.

Table 3.1. Most widely spoken languages

Language	Number of speakers (millions)	Number of percentage of world speakers (%)	Language family
English	1,000	16	Indo-European (Germanic)
Mandarin	1,000	16	Sino-Tibetan (Chinese)
Hindi/Urdu	900	15	Indo-European (Indo-Aryan)

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(Cont'd)

Language	Number of speakers (millions)	Number of percentage of world speakers (%)	Language family
Spanish	450	7	Indo-European (Romance)
Russian/ Belarusian	320	5	Indo-European(Slavic)
Arabic	250	4	Afro-Asiatic (Semitic)
Bengali/Sylhetti	250	4	Indo-European (Indo-Aryan)
Malay/Indonesian	200	3	Austronesian (Malayo-Polynesian)
Portuguese	200	3	Indo-European (Romance)
Japanese	130	2	Isolated language
French	125	2	Indo-European (Romance)
German	125	2	Indo-European (Germanic)
Thai/Lao	90	1	Tai
Punjabi	85	1	Indo-European(Indo-Aryan)
Wu	85	1	Sino-Tibetan (Chinese)

Note: Although Hindi and Urdu use different writing systems, these languages are branches of Hindustani and are orally mutually intelligible.

Source: *Time: Almanac 2008* (Chicago: Encyclopedia Britannica, 2008), 596.

Political prerequisites

Foreign experiences indicate that a nation cannot initiate or sustain modernization without independent sovereignty or long-term stability and unification. Foreign invasions and civil political and military conflicts have devastated modern economic development in China, consequently delaying the onset and maturation of Chinese industrialization.

The unique political structure of contemporary China created an effective bond of political unity.

...a billion or so Europeans in Europe and the Americas live divided into some 50 separate and sovereign states, while more than a billion Chinese live in only one state.... We rejected geography and ethnic diversity as sufficient explanations for the failure of Europeans to revive the Roman empire, as compared with the success of the Chinese in restoring theirs. We argued, rather, that the disorder of the Warring States period (403–221 BC) led Chinese political philosophers such as Confucius to enshrine peace and order as central ideals, thus transforming unity into

an overriding political goal. Once achieved, unity was preserved by the invention of bureaucratic government.⁴

The Qin put an end to the 180-year riotous Warring States Period, and established China's first centralized autocracy. After the Qin fell, a three centuries-long struggle broke the country apart; the Qin-Han political unity was not restored until the Sui Dynasty brought China under one rule again. This political unification was maintained for 1,300 years throughout the Tang and subsequent dynasties.

Sun Yat-sen has always sought unification. He once said, "Unification is the hope of all Chinese people. With unification, the country's entire population will benefit; without unification, everybody will suffer."⁵ Unfortunately he passed away before his vision was realized.

After 40 years of constant political turmoil and invasion, Mao Zedong and his associates reunified the nation in 1949 under a centralized regime more powerful than any that contemporary China has seen. This created the political conditions necessary for modernization in this economically backward country, and cleared the biggest obstacle before its modernization.

Modernization is a continuous process whereby many factors emerge, mature, spread, and function. The onset of modernization in China actually occurred before 1949: the first government arsenal was built before the 1890s, the first textile mill in 1890, and the first railway between 1880 and 1894. In 1890, modern manufacturing and transportation represented only one-half a percent of GDP. Exports were about 0.6% of GDP. Per capita GDP in 1952 had fallen back to the 1890 level. Nevertheless, the share of the modern sector rose and by 1952 reached 10.4% of GDP.⁶ Before 1949 the modernization of China had not proceeded far; policies directed toward that objective were of short duration and had often been difficult to implement.⁷

The year 1949 was a turning point in China's modernization.⁸ Modernizing tendencies of an unprecedented variety emerged and spread at an unprecedented pace and scale across every corner of the country, even remote areas and areas inhabited by ethnic minority people. Industrialization became a defining feature of the period. Early signs of industrialization could be seen even before 1949: the development of military industries during the Self-Strengthening Movement in the 1860s facilitated the introduction of national industries and institutions mainly engaged in mining, silk reeling, tea production, and matches and metal parts manufacturing. Having said that, these industries and institutions were small; most were controlled by foreign capital and bureaucrats. During the Kuomintang (KMT)'s rule, enterprises had not managed much beyond mere survival. It was not until 1949 that large-scale industrialization became possible.

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According to Gilbert Rozman, the heritage of a unified and relatively centralized government and China's vast population and area also shaped the international context; once a strong central government emerged, China could quickly appear as a state that must be reckoned with. Popular pride, vast size, unified state heritage, and international standing could be invoked by the new government.⁹

Political conditions as a latecomer

The most immediate consequence of the establishment of a unified central government was the mobilization of skills and resources for rapid economic growth.¹⁰

Such a political regime has a strong function in social integration, which renders it capable of mobilizing and harnessing all social resources towards a common goal of industrialization, thereby greatly accelerating the transformation.

The process of modernization requires all kinds of resources, all manner of social forces, a fair socioeconomic order, and a unified nation of people with a common recognition. These cannot be fulfilled without a powerful government and effective socioeconomic policies. Signs of modernity were found already in the first half of the 20th century, and a handful of modern industries were emerging. However, the lack of a strong government to guide and promote social development rendered economic coordination and control—at a national level—difficult. The KMT's centralized administration governed in name only as it had neither real political nor economic control. China contained a plethora of scattered traditional, agricultural markets, and the people were not united. At the First Plenary Session of the Chinese People's Political Consultative Conference on September 30, 1949, Mao Zedong called upon the country to "organize the overwhelming majority of the Chinese people in political, military, economic, cultural, and other organizations and put an end to the disorganized state characterizing the old China."¹¹

Despite being a low-income region, Communist China demonstrated a high capability of social integration. This gave it a unique advantage in institutional and political resources, which proved immensely significant during the onset of China's industrialization and modernization and the blossoming of China's "soft power appeal." In merely three years, from 1949 to 1952, over 3,000 state enterprises were set up in backbone industries; railways were back in service and new lines were constructed—such as the 500-km Chengdu–Chongqing Railway—making a railway network of 24,000 km; new highways—including

the Lanzhou–Xinjiang Highway, the Sichuan–Tibet Highway, and the Qinghai–Tibet Highway—were built; irrigation systems were built along rivers and canals 10 times the length of the Panama Canal and 23 times of the Suez Canal.¹²

In the next several decades, the Communist Party of China (CPC) made solid progress in social integration: Marxist ideology and the structure of the Communist political system penetrated Chinese society, even in the most rural regions; huge quantities of resources were devoted to industrial construction; a more complete industrial and economic system was founded. The once-scattered Chinese people gained a stronger sense of national mission and modernization as their country rose to power under Communist rule.

In imperial China, government revenues represented only a small slice of the national economy—never exceeding 4% of the country's GDP.¹³ Even after the collapse of the Qing Dynasty, the share of national income allocated through the government budget remained very small. Between 1916 and 1928, the Beijing regime survived only thanks to loans from domestic and foreign lenders.¹⁴ The Republican government in Nanjing reformed its financial system in 1928; its efforts only yielded a slight increase in fiscal revenue.¹⁵ In 1936, probably the best year of the Republican period, the total government budget still accounted for only 8.8% of the GDP.¹⁶ However, soon after the Communists seized power in 1949, the ratio of the new regime's budget revenue to national income rose to unprecedentedly high levels. In 1950, only one year after the establishment of the PRC, the ratio already approached 16%. Three years later, the ratio was above 30%. The level of budgetary revenue relative to national income in Communist China was high not only from a historical perspective, but also in comparative perspective. In none of the 11 countries that had about the same per capita income as China did in the 1950s—Afghanistan, Myanmar, Cambodia, Ethiopia, India, Indonesia, Liberia, Nigeria, Pakistan, Sudan, and Thailand—did the size of the public sector even come close to China's.

In the PRC's consolidated budget, which included the revenues of all levels of government, the shares of the customs, salt tax, and agricultural taxes all declined markedly during 1949 to 1953. By contrast, profits from state-owned enterprises and industrial and commercial taxes expanded steadily, and became the two most lucrative sources of government revenue. The size of the public sector more than tripled in the four years between 1950 and 1953.

The CPC's ascension to power demonstrated its capacity for economic recovery. Setting the GDP index from 1914 to 1916 equal to 100, the figure reached 140 during 1931–1936, and then dropped back to 119 in 1949. Average GDP growth from 1914 to 1949 was a mere 0.56%. GDP index reached 166 by 1952, whereas average GDP growth from 1949 to 1952 hit 11.73%, overtaking the

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maximum of the 1931-to-1936 period.¹⁷ This boost in economic growth was the work of a powerful centralized regime.

A powerful centralized state which plays a strong role in political mobilization can be a double-edged sword: it can give a boost to modernization, but it can also become an obstacle:

But the tools of success were also weapons of destruction, when the aims were pursued with arrogant fervor. The CCP could train downtrodden peasants into victorious soldiers and transform smallholders into collective farmers, but it could also mobilize them for the disastrous Great Leap Forward in which millions perished.¹⁸

The success or failure of policy decision-making will determine the success or failure of China's development.

Advantages of being a late bloomer

In the early and middle stages of modernization, latecomers directly imported foreign technology, techniques, management methodology, institutional systems, and foreign capital. By learning from foreign experiences, they avoided the winding ways and bumpy spots on their path, made "leapfrog" developments, and shortened the process of industrialization and modernization. As a matter of fact, from 1949 onwards, China has been given more opportunities and was more successful at adopting and imitating Western experiences. Political and academic elites who had studied overseas were a bridge and a window to the West. The Chinese people clearly realized, from historical experiences and lessons from the 19th century, the necessity of borrowing and imitation, and that mere copying is never a formula for success.¹⁹ The most powerful catalyst of modernization lies in the efficient acquisition of knowledge. Modernization is a process of rapid acquisition, internalization, application, and innovation of knowledge, technology, and information; it is also a process where modern knowledge transforms a traditional society. These processes underlay the most critical and fundamental factors behind China's modernization, and played an increasingly effective and influential role after 1949.

Edges of being a great power

China's vast domestic market has given it huge growth potential. Back in 1950, China boasted 21.7% of the world's population yet only 4.5% of the world's GDP.²⁰ This indicated the very limited scale of its efficient markets compared to potential markets.²¹ Its domestic market capacity increased with per capita income.

As a big populous power, China can muster its manpower, resources, and finances on major public investment projects. For this reason, the nation was able to, within a short time, establish a more complete and pluralist set of societal systems (including industry, economy, education, science and technology), and build up a force of high-quality public servants, soldiers and police, thereby enjoying and reaping the fruits as a massive economy on the scale of a world power.

Given China's vast territory, one advantage is the ample room to maneuver in the face of natural disasters, as reflected in the saying, "When it is dark in the east, it is light in the west; when things are dark in the south, there is still light in the north." There is also another advantage of mutual support between regions: "When disaster strikes, help comes from all sides."

The relatively cheap and abundant labor force of China is one of its longest standing and largest sources of potential resources. If properly allocated and utilized, it would become an important engine of economic growth—human capital is capable of creating enormous wealth.²²

China has missed many opportunities on its part. The pre-1949 China did not make full use of its unique advantages for economic development, nor realize its potential and set a trend of growth. It was not until the PRC had taken over that the Chinese economy began down a new path under the new leadership's guidance.

Endogenous motivations

Leaders have charted out innovation plans for the Chinese economy and society: the "one transformation and three reforms" (1950s), the four-modernization campaign (1960s), and the plan for quadrupling industrial output by 2000 (1980s). Their plans not only set out a series of industrialization goals, but also the transformation of Chinese society. Rozman observed that the Chinese communists forged policies in large part aimed at achieving economic growth, military might, scientific mastery, and other goals that we and they identify with modernization.²³ Objectively speaking, signs of modernization existed in traditional pre-1949 China: the introduction and implementation of modern transportation, rise and development of modern education, curriculum modernization, changes in urban life, import and adoption of modern technology, dynamic commodity trading—these were all over the place in society; only when these components became fully operationalized could the modernization agenda be expedited.

China's exploration of Socialist modernization has set an impressive example for developing countries, especially the vastly populous but backward ones.

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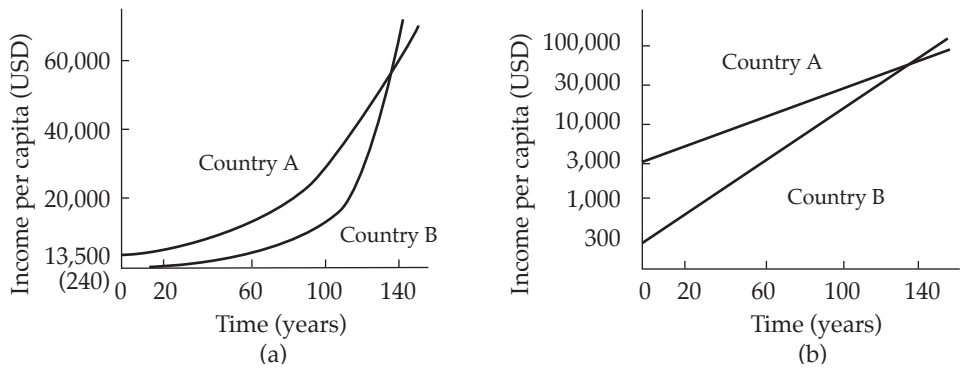
As Rozman foresaw in 1981, there has been talk of the PRC as a model for contemporary modernization, particularly for large countries that are latecomers.²⁴

Every one of these factors was conducive to and constituted significant potential for modernization. Their combined influence extended far beyond the statistics, and was incomparable to other world powers. When combined in an effective way, they served as a solid foundation for Chinese modernization. Their contribution to China’s epic transformation and rise were sustained, as history proved in the following decades.

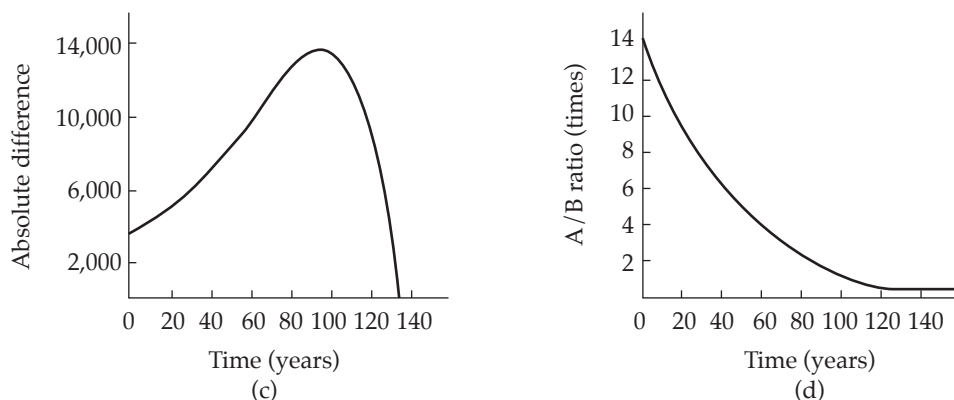
The Widening Gap: Early Stages of Economic Growth

A low starting point poses significant limitations to future economic growth prospects. Kindleberger and Herrick studied the widening income gap in both developing and developed countries. Taking two countries, A and B, with initial per capita incomes of USD3,500 and 240, respectively, and assume constant per capita growth rates of 2% in country A and 4% in country B, the absolute difference in per capita income will continue to increase for approximately 100 years and will not fall below the initial difference until after more than 130 years. The ratio of per capita incomes will fall immediately, starting at approximately 15 to 1 and falling to approximately 2 to 1 after 100 years. The gap continues to widen for approximately 100 years even though the low-income country has doubled the growth rate of the high-income country. In other words, the low-income country is doing relatively well as it falls absolutely further behind.²⁵ This yawning income gap presents a tremendous challenge for industrialization and modernization in underdeveloped countries.

Figure 3.1. A stylized view of the widening gap



Initial Conditions for China's Modern Economic Development



Note: Panel a shows the growth path of per capita income for two countries with substantially different initial incomes. Low-income country B is assumed to grow twice as fast as high-income country A. Panel b shows the same information as Panel a, but it is reflected in logarithmic form which has the convenient property of showing constant rates of growth as straight lines when plotted against time. Panel c is simply the arithmetic difference between the level of per capita income in country A and B at any given point in time. This difference is commonly known as the “widening gap” because it may increase with time. Panel d shows the ratio of per capita income levels in countries A and B. Given our assumptions, the ratio will continuously decline.

Source: Charles P. Kindleberger, Bruce H. Herrick, *Economic Development* (New York: McGraw-Hill, 1977), 9.

The variation in cross-country differences in economic development is a result of different economic growth rates. Given different growth rates, countries initially at the same level of economic development can be expected to face large gaps within five decades (see Table 3.2). According to Barro, even the slightest difference can drastically affect the living standard in a country or region.

Table 3.2. Long-term effects of different growth rates of income per capita

Income per capita growth	Country A (1%)	Country B (2%)	Country C (3%)	Country D (4%)	Country E (5%)	Country F (10%)
Number of years	Income per capita (GBP)					
0	100	100	100	100	100	100
10	110	122	134	148	163	259
20	132	149	180	291	265	673

(Cont'd)

Income per capita growth	Country A (1%)	Country B (2%)	Country C (3%)	Country D (4%)	Country E (5%)	Country F (10%)
Number of years	Income per capita (GBP)					
30	135	181	243	324	432	1,745
40	149	221	326	480	704	4,526
50	164	269	438	711	1,147	11,739
Income per capita as that of Country A	1.00	1.64	2.67	4.36	6.99	71.58

Note: Initial per capita income at GBP100 for all countries.

Source: R.J. Barro, "Inflation and Economic Growth," *Bank of England Quarterly Bulletin*, 35 (1995): 166–76.

(1) Assuming that countries A and B have the same per capital income,

$$Y_A(0) = Y_B(0)$$

and their growth rates of income per capita as y_A and y_B , when $t = t_i$:

$$\eta(t) = \frac{Y_A(t_i)}{Y_B(t_i)} = \frac{Y_A(0)}{Y_B(0)} \left[\frac{1 + y_A}{1 + y_B} \right]^{t_i} = \left[\frac{1 + y_A}{1 + y_B} \right]^{t_i}$$

The longer amount of time has passed, the greater the per capita income gap $\eta(t)$, expressed as a power function of a specific length of time t . Within any given period, $\eta(t)$ increases with the ratio Y_A/Y_B .

(2) Assuming country A has a higher capital income than country B,

$$Y_A > Y_B$$

and their growth rates of income per capita as y_A and y_B , when $t = t_0$:

$$Y_A(0) > Y_B(0), \text{ and } \eta(0) = \frac{Y_A(0)}{Y_B(0)}$$

When $t = t_i$:

$$\begin{aligned} \eta(t) &= Y_A(t_i) / Y_B(t_i) = [Y_A(0)(1 + y_A)^{t_i}] / [Y_B(0)(1 + y_B)^{t_i}] \\ &= \frac{Y_A(0)}{Y_B(0)} \cdot \frac{(1 + y_A)^{t_i}}{(1 + y_B)^{t_i}} = \eta(0) \cdot \left[\frac{1 + y_A}{1 + y_B} \right]^{t_i} \end{aligned}$$

The per capital income gap $\eta(t)$ is proportional to $\eta(0)$: the larger $\eta(0)$ is, the larger $\eta(t)$ becomes. $\eta(t)$ is also positively proportional to $\left[\frac{1 + y_A}{1 + y_B} \right]$.

As evidenced by the above factors, economically backward countries have a long and arduous path to catch up with developed countries; in China's case, the trek would take at least a century. A general review of the economic history of China and the world easily shows that, between 1820 and 1950, GDP per capita disparity between China and other industrialized economies went from moderate to severe. This was a result of the economic growth gap. Throughout the years 1950 to 2003, a per capita GDP gap subsisted between China and industrialized countries in Western Europe. In 1950, per capita GDP in China (USD448) and Western Europe (USD4,578) left a notable gap of USD4,130. By the end of 2003, the difference still stood at USD15,109, their respective GDP per capita being USD4,803 and 19,912. This was largely the effect of the widening gap. It constituted the first challenge and primary obstacle to China's catching up with developed countries.

However, the analysis herein shows that, among the world's 100-odd developing countries, few possessed the potential to match developed nations. But since populous China, India, and Indonesia joined the pack of pursuers, the developing world's proportion of people has been surging dramatically. China officially launched modernization and industrialization in 1950; its efforts from 1950 to 1980 were regrettably unsuccessful. The pace of its pursuit did not pick up until the two decades following 1980. Development indicators have shown that social and human advancement has outpaced that of per capita income.

China's Economic Conditions at the Start of Industrialization

Most countries began industrialization efforts with a per capita GNP of USD200–250 (in 1965 prices, similarly hereinafter), agricultural proportion in GDP at 35–45%, and the sector representing 35–65% of the labor population. China started with a GNP of only USD50. Its agricultural sector formed 35–45% of the GNP, and 35–65% of the workforce. In 1949, modern industrial enterprises produced a mere 10% of the GDP with over 85% of the labor force.

Industrialization in China was less successful than in the West

Modern economic development features expansive economic and population growth, and the latter should grow faster. To put it another way: per capita output should show an explosive increase.

The Industrial Revolution began an era of modern economic growth. Any

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increase in per capita output in any economy—national or regional—of over 1% is considered a sign of economic growth. When the rate of growth remains above 3% over a longer period, the economy qualifies as a take-off economy.

Simon Kuznets observed the beginning of modern economic growth in Western industrialized countries in per capita output terms. The rise of modern economic growth can be traced back to the late-18th and mid-19th centuries: the United Kingdom in 1765–1785, France in 1831–1840, Germany in 1850–1859, the United States in 1834–1843, Canada in 1870–1874, and Japan in 1874–1879.

Table 3.3. GNP, GDP, and population levels at the beginning of modern economic growth: six industrialized countries

Country	Period	GNP per capita (in 1965 USD)	Period	GDP growth (%)	Population growth (%)	GDP per capita growth (%)
Great Britain	1765–1785	227	1801–1841	32.1	15.4	14.5
France	1831–1840	242	1831–1870	26.3	3.9	21.5
Germany	1850–1859	302	1850–1889	26.7	8.9	16.4
Japan	1874–1879	74	1874–1904	39.2	9.3	27.3
United States	1834–1843	474	1839–1859	59.1	35.7	17.3
Canada	1870–1874	508	1870–1899	41.8	13.2	25.2

Source: Simon Kuznets, *Economic Growth of Nations: Total Output and Production Structure* (London: Belknap Press of Harvard University Press, 1971), 24.

China was enveloped in the fourth wave of economic development in the past two centuries. Rostow categorized countries into four different classes with respect to their take-off periods:

Table 3.4. Economic growth in 1967 USD during take-off: 15 countries

Country	Take-off period	Approximate GNP per capita: beginning of takeoff	GNP per capita: 1965–1969	Number of years	Annual average growth rate (%)	Take-off Class
Great Britain	1783–1802	183	2,018	184	1.31	I
France	1830–1860	173	2,343	137	1.92	II
United States	1843–1860	451	3,995	124	1.77	II
Germany	1850–1873	249 (1851)	2,148	116	1.87	II
Sweden	1868–1890	239	3,244	99	2.67	III
Japan	1878–1900	158 (1886)	1,207	81	2.54	III
Soviet Union	1890–1914	246	1,594	77	2.46	III

Initial Conditions for China's Modern Economic Development

(Cont'd)

Country	Take-off period	Approximate GNP per capita: beginning of takeoff	GNP per capita: 1965–1969	Number of years	Annual average growth rate (%)	Take-off Class
Italy	1895	300	1,333	72	2.09	III
Canada	1896–1914	796	2,962	71	1.87	III
Australia	1895	923	2,106	66	1.26	III
Argentina	1896–1914	418	741	34	1.70	IV
Brazil	1901	144	323	34	2.40	IV
Turkey	1935 to present	171	331	33	2.02	IV
Mexico	1940	224	545	27	3.35	IV
China	1949	50	—	30	—	IV

Source: W.W. Rostow, *Why the Poor Get Richer and the Rich Slow Down* (Austin: University of Texas Press, 1980), 261 and Appendix 1. Estimates for China from the author.

Rostow's categorization was relatively accurate and correctly reflected China's situation. China's average annual growth in GDP and per capita GDP during 1952 to 1978 was 6% and 4%, respectively; this was substantially higher than the other countries shown in Tables 3.2 and 3.3. China's industrialization was national in coverage and forced through at an incredible pace.

The gradual disintegration of the traditional agricultural society began in the 1840s. The first installation of modern industry took place in the later decades of the century. Preconditions of modernization emerged in a few cities and coastal regions in the early 20th century. Nevertheless, no economic growth was accomplished. The society was still agricultural. Before 1949, per capita output growth did not exceed 1%—it even decelerated. According to Maddison's statistics, per capita GDP in 1952 was lower than the 1820 level and a quarter of the world average. Its rate of growth dropped an annual average 0.10% from 1820 to 1952, while over the same period India saw a 0.13% growth. Rozman concluded that, during the first half of the 20th century, modern economic growth—in the technical sense of substantially rising rates of capital formation and per capita output—was not achieved in China.²⁶

Overall, economic output and per capita income were growing, albeit at a very slow pace.

Having said that, there had been a short-lived growth spurt. GDP and output per capita each grew by an average at 1.08% and 0.33% from 1914 to 1918, and

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at 1.27% and 1.38% from 1931 to 1936.²⁷ Trends and signs of modern economic development were found only in certain northeastern parts of the country. The average annual rate of growth in the northeastern economy was estimated at 3.9%, and average annual per capita GNP growth at 1.8% for the 1929–1941 period—higher than the one-percent standard.²⁸

China had established itself as an agricultural giant based on cultivation and handicraft trade. The modern sector was a small percentage of the economy. In 1890, Chinese GDP was comprised of 0.5% by modern transportation and manufacturing, 68.5% by farming, fishery, and forestry, 7.7% by handicrafts, and 5.1% by traditional transportation. Modern sectors (manufacturing, mining, transportation, and communication) generated 5.3% of GDP in 1933 and 10.4% in 1952.²⁹ Most of the industry was engaged in technically backward handicraft production. In 1949, handicraft products accounted for 75% of total industrial output and 11.7% of total agricultural and industrial output.³⁰

Though industrialization had commenced since the late-19th century, China did not really see modern economic development (qualified by sustained economic growth above 1%) until the early 1950s, one or two centuries later than the mentioned industrialized countries.

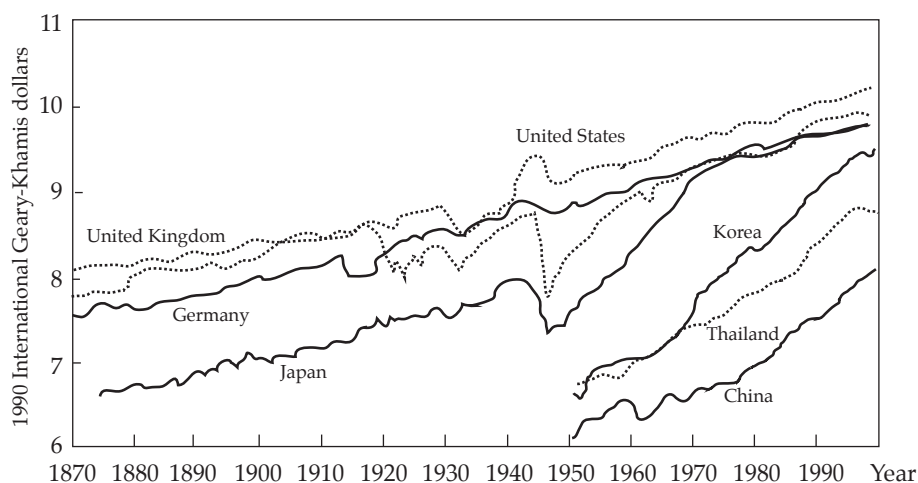
A low economic starting point

According to Simon Kuznets's estimates, with the single exception of Japan, the initial levels of per capita product in developed countries, on the eve of their entry into modern economic growth, were fairly high, ranging from USD200–250 (in 1965 prices). The U.K. started with per capita GDP of USD227, USD242 per capita for France, USD474 for the United States, and USD508 for Canada. From this he concluded that modern economic growth occurs when there is a per capita product of USD200–250 (See Table 3.2). Under such an assumption, Japan is unique in that its initial per capita product was as low as USD74.³¹ For the economically underdeveloped countries, if modern economic growth is characterized by a multiplication factor of five for per capita product, a rise from USD50 to 250—the pre-industrial level of developed nations over the last century—would take a century. In this sense, even if Western Europe started industrialization at the same time as Asian, African, and Latin American less developed countries, their different initial conditions, combined with the widening-gap phenomenon, would cost the less developed countries more time to industrialize.

Chinese per capita GNP was as low as USD50 (in 1965 prices) in 1950—much lower than both the Indian and the world's average. Maddison estimated Chinese GDP per head at USD448 (in 1990 International Geary-Khamis dollars) in 1950,

25.3% lower than the 1820 level (USD600) and 18.8% lower than the 1913 level (USD552). Over the same period, GDP per capita equaled about one-fifth of global average (USD2,114), hardly comparable to Western European countries (USD772 as at 1500) and the U.S. (USD527 as at 1700), and even lower than those of India (USD619) and Indonesia (USD840³²) (See Fig. 3.2 and Table 3.5).

Figure 3.2. GDP in 1990 International Geary-Khamis dollars: seven countries (1870–1990)



Source: Angus Maddison, *World Population, GDP and Per Capita GDP, 1–2003 AD*, retrieved in August 2007, <http://www.ggdc.net/maddison>.

Table 3.5. Per capita GDP in 1990 International Geary-Khamis dollars (1500–2003)

	1500	1700	1820	1913	1950	1973	2003
France	727	910	1,135	3,485	5,271	13,114	21,861
Germany	688	910	1,077	3,648	3,881	11,966	19,144
United Kingdom	714	1,250	1,706	4,921	6,939	12,025	21,310
Western Europe	772	997	1,202	3,457	4,578	11,417	19,912
United States	400	527	1,257	5,301	9,561	16,689	29,037
Brazil	400	459	646	811	1,672	3,882	5,563
China	600	600	600	552	448	838	4,803
India	550	550	533	673	619	853	2,160
Japan	500	570	669	1,387	1,921	11,434	21,218
World average	566	615	667	1,526	2,113	4,091	6,516

Source: Angus Maddison, *World Population, GDP and Per Capita GDP, AD 1–2003*, retrieved in August 2007, <http://www.ggdc.net/maddison>.

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The pre-industrial Chinese people enjoyed a living standard barely above subsistence. Governmental statistics revealed that rural residents lived with an annual per capita cash income of not even 100 yuan. Prices were sky rocketing. Income inequality was immense. In the fall of 1948, 68,000 Beijing households were facing low income or extreme poverty, representing 246,000 people and 24% of the local population. Net national rural income per capita was a mere 44 yuan, and per capita expenditure was 42 yuan. The urban-rural income ratio was two-fold.³³

The low per capita income led to an almost motionless economic structure, as opposed to the changing economic structure in most industrialized economies as they enter modern growth. In these countries, agriculture generates 35–45% of the total output. The U.S. in 1839, for example, earned 42.6% of its GDP from agriculture, 25.8% from manufacturing, and 31.6% from services.

Table 3.6. Employment-to-population ratio and percentage in total output in different sectors: six industrialized countries

Country	Employment-to-population ratio		Sectoral distribution of labor (%)				Sectoral share in total output (%)			
	Year	Ratio	Period	Agriculture	Manufacturing	Services	Period	Agriculture	Manufacturing	Services
United Kingdom	1851	45.0	1801–1811	34.4	30.0	35.6	1801–1811	34.1	22.1	43.8
France	1856	39.1	1856	51.7	28.5	19.8	—	—	—	—
Germany	1882	38.3	1852–1858	54.1	26.8	19.1	1850–1859	40.9	59.1	—
Japan	1920	48.7	1872	85.8	5.6	8.6	1879–1883	62.5	37.5	—
United States	1870	32.5	1839	64.3	16.2	19.5	1839	42.6	25.8	31.6
Canada	1911	37.8	1871	52.9	47.1	—	1870	45.3	54.7	—

Source: R.J. Barro, “Inflation and Economic Growth,” *Bank of England Quarterly Bulletin*, 35 (1995): 166–76.

At the beginning of the period of Chinese industrialization, modern sectors only contributed $\frac{1}{10} - \frac{1}{7}$ of GNP. Mao Zedong estimated that it was 10%.³⁴ According to the National Bureau of Statistics of China, agricultural output formed 58.5% of aggregate social products and 68.4% of national income in 1949.³⁵ By 1952, these figures dropped to 45.4% and 57.7%, respectively.³⁶ The sector accounted for a substantial 50.5% of 1952 GNP, while secondary and tertiary sectors took up 20.9% and 28.6%, respectively.³⁷ Traditional industries comprised at least four-fifths of the secondary and tertiary sectors. According to Maddison’s data, the modern sector’s portion of Chinese economy was about 1% in 1980 and 6% in 1933. The proportion

did not exceed 15% even by 1952: modern manufacturing accounted for 4.4%, modern transportation and communications took up 2.8%, electricity was 1.2%, and mining made up 2.1%—making a total of 10.5%, excluding a couple of other sectors (see Table 3.6). Either way, the proportion was ten several to several tens of percent lower than that in the other mentioned industrialized countries.

Agriculture employed 35–65% of total labor force (see Table 3.5) in other developed countries. In 1856, the agricultural and non-agricultural sectors in France had an almost 50/50 split in the labor distribution, each taking up 51.7% and 48.3%. China, by contrast, had 83.5% of its labor force in agriculture—again, that was nearly 10% lower than that in the other mentioned industrialized countries. Only 2% of the employed population worked in the modern industries.³⁸ That was very much lower than figures over the same period in developed countries.

Agriculture was not only the mainstay of the economy, it remained an important source of industrial raw materials and tax revenue. In 1952, agricultural-based light industries made up as much as 87.5% of light-industrial output value, and 14.7% of the total national financial revenue.³⁹

Structural changes in the Chinese economy were slow. In the 1890–1952 period, the modern sector's share in economy increased by 10% (corresponding to an average annual rate of 0.16%). Meanwhile, the agricultural sector's share was met with a 12.8% drop (corresponding to an average annual rate of 0.21%). This period also coincided with slow economic growth.

Agriculture in China was traditional and mostly powered by human labor. The lack of farming machinery and modern technology meant low productivity. Farming facilities were ancient, decaying, and out of repair. All of these, coupled with floods, droughts, and insect plagues, gradually devastated the rural economy. In 1949, food and cotton production collapsed by 24.5% and 76% from the recorded maximum. Yearly food yield per *mu* amounted to a mere 142 catty, corresponding to the lowest per capita food supply ever of 209kg.⁴⁰ Total agricultural output was over 20% lower than the highest yearly total achieved.⁴¹

In terms of land productivity, China's grain yield has been quite impressive. The country produced as much wheat as the U.S. with $\frac{1}{14}$ of the latter's human effort. Chinese agriculture did not embrace modern farming methods, but it was not that far in backwardness.⁴²

Table 3.7. Structure of Chinese GDP in 1933 prices, 1890–1952 (percentages of total GDP)

	1890	1913	1933	1952
Farming, fishery, and forestry	68.5	67.0	64.0	55.7
Handicrafts	7.7	7.7	7.4	7.4

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(Cont'd)

	1890	1913	1933	1952
Modern manufacturing	0.1	0.6	2.5	4.4
Mining	0.2	0.3	0.8	2.1
Electricity	0.0	0.0	0.5	1.2
Construction	1.7	1.7	1.6	3.0
Traditional transportation and communication	5.1	1.6	4.0	3.8
Modern transportation and communication	0.4	0.8	1.5	2.8
Trade	8.2	9.0	9.4	9.3
Government	2.8	2.8	2.8	—
Finance	0.3	0.5	0.7	—
Personal services	1.1	1.2	1.2	—
Residential services	3.9	3.8	3.6	—
GDP	100.0	100.0	100.0	100.0

Source: Angus Maddison, *Chinese Economic Performance in the Long Run*; Second Edition Revised and Updated: 960–2030 AD (Paris: OECD Publishing, 2007), 54.

A weak industrial foundation

The growth of modern industries was limited by the scarce industrial capital. The first arsenals, shipyards, coal mines, and textile mills were set up in the 1860s, the first telegraph network in the 1880s, and steel factories in the 1890s. By then, handicrafts production and modern manufacturing took up 7.7% and only 0.1% of GNP respectively. By 1952, modern manufacturing's portion climbed to 4.4%, which was nevertheless still lower than the 7.7% took up by handicrafts (see Table 3.7). Over the period since the Westernization Movement to 1949, the industrial sector built fixed assets worth barely over 10 billion (in 1952 prices). Yearly industrial net output was a mere 4.5 billion, making 12.6% of national income.⁴³ The economy was estimated to contain a total value of fixed assets equaling 200-odd billion—that would mean RMB40 per capita.

The first half of the 1920s saw a flourishing industrial spurt. Industrial output grew as much as 13.4% in 1912–20, followed by a depression in the next two years, then an 8.7% rebound from 1923 to 1936. The sector grew at a yearly average of 8.4% between 1912 and 1949. Over the entire period (1912–1949), the average annual rate of growth was 5.6%. The republican period between the two world wars had a growth of 8–9%.⁴⁴

Pre-Communist China was poor. Hanyang Ironworks, China's first iron and steel producer, was set up in 1907. For the first year, only 8,500 tons of steel were delivered. National output gradually climbed to 25,000 tons in 1933, and exceeded 400,000 tons by 1936. The peak was reached in 1943 when 1.8 million tons of pig iron and 0.9 million tons of steel were produced—ignoring the fact that a large portion came from Japanese-occupied Manchuria. The figures fell back to 246,000 and 158,000 in 1949.

Li Fuchun, former director of the National Planning Commission, remarked that industrialization in China lagged some one or two centuries behind that of the U.S., U.K., Japan, and other industrially advanced countries. In the same year that China's steel production peaked in 1936, Soviet output was 39 times that of China, the U.S. was 117 times, and the U.K. 29 times. In terms of power generation capacity, Soviet capacity was nearly 10 times that of China, the U.S. was 39 times, and the U.K. 6 times. As for raw coal production, the old Soviet Union was 3 times that of China, the U.S. 12 times, and the U.K. 5 times.⁴⁵ China's world-leading population did not influence the production of major industrial commodities in a positively correlated way: its production volume of steel, crude oil, coal, and power generation capacity ranked 26th, 27th, 25th, and 9th in the world, respectively.⁴⁶

Predictably, per capita industrial output was simply miserable. In 1949, an average worker produced 0.6kg of yarn, 59kg of raw coal, 0.29kg of steel, or 0.36kg of crude oil.⁴⁷ An average of 7.9 kilowatts of electricity was generated every hour. As a matter of fact, China's industrialization level in 1952 was lower than 1860 U.K. and 1890 France, and closed to 1910 Russia. When comparing per head figures, China remained as developed as the U.K. during early industrialization.⁴⁸

China's industrial development followed a non-typical pattern. Means of production only constituted 26.6% of industrial output—Liu Shaoqi saw this as an indication of the backwardness of China's productive forces.⁴⁹ Machinery manufacturing was confined to the making of small assemblies and repairing services.

The remaining 73.4% of output was mostly textiles. Primitive production technology explained the 40% that handicraft work and repairing took up in overall industrial activities. Owing to the inadequate infrastructure, transportation, postage, and communications were far from modern. Over 70 years after its establishment in 1872, the China Merchants Bureau operated a railway network of 21,800km, inland waterways of 73,600km, and highways of 80,700km. China's territory was 3 times the size of India, over 20 times the size of Japan, and roughly the size of the U.S., but the Chinese rail system in 1950

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was only 40%, 81%, and 6% of that in these countries (see Table 3.8). Inland provinces and regions such as Fujian, Guizhou, Gansu, Qinghai, Ningxia, Uyghur, and Tibet were inaccessible by railways due to inhospitable terrain.

The 12 inland flight routes were serviced by a handful of light aircraft, tracked only using 30-odd flight progress strips. Traditional means of transportation like animal-drawn vehicles and wooden junks were still in wide use.

Table 3.8. Length of Railway Lines in Service, 1870–1995 (km)

Year	China	India	Japan	United States	United Kingdom	Germany	Soviet Union/ Russia
1870	0	7,678	0	85,200	21,500	18,876	10,731
1890	10	26,400	2,349	—	—	—	—
1913	9,854	55,822	10,570	401,977	32,623	63,378	70,156
1930	13,441	68,045	21,593	—	—	—	—
1950	22,238	54,845*	27,401	360,137	31,352	36,924	116,900
1975	46,000	60,438	26,752	—	—	—	—
1995	54,000	63,400	27,258	—	—	—	—
2004	74,200	63,221	27,500	231,186	16,514	34,729	85,542

* Excludes 11,166km in Bangladesh and Pakistan.

Sources: Angus Maddison, *Chinese Economic Performance in the Long Run; Second Edition Revised and Updated: 960–2030 AD* (Paris: OECD Publishing, 2007), 56; Angus Maddison, *Monitoring the World Economy, 1820–1992* (Paris: OECD Publishing, 1995), 64; Kimoto Shoten, *White Paper for the World* (Tokyo: Kimoto Shoten, 2007), 286–87.

Years of civil and foreign wars pushed enterprises and factories into bankruptcy. Industrial production bottomed out. Transportation infrastructure was devastated. Industrial output had dropped in 1949 compared to the recorded maximum yield: the amount of pig iron delivered fell by 10.9%, steel by 17.8%, coal by 44.5%, power generation capacity by 72.6%, cement by 30.9%, limestone by 62.9%, yarn by 72.4%, cotton cloth by 72.6%, and sugar by 39.6%;⁵⁰ the total volume declined nearly a half, 70% came from heavy industries and the remaining 30% from light industries.⁵¹ The country's 20,000km (80% of the total length) of railways, more than 3,200 bridges (totaling 155km), and over 200 tunnels (totaling over 40km) were damaged beyond operation. Highways, ports, and airports throughout the country were destroyed as well.⁵²

During the republican period, capitalist division of labor developed better and more fully in some cities and coastal areas. Domestic trade and regional markets were prevalent in coastal areas of Shanghai, Ningbo, and along the Yangtze River Basin, hastening the emergence of specialized commodity

associations, commercial associations, chambers of commerce, and financial services networks.

Modern financial and monetary system, as well as bank notes came into being. The salt tax was standardized in 1928. Import duties were converted from a silver to gold standard in 1930. A national currency was adopted in 1933. A foreign exchange reserve was put in place in 1935, together with a system of banknotes. The Central Bank, Bank of China, and Bank of Communications began issuing banknotes. The government introduced a better tax system, and drafted its first budget and financial report. The modern government bond market was created in 1931–32 with government and private banks as the main buyers. These measures enhanced trading efficiency and specialization, thereby increasing social productivity.⁵³ Unfortunately, the financial collapse in the mid- and late-1940s led to a spike in inflation; soaring commodity prices ravaged both urban and rural communities, further pushing enterprises and factories into corners. Paper money became a means of extorting people's wealth. The resultant social and economic disruption dealt a death blow to the KMT government.

China's Social Conditions at the Start of Industrialization

China's inability to industrialize was not only due to its backward economy, but also its immature social conditions.

Excessive labor and population growth

With the single exception of the U.S.—which accommodates a large immigrant population—population growth in major developed nations never exceeds 1.5%.⁵⁴ In contrast, the Chinese population was growing at 2% since the 1950s.

The country accumulated a large pool of surplus labor from both urban and rural areas, largely thanks to the four million unemployed urban workers that imperial China left behind. The number of unemployed and part-time workers in 1947 was estimated at 25–30% of the total labor force. During the PRC's early nationhood, the unemployment rate ran as high as 23.6%. The workforce in cities and towns numbered 15.33 million, while another 47.42 million were seeking a job.

John King Fairbank saw two unique components of Chinese society: the feudal-controlled traditional forces and the politically inert rural populace. Pre-

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modernized China had twice the population of Europe; the two were similar in the sense of having a large multi-ethnic population.⁵⁵ Nowadays, some billion people live in Europe and North and South America. These billion-odd Europeans and Americans live in about 50 sovereign and independent states, while the billion-odd people of China live in only one single state.⁵⁶ This gigantic population made unification and governance more challenging than ever.

Since the commencement of industrialization in 1950, the largest ever Chinese populace unconsciously entered an unprecedentedly dramatic growth spurt unseen in its history—and rare even in the whole world.⁵⁷ China's beginning population base in 1949 was 540 million. Under the rubric of population momentum, three sectors of the population are expected to peak in the 21st century: the labor force by the 2020s, the general populace by the 2030s, and the elder population by the 2040s.

The sizable dual-economy

Urbanization was not only an outcome, but also a carrier of industrialization; the two processes are often coupled.

A majority of Chinese people used to live in rural areas. The urbanization ratio in the 1000–1830 period stayed between 3.0% and 3.8%, before rising to 4.4% in 1890. At the same time, urban areas covered 12% of the European Continent in 1820, and over 30% by 1890. Japan's urban residents accounted for 16% of its total population in 1890. Urbanization occurred rapidly in China during 1900 to 1938, when people could migrate freely between cities and rural villages.⁵⁸ Consequently, the urban population increased at twice the rate of the total population. By 1938, the total population of cities accommodating more than 50,000 residents reached 27.3 million, taking up 5% to 6% of the state's 500 million.⁵⁹

Division of labor and changes in wage levels were greatly unbalanced. Coastal areas and larger cities, with better specialization and connections with the international market, gave rise to more new professions and industries. On the other hand, rural and village economies remained traditional, isolated, and self-sufficient. Over 70,000 local markets were scattered throughout the country, their connection limited to small-scale trade in goods the other markets were lacking. Trade relations and division of labor among rural and urban or overseas economies were rare.⁶⁰

By 1949, 10% of the Chinese people lived in cities. Among the state's 542 million people, 57.62 million (10.6%) resided in urban areas, while the remaining 484 million (89.4%) were rural residents. If taking into account only the non-

agrarian population, the 132 cities in China at that time only contained 5.1% of the total populace—lower than the proportion in Western Europe and Japan in 1820 (see Table 3.9).⁶¹ The traditional lifestyle and production system of the dominating village population has obstructed the spread of modernization to rural areas.

Table 3.9. Urbanization ratios: Japan, China, and Western Europe (1000–1950)(Percentage of population in towns of 10,000 or more inhabitants)

Year	China	Japan	Western Europe
1000	3.0	—	0.0
1500	3.8	2.9	6.1
1820	3.8	12.3	12.3
1890	4.4	16.0	31.0
1950	5.1	—	—

Sources: 1000–1890 data from Angus Maddison, *The World Economy: A Millennial Perspective* (Paris: OECD Publishing, 2001), 40. 1950 data from National Bureau of Statistics of China, *Fifty Years of New China: 1949–1999* (Beijing: China Statistics Press, 1999).

Over time, the urban-rural gap had not narrowed, but instead continuously widened. This did not imply a lack of urbanization in rural societies—villages had a much longer and harder way to get there—but a general socioeconomic concern faced by the Communist leadership led by Mao Zedong in promoting urbanization.

Great disparities and uneven development across regions

Coastal cities and northeastern regions in China showed higher tendencies of modernization. Between 1865 and 1936, Shanghai handled 45–65% of China's total foreign trade.⁶² Northeastern China produced 14% of the gross industrial product in 1933, 33% in 1941, and 50% in 1945.⁶³ The coastal and northeastern regions got the most foreign investment inflows: between 1902 and 1936, Shanghai alone attracted 46% of the country's Foreign Direct Investment (FDI), another 36% went to the northeastern area, with the remaining 18% being shared by other cities and towns. Most of China's exports were produced from the same area. In 1937, Shanghai produced 46% of total export value, while 38% were from the northeast, 15% were from Tianjin, and 7% were from Guangzhou.⁶⁴ In pre-Communist China, 70% of factories were built in coastal provinces, occupying only 12% of the nation's land. Except for several riverside cities such as Wuhan and Chongqing,

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the vast inland area—particularly border and ethnic minority areas—had almost no industry. Northwest provinces and Inner Mongolia, which covers 45% of China's land mass, contributed only 3% of domestic industrial output; southwest China, which covers 23% of the state, accounted for only 6%.⁶⁵ Transportation infrastructure developments (railroads, highways, and waterways) were concentrated in the eastern provinces, while the northwestern and southwestern three-fifths of the country were almost inaccessible to any transportation. In 1949, railroads and highways in these areas only accounted for 5.4% and 24.6% of the national total.⁶⁶ Liu Shaoqi called this regional imbalance and inequality in industrial and transportation development an "abnormal state."⁶⁷

Extremely weak human capital base

Over 80% of the population in pre-Communist China was illiterate. Only about 20% of school-age children attended schools. According to KMT government statistics, among the surveyed households across 12 provinces, 0.14% were college students, 0.53% were high school students, 1.48% were junior high students, and 14.09% were primary students. Another 8.46% were educated in the imperial system. In 1949, there were 126,000 tertiary students, 1,268,000 secondary students, and 24,390,000 primary school students; the literate proportion of the population represented 4.76% of the total 54.17 million. Over the 37 years between 1912 and 1948, there were 210,800 high school graduates, and 185,000 in 1928 to 1947—that is four in every ten thousand people.⁶⁸ It was estimated that, in 1949, average schooling years of the population over 15 years old was below two—rather short compared to that in the West and in Japan. According to Maddison, in 1950, the Chinese population between 15 and 64 years of age had only slightly higher levels of schooling than India, and lower levels than those of South Korea, Taiwan, Spain, and other developed countries (see Table 3.12). In the 1950s, more than 2,500 Chinese students returned from overseas study. Later they became the country's pioneers of industrialization.

To bring our cultural revolution to fruition, we must do our best, step by step, to wipe out illiteracy....we must gradually expand our primary education, with a view to introducing in different areas and by stages universal, compulsory primary education within 12 years. At the same time, we must continue to strengthen general and technical education for workers and employees, and general education for that section of government workers whose educational level is rather low. We should help those national minorities who are without a written language to create one....we must further expand and strengthen the ranks of our intellectuals....and make better use of them...⁷⁰

Table 3.10. Number of students enrolled in different levels of education (1949)

Institutions	Number of students	Enrollment rate for the same age group (%)	Percentage of total population (%)
Primary (Grade 1–6)	24,390,000	—	4.500
Secondary (Grade 7–12)	1,268,000	25.0	0.230
Tertiary	117,000	3.0	0.002
Total	25,775,000	0.3	4.760

Source: National Bureau of Statistics of China, Population and Employment Statistics Division, *China Demographics Yearbook* (Beijing: China Economic Publishing House, 1997), 404.

Table 3.11. Graduates in 1949

	Number	Percentage of total population (%)
College Graduates	185,000	0.03
Secondary school graduates	4,000,000	0.74
Primary school graduates	70,000,000	15.56
Total number of illiterates	432,000,000	80.00
Total working-age population	340,000,000	62.96
Total population	540,000,000	100.00
Number of years of education	—	1.01

Note: Women in the early decades of this century had an estimated literacy rate of 2–10% nationwide. Literacy rates among males are estimated to have ranged from 30–45% of the total number. These literacy rates are based on a definition which includes those with knowledge of only a few hundred Chinese characters and those individuals who would, by 1982, be classified as only semi-literate.

Source: Roderick MacFarquhar and John K. Fairbank, *The Cambridge History of China: The People's Republic, Part I: The Emergence of Revolutionary China, 1949–1965* (Cambridge University Press, 1987), 186.

Table 3.12. Years of education per person aged 15–64 (1950–92) (equivalent years of primary education)

	1950	1973	1992
France	9.58	11.69	15.96
Germany	10.40	11.55	12.17

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(Cont'd)

	1950	1973	1992
United Kingdom	10.84	11.66	14.09
United States	11.27	14.58	18.04
Spain	5.13	6.29	11.51
China	1.60	4.09	8.50
India	1.35	2.60	5.55
Japan	9.11	12.09	14.86
Korea	3.36	6.82	13.55
Taiwan	3.62	7.35	13.83

Note: Primary education was given a weight of 1, secondary 1.4, and higher education 2, in line with international evidence on relative earnings associated with the different levels of education.

Source: Angus Maddison, *Chinese Economic Performance in the Long Run; Second Edition Revised and Updated: 960–2030 AD* (Paris: OECD Publishing, 2007), 66.

Slow population growth

In 1949, there were only 3,670 health agencies, 505,000 healthcare practitioners and 80,000 hospital beds. The mortality rate was 2%, and 20% of infants died that year. The average life expectancy was only about 35 years, close to the 1820 level in Western Europe, and lower than that of the U.S. in 1820, and of India in 1950 (see Table 3.13). Deaths from starvation were common among rural people. In 1946, more than 10 million Chinese died of hunger. In 1947, a 100 million people were suffering from famine.⁷¹

Table 3.13. Life Expectancy (1820–1999)

	1820	1900	1950	1999
France	37	47	65	78
Germany	41	47	67	77
Italy	30	43	66	78
Holland	32	52	72	78
Spain	28	35	62	78
Sweden	39	56	70	79
United Kingdom	40	50	69	77
Western European average	36	46	67	78
United States	39	47	68	77
Japan	34	44	61	81

(Cont'd)

	1820	1900	1950	1999
Soviet Union / Russia	28	32	65	67
China	—	24	41*	71
India	21	24	32	60
Asian average	23	24	40	66
African average	23	24	38	52
Latin American average	27	35	51	69
World average	26	31	49	66

* Chinese life expectancy in 1950 was 35, according to the National Bureau of Statistics' estimates before 1949.

Sources: Angus Maddison, *The World Economy: A Millennial Perspective* (Paris: OECD Publishing, 2001), 30. China from George W. Barclay, Ansley J. Coale, Michael A. Stoto, and T. James Trussell, "A Reassessment of the Demography of Traditional Rural China," *Population Index*, 42 (1976): 606–35; James Z. Lee and Feng Wang, *One Quarter of Humanity: Malthusian Mythology and Chinese Realities, 1700–2000* (Cambridge, MA: Harvard University Press, 1999).

Low industrial innovation capacity and the capability to absorb foreign technology

The patent system did not emerge in China until 1912. By 1936, there had been 275 registered patents, representing an annual average of 11 patents for the years 1912 to 1936. Most of these were issued for daily use products; patents for machinery and equipment production were rare.⁷² In 1949, the Chinese had some 200 geological workers and 10 drilling rigs. The extent of the workers' geological knowledge was limited.⁷³ From 1928 to 1947, 32,000 students completed engineering degrees, and 19,000 financial majors graduated.⁷⁴ Less than 0.025% of the workforce (representing 50,000 people) were engaged in scientific and technological research;⁷⁵ this rang the alarm of a skills shortage. Specialized scientific research institutions were few: there was the Central Research Institute and the Institute of Beijing with its 20 affiliated centers. The Chinese Academy of Sciences started in 1949 with only 316 researchers (122 were senior and 112 were junior). Not much scientific research had been done before 1949.

Population and resource conflicts

China is one of the richest countries in natural resources, but this advantage has been largely offset by its huge population base. The per capita availability of certain

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resources—particularly those which fuel economic growth—such as forests, fresh water, arable land, petroleum, natural gas, and iron ore, has been falling behind global average (see Table 3.14).

Table 3.14. Natural resources per capita

	India	United States	Japan	United Kingdom	Soviet Union	China	World average
Land (hectare)	0.38	3.80	0.31	0.43	7.90	0.89	2.70
Arable land (hectare)	0.21	0.77	0.03	0.12	0.81	0.12	0.27
Woodland (hectare)	0.09	1.09	0.21	0.04	3.33	0.11	0.81
Timber (m3)	4.80	82.50	23.40	2.80	303.40	9.60	61.70
Grassland (hectare)	0.02	0.99	0.01	0.20	1.33	0.36	0.64

Source: Li Lixian, “Natural Resources,” in *Report on Chinese National Conditions*, eds. Sheng Bin and Feng Lun (Shenyang: Liaoning People’s Publishing House, 1991), 140.

Arable land occupied only 10% of China. In 1949, China had a total arable land of 97.88 million hectares, representing 0.18 hectare per capita, and 0.58 hectare per agricultural labor. By 1957, the total area showed a 14.2% increase to the recorded maximum of 111.8 million hectares. However, the arable land per capita declined by 0.17% due to a 19.4% population growth.

The early economic development of a country is based on its geography. Modern economic development always starts in temperate regions such as coastal and riverside areas. China’s temperate areas accounted for a much lower share than that of Japan, the former Soviet Union, and Western European countries (see Table 3.15). By 1949, coastal areas have shown favorable conditions for social development, and later became the most celebrated regions of economic growth in China.

Table 3.15. Land Use and Population in China and Other Parts of the World (1993)

Country	Total land area (thousand hectares)	Arable land and permanent crop area (thousand hectares)	Proportion arable (%)	Population (thousands)	Arable land per capita (hectare)	Temperate zone as percentage of total land area (%)
China	959,696	95,975	10.0	1,178,440	0.08	47
Europe*	487,696	135,705	27.8	506,910	0.26	89
India	328,759	169,650	51.6	899,000	0.19	—

Initial Conditions for China's Modern Economic Development

(Cont'd)

Country	Total land area (thousand hectares)	Arable land and permanent crop area (thousand hectares)	Proportion arable (%)	Population (thousands)	Arable land per capita (hectare)	Temperate zone as percentage of total land area (%)
United States	980,943	187,776	19.1	239,172	0.73	—
Japan	37,780	4,463	11.8	124,753	0.04	96
Soviet Union**	2,240,300	231,540	10.3	293,000	0.79	89
Australia	771,336	46,486	6.0	17,769	2.62	—
Brazil	851,197	48,955	5.8	158,913	0.31	—
Canada	997,614	45,500	4.6	28,386	1.58	—

* Excludes Turkey and former Soviet Union.

** 1998.

Source: Angus Maddison, *Chinese Economic Performance in the Long Run; Second Edition Revised and Updated: 960–2030 AD* (Paris: OECD Publishing, 2007), 32; John W. McArthur and Jeffery Sachs, "Institutions and Geography: A Comment on Acemoglu, Johnson, and Robinson." (NBER Working Paper 8114, National Bureau of Economic Research, 2001).

A country's economic strength and potential for economic growth are dependent on the availability of natural resources. The availability of natural resources also determines per capita income and consumption. China's low per capita resource availability put it at a disadvantage in the international arena, and created a huge gap between China and developed countries in terms of per capita consumption. The economy entered a period of intensive growth as population continued to expand, bringing on a rapid rise in resource demand and consumption, and eventually deepened conflicts between resource demand and supply.

China has a complicated geography and an ever changing climate. Its fragile habitat is vulnerable to the ravages of nature. Disturbance to vegetation can cause long-lasting damage to the environment. In addition to the extensive damage inflicted by the population, the environment has suffered serious pollution problems caused by rapid industrialization. Since the 1949 founding of Communist China, the ongoing environmental degradation has seriously threatened human survival and development.

Much of China was once covered by forests. According to the Committee on Strategic Exploration of Sustainable Development in Chinese Forestry, forests occupied 60–64% of China in ancient times (1.8 million years ago to 2070 BC).

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After four to five thousand years of excessive logging and deforestation, the land had only 12.5–15% of its forest cover left by the republican period (see Table 3.15). By 1949, the figure dropped further to its lowest level ever of 8.9%. China’s centrally-planned economy was the primary driver of the extensive logging. The number of trees logged over the last 50 years was more than all the trees cut down through Chinese history. During the period 1949 to 2000, a total 2.26 billion m³ of timber was harvested, most of which was extracted from the natural forest. If taking into account the wasted and disposed timber, the number would be shocking. The environmental losses incurred far outweighed the economic gains.

Table 3.16. Forest coverage and population in China (up to 2005)

	Forest coverage (%)	Population (thousands)
Prehistory (1.8 million years ago to 2070 BC)	60–64	<1,400
Ancient era (2069–221 BC)	46–60	1,400–20,000
Qin Dynasty (221 BC–AD220)	41–46	20,000–65,000
Six Dynasties (220–589)	37–41	38,000–50,000
Sui and Tang Dyansties (589–907)	33–37	50,000–83,000
Five Dynasties and Ten Kingdoms Period, Song, Liao, Jin, and Western Xia Dynasties (907–1279)	27–33	30,000–130,000
Yuan Dynasty (1279–1368)	26–27	60,000–104,000
Ming Dynasty (1368–1644)	21–26	65,000–150,000
Early and Mid-Qing Dynasty (1644–1840)	17–21	81,640–412,810
Late Qing Dynasty (1840–1911)	16–17	372,000–431,890
Republican period (1911–1949)	13–16	374,080–541,670
Communist era (1949–2005)	13–18	541,670–1,307,560

Source: *Committee on Strategic Exploration of Sustainable development in Chinese Forestry: Introduction* (Committee on Strategic Exploration of Sustainable development in Chinese Forestry, 2002), 1:36–37; National Bureau of Statistics, *China Statistical Abstract 2006* (Beijing: China Statistical Publishing House, 2006), 4, 10.

China’s skyrocketing population growth and extensive construction after the 1950s further degraded its environment. It was a pity that the leadership neither called attention to the ecological damages, nor set environmental protection policies. Their limited knowledge of China’s conditions created seriously flawed development strategies.

Major Economic Sectors Before and After the Founding of the PRC

Economic sectors before the founding of the PRC

There were five prominent ownership models in pre-Communist China's economy.

Foreign-owned monopolies

Ever since the start of the first Opium War (1839–1842) until the birth of the PRC, the forces of foreign powers continuously invaded China. More than 112 unequal treaties were forced upon China which demanded an indemnity of 1.953 billion taels of silver—16 times the Qing government's revenue in 1901.⁷⁶ Foreign capital flooded into the market and dominated industrial and financial fields.⁷⁷ By 1936, China received a foreign investment of USD4,385 billion, of which 48.9% came from Japan, 23.9% from the U.K., and 7.8% from the U.S. Foreign investment dominated vast segments of the national economy: 71.6% in modern industry, mining, and transportation;

- 95% in steel and oil industry;
- 75% in coal mining and power generation;
- 60% in textiles;
- 50% in food production;
- 88% in railroads;
- 83.8% in water transport;
- 63.1% in domestic logistics;
- 100% in air travel;
- 80% in export trade; and
- 90% in import trade.⁷⁸

By 1949, there were more than 1,000 foreign monopolistic enterprises in China, of which five-sixths were British and American.⁷⁹ Following the outbreak of the Korean War, the U.S. seized all Chinese assets and properties within its territory in December 1950, and forbade registered ships and vessels from sailing to Chinese ports. In response, and by the end of the month, the PRC froze all American governmental and enterprise investments, as well as public and private deposits in China. Foreign companies were nationalized and brought under state control. Between 1949 and 1952, the number of foreign-funded enterprises fell from 1,563 to 1,192, and the amount of foreign investment in the Chinese economy was dropped from RMB1,210 million to 450 million,⁸⁰ which was around 3% of domestic

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investment. Only a handful of enterprises remained until early 1954; the last ones were gone by the early 1960s.⁸¹

The Chinese People's Political Consultative Conference adopted the *Common Program of The Chinese People's Political Consultative Conference* on September 21, 1949. The *Common Program* called upon the government to abolish all the prerogatives of imperialist countries in China, exercise control over foreign trade, and adopt protective trade policies. Accordingly, the foreign-controlled Customs Administration was replaced by the General Administration of Customs on October 25. On February 25, 1950, the Ministry of Trade was assigned the duties of supervising foreign trade operations, granting import and export licenses, implementing foreign exchange controls, setting protective tariffs, and developing a registration system for foreign enterprises.

State ownership

The earliest founded state-funded business was military arsenals and armories set up by Westernization reformists in the 1860s. During 1861 to 1894, the Qing government spent over 50 million taels of silver on building 24 arsenals and armories. On May 1897, the first government-owned bank was established; 202 banks subsequently emerged. Between 1920 and 1936, the amount of state-owned industrial capital increased from 0.7 to 1.77 billion yuan. Statistics revealed that, in 1946, the government provided 66% of the state's capital, through which it possessed 80% of transportation and communication assets within the country. The Republican Resource Committee owned 219 industrial and mining enterprises which gave it ownership over 90% of China's steel output, 33% of coal output, 67% of power supply, and 100% of the crude oil and non-ferrous metals produced. The bureaucracy held state-wide control over financial institutions, railways, highways, postal services, air travel, 44% of freight tonnage, and more than 10 monopolistic trading companies.⁸²

Private capitalist ownership

China's private sector started emerging in the early 1870s. Some 100 enterprises were founded from 1872 to 1894, most of which were small in scale and low in productivity. Another 548 were set up between 1895 and 1913. A spurt in growth occurred in the next seven years before a depression set in. A statistical report in 1936 indicated that, among China's industrial capital inflow, 76% came from foreign investment, 8.4% came from the bureaucracy, and 15.6% came from the bourgeoisie. The industry slid back into another recession since 1936; industrial output dropped by 10% in the next decade.⁸³

Communal ownership

A report of the Republican government's Central Political Committee found that 75% of rural farmers possessed arable land less than 10 *mu*. They cultivated only 6% of total agricultural land. On the other hand, landlords who made up 14% of the rural population owned 81% of arable land.⁸⁴ Before the Sino-Japanese War, landlords and better-off farmers constituted less than 10% of the rural population, and owned 70–80% of arable land.

Individual participants

They were farmers, handcrafters, and other labor classes.

A large part of the economy was supported by capital inflows from foreign investors and the bureaucracy; private and public capital accounted for only a small share.

Economic sectors after the founding of the PRC

There were five prominent clusters in the early PRC's neo-democratic, multi-sectorial economy.

State-owned entities

The state-owned sector consisted of entities directly controlled and operated by the government. They performed mandatory tasks assigned by the state. In response to the *Common Program's* call to "confiscate bureaucratic capital and put it into the possession of the people's state," the government nationalized businesses and properties owned by bureaucratic capitalists, making them a dominant source of investment capital in the state-owned sector. Among the enterprises affected were 4,000 banks, 2,858 industrial and mining enterprises, 10 large transportation companies, and other domestic businesses. In 1949, this sector contributed to 26.2% of industrial output with 2.7% of the employed population. In 1950, state-owned enterprises generated 33.4% of the government's revenue.

Cooperative enterprises

The cooperative sector is a sector of collective economy, consisting of voluntary cooperative economic entities formed by farmers, handcrafters, and other labor classes, also known as collective-owned enterprises or ventures. In 1949, the cooperative sector provided 1.5% of total industrial output. The urban collective economy employed a mere 90,000 persons, equivalent to 0.05% of the entire workforce.

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Individual businesses

China implemented a land reform program between October 1947 and 1953, in which 700 million *mu* of land was taken from landlords and richer farmers and redistributed among some 300 million peasants. During the reform period, the area of land owned by the lower and poor classes—which represented 90% of the rural population—shot up from less than 30% to over 90%.⁸⁵ The three forms of land ownership were abolished, peasants were granted their own plots of farmland. Tax exemption was provided for up to 35 billion kg of grain, which boosted farmers' incentives and revitalized the rural economy. This reform was considered the largest ever in Chinese history.⁸⁶

In 1949, the individual sector produced 23% of gross industrial output, and 57.7% of the state's agricultural revenues. 83.5% of the workforce was engaged in rural individual production.

Private capitalist enterprises

Most private sector enterprises and businesses were owned by capitalists. In 1949, the sector accounted for about 48.7% of gross industrial output.

State-owned capitalist enterprises

The state-owned capitalist sector referred to a group of business enterprises and commercial agencies managed by the state and, to a certain extent, subject to static economic planning. The sector only accounted for 0.7% of national income.

The government's portion of the economy generated $\frac{1}{5}$ of national income, $\frac{1}{4}$ of gross industrial output, $\frac{1}{7}$ of retail sales (14.9% in 1950),⁸⁷ $\frac{1}{3}$ of fiscal revenue, and employed $\frac{1}{13}$ of the nation's labor force. Individual and private capitalist economies constituted a large part of the non-governmental sectors. In a word, China's economy at that time was a multi-sectorial complex largely made up of private businesses, with the state sector playing a decisive role.

The state shall coordinate and regulate state-owned economy, co-operative economy, the individual economy of peasants and handicraftsmen, private capitalist economy and state capitalist economy.... In this way all components of the social economy can, under the leadership of the state-owned economy, carry out division and co-ordination of labor and play their respective parts in promoting the development of the social economy as a whole.⁸⁸

During its early nationhood, all the PRC government did was bring bureaucratic investments under state control; it neither restricted the private

sector from engaging in economic activities, nor wiped out the capitalist sector. This basic strategy under the *Common Program* was commensurate with China's circumstances and development needs. Unfortunately, it was too soon replaced by the large-scale socialization and collectivization of production means.

Theoretical Foundation of Chinese Industrialization

After World War II, almost every developing country had a plan to catch up with developed ones; each saw industrialization as a way and means to realize that vision.

Zhang Peigang defined industrialization as a process in which changes of a series of strategic production functions are taking place. Such changes may first appear with a production function of an individual firm (whether it be light or heavy industry), and later on spread over the society with such dominance as to constitute a social production function.⁸⁹ The decision on which should be given priority—light or heavy industry—depends on a country's or region's phase of development and overall conditions. Leaders of developing countries generally regard industrialization of increasing the proportion of manufacturing—especially heavy manufacturing—in the economy. This has led to two inappropriate tendencies: first, an over-allocation of resources for the manufacturing industry, and a consequent inadequate support for rural economic reform development; second, an over-concentration of high-technology development, without undertaking necessary socio-economic structural reforms.

In a densely population rural country like China, the first and foremost challenge in industrialization is the lethal conflict between industrial development and the backward agriculture. Zhang Peigang considers agriculture an important sector of a huge agricultural economy, not only because it has a large proportion in the national income, but also because the huge number of jobs and living resources it provides, as well as its input to the development of other sectors.

Zhang presented three issues that require thorough understanding and attention.

First is the correlation between agricultural and industrial reforms. Industrial development is a necessity, but not a sufficient condition for agricultural reform. Other conditions have to be provided simultaneously, or even in advance, if agricultural reform and improvement are to be effectively carried out. Among

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the others, the most important foundations are laws and regulations on transportation improvements, farm consolidation, and land redistribution.⁹⁰ In fact, a backward rural economy is the biggest factor limiting development during early industrialization; sustained industrial development cannot proceed without agricultural reforms and growth. Celebrated economist W.A. Lewis puts forward that:

In a closed economy, the size of the industrial sector is a function of agricultural productivity. Agriculture has to be capable of producing the surplus food and raw materials consumed in the industrial sector, and it is the affluent state of the farmers that enables them to be a market for industrial products.

Therefore, the emergence of a domestic market for industrial products would require an industrial revolution in the context of a prior or simultaneous agricultural revolution.⁹¹

The second thing to consider is the balance between agriculture and industry. In an ever-changing world, it is impossible to conceive any balance between agriculture and industry when one of these sectors is almost completely unknown.⁹² During the long course of a typical industrialization process, the proportion of agriculture in economy and employment decreases as that of the industrial and service sectors increase. In developing countries, the growth of heavy industry tends to outpace other sectors, while agricultural development show slow progress or even stagnation. Food production grows faster than the population, and agricultural output becomes a bottleneck to industrial development. Population numbers and labor mobility rates remain low, the signs of these low rates are a large rural population and a high concentration of labor force in agricultural fields. Without agricultural support, a rapidly expanding industrial sector alone cannot induce the transformation from an agricultural to industrial economy.⁹³

Third are the economic relationships between countries which are primarily agricultural and those which are essentially industrial. Zhang Peigang believes that the interdependence between the economic activities performed by an agricultural country and those by an industrial country is no less close and profound than the interdependence of economic activities between agriculture and industry within a country. He also mentioned that the long-term effects of industrialization are beneficial for both the industrializing countries and those already industrialized.⁹⁴ If an agricultural country wants to realize industrialization, it must open itself to the outside world, utilize international resources, adopt and assimilate foreign technology and capital, exploit its comparative advantages, and participate in international competition. Post-

World War II Japan and the Four Asian Tigers are successful examples of industrialization; these countries narrowed their gap with developed countries within a short period.

Zhang Peigang classified industrialization into three types: (1) individual-or-private-initiated, also described as the “evolutionary” type; (2) government-initiated, also described as the “revolutionary” type; and (3) jointly-initiated. The U.K., France, and the U.S. may be grouped into the first type, Soviet Russia into the second, and Germany and Japan into the third. Zhang Peigang observed that the countries in which industrialization started the latest are, in general, those in which the speed is the greatest. He found it obvious that the speed is greater in the case where government takes the initiative in industrial development. Furthermore, countries starting with, or emphasizing, the capital-goods production obtain a greater speed in the economic transformation. Open economies grow faster than closed economies.⁹⁵

An evolutionary industrialization has the following features:

- Initiated by individuals and private enterprises aiming at enhancing productivity;
- Speed of industrialization, evolution of industries, commodity diversity, technology allocation, and availability of other industrialization elements are largely controlled by market forces;
- Progressive, harmonious, and free from conflicts of interest;
- Entrepreneurship and innovation in production technology act as main drivers;
- Usually starts with the consumer goods sector and gradually spreads to the heavy industry; and
- Addresses both domestic and international market demand.

Since the 1950s, China has been following the Soviet model and pursuing a government-initiated revolutionary industrialization in which private participation was discouraged. From the 1980s onwards, China began to deviate from the Soviet path by studying the experiences of Japan and the Four Asian Tigers. The government, for the first time, permitted and encouraged participation from private sectors and foreign investors. China's industrialization was transformed from the government-initiated to the jointly-initiated type; at the same time, China added its own elements to foreign models. This explains its unprecedented speed of economic development and industrialization.

Zhang's theories not only deviated from the Soviet Union's *Handbook of Politics and Economics*, but also from those of Mao Zedong and Liu Shaoqi.

After World War II, agriculture became a weak economic performer and a

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weak link in the overall development strategy of developing countries. This is due to a combination of historical, social, technological, and environmental reasons, as well as mistakes in economic strategy. A number of phenomena arose: excess labor failed to get employment in other sectors, conflicts over land intensified, agricultural technology remained rudimentary and output stayed low, poverty was common amongst farmers. These factors in turn hindered the progress of industrialization.⁹⁶ The essential task of understanding and addressing the relationship between industry and agriculture became an inevitable task for the leadership. In his speech, *On the Ten Major Relationships* (1956), Mao Zedong listed this as China's foremost mission. Since then, Chinese leaders have invested immense efforts into the issue.

Most developing countries had a common goal: to catch up with the more advanced countries. Two models of industrialization were formed during their pursuit. One was the prevailing Soviet model which gave priority to heavy industry; the other was the Japanese and Asian models that gave priority to light industry and an export-oriented economy. China and the Soviet Union faced different conditions compared to the West. They were relatively similar to Japan and South Korea, with scarce per capita resources, particularly agriculture.

After World War II, almost every underdeveloped country turned to industrialization as a strategy for economic catching-up. Two prevalent theories were subsequently transformed into two models of industrialization. A suitable choice saves costs, while a wrong choice causes high costs.

In the 1950s, China suffered international isolation and trade blockades by Western countries; this kept the leadership from understanding and comparing different economic development models. Between the two opposing ideals, China decided to follow the Soviet example. China's unique political-economic environment was a result of international pressure, as well as its own insistence on political independence and sovereignty, lack of socio-economic requisites for industrialization, and the absence of experience of capitalism. Scholars who returned from overseas—including Zhang Peigang—put forward theories on agro-industrialization, but their advice was completely ignored. Nor were their thoughts shared by the mainstream.

From 1820 to 1952, the economies of the West saw unprecedented progress in terms of economic development: global output grew 8-fold, and per capita income 2.6-fold. Income per head rose 8-fold in the U.S., 4-fold in Europe, and 3-fold in Japan.⁹⁷ On the contrary, the Asian economy—with the only exception being Japan—saw very limited growth. China's per capita real output even dropped. Its share in world GDP fell from $\frac{1}{3}$ to $\frac{1}{20}$, while per capita real

income to $1/4$ of the world's average, making it one of the poorest countries.

Industrialization started in China later than in other parts of the world. The process started in 1950 under extremely unfavorable conditions: the country was not socially or otherwise prepared yet, and output per capita was only 20–25% of that achieved in developed countries. Nevertheless, the government initiated a forced march towards industrialization and modern economic development.

Even in the most optimistic scenario, the backward economy cannot be repaired in a short time. China needed a century, perhaps even longer, to catch up with developed countries.⁹⁸ The process of modernization is bound to be a long journey from qualitative to quantitative changes.

Maurice Meisner, an American historian of 20th century China, concluded that in 1949 the Chinese Communists inherited a war-ravaged economy far less developed than the Russian economy at the time of the October Revolution.⁹⁹ It was such extremely backward and impoverished conditions—the most decisive historical factor—and the solutions to these conditions that determined the nature of Chinese social development since 1949.

When the PRC was founded in 1949, it marked the re-unification of China.

It was committed for the first time to the overall modernization of the nation's polity, economy, and society. The history of succeeding decades is...the most massive experiment in social engineering the world has ever witnessed.¹⁰⁰

China's economy had a tortuous history of industrialization and modernization. The PRC's history can roughly be divided into four periods: (1) The Early Years (1949–56), a period of economic recovery and transformation from new-democracy to Socialism. The first Five Year Plan was launched during this period. China started pursuing the Soviet model by introducing a centrally planned economy. This was China's first golden age of economic development. (2) the Build-up of Socialism (1957–66), a period that witnessed the Great Leap Forward and the Great Crisis, followed by the Great Readjustments. This period saw the worst record of economic development in contemporary China. (3) The Cultural Revolution (1966–78), a decade of spiraling chaos and political upheaval. After the lunacy had died down in 1976, China fell into political hesitation for three years. (4) Reform and Opening-up (1978–present), a period of tremendous social changes, rapid economic growth, cultural reconstruction, and complete political stability. Because of such stability, this period was called the second golden age of economic development.

Notes

Chapter 1

1. Song Jian, "Disseminating Science and Technology to the General People," *Science and Technology Daily*, February 3, 1990.
2. See Arnold Toynbee, *A Study of History* (Oxford University 1934–1961), 12 vols. Arnold Toynbee viewed the entire history of China—from the Shang Dynasty in the second millennium BC to the end of the Qing Dynasty in 1911—as the unbroken history of a single civilization.
3. Mao Zedong, "On Practice," in *Selected Works of Mao Zedong* (Beijing: Foreign Language Press, 1965), 1:299.
4. North, 2004.
5. See North, 2004. "In 1990 I was one of four Americans invited by the Soviet Academy of Scientists to go to Moscow to advise the Soviet Union on its economy. The first American said, all you have to do is privatize and all will be well. The second American said, all you have to do is eliminate government, and all will be well. The third American said, all you have to do is have the computer and all will be well. I was the fourth American and I said, don't pay attention to the first three speakers; the problems are much more complicated."
6. Schumpeter, 1991, 29.
7. Roderick MacFarquhar and John K. Fairbank, preface to *The Cambridge History of China: The People's Republic, Part II: The Emergence of Revolutionary China, 1949–1965* (Cambridge University Press, 1991).
8. Central Marx-Engels-Lenin-Stalin Compilation and Translation Bureau, 1972, 4:697.
9. See note 4.
10. "Report to the Second Plenary Session of the Seventh Central Committee of the Communist Party of China (March 5, 1949)," in Mao, 1991, 4:1430.
11. "Communist Party of China in the Revolution (December 1939)," in Mao, 1991, 2:626.
12. Huang, 1999.
13. Zhang, 1969.
14. Ibid.
15. Zhang, 1984, 127, 151.

16. Zhang Zhidong, "On Learning".
17. Zhao Ziyang, "Advancing along the Road of Chinese Socialism: Report to the 13th National Congress of the Communist Party of China," in *Compilation of Important Documents since the 13th CPC Central Committee*, ed. Archival Research Center of the Communist Party of China (Beijing: People's Publishing House, 1991), 10.
18. Ibid.
19. World Bank, *World Development Indicators 2007* (Paris: World Bank Publications, 2007), 14–16. Countries with a population of more than 100 million in 2005 include Bangladesh (142 million), Brazil (186 million), China (1305 million), India (1095 million), Indonesia (221 million), Japan (128 million), Nigeria (132 million), Pakistan (156 million), Russia (143 million), the United States (296 million).
20. "Excerpts from Speeches Given in Wuchang, Shenzhen, Zhuhai and Shanghai," in Deng, 1993–94, 3:373.
21. Mao Zedong, "On New Democracy," in *Collected Writings of Chairman Mao: On Policy, Practice and Contradiction*, ed. (EL Paso Norte Press, 1967), 107.
22. Ibid., 109, 125
23. Mao Zedong, *Report to the Second Plenary Session of the Seventh Central Committee of the Communist Party of China* (Foreign Languages Press, 1973).
24. "National Industrialization and the Enhancement of Living Standards," in Liu, 1981–1985, 2:1.
25. See note 23.
26. Maurice Meisner, *Mao's China and After: A History of the People's Republic*, 3rd edition (New York: The Free Press, 1999), 58.
27. Bo, 1991–1993, 1:469–471.
28. Angus Maddison, "World Population, GDP and Per Capita GDP: 1-2008 AD", http://www.ggdc.net/MADDISON/Historical_Statistics/horizontal-file_02-2010.xls.
29. "On Ten Major Relations," in Editorial Committee on Party Literature of the CPC, 1986, 5:287–288.
30. Ibid.
31. "Opening Speech on the 8th National Congress of CPC (September 15, 1956)," in Liu, 1981–1985, 2:228–229.
32. Liu Shaoqi, "The Political Report of the Central Committee of the Communist Party of China to the Eighth National Congress of the Party," in *Eighth National Congress of the Communist Party of China* (Beijing: Foreign Languages Press, 1956), 1:98–102.
33. "Speeches at the Enlarged Working Conference of the CPC Central Committee (30 January 1962)," in Mao, 1999, 8:301–302.

34. Chen Yun, "Speech at the National Conference of Party Delegates (23 September 1985)"
35. "Developing a Socialist Agriculture under China's Conditions," in Zhan, 1991, 453–55.
36. "An Objective Rule in Socialist Re-production: Scale of Construction Must Adapt to the National Strength," in Zhan, 1991, 480.
37. "Scale of Construction Must Adapt to the National Strength (January 18, 1957)," in Chen, 1995, 3:48–57.
38. "Building China as a Socialist Industrial Power (September 23, 1954)," in Central Marx-Engels-Lenin-Stalin Compilation and Translation Bureau, 1984, 2:142.
39. See note 35.
40. "Forest Planting is a Project of Vital and Lasting Importance (February 23, 1966)," in Central Marx-Engels-Lenin-Stalin Compilation and Translation Bureau, 1984, 2:447.
41. "Speech at the Yellow River Forum (December 18, 1964)," in Central Marx-Engels-Lenin-Stalin Compilation and Translation Bureau, 1984, 2:434.
42. North, 2004.
43. See note 33.
44. "On the Outline of Feuerbach's Theory," in Central Marx-Engels-Lenin-Stalin Compilation and Translation Bureau, 1972, Vol. 3.
45. "Where Do Correct Ideas Come From? (May, 1963)," in Mao, 1999, 8:321.

Chapter 2

1. Perkins, et al., 1998, 19.
2. Paul A. Samuelson, "Illogic of Neo-Marxian Doctrine of Unequal Exchange," in D. A. Belsey, E. J. Kane, P. A. Samuelson, and R. M. Solow, eds., *Inflation, Trade and Taxes, Essays in Honor of Alice Bourneuff* (Columbus: Ohio State University Press, 1976), 107.
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Chapter 3

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4

Chapter

China's Early Nation-Building Efforts

THE GREAT LEAP FORWARD

The Industrial Revolution was an epoch that saw rapid economic growth, profound changes in industrial production, and an increasing share of the industrial sector in economic output. China saw short-lasting signs of the effects of the Industrial Revolution before 1949, but it was not until the Communist government took over that the country entered its period of great industrialization. The Chinese industrial revolution lasted for only half a century; but its start-up scope, pace, and the depth of the changes it brought forth outstripped the effects of the Industrial Revolutions in the United Kingdom (1750–1850, 100 years), the United States (1820–1870, 50 years), Japan (1870–1920, 50 years), and the Soviet Union (1926–1940, 14 years).

This chapter addresses a number of questions: What were Mao Zedong's plans and strategies for New China? What was his concept of a New-Democratic society? Why was the development model in *The Common Program of the Chinese People's Political Consultative Conference* considered innovative and the best choice for China? Why did Mao change his mind shortly after 1949, and propose the "general line" for Socialist transformation characterized as the "One Industrialization and Three Transformations"?¹ What consensus and differences existed among the party leaders, in particular Mao Zedong and Liu Shaoqi? What determined their decisions on industrialization and development strategies? What goals were sought by China's industrialization? Why did China choose to imitate the Soviet system of a planned economy? How did the Chinese economic system come into being? What capabilities and shortcomings existed within the system? What differentiated the Chinese and Soviet models? How to evaluate the quality of China's economic and social growth from 1949 to 1956? Why is this seven-year period known as the first golden age of the Chinese economy? What was behind the tremendous success? What part did Mao play in creating the success? Why was the golden age so short-lived? What got China into the catastrophes of the Anti-Rightist Movement and Great Leap Forward?

The Chinese society took from 1949 to 1956 to complete its transition from New Democracy to Socialism. Deng Xiaoping commended the period as one of globally acknowledged achievements:

Our achievements over the first seven years since the founding of the People's Republic of China have been widely recognized. Our Socialist transformation has been incredibly successful.²

Bo Yibo, one of the most senior politicians and military leaders in China during the 1980s and 1990s, also considered it one of the best times during the early years of nationhood.³ The author sees it as the first golden age of development.

Three Fundamental Choices Faced by Chinese Leaders during Early Nationhood

China's early leaders were confronted with limitations and choices which can be seen from three aspects. Their decision-making process was filled with ongoing struggles between subjective dispositions and objective conditions, and between theories and experiences. Population, economic, and developmental limitations to China's goals and strategies shaped the nation's initial plan of industrialization and the continual modifications. These efforts were devoted to exploring a tailored path to Socialist modernization that would free the nation from poverty and draw it toward developed countries.

Economic strategy

Following World War II, catching-up with developed countries became the top priority for China since the nation was a latecomer to modernization. Like other parts of the developing world, China launched a leapfrogging growth strategy. The country's industrialization model had many features:

- Driver of the process: state-driven rather than pushed on by private enterprise;
- Coverage: based in cities and towns while rural communes were isolated;
- Focus: industrial-led, in particular by heavy industry, as opposed to agricultural-led or a balanced distribution;
- Trade relations: self-sufficient and domestically-oriented. Import substitution and protectionism were practiced.

This was China's first step in catching up with the developed world. Despite large inflows of Soviet investment and technology, China basically rejected the worldwide sweep of export-oriented industrialization and open economies.

Economic system

The Chinese economic system was formed through a process of continual changes that involved choices, decisions, adjustments, reforms, and innovations. China neither adopted the government-induced, private sector-driven Western system, nor that of other developing countries, but rather established one that was centrally enforced and thoroughly controlled through political mobilization. China initially

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followed the *Common Program*, which promoted economic diversity and private-sector growth. The doctrines of the *Common Program* were later abolished under one of the “One Industrialization and Three Transformations” initiatives: collectivization. Private economic activities in rural areas, whether at individual or household levels, became prohibited. Urban economies were collectivized and taken into government ownership; private and individual economic sectors were blocked under the newly-established economic foundation supporting the Socialist public-owned system. Later on, the Communist Party decided to adopt the Soviet system of central economic planning. The Chinese version of the Soviet model, designed and executed by Zhou Enlai and Chen Yun, secretaries of the Central Secretariat, effectively weathered the economic crisis. At the same time, Chen and Zhou began the First Five-Year Plan, the success of which exceeded public expectations, and substantially increased China’s share in the world’s economic output.

Social reform efforts throughout this period of Chinese nationhood have centered on the economic system. Every decision and change during this first round of economic transformations determined the nature of Socialism and made a tremendous contribution to economic development. In the mid-1950s, Mao attempted to break up the Socialist centrally planned economy by means of extensive administrative decentralization, but failed.

Foreign policies

As a populous nation, China’s international relations — especially with big powers like the Soviet Union and the United States — had a direct impact on socioeconomic development and trends. Similarly, such changes could affect global political and economic conditions.

As one of the globe’s poorest yet largest agricultural regions, China lacked the capital, technology, labor, and export market to initiate and sustain industrialization. This urgently signaled a need to optimize the usage of foreign resources and markets, and import the necessary resources, technology, equipment, and products from developed countries. The market’s opening-up was a source and catalyst of economic growth; unfortunately, China at that time could offer neither the conditions of an open market economy, nor of a favorable and peaceful international environment.

Following World War II, the two leading world superpowers entered the Cold War. In 1946, former British Prime Minister Winston Churchill delivered his historic “Iron Curtain” speech, calling for an Anglo-American alliance against the Soviet Communist threat. A year later, the United States outlined the Marshall Plan

and the Truman Doctrine which signified the start of the Cold War era.⁴ China was forced to make a choice between the Soviet and American blocs.

China joined the Socialist bloc headed by the Soviet Union following the Communist takeover of its government in 1949; this was part of its diplomatic tactic known as the “leaning-to-one-side” policy. The Soviet Union became China’s source of capital and technological resources. At about the same time, Mao was getting ready to establish trade relations with Poland, Czechoslovakia, Germany, the U.K., Japan, and the United States.⁵

Shortly after Kim Il-sung’s proclamation of the Democratic People’s Republic of Korea and the withdrawal of Soviet and U.S. troops in 1948, the Korean War broke out. China had no choice but to firmly stand with North Korea.⁶ China justified its involvement in the war on the basis of national security: The American occupation of the Korean Peninsula and its military advance towards the Yalu River were perceived as interruptions to China’s internal reconstruction into a Communist country, and a threat to peace in the Asian region. The *Joint Declaration of Democratic Parties in China* reflected the reasoning behind Mao’s decision:

Chinese national security has been closely tied in with the survival of the Democratic People’s Republic of Korea. If the lips are gone, the teeth will be cold; if the doors are broken into, the residents of the house will be in danger. The resistance against American aggression to defend North Korea is not only a moral imperative, but a national security necessity to safeguard our people’s interests.

The war ended and the parties agreed to a truce that reinstated the 38th Parallel as the dividing boundary. The U.S.-led Western capitalist coalition imposed an embargo and blockade to block foreign investment and sources of technological support for China; this created a major obstacle on China’s progress towards its opening up. Reluctantly, China went into seclusion in a self-sufficient, import substitution economy.

China shared the development and institutional features of developing countries, which explains, to a considerable extent, its choice of economic strategy, system, and foreign policies. These features, to quote Russian-born American Jewish economic historian Alexander Gerschenkron, vary in a number of important aspects. Those variations can be readily compressed into six propositions:

(1) The more backward a country’s economy, the more likely that its industrialization will start discontinuously as a sudden great spurt proceeding at a

relatively high rate of manufacturing growth.

(2) The more backward a country's economy, the more pronounced the stress in its industrialization on bigness of both plant and enterprise.

(3) The more backward a country's economy, the greater the stress upon producers' goods against consumers' goods.

(4) The more backward a country's economy, the heavier the pressure upon the levels of consumption of the population.

(5) The more backward a country's economy, the greater the part played by special institutional factors designed to increase supply of capital to the nascent industries and, in addition, to provide them with less decentralized and better informed entrepreneurial guidance; the more backward the country, the more pronounced the coerciveness and comprehensiveness of those factors.

(6) The more backward a country, the less likely its agriculture will play any active role by offering to the growing industries the advantages of an expanding industrial market based in turn on the rising productivity of agricultural labor.⁷

Every decision of the country's leaders on economic strategy, system, and foreign relations was not a matter of personal choice, but a response to external challenges and constraints that arose from domestic socioeconomic factors and the level of economic development, and the international environment. Every first decision established a path dependence and a path lock-in almost impossible to break — unless there is a great crisis, a radical reform, or a dramatic change in the international arena. These changes bridged the contrasting regimes of Mao Zedong and Deng Xiaoping.

China's first Golden Age lasted from 1949 to 1956. The Communists' success in modernizing and industrializing the country created miracles of economic recovery and industrial development in this nation of about a quarter of the world's population. But the golden days did not last long. After 1957, a radical change in political approach caused a series of national economic crises.

Mao's China: What was the Plan and What Actually Happened?

Pre-communist China was in a serious economic crisis: prices sky-rocketed across the country, cities and towns were in ruins, and the common people were reduced to living in wretchedness.

The period from the PRC's founding in 1949 to 1956 marked China's

transition from New Democracy to Socialism. By 1956, China brought most of the means of production under Socialist ownership.⁸ Within these seven years, China substantially recovered from the economic setback and began its economic reconstruction in planned and progressive stages. The people saw rural land reforms, collective farming campaigns, large-scale nationalization in urban areas, and the emergence of a Socialist political and economic system.

The founding of a republic remained the most pressing task facing leaders of pre-1949 China, who had an eye to building a democratic, peaceful, unified, and prosperous China. Liu Shaoqi regarded economic construction as the biggest task in the Communist Party's nation-building efforts:

Economic construction will remain an ongoing task as long as there is no World War III. Our task is to continue developing China's economy and industrialization, if there is no outbreak of war in the next two or three decades.⁹

The Communist Party had a different goal from China's past imperial and republican regimes. They aimed at establishing a New-Democratic society rather than a traditional imperial monarchy. In 1940, Mao affirmed politics, economy, and culture as pillars of the New Democracy; his determination laid the foundation for China's theories on nation-building. The first Chinese People's Political Consultative Conference (CPPCC) in September 1949 approved the *Common Program*, which served as the de facto Constitution for the next five years, before the *Constitution of the People's Republic of China* was adopted. The *Common Program* declared the PRC a New-Democratic or a People's Democratic state.

Liu Shaoqi proposed a strategy to strengthen the New-Democratic structure of the just-established state. He advocated a mixed economy, and cautioned against a rush to build Socialism. However, not long after this, Mao came up with a different idea of a New-Democratic economic structure: he put forward the general line for Socialist transformation known as the "One Industrialization and Three Transformations." He actually adopted the Soviet way of Socialist and heavy industry-oriented industrialization. The first *Constitution of the People's Republic of China*, promulgated at the 1st National People's Congress (NPC) in 1954, declared China's commitment to building a Socialist society:

This Constitution...reflects the basic needs of the state in the period of transition, as well as the common desire of the broad masses of the people to build a Socialist society.... The People's Republic of China, by relying

on the organs of the state and the social forces, and through Socialist industrialization and Socialist transformation, ensures the gradual abolition of systems of exploitation and the building of a Socialist society.¹⁰

The Maoist nation-building model: New Democracy

Mao devised a plan to build and realize New Democracy. He put forward three doctrines in his 1940 essay *On New Democracy*:

- (1) New-Democratic politics consists of a state system of joint dictatorship of all the revolutionary classes, a government system based on democratic centralism, and a republic of New Democracy.
- (2) A New-Democratic economy is made up of three sectors: large state-owned banks, factories, and enterprises. Although these state establishments should “play a Socialist and leading role in the whole national economy,” the government ought to “neither confiscate capitalist private property in general nor forbid the development of such capitalist production as [it] does not ‘dominate the people’s livelihood.’” Necessary steps should be taken to reallocate land from landlords to small or landless peasants, so as to achieve Sun Yat-sen’s land-to-tillers proposal, and shift the ownership of land from landlords to peasant farmers.¹¹ The economy should advocate for regulation of private capital and equalization of landholdings. Minority social classes of capitalists and landlords must never be allowed to “dominate the people’s livelihood.” China should never adopt European-American capitalism, or allow semi-feudal social structures to prevail.
- (3) New-Democratic culture is an anti-imperialist and anti-feudal culture of the mass proletariat.¹²

Mao’s vision of nation-building was a mixture of capitalist and Socialist economic systems. His ideas showed influences from Sun Yet-sen’s democratic values as embodied in the *Manifesto* of the first KMT National Congress:

Enterprises, whether Chinese or foreign-owned, and whether monopolistic or too big for private effort — such as banks, railways and air transport — shall be operated and maintained by the state. An important objective of private capital regulation is to keep private participation from dominating the sources of our people’s livelihood — this was solemnly announced in the

Manifesto of the first KMT National Congress during its first United Front.

In his political report to the 7th CPC National Congress, Mao reiterated his plan for building a New-Democratic society, and put forward a three-sector economy model:

The organizational principle of the New-Democratic state should be democratic centralism, with the people's congresses determining the major policies and electing the governments at the various levels.... This is the only system that can...guarantee centralized administration with the governments at each level exercising centralized management of all the affairs entrusted to them by the people's congresses at the corresponding level and safeguarding whatever is essential to the democratic life of the people.... Throughout the stage of New Democracy, China cannot possibly have a one-class dictatorship and one-party government and therefore should not attempt it.

...Freely develop such private capitalist economy as will benefit and not dominate the livelihood of the people...to protect all appropriate forms of private property.... China's national economy at the present stage should be composed of the state sector the private sector and the co-operative sector.... The state must...be a New-Democratic state "shared by all the common people" under the leadership of the proletariat.¹³

He outlined a political system that "truly meets the demands of the overwhelming majority of the Chinese population":

The Chinese system for the present stage is being shaped by the present stage of Chinese history, and for a long time to come there will exist a special form of state and political power, a form that is distinguished from the Soviet system but is perfectly necessary and reasonable for us, namely, the New-Democratic form of state and political power based on the alliance of the democratic classes.¹⁴

Mao particularly commented on the benefits of a spatially extensive capitalist economy. He agreed with Sun Yat-sen's idea of developing capitalism, to the extent that its influences do not control people's livelihoods.¹⁵

And he concluded:

THE GREAT LEAP FORWARD

The Chinese revolution cannot avoid taking the two steps, first of New Democracy and then of Socialism. Moreover, the first step will need quite a long time and cannot be accomplished overnight. We are not utopians and cannot divorce ourselves from the actual conditions confronting us.¹⁶

Amid the politically weak period of the Communist Party, Mao put forward an original and comprehensive political, cultural, social, and economic set of nation-building programs. Mao's nation-building principles featured a coalition government formed by cross-party cooperation, a Political Consultative Conference, and a National People's Congress.¹⁷

In October 1947, Mao outlined eight basic missions in the *Manifesto of the Chinese People's Liberation Army*, among which the third stipulates to:

Abolish the Chiang Kai-shek dictatorship, carry out the system of people's democracy and guarantee freedom of speech, of the press, of assembly and of association for the people.¹⁸

In December 1947, Mao further explained the three-sector economy model in his essay *The Present Situation and Our Tasks*:

The property and lawful business of industrialists and merchants shall be protected from encroachment.... The economic structure of New China will consist of: (1) the state-owned economy, which is the leading sector; (2) the agricultural economy, developing step by step from individual to collective; and (3) the economy of small independent craftsmen and traders and the economy of small and middle private capital. These constitute the whole of the New-Democratic national economy. The principles guiding the New-Democratic national economy must closely conform to the general objective of developing production, promoting economic prosperity, giving consideration to both public and private interests and benefiting both labor and capital sectors. Any principle, policy or measure that deviates from this general objective is wrong.¹⁹

The concept was written into the *Common Program* as the fundamental economic strategy. Mao set goals to revive and promote agricultural production, and to transform the nation from an agricultural to an industrial one.²⁰ He saw industrialization as a precondition for the transition to Socialism; the latter could not be accomplished before or simultaneously with the former.

Mao later announced a shift of strategic focus from violent revolution to peaceful reconstruction. The Chinese Communist Party (CPC) made an urgent priority of a change of focus from rural to urban areas, and adopted a long-term vision for a revolutionary transition from New Democracy to Socialism.²¹

Mao also put forward a theory for a five-sector economy. The sectors were labeled as state-owned, cooperatives, agricultural and handicraft, private capitalist, and state capitalist; their coexistence constituted the economic structure of a New-Democratic society. The *Common Program* stated that economic policies should “give due consideration to both public and private interests, benefit both labor and capital, practice mutual aid between cities and villages, and allow the interflow of commodities between home and abroad,” in such a way that all sectors of the social economy would, under the leadership of the state-owned economy, play their proper parts in promoting the development of the social economy as a whole. The Communist government implemented strategies for utilization, regulation, and conversion of bourgeoisie capital. Domestic capital investment and foreign trade were brought under state control. Mao commented at the 7th CPC Central Committee:

Scattered, individual agriculture and handicrafts, which make up 90% of the total value of output of the national economy, can and must be led prudently, step by step and yet actively to develop towards modernization and collectivization.²²

The theory possibly took inspiration from Lenin’s understanding of the Soviet economy in the 1920s, during its transition from capitalism to Socialism. Lenin identified five socioeconomic structures, namely patriarchal peasant farming, peasant small-scale commodity production, private capitalism, state capitalism, and Socialism. Mao’s New-Democratic economic measures showed remarkable similarities to Lenin’s New Economic Policy (NEP). Having said that, Mao had no intention of immediately introducing Socialism in early communist China — this differentiated him from Lenin. Mao reasoned that China’s various limiting factors could take the society two to three decades to complete the transition.²³ He repeatedly asserted that the structural shift in China’s economy from agriculture to industry would take 15 to 20 years.

Pre-1949 leaders planned to open up to investment on a mutually beneficial basis. After the PRC’s founding, the Party developed a foreign investment policy to put into effect discriminatory treatment for foreign enterprises and

investments. According to the documents of the Second Plenary Session of the 7th CPC Central Committee, foreign business in China should be treated differently on the basis of their country of origin, structure, and economic sector. Under the policy, business and investments of capitalist origin, whether government or privately owned, had no legal standing. Those perceived to threaten people's economic welfare and Chinese sovereignty — such as financial institutions and inland navigation businesses — were brought to immediate termination. Foreign-owned banks and public utilities, although exempt from immediate termination, were required to submit statements of capital, accounts, and operations for investigation.²⁴

Mao's five-sector economic model and policy objectives formed the basis of the content of the *Common Program*.²⁵ His nation-building ideas answered issues faced by this populous, yet economically underdeveloped country in its first steps towards industrialization and modernization. The New-Democracy concept allowed the coexistence and mutual development of various sectors in a government-led economy, and therefore received consensus from both party policy-makers and the non-party fraction.

The *Common Program*: a New-Democratic nation-building program

In September 1948, the Central Committee convened a meeting of the Central Politburo, at which Mao declared New China a state under the People's Democratic Dictatorship led by the proletariat working class, based on a worker-peasant alliance, and joined by bourgeois democrats. He advocated a Party Congress mechanism through which a government leadership would be elected.²⁶ Liu Shaoqi expressed support at the Second Plenary Session of the 7th CPC Central Committee (March 1949):

The People's Representative Conference constitutes the principal system and form of organization for the people's political power, because it is a whole chain of conferences at different levels that will elect corresponding government councils. As a democratic form, it is the main form, and it will be in constant and general use as the link between higher and lower levels and between administrative orders and mass movements.²⁷

A drafting committee for the *Common Program* was appointed in June 1949, with Zhou Enlai as President and Xu Deheng as Vice-President. Among its 22

other members, only 4 belonged to the Communist Party.²⁸ The first draft was completed by the end of the month. After 7 rounds of discussions and revisions, the August 22 draft, entitled *Common Program of New Democracy*, was issued. "New-Democracy," it said, is to be upheld as "the political groundwork for long-term cooperation" and to "dictate the program of the United Front."

The New-Democratic state system...is a People's Democratic Dictatorship led by the proletariat working class, based on a worker-peasant alliance, and that unites the democratic classes and all nationalities living on the territory of the People's Republic of China.

The New-Democratic political system...is a Party Congress of democratic centralism.... The democratic rule is neither a "one-class dictatorship" nor a "one-class dictatorship," but a united government of democratic parties and alliances of common people under New-Democratic principles.²⁹

Over the 11 days from September 3 to 13, Mao made more than 4 rounds of amendments adding up to over 200 changes to the draft.³⁰ The first meeting of the Chinese People's Political Consultative Conference (CPPCC) on September 29 approved the *Common Program*, which was effectively a surrogate constitution. This document was agreed as the first constitutional document of the PRC; it included a preamble and 60 articles organized into 7 chapters, laying out the CPC's nation-building agenda.³¹

The *Common Program* set out the nation's essential task of developing a New-Democratic economy, and attaining a gradual transition of the Chinese economy from agriculture to industry. Article 26 reiterated Mao's five-sector economic model and core strategies of economic development:

The fundamental policy for the development of economic construction of the PRC is to implement the specific policies of giving due consideration to both public and private interests, benefiting both labor and capital, practicing mutual aid between cities and villages, and allowing the interflow of commodities between home and abroad, with the purpose of developing production and promoting prosperity. The state shall coordinate and regulate the state-owned, cooperative, individual peasant and handicraft, private capitalist, and state capitalist [sectors of the economy] in their sphere of operations, supply of raw materials, marketing, labor conditions, technical equipment, policies of public

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and general finance. In this way all sectors of the social economy can, under the leadership of the state-owned economy, carry out division and coordination of labor and play their proper parts [in promoting the development of the social economy as a whole].³²

Article 3 obligated the state to:

...Protect the economic interests and private property of proletarian workers, peasants, the petty bourgeoisie, and the nationally-based capitalists.

Mao justified the relative priority between the state-owned and nationally-based capitalist sectors by a principle of his own, known as “different by nature, equal in treatment.” As he explained, the Socialist state-owned industry is different by nature and must be differentiated from the private capitalist and collective sectors. However, state-owned enterprises although being the dominant players of the economy, should be treated equally before the *Common Program*.³³ In his speech at the Third Plenary Session of the 7th CPC Central Committee on June 6, 1950, Mao commented:

In line with the principle of making overall plans and taking all factors into consideration, drifting and anarchy in our economic work should be gradually eliminated, existing industry and commerce should be properly readjusted, and relations between the state sector and the private sector and between labor and capital should be effectively and suitably improved; thus under the leadership of the Socialist state sector all sectors of the economy will function satisfactorily with a due division of labor to promote the rehabilitation and development of the whole economy. The view held by certain people that it is possible to eliminate capitalism and realize Socialism at an early date is wrong; it does not tally with our national conditions.³⁴

Article 5 described the democratic rights of the people:

The people of the People’s Republic of China shall have freedom of thought, speech, publication, assembly, association, correspondence, person, domicile, change of domicile, religious belief and freedom of holding processions and demonstrations.

This stipulation was based on the policy objectives in Mao's address to the Seventh National Congress (April 1945), titled *On Coalition Government*:

Revoke all reactionary laws and decrees aimed at suppressing the people's freedom of speech, press, assembly, association, political conviction and religious belief and freedom of the person, and guarantee full civil rights to the people;³⁵

The Party Congress mechanism of democratic centralism is the center of the PRC's political system. Another backbone of the Chinese regime is the CPPCC which, according to Article 13, is the organizational form of the people's democratic united front.

The New-Democratic government of China, as outlined in the Preamble, is a coalition of four major social classes:

The Chinese People's Democratic Dictatorship is the state power of the people's democratic united front composed of the Chinese working class, peasantry, petty bourgeoisie, national bourgeoisie and other patriotic democratic elements, based on the alliance of workers and peasants and led by the working class.

It was obliged to implement a democratic dictatorship of the whole people, and establish a system of multi-party governance via a Political Consultative Conference under CPC rule.

A coalition government

On June 15, 1949, the Preparatory Committee of the CPPCC was formally set up in Beijing, consisting of 134 delegates from 23 parties or groups, to quickly convene a Political Consultative Conference in order to establish a democratic coalition government.

After about three months' preparatory work, the CPPCC held its First Plenary Session from September 21 to 30, 1949, with 662 delegates including representatives from 14 political parties, 9 regional delegations, as well as military and organizational groups, plus 75 specially invited delegates. The Chinese Democratic League, Revolutionary Committee of the Chinese Kuomintang, and the CPC were allotted the same number of seats; this was to show diversity and inclusion at the Conference which was intended to represent the entire Chinese people.

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The CPPCC exercised the functions and powers of the future National People's Congress to decide on all matters regarding the establishment of the state. The first Conference took the following actions:

- It passed the Organic Laws of the CPPCC and of the Central People's Government, and the *Common Program*;
- It fixed the capital at Beijing, and selected the national flag (Five-star Red Flag) and anthem (*March of the Volunteers*);
- It adopted the Gregorian calendar as the PRC's chronological system; and
- It elected the CPG Committee and the National Committee of the CPPCC.³⁶

Mao Zedong was elected Chairman of the Central People's Government. Non-Communist representation in the CPG was substantial: 3 of the 6 Vice-Chairmen (50%)³⁷, and 27 of the 56 members (48%)³⁸ were non-Party. The 4 Vice-Premiers were half Communist and half non-Communist.³⁹ Of the 15 members of the Standing Committee, 9 (60%) were non-Party.⁴⁰

In the actual administration affairs, 34 ministries, committees, commissions, academies, administrations, and banks were incorporated under the Government Administration Council. 14 (41%) of those appointed to ministerial posts were non-Communists. More than one-third of the 500 vice-ministerial and higher ranked officials (including concurrent positions) were non-Party.⁴¹ Rounds of negotiations were held between the CPC and the democratic parties before nominees were offered official appointments. Mao insisted on cooperation and consultation between the Communist and non-Communist parties:

For the sake of cooperation with democratic and other political parties:

- (1) Non-party members shall be given access to public offices and power; this is no empty promise. The Party must ensure that this becomes a reality. Officials of all classes, whether high or petty, shall perform the duties and responsibilities required of the respective position. Just because there is a consensus within the Party does not mean the non-Party fraction can be bypassed. Negotiations shall be held as necessary; approvals shall be sought as required; and procedures shall be followed as prescribed. Where opinions differ between Party and non-Party cadres, neither side should be forced to accept a decision. The Party ought to re-consider its position, and contribute to persuade the others towards a compromise;

- (2) Non-Party cadres, at ministerial and vice-ministerial levels, should be involved in important decision-making as appropriate. This is not simply a formality: it is imperative that consent is truly conscious, so that they may feel a sense of participation in important decisions;
- (3) Certain aspects of important general duties — such as telegrams and correspondence — and instructions and reports passed to and from within the government should be made available to non-Party cadres, so that they are kept abreast of the daily goings-on.
- (4) Non-Party cadres should be consulted on matters of appointment. Candidates nominated by non-Party cadres should receive extra consideration and be admitted to office as far as possible.⁴²

The CPPCC was empowered by the *Common Program* to, “prior to the convocation of the All-China People’s Congress, to be elected through universal suffrage, perform the functions and exercise the powers of the All-China People’s Congress.” As part of its obligations effected by the *Common Program* and the *Organic Law of the Central People’s Government of the People’s Republic of China*, the Conference elected the first CPG in 1949. The government officially began operations on November 1. At the center was the CPG Committee — the highest political organ. Under the CPG Committee were four directly appointed and controlled branches:

- The Government Administrative Council, as the highest organ of state power;
- The Supreme People’s Court, as the highest judicial organ;
- The People’s Procurator-General’s Office, as the highest supervisory organ; and
- The People’s Revolutionary Military Council, as the organ of supreme military command.

The *Organic Law* provided the Chairman with far-reaching powers; there were no limitations to and restrictions on his power until the *1954 Constitution* was ratified.

The Communist government began centralizing authority in 1948.⁴³ This centralization of power started with decision-making control: the Central Politburo passed a resolution in September to “centralize all governmental power, as far as possible and necessary, in the Central Committee and its representative body. Next was the unification of financial and economic institutions: the Ministry of

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Finance and Commerce and the People's Bank of China were founded, also in September, to launch a joint issuance of banknotes. Third, was the centralization of military units and command: In November 1948, the CPC Central Committee and the People's Revolutionary Military Council jointly issued the *Regulations on the Standardization of Army Structure and Designations*.

Mao advocated a combination of a unitary state system and regional autonomy. The *Common Program* described their relationship as follows:

The jurisdiction of the Central People's Government and the local People's Governments shall be defined according to the nature of the various matters involved, and shall be prescribed by decrees of the Central People's Government Council so as to satisfy the requirements of both national unity and local expediency.

Big administrative regions were set up immediately after the founding of the PRC. At the Fourth Meeting of the Central People's Administration Council (December 2, 1949), Mao commented, in response to the suggestion of establishing military administrative councils in the various greater administrative regions:

China is a big country; only if we establish powerful local organs at such a level can things be done well. What ought to be united, must be united; and there should by no means be any separate governance, each doing what he thinks is best. However, there must be integration between [the notion of] unification and [the notion of] discretionary arrangements according to local conditions. Under the regime of the people, the historical conditions of the past, in which regional occupation by the feudalist forces has been generated, have been eliminated. The division of labor between the Center and the localities will be to our advantage and will in no way harm us.⁴⁴

For the early PRC, a unitary state required less institutional set-up compared to that for local governance. For simplicity's sake, an administrative system was established, directly linked to the People's Liberation Army (PLA) hierarchy: Every field army, corps, division, or regiment under the command of the PLA Headquarters corresponds to a big administrative region, province, counties or township under the central government. This structural conversion proved a huge cost- and time-saver. A multi-tier governance system was quickly established throughout the country at all central and regional levels.

In December 1949, the CPG ordered the division of the whole nation into six large administrative regions: North (at first directly under the CPG), Northeast, East, South-Central, Southwest, and Northwest China. These major regional divisions, each in turn subdivided into provinces, were governed by a regional bureau of the CPG, or a military administrative committee.⁴⁵ According to the *Organizational Act of People's Government Committee in Large Administrative Regions* (December 16, 1949), the CPG controlled the appointment and dismissal of regional General Secretaries. These General Secretaries were appointed from commanders of field armies, with the exception of Gao Gang, General Secretary of the Northeast Bureau and former Commander of the Northeast Military Area.

In January 1951, the Government Administrative Council issued the *People's Local Government Act* to provide for the structure, constitution, functions, powers, and institutions of local authorities. Up to that year, there had been 59 directly-controlled provincial-level divisions: 5 large administrative regions, 1 regional ministry (the Ministry of North China Affairs, which was responsible for the five provinces and two cities of the North China region), 29 provinces, and a total of 25 provincial-level autonomous regions, municipalities, administrative regions, districts, and localities.

By September 1951, a four-tier system was put in place, consisting of (1) big administrative regions; (2) provinces, provincial-level municipalities, and cities; (3) over 2,000 counties; and (4) hundreds of thousands of townships. It was then that all levels of authorities — from national to local — began functioning under the *Common Program* as a truly modern government.

After the PRC was proclaimed, the challenge was how to forge various ethnic groups in the populous state into one uniform whole, and how to govern the ethnic minority areas. China's long history of significant ethnic migration gradually formed a population pattern, where each of the many nationalities inhabited a compact area in this multi-ethnic land. The less-populated minority communities have become concentrated almost entirely in the vast border regions; only a small portion lives in inland provinces. These communities have low production levels and poor economic, social, and cultural development levels. Infrastructure there is generally poor. There are almost no modern factories, schools, and medical facilities. People live mainly off traditional farming and cultivating; some still practice a primitive slash-and-burn agriculture. There are also those who are perilously close to extinction.⁴⁶ The non-Chinese (non-Han) peoples accounted for some 30 million or 6% of the 1949 population, but occupied 50%–60% of the total land in the country. Looking at this from another

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perspective, a large share of resources is held by a relatively small proportion of the population.⁴⁷

What system of administration would be capable of maintaining both the unity of the state as a whole, and harmony among the different nationalities in multi-ethnic China? Mao Zedong asserted the need of ethnic regional autonomy:

In the Soviet Union the Russian nationality comprises 50% of the population, and the national minorities are 50%, while in China the Han nationality is 94%, while the national minorities are 6%. So we cannot go in for a union of republics.⁴⁸

Zhou Enlai shared the same view. He reasoned in an address at the First Plenary Session of the CPPCC (September 7, 1949):

Today imperialists again want to split Tibet, Taiwan, and even Xinjiang from us.... Because of this situation our state is named the People's Republic of China, not as a federation.⁴⁹

The *Common Program* asserted the equality of the nationalities:

All nationalities within the boundaries of the People's Republic of China are equal.⁵⁰

Article 51 outlined a system of ethnic regional autonomy:

Regional autonomy shall be exercised in areas where national minorities are concentrated and various kinds of autonomy organizations of the different nationalities shall be set up according to the size of the respective populations and regions.⁵¹

The *Program for the Implementation of Ethnic Regional Autonomy*, issued in 1952, embodied arrangements for the establishment of autonomous areas for national minorities and organs of self-government in these areas, as well as their functions and powers. Self-governments of autonomous areas were placed under the jurisdiction of the higher level of government and the CPG itself. This system of ethnic regional autonomy preserved state integrity which allowed for considerable local initiative. By March 1953, China counted 47 autonomous regions, prefectures, and counties, housing some 10 million of the ethnic minority population.⁵²

The *Law on Regional Ethnic Autonomy*, promulgated at the Second Session of the 6th National People's Congress (May 1984) and later amended in 1954, defines such autonomy as an fundamental political system of the state.⁵³ The *Constitution of the People's Republic of China* adopted in 1954 declared that "the People's Republic of China is a unified, multinational state," and that "national autonomous areas are inalienable parts of the People's Republic of China."⁵⁴

Two autonomous were established by September 1956 — the Inner Mongolia Autonomous Region, founded in May 1947, and the Xinjiang Autonomous Region, founded in 1955, divided into 27 autonomous prefecture and 43 autonomous counties. This ethnic autonomy maintained national unity among people of different nationalities, and in the long run would prevent inter-ethnic conflicts and national secession, at the same time stimulating socioeconomic leapfrogging in ethnic minority communities.

The *Common Program* set out New China's external relations approach:

The principle of the foreign policy of the People's Republic of China is based on the principle of protection of the independence, freedom, integrity of territory, and sovereignty of the country, upholding lasting international peace and friendly cooperation between the peoples of all countries, and opposing the imperialist policy of aggression and war.⁵⁵

Mao shaped China's foreign policy as being defined by the three principles:

- *Yibiandao* — "leaning to one side" — meaning to favor the Soviet Union;
- *Lingqi luzao* — literally "to start up the fire in a new stove" — meaning to re-establish diplomatic relations on a new basis; and
- *Dasao ganjing wuzi zai qingke* — literally "to clean the house first and then entertain guests" — meaning to consolidate the regime internally and then develop foreign relations.

In early April 1949, Zhang Zhizhong headed a Nationalist delegation that went to Beijing for peace talks. In a discussion with Mao, Zhang suggested pursuing balanced policies toward both the Soviet Union and the United States; that is to, while uniting with the Soviet Union, seek accommodation with the United States, and not close off relations with either of the two. "Keep on good terms with both in peace," he said, "Take a neutral and pacifist stance in war." Mao disagreed. In *On the People's Democratic Dictatorship* (June 30, 1949), he defended the pro-Soviet policy of leaning to one side:

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“You lean to one side.” Precisely so. The 40 years’ experience of Sun Yat-sen and the 28 years’ experience of the Communist Party have taught us to believe that in order to win and to consolidate the victory we must lean to one side. The experiences of 40 years and 28 years, respectively, show that, without exception, the Chinese people either lean to the side of imperialism or to the side of Socialism. To sit on the fence is impossible; a third road does not exist.⁵⁶

The principle of “making a fresh start” implied that diplomatic relations established with the Nationalist government were to be null and void, and new relations were to be initiated on a re-defined basis. Zhou Enlai was a main advocator of this approach, which he reasoned would “free China from its semi-colonial status, and build its independent identity in foreign relations — these were what the imperial government has failed to do for the past century.”⁵⁷ The CPG declared in an announcement:

Diplomatic relations would have to be established on the basis of equality, mutual benefits, and mutual respect of territorial sovereignty.... Negotiations should be started with countries that have severed diplomatic relations with Nationalist China, and that take a friendly attitude towards the People’s Republic of China.

By October 1950, diplomatic relations were established with 25 countries.

“The first and foremost task is to expel imperialist influences.” Mao explained the “clean the house first before entertaining guests” policy. “As for imperialist countries who wish to negotiate, we should rather wait and watch.”⁵⁸

Article 3 of the *Common Program* obliges the state to “abolish all the prerogatives of imperialist countries in China.”⁵⁹ From 1842 to 1949, a total of 22 countries — including Great Britain and the United States — had demanded billions of taels of silver as war indemnities through the use of 754 unequal treaties.⁶⁰ These treaties were examined, then recognized, abrogated, revised, or renegotiated according to their respective contents. Over time, the imperialist prerogatives were gradually annihilated. After the Customs Service’s creation on October 25, 1949, the GAC passed the *Provisional Customs Law* in March 1951, requiring the Central Government to rein back the administrative discretionary power once held by the imperialists. Meanwhile, the government also claimed control over the courts, inland navigation, foreign army installations, trade, and

foreign exchange.⁶¹ On October 1, 1949, Mao declared at the official proclamation ceremony:

At the same time, the Central People's Government Council decided to declare to the governments of all other countries that this government is the sole legal government representing all the people of the People's Republic of China. This government is willing to establish diplomatic relations with any foreign government that is willing to observe the principles of equality, mutual benefit, and mutual respect of territorial integrity and sovereignty.⁶²

The Soviet government announced a willingness to establish diplomatic ties the next day. On December 16, Mao Zedong embarked on a visit to the Soviet Union. A two-month negotiation culminated in the *Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance* (January 20, 1950), which comprised a 30-year military alliance. Along with a USD300 million low-interest loan for machinery and equipment purchase, substantial technical assistance from the Soviets was deployed to help industrialize China. Under a secret clause in this treaty, China agreed to send several hundred thousand workers to the Soviet Union. The Soviet Union thus became China's primary source of capital and technology, and the sole authoritative figure as it progressed over the course of industrialization and modernization. The treaty came into effect on April 11, 1950, marking the initiation of the "leaning-to-one-side" strategy.

China's major trading partners in the 1950s were largely capitalist. Two-thirds of exports were directed to capitalist countries. However, when the United States imposed a naval blockade against China in December 1950 and May 1951, and drove the United Nations to hit China with trade sanctions, China was forced to move more trade to the Soviet Union and Eastern Europe.⁶³

Different Theories of Nation-Building by Liu Shaoqi and Mao Zedong

From historical records, it clearly appears that major differences were observed among early Communist Chinese leaders; the critical differences arose in their understanding of China's realities and economic level, opinions regarding its path of industrialization, as well as choice of economic system and development strategies. In the end, Mao's approach won over the majority.

Liu Shaoqi's conservative approach to consolidating the New-Democratic order

On November 25, 1949, Liu was appointed successor of Mao Zedong as Acting Chairman of the CPC Central Committee and the Central People's Government; that was during Mao's three-month visit to the Soviet Union. He also chaired the Politburo while Mao was away.

Liu held that China at that point was immature for building Socialism, and destroying capitalism too early would be "a leftist error."⁶⁴ He explained in three points: First, state-owned and controlled portion of the Chinese economy was small – not more than 10 to 20%. Second, Socialism means bringing into public ownership the general economy. Liu opposed following the Soviet example where it proceeded to the Socialist revolution after the victory of the New Democratic revolution. Third, proper development of capitalist trade would give a push to the national economy.⁶⁵

Liu also mentioned that Communist China could "partner for at least 10 to 15 years" with the bourgeoisie to build the New-Democratic economy. He suggested economic competition as a solution to the conflict between the capitalist and Socialist sectors, and make small agricultural households better-off by giving them more land. Cooperatives are collective economic organizations of the laboring masses; when interconnected with the national economy, they form a trend towards Socialism.

Liu Shaoqi was among the Chinese leaders who disagreed with the Soviet mono-structural system of public ownership, and advocated the existence of private capitalism and multiple economic components in New China's New-Democratic economy. Mao agreed with Liu and wished to raise his idea for discussion at the Second Plenary Session of the 7th CPC Central Committee.⁶⁶ Mao pointed out at the session, "all capitalist elements in the cities and countryside which are not harmful but beneficial to the national economy should be allowed to exist and expand."⁶⁷ It was the consensus of Mao Zedong, Liu Shaoqi, and the leadership of the Party that private capitalism was to be utilized as much as possible for economic benefits.

In a series of talks during an investigation in Tianjin in April and May 1949, Liu insisted on the coexistence of public and private ownership, that is, to actively seek "partnership" and collaboration with private capitalists for mutual benefits.⁶⁸ A certain degree of private capitalism was, according to Liu, beneficial to the economy, to the state, and to the workers that fuel it.⁶⁹ Privately owned industries and businesses, which contribute to the national economy and the people's

livelihoods, should be protected and allowed to expand; while opportunism and monopolistic practices that harm China's economy and its people must be halted. Hot money should be channeled into production. China's lack of production capacity was, as Liu stressed, a result of too many factories. Under the New-Democratic economy, and for the benefit of both capitalists and laborers, the former had to be allowed to exist and thrive for another several decades — this indeed does more good than harm to the working class. Liu noted particularly that being anti-leftist is even rougher a job than being an anti-rightist.⁷⁰

Liu was visionary and forward-thinking. The post-1953 economy proved there were two groups of views in the Party on the private sector and its role in the economy. The leftist wing and radicals, although slightly changing their overall position at different points of time, had always the upper hand; however, their subjective views strayed far from objective reality, and their goals were too ambitious for China's economic climate and backward conditions.

Liu held that the New-Democratic economy, comprised of five sectors, is "transitional in character," and that it will "last much longer in China than in the People's Democracies in eastern and central European countries." When it comes to China's future economic development, he supported neither a tendency to move towards capitalism, nor to "bring in too many Socialist measures too early and without preparation."⁷¹ Liu actually went with the "third road to Socialism": New Democracy.

That position was embraced by the majority of the Party. In April 1950, Chen Yun, in charge of economic planning, put forward the managerial policy of "overall consideration (*tongchou jian'gu*)," establishing the principle of taking into consideration the interests of both the government-dependent and capitalist sectors. He said, "Otherwise, when a capitalist company goes out of business, all those who lose their jobs would blame the Communist Party." Zhou Enlai, then-Premier of the State Council, agreed and asserted that policies to "take into account both public and private interests (*gongsi jian'gu*), bring benefits to both labor and capital (*laozi liangli*), create mutual aid amongst urban and rural communities (*chengxiang huzhu*), and allow the interflow of commodities between home and abroad (*neiwai jiaoliu*)" should never be thrown away.⁷² Accordingly, the government introduced adjustments: (1) In relations between the private and public sectors, production received a boost as private enterprises broadened their businesses and tax rates were lowered; (2) In employment relations, a negotiation system was established for labor-management conflicts; (3) In marketing-production relations, the domestic market was expanded.

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From March to July 1951, Liu Shaoqi laid out a vision to strengthen the New-Democratic system and construct a New-Democratic economy. “The New-Democratic revolution,” he stated, “generally will not destroy private ownership of property, whereas Socialism will abolish private ownership, first in industry and then in agriculture.” His blueprint for the New-Democratic economy consists of six principles: (1) The New-Democratic economy is an economy of a transitional nature, and the transition would last ten to twenty years; (2) Productivity growth and complete industrialization are the primary goals at this stage, and economic construction will remain a core public task as long as there is not another world war; (3) The five sectors of the New-Democratic economy should be valued equally and given equal opportunities to develop; (4) Industrialization efforts should be prioritized in the order of agriculture, light industry and heavy industry, and then a further intensification of agricultural and light industrial production with heavy industrial support; (5) Not to shake down and weaken to the point of negating private ownership, or to bring about Socialism too early. China had a backward industrial structure. Nationalization, if launched before the industrial sector could be ready, would destroy the capitalist private sector and individual initiative in the economy, and hamper the development of production activities. In rural areas, agricultural collectivization would be impossible without the government supplying necessary fertilizers and machinery. Under the circumstances then, the existence of private ownership had its positive effects on labor productivity in both urban and rural settings, and thus could not yet be abolished. (6) Socialism in China must serve the interests of socioeconomic development, as well as the vast majority.⁷³

Liu Shaoqi was considered one of the most practical and moderate theoreticians and leaders of the early PRC. He insisted that prevailing realities and the climate of development in the state be taken into account in crafting economic policies. He was also the first PRC leader to put forward appropriate treatment for privately owned businesses and to ensure private ownership.

Liu was generally on the same side as Mao Zedong. At the Third Plenary Session of the 7th National Party Congress (June 6, 1950), Mao repeatedly stressed his desire to “efficiently and properly improve public-private and labor-management relations, so that, under the leadership of the Socialist state sector, all sectors of the economy would function satisfactorily with a due division of labor to promote the rehabilitation and development of the whole economy.”⁷⁴ Party cadres were ordered to familiarize themselves with and implement Article 26 of the *Common Program*. All state-controlled and capitalist private businesses — all but the monopolistic military sector — although of different importance, should be

given equal treatment in terms of raw material supply, labor relations, marketing, prices, and domestic and external interests.⁷⁵ Throughout the 7th National Party Congress, Mao maintained a mild, tolerant, and progressive approach to the private sector, and his views were generally shared by most leading figures in the Party. The year 1951 saw an annual increase in the number of privately-owned enterprises by 11%, total output by 39%, private commercial operators by 11.9%, and total retail volume of 36.6%.⁷⁶ Mao's policy on the national bourgeoisie was more of a strategic need than a developmental need.⁷⁷ Later, he shifted away from the mild approach, and initiated the tyrannical Socialist transformation of the ownership of the means of production.

Conflicts and tensions had arisen several times between the two, but Liu always backed down and gave in, so that there was no actual confrontation among the Party elite. In 1951, when the Shanxi Provincial Party Committee opted on its own initiative to raise the "agricultural mutual-aid teams" another step and organize agricultural producers' cooperatives (APCs), Liu wrote a document on July 5, condemning this as "a wrong, dangerous, and utopian agrarian Socialist idea."⁷⁸ Upon this, Mao summoned Liu and Bo Yibo to a meeting during which he bitterly criticized Liu, and talked the two around. In June 1953, Mao refuted the "rightist-opportunistic thoughts" of "a firm establishment [of] the New-Democratic social order" proposed by Liu:

"Firmly establish the New-Democratic social order." That's a harmful formulation. In the transition period changes are taking place all the time and Socialist factors are emerging every day. How can this "New-Democratic social order" be "firmly established"? It would be very difficult indeed to "establish" it "firmly"! For instance, private industry and commerce are being transformed, and if an order is "established" in the second half of the year, it will no longer hold "firm" next year. And changes are taking place in mutual aid and co-operation in agriculture from year to year too. The period of transition is full of contradictions and struggles. Our present revolutionary struggle is even more profound than the revolutionary armed struggle of the past. It is a revolution that will bury the capitalist system and all other systems of exploitation once and for all. The idea, "firmly establish the New-Democratic social order", goes against the realities of our struggle and hinders the progress of the Socialist cause.⁷⁹

The differences between the two later brought them into a titanic clash⁸⁰, and finally, after the disastrous Great Leap Forward in the 1960s, into an open political

war, which contrasted the peace in the early 1950s.

Practice is the sole criterion for testing truth. It was difficult to pinpoint who took the right decisions, and who made the mistakes; those believed to be right at that time could just be the wrong ones, and those believed to be wrong could later prove to be correct. The testing of truth takes not only considerable time, but also comes at a huge price.

Two schools of thinking on economic growth and development coexisted in the Chinese Communist elite. The Maoist-Socialist theory and practice, largely influenced by the Moscow Consensus, went even farther leftist than the Soviet Union. On the other hand, the New-Democratic system originated from Mao Zedong and most insisted on by Liu Shaoqi proved over the years to be a more suitable model for China. As the second in command of the Party, Liu failed to insist on and impress his beliefs on the mainstream. It is not known why he gave in, but it is by no means not a great pity in the history of China's economic development.

After 1978, theoretical bases of economic reforms deviated from the radical Socialist programs of Mao Zedong — such as his theory of continuing revolution under proletarian dictatorship — and they returned to the New-Democratic theory. Said theory had first been innovated by and then negated before it became one of the theoretical origins for the preliminary stages of Socialism put forward in the National People's Congresses in 1982, 1987, and 1997. The fundamental ideas and notions of New Democracy were actually inherited from Mao, but shed new light on China's realities and developmental agenda.

Mao Zedong's progressive approach: "One Industrialization and Three Transformations"

The Communist Party seized power by force of arms. Despite having experienced numerous wars, the Communists were completely new to running a country. Some said they could win wars but not rule on horsebacks; others said they scored big in military power, but zero in economic terms. Indeed, the successful and smooth governance of this young regime has prompted curiosity and speculation from both its allies and enemies. So, how was the success achieved?⁸¹

Starting in 1947, an agrarian reform was introduced in Communist dominated "liberated" areas, and this received strong support from the farming community. Farming land was taken from big landlords and given to peasants. When the PRC was proclaimed in 1949, the reform had spread to some 145 million people. The *Common Program* obliged the government to launch the Land-to-Tillers

Program by reducing rents and interests, and redistributing land. Liu Shaoqi was appointed Chairman of the Central Land Reform Commission to promote the program statewide. On June 29, 1950, the Eighth Meeting of the Central People's Government passed the *Law of Land Reform*.⁸² By 1952, 90% of the farming population participated in the reform; more than 300 million landless farmers were not only granted a total of 700 million *mu* and various means of production — without making any payment — but, additionally, exemption from annual rents of 700 billion catties of grain.⁸³ 90% of the state's total farm land belonged to the middle-class and poverty-struck peasants, and 8% to landlords and wealthier farmers. The farming population received not only land, but 2.97 million heads of farm animals, 29.54 million pieces of farm implements, 38.7 million houses, and 10.5 billion catties of grain.⁸⁴ Liu Shaoqi described the reform as the “largest and most far-reaching reform in Chinese history.”⁸⁵ Mao, in his closing address at the Second Meeting of the First Session of the CPPCC National Committee, “was glad and wish[es] to congratulate the hundreds of millions of New China's rural population on winning the opportunity for emancipation and the nation on winning the basic condition for industrialization.”⁸⁶

The reform delivered a major boost to production incentives, leading to a period of rapid recovery and development in agriculture. From 1950 to 1952, the national aggregate grain production grew at an annual average of 12.9%; by 1952, it went beyond the pre-1949 maximum by 18.1%.⁸⁷ In 1953, peasants were earning a net monetary income from farming that was 123.6% that in 1949. Average net money income per capita was growing at a rate of 111.5%. Purchasing power had doubled since 1949. Peasants managed to keep 28.2% of their crops.⁸⁸ The Land-to-Tillers Program enabled landless and near-landless tenant farmers to own the land they tilled as independent laborers. Instead of paying rents to landlords, they paid government taxes in the form of grain.

Yet shortly after that, Mao initiated a large-scale collectivization effort to curb income polarization in the villages, which, despite leading to higher land productivity, made almost no contribution to labor productivity growth. In 1978, a second wave of the agrarian reform was launched to restore and further enhance production incentives among farmers.

Over the same period, efforts targeting inflation and high unemployment rates in cities received positive public recognition. With fiscal balance restored, prices were stabilized, the 12-year long period of inflation was over, and the economy rapidly returned to health after March 1950. From 1949 to 1952, the agricultural and industrial sectors reached historic maximums: total agricultural output rose

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to 48.4%, of which grain output expanded by 44.8%, and cotton by 193.4%. Total industrial output was 23% higher than the highest value achieved in 1936 before the Second Sino-Japanese War. The public transportation system also underwent serious development. The Peking-Hankow and Canton-Hankow Railways were joined up; The Longhai Railway, now a major arterial east-west railway, began operation. New railway lines were laid from Chengdu to Chongqing, and from Tianshui to Lanzhou. The highway network spanned a cumulative total of 130,000 kilometers. Two billion catties of grain were allocated to unemployed workers throughout the state.⁸⁹ Among the 4 million jobless workers, 2.2 million were later re-employed. By 1952, the working population almost doubled that in 1949. Such strong signs of economic recovery did not only set out the preconditions for the First Five-Year Plan, but generated global attention.⁹⁰

John King Fairbank, prominent American academic and historian of China, spoke highly of the Communist government:

The initial phase of public sentiment in the cities after 1949 was one of euphoria, based on growing confidence in the CPC. Here was a conquering army of country boys who were strictly self-disciplined, polite and helpful, at the opposite pole from the looting and raping warlord troops and even the departing Nationalists. Here was a dedicated government that really cleaned things up — not only the drains and streets but also the beggars, prostitutes, and petty criminals, all of whom were rounded up for reconditioning. Here was a new China one could be proud of, that controlled inflation, abolished foreign privileges, stamped out corruption, and brought the citizenry into a multitude of sociable activities to repair public works, spread literacy, control disease.... In similar fashion women were liberated from family domination. The new marriage law made wives equal to husbands. It was a new day for women.⁹¹

Here three examples of key social changes will be described.⁹²

The *Common Program* solemnly declared a goal of toppling the feudal system which fettered women and the program stated that women enjoyed equal rights with men in the political, economic, cultural, and educational fields and in other aspects of social life. To that end, the PRC's first *Marriage Law*, enacted on April 30, 1950, aimed to stop the influences of the patriarchy that existed in the feudal society. It declared marriage to be based on free choice, monogamy, equal rights, and protection of the lawful interests of women and children. Many feudal practices were corrected; the law prohibited arranged and forced marriage, polygamy, concubines,

child betrothal, interference with the remarriage of widows, and exaction of money and gifts as a condition for marriage. In addition to a focus on constitutional protection of gender equality, the law also sought to regulate family and social relations. It was later shown to be directly connected to the increased employment and empowerment of women among the poor, rural-based Chinese people.

In larger cities such as Beijing, Shanghai, Tianjin, Wuhan, and Nanjing, the government made an earnest effort at cracking down on prostitution. More than 8,400 brothels were shut down and their operators arrested. Prostitutes were offered medical care, education, and vocational training. Most built new lives for themselves, got normal jobs, and started families.

For the first few years after 1949, illegal drug production and trade were rampant across the country. Statistics showed that there were an estimated 20 million drug addicts, which was 4.4% of the population. The Government Administrative Council tried for three years to eliminate opium cultivation and trafficking; in February 1950 it promulgated the *Resolution on the Strict Prohibition of Opium*; in February 1951, the *Resolution on the Reiteration of Drug Prohibition*; and in May 1952 the *Resolution on the Strict Prohibition of Opium Smoking*. After over a century of massive opium smoking among the Chinese, by the end of 1952, the cultivation, trafficking, and use of opium were finally completely eradicated in China.⁹³

The Communist regime managed to turn the devastated Chinese economy around within a short period of three years — much shorter than Mao Zedong's expectation of three to five years⁹⁴, or Stalin's eight-year plan (1917–1925) of economic rejuvenation.⁹⁵ Early successes motivated Mao to reach out for bigger and greater things. He began setting forth a plan for China's industrialization, evolving his concept of New Democracy, and urging a quicker, more direct transition to socialism. In 1957, he spoke at the Supreme State Conference:

When the people overthrew the rule of imperialism, feudalism and bureaucrat-capitalism, many were not clear as to which way China should head — towards capitalism or towards Socialism.⁹⁶

While the majority of Communists were in favor of New Democracy, Mao saw that as a capitalist notion. Believing in Socialism, he turned to the Soviet-style economy. In an overall picture, China's economy then was still in a very backward state. Traditional industries of agriculture and crafts were still the dominant players with a 71.8% share, coexisting with a variety of other sectors: the state owned 19.1%, semi-socialist cooperatives made up 1.5%, and state-owned

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capitalist enterprises accounted for 0.7%.⁹⁷

Inspired by Stalin's economic system based on public ownership (by state-owned enterprises) and collective ownership (by collective farms), Mao modified his vision of a multi-sector economy in a New-Democratic environment. During his Soviet visit in 1949, he paid close attention to observing and learning from the Soviet economic advantages to being a late developer. On March 3, 1950, Mao spoke to high-rank cadres in the Northeast Bureau:

As our Soviet comrades said, we will soon see prosperity. The course of development in this first Socialist country has portrayed the best example; we can draw on their experience.⁹⁸

Back in China, social conflicts had also influenced Mao's decisions. Seeing that the government's agrarian innovations had led to growing income disparities in some suburbs, Mao made up his mind to bring about a revolutionary transition to Socialism.

As the Three-Anti and Five-Anti Campaigns kicked off, the class struggle between the working class and the ruling bourgeoisie class came to the surface. The Maoist call in late 1951 for "better troops and simpler administration," "improved productivity and lowered costs," and "actions against corruption, waste, and bureaucratic obstructionism" received 3.86 million supporters from local authorities at the county level or above. More than 105,000 eventually were convicted of embezzlement, of which 9,942 were met with imprisonment, 67 were sentenced to life imprisonment, and 51 were immediately executed or given deferred sentences of execution. The Five-Anti campaign was launched in January 1952 to combat bribery, tax evasion, theft of state property, cheating on government contracts, and stealing state economic information. As an estimated 1 million industrial and clerical workers began joining in the attack, many private businesses suspended operations; 1,059 convicts were then punished, among which 5% were charged with serious crimes.⁹⁹

The Three-Anti Campaign brought to Mao and the CPC Central Committee a new perception of the social conflicts in China. On June 6, 1952, Mao commented on a document drafted by the United Front Work Department on their work with the democratic parties:

With the overthrow of the landlord class and the bureaucrat-capitalist class, the contradiction between the working class and the national bourgeoisie has become the principal contradiction in China; therefore the national

bourgeoisie should no longer be defined as an intermediate class.¹⁰⁰

This implied a change in political style towards private capital from the Second Plenary Session of the 7th NPC, and paved China's official entry into the second stage of its 10-year economic reconstruction program leading from New-Democracy to Socialism. Mao first talked about Socialist transition at a Party central secretariat meeting on September 24, 1952. Mao urged that China should begin a Socialist transition immediately and spend about 10 to 15 years to complete it rather than start it 10 to 15 years later. He believed if China embarked on a First Five-Year plan (1953–1957) to drive collective farming and a 9:1 public-to-private sector ratio, the transition would be completed in 15 years.¹⁰¹ This recommendation was a departure from his previous statements. In 1949, Mao had agreed that China needed two to three decades to complete the transition.¹⁰²

Mao was cautious about his proposal's reception. As China was a new regime, he had to consult the Soviet "Big Brother." For this reason, Liu Shaoqi was sent to the Soviet 19th Party Congress in October 1952, with a letter from Mao, explaining a 15-year program of industrial nationalization and agricultural collectivization. Stalin gave his blessings to China's plan. With this, the CPC became more determined to make the early transition.

With Stalin's death in March 1953, Mao's position became more independent. He established his own vision of Socialist transition, as there no longer existed any leader of the international communist movement to give influential input and opinions.

On June 15, 1953, Mao spoke at the enlarged meeting of the Central Politburo, during which he for the first time delivered an elaborate statement of his general line:

The general line or the general task of the Party for the transition period is basically to accomplish the industrialization of the country and the Socialist transformation of agriculture, handicrafts and capitalist industry and commerce in 10 to 15 years, or a little longer. This general line is a beacon illuminating our work in all fields. Do not depart from this general line, otherwise "Left" or "Right" mistakes will occur.¹⁰³

He refuted the desire among a segment of the party to "firmly establish the new-democratic social order," "move from New Democracy towards Socialism," and "sustain private property."¹⁰⁴ On July 29, he noted that the private sector should be gradually moved away from state-controlled capitalism to Socialism. He called this a "great offensive strategy" to first, transform the model of independent,

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unregulated, free-market-oriented capitalism into one of a non-independent command economy, also known as state-controlled capitalism; and secondly, to switch state capitalism to Socialism, and eliminate social classes.¹⁰⁵

In August 1953, he suggested that the general line be officially written down and directed to the entire Party:

The time between the founding of the People's Republic of China and the basic completion of Socialist transformation is a period of transition. The Party's general line or general task for the transition period is basically to accomplish the country's industrialization and the Socialist transformation of agriculture, handicrafts and capitalist industry and commerce over a fairly long period of time.¹⁰⁶

The general line was officially and publicly announced on September 24 as the slogan of the Fourth Plenary Session of the 7th CPC Central Committee, and was approved by resolution at a meeting chaired by Liu Shaoqi in February of the next year — a mere eight months from submission to approval.¹⁰⁷ The general line had two goals: on the one hand, to catch up with the industrialized world through rapid industrialization, and, on the other hand, to replace capitalism and eliminate private ownership. These resembled the 1917 October Revolution in three ways:

First, the industrialization process was initiated, directed, and supported by the state. Private capital — which most likely was held by the bourgeois and the private sector — was exempted from this industrialization model. In 1949, private firms contributed 56.2% of total industrial output, while state-owned enterprises accounted for 43.8%. By 1952, the percentages had become 32.7% and 67.3%. The state-owned sector, although it did not play a very large role in the overall economy, had a determinant importance in the modern industries. In October 1952, Liu Shaoqi wrote a letter to Stalin on behalf of Mao Zedong, explaining a plan to reduce the share of private capitalism to less than 20% by 1957, and less than 10% by 1962, so that the state-owned economy would account for over 90% of the economy. Stalin gave his full support to China's idea and its attitude towards capitalism.¹⁰⁸

Soviet experiences have shown that nationalization creates the Socialist base of the economy. Soviet leaders had not only nationalized all the big industries, banks, transportation, commerce and foreign trade, but not the land.¹⁰⁹

Mao at that time felt unsure of the definition and criteria of industrialization. The *Political Economy* textbook, published by the former U.S.S.R. Academy of Sciences, identified two modes of industrialization: the capitalist way and the

Soviet way. China picked the second way. Modeled after the Soviet practice and indicators, China established an industrialized economic structure, in which over 70% was supported by industry and agriculture. At the 8th NPC, Mao outlined a plan to achieve initial industrialization within three Five-Year Plans. In the draft paragraphs of his opening speech he said:

By the end of the Third Five-Year Plan in 1967, the share of industrial output in gross industrial and agricultural production will reach more than 60%, and agricultural output more than 30%.¹¹⁰

Mao's estimate made reference to the 1917–1936 Soviet timetable for Socialist construction.¹¹¹ Looking back now, the Soviet theory of industrialization was quite different from the modern concept. This reflected the limited knowledge of, and information available to early Chinese leaders. From 1926 to 1938, it took only two Five-Year Plans to build an industrial structure centering on heavy industries and military manufacturing. More than 9,000 modern industries and enterprises were founded during this period, transforming the Soviet Union from an agrarian nation to a major industrial power. In terms of industrial output, it had surpassed all other industrialized countries in Europe, second only to the United States.¹¹² This seems to Mao almost like a shovel-ready agenda.

Second, China chose a heavy industry-oriented industrialization. The *Political Economy* textbook stated that industrialization in the capitalist countries usually commences with the development of light industry, while the [S]ocialist mode of industrialization starts with the development of heavy industry.¹¹³ The *Outline for Learning and Propagating the General Line for the Transitional Period* noted that the Soviet approach to industrialization, which prioritizes heavy industry, is what China should follow.¹¹⁴

Third, China chose a planned economy. Mao said during a talk in November 1953:

The general line means a gradual change in the relations of production. According to Stalin, the system of ownership is the basis of the relations of production. Comrades must have a clear understanding of this point. At present, both private ownership and Socialist public ownership are legal, but private ownership will gradually become illegal.¹¹⁵

Mao totally accepted Stalin's views. The *Outline for Learning and Propagating the General Line for the Transitional Period*, drafted by the CPC Propaganda

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Department, revised by Mao, and passed at the Central Committee chaired by Liu Shaoqi, stated that the essence of the general line was to establish the Socialist ownership of the means of production as China's sole socioeconomic pillar, and to transform the then-existing complex economy into a unitary Socialist economy.¹¹⁶ This was the very first unitary Socialist economic system proposed by Mao and his central committee. This system did not comply with China's backward realities and the multi-sector economy of New Democracy. From then on, Mao did not only follow the Soviet model, but promoted it to the extreme levels. The *Outline* cited the Stalinist policy of agricultural cooperatives, noting that China's path to collective-farm peasantry should move from mutual aid teams to primary communes, and lastly into the more advanced, publicly-owned agricultural cooperatives, otherwise known as collective farms.¹¹⁷ All members of the CPC were required to study the Soviet experience.¹¹⁸ Later, the Three Transformations Campaign was spoken highly of in the *Political Economy* textbook.¹¹⁹

Mao proposed the general line under the six favorable circumstances of the victory in the Korean War, as well as the successes in the agrarian reforms, the Campaign to Suppress Counterrevolutionaries, the Three-Anti and Five-Anti Campaigns, the Thought Reform Movement, and the Socialist transformation of capitalist industry and commerce.¹²⁰

The Chinese industrialization was an attempt to rebuild the populous China to once again stand on its own feet as an Eastern power. The "Three Transformations" were the necessary structural economic reforms to achieve this. Mao said delivering a talk on mutual aid and agricultural co-operation:

In a sense the purpose of the general line is the solution of the problem of ownership. State ownership is to be expanded by building new state enterprises and renovating and enlarging old ones. The two kinds of private ownership, that of the working people and that of the bourgeoisie, are to be changed respectively into collective ownership and state ownership (integration into socialism through joint state-private management). Only thus can the productive forces be expanded and China's industrialization accomplished.¹²¹

Mao made a metaphor for the general line. It was like, as he described, a bird; the body (center) was the realization of Socialist industrialization, while the two wings (foci) were the Socialist transformation of agriculture, handicrafts, and capitalist industries. These two lines of advance must be closely integrated and coordinated.¹²²

The general line was approved in February 1954 by the Fourth Plenary Session of the 7th Central Committee. In March 1955, Mao set forth in his opening speech at the National Conference:

This general line means the accomplishment step by step of the Socialist industrialization of the country together with the socialist transformation of agriculture, handicrafts and capitalist industry and commerce in a period of roughly three Five-Year Plans.¹²³

China pursued the general line at a rapid pace. A mere three years later (by the end of 1956), the transformation was accomplished, much earlier than the estimated time frame. It was a hurricane of forced social revolution, or a forced top-down institutional reform.

The 1954 Constitution

China had several constitutions in the 20th century. In 1908, the *Imperial Constitutional Outlines* (*Qinding xianfa dagang*) promulgated the Qing Dynasty's intention to establish a constitution. Following the 1911 Revolution, the Nanjing Provisional Government of the Republic of China, led by Sun Yat-sen, framed the *Transitional Covenantal Constitution of the Republic of China* (*Zhonghua minguo linshi yuefa*), which later in April 1914 was formally dissolved by Yuan Shikai. This provisional constitution was replaced by the Beiyang government's *Constitution of the Republic of China* (*Zhonghua minguo xianfa*) in 1923, but that lasted only a year. Again in 1946, the Nanjing-based Nationalist government promulgated the *Constitution of the Republic of China*. Despite that, the Kuomintang regime in mainland China was defeated in three years.

The *Common Program* was the CPC blueprint for the future. While adopting the classic united front tactic, it was described as moderate and conciliatory.¹²⁴ Negotiated between the CPC and democratic parties, it was also a social contract that had to be upheld by all sides. For the ruling CPC, a most essential part of governance was to make, recognize, and follow the rules of this game. The *Common Program* acted as a de facto provisional constitution.¹²⁵

Before a constitution was drafted as a replacement, the CPC had planned to continue with the *Common Program*. In the letter to Stalin, which Liu Shaoqi brought with him to the Soviet 19th Party Congress, he explained China's intention to draft a new constitution.¹²⁶

Preparations began in November 1952. In the *Notice on Convening the*

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National Party Congress, issued on December 1, 1952, the CPC decided that the conditions were ripe. The congress was scheduled for September 1953, at which a constitution would be adopted, the *Outline of the Five-Year Plan for National Economic and Social Development of the People's Republic of China* would be approved, the *Organic Law of the Central People's Government* would be revised, and a new leadership would be elected.

The 20th meeting of the Central People's Government Council adopted the *Resolution on Convening the National People's Congress and Local People's Congresses at Different Levels* on January 13, 1953, deciding to appoint a Constitutional Drafting Commission chaired by Mao himself, with Zhu De as deputy chairman, and an election law drafting commission headed by Zhou Enlai. In preparation for its first universal election, the country's first census was launched on June 30, 1953. Elections were then run from the grassroots upwards. 85.88% (278.08 million) of the total registered voters of 323.89 million turned out.

The basic essence and provisions of the *Common Program* differed from those of the general line. This was because the former was a New-Democratic nation-building program while the latter was a Socialist one. When the *Common Program* no longer corresponded to the needs of Socialist construction, a new constitution was needed to take its place. Mao presided over the drafting of the constitution, and ordered the leadership to consult the Soviet version. In early March, he read and approved the *Explanations for the Preliminary Draft of the Constitution* composed under his main points of guidance: (1) to provide legal assurance of accomplishing the general line and of the advance towards democracy; (2) to strengthen, by using legal terms, the equality, solidarity and integration among ethnic groups; (3) to base the constitution on the *Common Program* while introducing new and up-to-date economic policies, out of which the most important ones involved implementing the general line; (4) to keep the draft as concise as possible.¹²⁷

On March 12, 13, and 15 of 1954, Liu Shaoqi headed the discussion on the 4th draft at an enlarged meeting of the Central Politburo, and prepared to submit it to the Constitutional Drafting Commission. The Central Politburo decided to form a research group¹²⁸, and set up the Office of the Constitution Drafting Commission with Li Weiham as Secretary-General. The draft constitution was formally presented to the very first meeting of the Constitutional Drafting Commission held on March 23, 1954. Mao believed the constitution would last 15 years until 1969.¹²⁹ Yet when the Cultural Revolution broke out in 1966 the constitution was no longer operative. On June 12, Mao presided over the 30th meeting of the Central People's Government, at which the *Draft Constitution of the People's Republic of China*

and the *Resolution on Issuing the Draft Constitution of the People's Republic of China* were passed unanimously. According to Mao:

This Draft Constitution of ours is chiefly a summing-up of our experience in revolution and construction, but at the same time it is a synthesis of domestic and international experience. Our constitution is of a Socialist type. It is based mainly on our own experience but has drawn upon what is good in the constitutions of the Soviet Union and the People's Democracies.... Our constitution is of a new, Socialist type, different from any of the bourgeois types. It is far more progressive than the constitutions of the bourgeoisie even in its revolutionary period. We are superior to the bourgeoisie.¹³⁰

He was confident that latecomers always do better than the predecessors — for example, the Magna Carta (1215) of the U.K, the 1787 United States Constitution, the French Constitution of 1793, and the 1936 Soviet Constitution.

The *1954 Constitution of the People's Republic of China* was promulgated by the 1st National People's Congress meeting in September 1954. This first Socialist constitution of China did not involve New Democracy. As Liu Shaoqi explained:

It is a constitution of the Socialist type, not of the bourgeois type.¹³¹

This made it fundamentally different from the *Common Program*. Under the *1954 Constitution*, the state should ensure priority for the development of the state sector; encourage, guide and help the development of the co-operative sector; guide the transformation of capitalist industry of commerce into various forms of state-capitalist economy; and gradually replace capitalist ownership with public ownership. The *Constitution* also prohibited capitalists from engaging in illegal activities that would harm any public interest, challenge the socioeconomic order, or undermine national economic planning.¹³² Since then, the Chinese leadership formally abandoned the New-Democratic economy, and turned to building a Socialist economy.

A good bit of political debate going on inside and outside the Party revolved around whether to continue sustaining New Democracy or move to Socialism. Liu Shaoqi explicitly criticized the New-Democratic bloc:

In the last few years, we have often heard about “consolidation of the New-Democratic order.” This kind of talk reflects the idea of maintaining the status quo. But is there any real possibility of doing this? It is

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impossible for the two conflicting relationships of production, Socialist and capitalist, to develop side by side in a country without interfering with each other. China will change either into a Socialist state or a capitalist state.

This was also what he thought back in 1951. He concluded:

China's advance along the road to Socialism is fixed and irrevocable. There is no other road for China to take.¹³³

This reflected the Chinese leadership's dichotomous thinking between Socialism and capitalism. They had no idea that even capitalism could be multifaceted. It was not until 1977, when a Chinese delegation visited Yugoslavia, Poland, and Hungary, that China realized a Socialist economy could be multifaceted. At the 12th National Party Congress, Deng Xiaoping explicitly asked the Party to explore a "Chinese road" for Socialist modernization.

The *Constitution* brings out clearly the leading position of the CPC:

The Chinese Communist Party is the core of the leadership of our country. The position the Party occupies can never entitle Party members to enjoy any privileges in the life of the state, but only to undertake heavier responsibilities. Communist Party members must be exemplary in observing the Constitution and all other laws.¹³⁴

State institutions and power relations were dramatically changed. As the highest organ of state power, the National People's Congress is the sole organ exercising the legislative power of the state. Its Standing Committee supervises the work of the State Council, the National Defense Commission, the Supreme People's Court and the Supreme People's Procuratorate. Decision-making in the National People's Congress and its Standing Committee is a group process.

Unlike the 1949 provisions, the Chairman commanded the armed forces of the state, and was Chairman of both the Council of National Defence and the Supreme State Conference. The Chairman was expected to pay heed to and comply with the opinions of the National People's Congress and its Standing Committee, except only when exercising military authority under Article 42. As advocated by Mao, the National People's Congress was given the power to remove the Chairman. This

mechanism allowed for both collective and individual decision-making processes, and provided an important condition to limit the Chairman's power.

Why does China need a Chairman? In the *Explanations for the Preliminary Draft of the Constitution*, Mao noted that China's system differed from those of capitalist countries or those throughout history. The State Chairman symbolized the solidarity of its people. Neither did he possess any power, nor was he the head of the state's legislative and administrative organs. However, he would serve the state by making suggestions to the National People's Congress and the State Council, and by convening the Supreme State Conference. The existence of a Chairman ensured the safety of both the Party and the state, and was also related to the demarcation of front and second lines within the Party leadership. As Mao himself explained:

To ensure national security, we should appoint a State Chairman. China is a large country; The overlapping of the roles of the Speaker, the Premier, and the Chairman is aimed at better guarding the state, for it is unusual for all three of them to break the wrong way. The Chairman acts as a cushion between the State Council and the Standing Committee of the National People's Congress.¹³⁵

Their overlapping duties ensured a proper balance of power, as well as the long-term stability and prosperity of the country. However, later in 1970 he would contradict himself, and thus cause an irreconcilable conflict with Lin Biao.

The State Council, synonymous with the Central People's Government, directly oversees the various subordinate local People's Governments as the chief administrative authority. The Supreme People's Court is the highest court organ, and the Supreme People's Procuratorate is the highest agency at the national level responsible for prosecution.

The National Defense Commission replaced the People's Revolutionary Military Commission as the highest military consultative authority. The Central Military Commission was constituted under the Central Politburo and the Secretariat, with responsibility for decision-making in military affairs. In 1955, Deng Xiaoping, along with the Ten Marshals of the People's Liberation Army — Zhu De, Peng Dehuai, Lin Biao, Liu Bocheng, He Long, Chen Yi, Luo Ronghuan, Xu Xiangqian, Nie Rongzhen, Ye Jianying — were appointed to the Commission with Mao as Chairman. Peng Dehuai took charge of daily administrative duties.

Table 4.1 Chinese leadership in 1949 and 1954

	First National Committee of the CPPCC (1949)	First National People's Congress (1954)
Chairman	Mao Zedong	Mao Zedong
Vice-Chairman (Chairmen)	Zhu De, Liu Shaoqi, Soong Ching-ling*, Li Jishen*, Zhang Lan*, Gao Gang	Zhu De
Premier	Zhou Enlai	Zhou Enlai
Vice-Premiers	Dong Biwu, Chen Yun, Guo Moruo*, Huang Yanpei*, Deng Xiaoping (1952)	Chen Yun, Lin Biao, Peng Dehuai, Deng Xiaoping, Deng Zihui, He Long, Chen Yi, Wu Lanfu, Li Fuchun, Li Xiannian

* Non-communists

Non-Communists Soong Ching-ling, Li Jishen, and Zhang Lan were removed from their positions to become Vice-Chairmen of the Standing Committee of the National People's Congress. Similarly in the State Council, Vice-Premiers Guo Moruo and Huang Yanpei were relocated as Vice-Chairmen of the Standing Committee of the National People's Congress. After the Anti-Rightist Movement in 1957, all but a few of the Democratic members became completely marginalized and isolated from the decision-making organs as well as the actual decision-making process.

The drafting, making, passing, and implementation of the *Constitution* were celebrated milestones to modern China's nation building, and a good start towards democracy and developing a legal state. It also was China's first constitution that followed Socialist goals and principles. Mao Zedong deserved the most credit, followed by Liu Shaoqi. They were the founders of the state and its political system. However, Liu Shaoqi later lost all his power and civil rights from the destruction of the Constitution and of the political society during the catastrophic Cultural Revolution.

Dramatic political changes took place before the First Plenary Session of the First NPC. First, a deepening political and economic centralization formed around China's unique political reporting and decision-making mechanism. In 1949, the *Draft Decision on Strengthening the Political Reporting Structure and the Quality of Governance* was passed down to all levels of government offices. The Decision provided for every critical, important, and major decision to be submitted for central discussion and approval before they could be undertaken. In order to ensure smooth operation, in March 1953, a division of labor was established among the leadership.¹³⁶

Second, regional governments were abolished to increase direct political and administrative control over provinces and cities. In November 1952, people's committees and military administrative committees at the local levels were combined into larger administrative committees, acting as direct agents of the central government. In 1953, leaders of each regional bureau and administrative region were transferred to the Central Government.¹³⁷ In April 1954, regional authorities were abolished. By June, local offices became directly subordinate to the central government. The six central bureaus and the committees of provinces, autonomous regions, and direct-controlled municipalities were brought under direct central control. The 6 military districts manned by field armies were formally dismissed and reorganized into 13 military sectors directly responsible to the Central Military Commission.

The early PRC comprised five administrative divisions in which political, administrative, and military powers were held by a single agency. Five years later, a new governing model was adopted to strengthen central control and prevent local dictatorship. Political and military authority were separate yet mutually restraining. Adjustments were made over the years, but the basic framework remained.

Mao began to contemplate a successor. From late 1952 to early 1953, five leading regional figures were one by one transferred to Beijing — a development picturesquely referred to at the time as “five horses enter the capital.” They were Northeast leader Gao Gang, East leader Rao Shushi, Central-South leader Deng Zihui, Southwest leader Deng Xiaoping, and Northwest leader Xi Zhongxun. A significant redistribution of power followed as preparations for the 1st National People's Congress started on Mao's advice. Discussions were held about leading bodies of the Party, and to determine whether to appoint a deputy chairman or general secretary to the Central Committee.

In the short period from 1948 to 1954, the CPC established the most powerful and centralized rule in Chinese history. Its political economy was characterized by four aspects: first, the ruling party controlled state power; second, the Central Committee held authority over personnel matters, funds, raw materials, and economic administration all over the state; third, the Central Committee assumed full military control and exercised actual command of the People's Liberation Army and other armed forces; fourth, China is a unitary government where legislative power rests in the Central Committee.

Liu Shaoqi felt the necessity for a highly centralized leadership structure in China:

We need to bring about a highly unified leadership of the state.¹³⁸

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The *1954 Constitution* illustrated and further facilitated this centralized power structure. As China lurched from imperial to communist rule, all political power was drawn from separate states to build a unified ruling authority. This was what the Beiyang and Nationalist Governments could never achieve.

The period represented the most centralized period of contemporary China. It was under this powerful government that China mobilized social resources and supporting forces to launch its industrialization, urbanization, and modernization. Under conditions of extreme poverty and backwardness, it achieved unprecedented economic and social development. Yet the centralization of authority and decision-making had its flaws, which later led to a series of economic ups and downs and social movements: the Great Leap Forward, the Four Cleanups Movement, and the Cultural Revolution.

5

Chapter

The First Golden Age of China's Industrialization

THE GREAT LEAP FORWARD

The launching of the First Five-Year Plan in 1953 is often marked as the start of China's Socialist industrialization. With Soviet aid, industrial construction began to take shape on a large-scale equaling some 156 key projects. The Five-Year Plan goals had been achieved earlier and at a higher level than anticipated which formed the basis for the Socialist transition.¹ The writer sees this period as the first golden age of China's industrialization.

Here are the questions that need an answer: What were the favorable and unfavorable circumstances in which China was attempting to learn the lessons of the earlier Soviet Five-Year Plan? How was China similar to and different from the Soviet Union? What were the targets set in the First Five-Year Plan? How were they achieved? What caused and characterized the socioeconomic development and labor accumulation in this period?

Favorable factors leading to China's industrialization

(1) China's huge population and sparse land resources formed the bedrock of the nation's light and heavy industries. By 1952, more than 140 kinds of ores had been discovered in China, making it one of the largest and most diversified suppliers of ore.

(2) In terms of agricultural and ore products, China's market has a high and diversified internal demand waiting to be met. This domestic-lead economic growth is a unique advantage of being a world power as it is a strong precondition for functional specialization and specialized regional economies, as well as a means of optimizing both economies of scale and market benefits.

Following the PRC's establishment, a crucial task of economic reconstruction was to create a unified domestic economy and the right market conditions. Economist Nicholas R. Lardy noted that the pre-1949 Chinese economy consisted of three separate economies: Manchuria with its heavy industrial base, where the contributions to national output were only 10–15% by the mid-1930s. and where most industrialization was tied closely with Japan; the coastal treaty ports, largely oriented toward textiles and light industry, where raw materials were imported from abroad and finished goods were then exported to international markets; and the vast hinterland, almost untouched by modern industry.² It was not until later that the Manchurian and coastal economies were merged to enable the geographic diffusion of economic activities to inland regions. During the First Five-Year Plan, large amounts of investor funds were sent to the inland areas, where industrial plants were built to relieve the concentration of development.

(3) The domestic economy had grown to reach the point of economic takeoff. According to Lardy, the 1950s was a period of fast-paced capital accumulation.

The domestic investment rate was 5% in the 1930s and it stayed low throughout the Civil War. By 1952 the figure had risen to 10% and it climbed further to 20% in 1957 — this would be rather high even in the developed world.³ By the end of the First Five-Year Plan, a total of RMB55 billion (570 million taels of gold) worth of infrastructure projects were completed, which marked a peak in terms of investment during the period of economic reconstruction. In the 1920s, the share of machinery and equipment in total imports had varied between 5–7%; but rose to 20–40% by 1952–1957.⁴ Marxist sociologist Mark Selden believes that the ability to sustain high rates of accumulation and investment would characterize China's political economy throughout the People's Republic between high and extremely high accumulation.⁵

(3) Soviet economic and technical aid. Between 1950 and 1953, the Soviets provided USD300 million in loans, and in 1954 granted another long-term RUB550-million loan. During the First Five-Year Plan (1953–1957), foreign loans — mostly from the Soviet Union — amounted to only 2.7% of the national income. The *Plan* consisted of 156 Soviet-aided industrial projects, which involved not only the provision of the necessary capital and equipment, but technical training for Chinese specialists in the USSR. Between 1953 and 1957, China sent about 7,000 students and 5,000 trainees to the Soviet Union, while more than 3,000 Soviet technical advisors arrived in China.⁶ By order of the central government, staff from enterprises of key industries were sent to the Soviet Union to receive training on operating the Soviet industrial designs.

(5) The rapid economic recovery from 1949 to 1952 laid a foundation for the First Five-Year Plan.⁷ China had recovered from the destruction wrought by the Second Sino-Japanese and Civil Wars: the 1949 industrial output of key fields fell to only 15–80% of the level in the 1930s, but by 1953 had rebounded to reach (and even exceed) the highest level in history. Public transportation infrastructure was significantly improved; by 1953 the railways covered over 3,000 kilometers of the country. The highway network was extended by 57%. In 1949, the area under irrigation was only 60% of that over the period 1924–1929, and even less than that in the late-Qing years. Water conservancy facilities were built after 1949 to increase irrigation areas. Total farmland increased by 150 million *mu* between 1949 and 1953, and climbed further to touch a peak during the First Five-Year Plan. When prices stabilized, not only did this provide people with more secure lives, but a stronger and more stable economy. From 1950 onwards, the government pulled together the pieces of its finances, widened the tax base, and issued government bonds, resulting in a 20% higher share of government revenue in total national income, compared to a mere 5–7% in the 1930s.⁸

Unfavorable factors leading to China's industrialization

(1) The First Five-Year Plan was a process of collaborative learning, planning, and action. The government, however, lacked experience in long-term planning and accurate statistics. Since the drafting began in 1951, it took until 1955 to get the plan worked out.

(2) The lack of business management professionals and technocrats. Chen Yun noticed the labor shortage in August 1949:

Today we are facing a country of hundred millions of people. Not only do we have to tackle challenges in the domestic economy, but uncertainties in the global economy. Our past experiences work in the current market.⁹

He later became concerned with the lack of technicians:

Certain projects may have to be delayed. This was mainly due to China's technological weakness and inaccuracy in estimates. The industrial and transportation sectors alone will need 395,000 skilled workers; unfortunately, our high schools and vocational schools can only supply 285,000 new graduates — there is a difference of about 110,000. Such technological weakness will hinder the First Five-Year Plan, and diminish both the quantity and quality of production.¹⁰

(3) China's agricultural domination in production and the labor market was the biggest obstacle to the country's industrial growth. In 1952, China was largely agricultural, with 72% of the GDP attributed to and 82.5% of the workforce dedicated to agriculture. It was easier to pull together money, resources, and labor for developing heavy industry than to dilute the agricultural domination.

Core objective of the First Five-Year Plan: Industrialization

The Soviet heavy industry-oriented strategy was manifested in China's First Five-Year Plan.¹¹

In August 1952, Zhou Enlai and Chen Yun took the draft plan to Moscow for consultations with Stalin on the plan and on Soviet aid. At the end of the year, the Chinese leadership had a discussion on the *Draft Outline of the Five-Year Plan*. On December 22, 1952, the Central Committee issued the *Directive on Preparing the 1953 Plan and the Outline for a Long-Term Plan*, stressing the importance of heavy industrial development as a means to attract and ensure access to the limited

capital and capacity available for infrastructure and national defense development. The third draft was released in early March 1953. The fourth draft was finished in June 1953, on which Mao commented as follows:

In order to secure the state's independence, the Five-Year Plan should focus on heavy industrial development in support of national security and the Socialist transition.¹²

In May 1953, China and the Soviet Union, represented by Li Fuchun and Mikoyan, signed the *Agreement with the U.S.S.R. to Help the Central People's Government of the PRC Develop the Chinese National Economy*. On September 15, the 26th Central People's Government Committee meeting approved Li Fuchun's *Report on Discussions Concerning the Soviet Economic Aid to China*. In February 1954, the Central Politburo's Enlarged Meeting resolved to appoint a group of eight people headed by Chen Yun to revise the *First Five-Year Plan*. The others were: Gao Gang, Li Fuchun, Deng Xiaoping, Deng Zihui, Xi Zhongxun, Chen Boda, and Jia Tuofu. The group spent the next four years revising the plan five times. On March 31, 1955, a draft of the *First Five-Year Plan* was put forward, and in July of that year, the plan was approved by the Second Session of the First NPC.¹³

The *First Five-Year Plan* laid emphasis on the construction of heavy industries. Despite later modifications imposed by Mao, the approach was embraced by his successors, and it received support particularly from its direct beneficiaries within the central planning authorities and manufacturers in heavy industry. It was not until 1978 that China began to seek a balance between light and heavy industries.

The key tasks highlighted in the *First Five-Year Plan* were to concentrate efforts on the construction of 694 industrial projects, including 156 with the aid of the Soviet Union, so as to lay the primary foundation for China's Socialist industrialization and modernization for national defense; to introduce technological innovations in light and heavy industries; to modernize agricultural production; to modernize weapon systems for the purpose of national security; and to maximize both agricultural and industrial production, so that the people could enjoy higher quality lives.

The energy sector received most of the aid (33%), followed by national defense (28.2%), engineering (15.4%), and mining (12.8%); together the four sectors took up about 90%. The light industry was given the least attention. Other projects included railways, highways, and water transportation, as well as the construction of new cities and the expansion of existing industrial cities, including Baotou, Taiyuan, Lanzhou, Wuhan, Luoyang, Chengdu, Shanghai, and Anshan.

Table 5.1 Distribution of 156 key construction projects in the First Five-Year Plan across sectors

	Number of projects	Share in total (%)
Military	44	28.2
Mining	20	12.8
Chemical industry	7	4.5
Engineering	24	15.4
Energy	52	33.3
Light industry	3	1.9
Others	6	3.9
Total	156	100.0

Source: Dong, *Economic History of the People's Republic of China*, 1:269.

The first golden age

Between the five years from 1953 to 1957, investments in infrastructure building totaled RMB25 billion (six times the amount invested in agriculture), of which 85% went to heavy industry. The *First Five-Year Plan* created 201 million in fixed industrial assets, 72.5% of which belonged to the heavy industrial sector.

In terms of industrial and agricultural growth, the *First Five-Year Plan* was very successful; industrial and agricultural output rose by 18% and 4.5%, respectively. The industrial sector's share in the nation's economic output increased from 43.1% to 56.7%. Production in heavy industry received a bigger boost than light industry; in a mere six years, its share in total industrial output climbed from 35.5% in 1952 to 45% in 1957, close to the pre-industrialization value in industrialized countries.¹⁴ The main industrial products got a substantial growth of 2 to 4 times, in which some gained a remarkable increase, such as iron and steel.¹⁵ An acceleration of iron and steel production later became a key goal of the Great Leap Forward and China's efforts to "overtake Britain and catch up with the U.S."

Table 5.2 Industrial and agricultural output during the first Five-Year period

Product	1952 output	Planned 1957 output	Planned 1957 output / 1952 output (%)	1957 actual output / 1952 output (%)
Electricity output	72.6	159.0	219.0	264.0
Raw coal (10,000 tonnes)	6,649.0	11,298.5	170.0	194.0

The First Golden Age of China's Industrialization

(Cont'd)

Product	1952 output	Planned 1957 output	Planned 1957 output / 1952 output (%)	1957 actual output / 1952 output (%)
Crude oil (10,000 tonnes)	43.6	201.2	462.0	—
Pig iron (10,000 tonnes)	190.0	467.4	264.0	307.0
Steel (10,000 tonnes)	135.0	412.0	306.0	396.0
Steel products (10,000 tonnes)	111.0	304.5	275.0	391.0
Caustic soda (10,000 tonnes)	7.9	15.4	194.0	251.0
Electric motor	91,147.0	135,515.0	149.0	—
Metal-cutting machine tools	13,734.0	12,720	93.0	204.0
Cotton (10,000 spindles)	361.9	500.0	138.0	—
Sugar (10,000 tonnes)	24.9	68.6	276.0	191.0
Salt (10,000 tonnes)	346.0	593.2	171.0	167.0
Cigarettes (10,000 boxes)	265.0	470.0	177.0	—
Cotton cloth (10,000 bolts)	11,163.4	16,372.1	147.0	132.0
Food (million catties)	3,278.3	3,856.2	117.6	119.0
Cotton (million catties)	26.1	32.7	125.4	126.0

Sources: 1. *First Five-Year Plan for National Economic Development* (Beijing: People's Publishing House, 1955), 30, 32. See also Sun Jian, *The Economic History of China: 1949–2000*, 2:1561.

2. Dong, *Economic History of the People's Republic of China*, 1:275–76.

There are various estimates of the economic growth throughout the First Five-Year Plan period: the National Bureau of Statistics estimated 9.2%, while Angus Maddison estimated 5.9%; nevertheless, both Chinese and foreign Sinologists observed an unprecedented growth (see Table 5.3). The First Five-Year Plan had indeed been a period of rapid economic growth and take-off. No sustained per-capita growth was observed in the 100 years before 1949.¹⁶ Economist Alexander Eckstein estimated a 7% drop in per capital production between 1955 and 1953, and 22% in consumption; however, by 1957, they were raised by 23% and 14%.¹⁷

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Table 5.3 Growth of GDP and value-added areas by sector in 1987 prices, 1953–1957

	The PRC's estimate (%)	Maddison's estimate (%)
GDP growth	9.2	5.9
Agriculture	3.8	3.7
Industry	19.8	15.2
Construction	18.8	18.8
Transportation & communication	13.0	5.3
Commerce	8.5	3.5
Other services	9.3	5.6
Fixed investment	20.9	20.9
Working population	2.7	2.7

Source: Angus Maddison, *Chinese Economic Performance in the Long Run* (Beijing: Xinhua Press, 1999), 263, 274, 283.

The 1952–1957 period was rather impressive in terms of industrial growth. The National Bureau of Statistics recorded an annual increase in industry value-added of 19.8%, while Angus Maddison estimated 15.2%. The estimate obtained by foreign Sinologists varied between 14–20% (see Table 5.4). Eckstein concluded that China in the 1950s had achieved an incredible record of growth compared to Japan (8%, 1890–1940), the Soviet Union (10%, 1928–1959), Britain (less than 5% during the early 19th century, and 3% for the subsequent decades), France (3% during the three decades before WWI), Germany (4–4.5% in the 40 to 50 years before WWI), and the United States (4–4.5%, 1860–1959).¹⁸

Table 5.4 Various estimates of industrial and agricultural growth, 1952–1957

	Industrial output	Agricultural output	GDP
Liu Ta-Chung & Yeh Kung-chia	19.0	1.7	6.2
Hayes	19.9	4.9	8.9
Roskilde	19.2	—	—
Perkins	17.9	—	7.7
Rumsfeld	14.3	—	7.0
Hayes	17.8	4.6	8.9
Eckstein	—	2.3	6.3
Zhao Feng	—	2.1	—
Vince	—	4.5	—
Field, Lardy and Emerson	19.7	—	—
Rosicky	18.0	—	—

Source: Wang Jinglun, *Mao Zedong's Idealism and Deng Xiaoping's Realism: China in the Eyes of American Scholars*, 11.

Also worth noting was the World Bank's observation¹⁹ that the state-owned industrial sector between 1952 and 1957 was characterized by certain events: (1) The net output hit a historic peak at 21.6%; (2) The high labor input of 8.0% and capital input of 17.7% made a total factor input of 11–13%; (3) Labor productivity growth was as high as 12.7%; and (4) The high growth of total factor productivity (TFP) was 7.5–9.3% (see Table 5.6). According to Ruskin's calculation of the sources of the growth, total factor productivity was raised to a historic height of between 3.7 and 5.5%. After 1957, however, total factor productivity came to a halt and dropped to an even -0.1–0.1%.²⁰

Over the same period, public transportation underwent massive improvements including the building of 33 new railways and the repair of another 3. By 1957, China's railway network covered 29,862km across the country, 22% more than in 1952. National highways had doubled to 250,000km.

This was not only the first golden age of the PRC economy, but also its great period of social development. The tremendous success of modernization benefited the entire Chinese population.

Table 5.5 Index of total factor productivity of state-owned industry, 1952–1957

	1952 growth (%)	1957 growth (%)	Average annual growth rate (%)
Net output	37.6	100.0	21.6
Labor input	68.2	100.0	8.0
Capital input	44.3	100.0	17.7
Total factor input (40% labor, 60% capital)	53.9	100.0	13.2
Total factor input (60% capital, 40% labor)	58.6	100.0	11.3
Labor productivity (50%)	55.1	100.0	12.7
Capital productivity (33%)	84.9	100.0	3.3
Total factor productivity (25%)	69.8	100.0	7.5
Total factor productivity (20%)	64.2	100.0	9.3

Note: Net output in constant prices was estimated by multiplying the ratio of net to gross output in current prices of all industries (pages 13, 22) by the index of gross output at comparable prices of state-owned industry (page 216). Capital is the original value of fixed assets. Lines 4 and 5 present alternative estimates of total inputs, assuming different weights, and lines 8 and 9 present correspondingly different estimates of total factor productivity.

Source: *Statistical Yearbook of China 1983*, 7, 13, 22, 126, 216, quoted in World Bank, *China, Long-Term Development Issues and Options: The Report of a Mission Sent to China by the World Bank* (Johns Hopkins University Press, 1985), trans. Beijing: China Financial and Economic Press, October 1985), 111.

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The urban population saw rapid growth at an average annual rate of 7.06%, from 57.54 million in 1949 to 99.49 million in 1957, significantly higher than that of the rural population and of the state as a whole (see Table 5.6). The proportion of the urban population rose from 10.6% to 15.4% at an average annual rate of 0.6 percentage points. The rapid pace of urbanization helped the process of industrialization.

Table 5.6 Growth by population group, 1949–1957

Year	Population (in ten thousands)						
	Urban population	Rural Population	Student population	Tertiary students	Secondary students	Primary students	Total population
1949	5,765	48,402	2,577.5	11.7	126.8	2,439.0	54,167
1952	7,163	50,319	5,443.6	49.1	314.5	5,110.0	57,482
1957	9,949	54,704	2,180.6	44.1	708.1	6,428.3	64,543
Population growth (%)							
1949–1957	7.06	1.54	13.66	18.04	23.99	12.88	2.24

Sources: 1. National Bureau of Statistics, *China Statistics Yearbook 1981* (Beijing: China Statistical Press, 1981), 8.
2. National Bureau of Statistics, *China Statistics Yearbook 1997* (Beijing: China Statistical Press, 1997), 404.

The education system received unprecedented support in the 1950s, when its share in the public budget was increased by almost 2.6 times from RMB813 million in 1951 to RMB2,906 billion in 1957. Between 1949 and 1957, the student population grew annually by 13.66%, its share in the total population jumped from 5% to 11.1%. The number of tertiary and secondary students increased annually at 8.04% and 24%. The enrollment rate of school-age children rose from 49.2% in 1952 to 61.7% in 1957 at an average annual rate of 2.5%. The Chinese industry’s extraordinary growth generated a need for technicians and skilled workers. This need had been met by the country’s network of technical or vocational schools whose enrollment increased by 5.3 times from 77,000 in 1949 to 482,000 in 1957.²¹ Between 1953 and 1957, the number of students enrolled in tertiary institutes rose by 563,000 (26.5%), and about 269,000 students graduated from tertiary education. The number of tertiary graduates in every 10,000 people doubled from 3.3 to 6.8. At the preparatory session for the 8th National Congress in September 1956, Mao initiated a plan to build a team of intellectuals — scientists and engineers — for the next generation of the central committee after 1968. He said:

We are going to train intellectuals. We now have a mere handful of intellectuals. The old society has left behind only 100,000 intellectuals. We plan to train up 1–1.5 million intellectuals, including university and vocational training graduates within three Five-Year Plans. By then, the central committee will be joined by many engineers and many scientists. The central committee today is a political committee, not a scientific one. This is indeed a weakness of our central government: we don't have many scientists and specialists.²²

Although the plan was never fulfilled in his time, it finally happened in Deng Xiaoping and Jiang Zemin's era.

The number of scientific research institutes doubled from 1952 to more than 580 in 1957, with a total of 28,000 researchers. In 1927, the Academia Sinica was founded under the State Council. Then Guo Moruo, Premier of the Government Administration Council, was appointed President of the academy "to bring modern scientific advances and solutions to serve the industry, agriculture, and national defense, to conduct and guide scientific research around the country, and to enhance the quality of scientific research in China." The institute later became known as the Chinese Academy of Sciences in November 1949.²³ In 1956, The Chinese Academy of Sciences stated its three key priorities to study the important fundamental scientific theories, identify the latest technology around the world, and conduct collaborative and interdisciplinary research.

By the mid-1950s, the China Academy of Sciences had established more than 100 research institutes with 1,100 technocrats. During the same period, national defense institutes, universities, government authorities at different levels, and local scientific institutes were founded as the five major sources of technological support in China. They were owned by the government, and formed an important component of the planned economy; they neither responded to market changes, nor served enterprises and the market.

In 1956, Mao Zedong and Zhou Enlai put forward the call to catch up with the developed world in science and technology. A Scientific Planning Committee was appointed under the State Council to formulate plans for scientific and technological advances from 1956 to 1967. Approximately 600 scientists from various disciplines were summoned from all parts of the country to join about 100 Soviet experts in the task. Within half a year, they had completed the *Revised Draft Outline of Scientific and Technological Development 1956–1967*.²⁴ Under Zhou Enlai's vision to "aim at the world's most advanced technology from

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China's realities," the *Outline* covered 616 research topics and 57 key projects in 13 disciplines. The *Outline* paid special attention to those extremely important but weak fields in China such as computer technology, semiconductor technology, radio electronics, automation and remote manipulation technology, as well as top secret missile and atom bomb research.

Approximately 1,300 scientists and, after 1955, a few post graduates were sent for further study at the Soviet Union. They later served as the backbone of China's modernization program. It should be kept in mind, however, that despite the emergence of government-sponsored research institutes, other incentives for technological innovation were forgotten or even withdrawn in the process, and personal inventions and innovation became "nationalized." In 1954, the patent system was abandoned and replaced by the Decision Encouraging Inventions, Technical Improvements, and Rationalization Proposals Concerning Production, modeled on that of the Soviet Union.²⁵ The protection of intellectual property was not only a sign of a modern country, but also a major engine of economic growth. The patent system was not resumed until the early 1980s.

The Chinese military began to develop satellites, missiles, and nuclear weapons in the 1950s. In January 1955, Mao Zedong, Liu Shaoqi, Zhou Enlai, Zhu de, Chen Yun, Deng Xiaoping attended an enlarged meeting of the Secretariat, where scientists Li Siguang and Qian Sanqiang were invited to discuss and decide on the development of nuclear weapons. In December 1955, scientist Ren Xinmin suggested researching rockets. In February 1956, Qian Xuesen submitted recommendations on national policy and strategy for aviation security and this lead to the military deciding to build nuclear weapons. At the Second Session of the Eighth Party Congress in May 1958, Mao exclaimed, "We must engage satellites!" These satellites, along with missile and nuclear weapon programs, laid the foundation for China's national security infrastructure.²⁶

In the 1950s, China began to promote agricultural technology and a medicine and healthcare system in rural areas, as an important means of spreading scientific knowledge. As a result, the Chinese people enjoyed a longer life expectancy from 35 in 1949 to 57 in 1957²⁷ — 15 years longer than the low-income country average.²⁸

Quality of life was significantly improved during the First Five-Year Plan: urban, rural, and total consumption level was higher by 38.5%, 27.4%, and 33%, respectively; wages in the cities increased by 40%, while the net incomes of rural households was 28% higher.²⁹ Market choices have been expanded at stable prices. In those five years, only 1956 recorded a financial deficit.³⁰

China underwent profound socioeconomic changes. The urban population

grew faster than the total population at an average annual rate of 7.06%, from 57.65 million in 1949 to 99.49 million in 1957. Its proportion of the total population rose from 10.6% to 15.4%, an annual rate of increase of 0.59%. Employment in the industrial sector increased by 12%, the construction industry increased by 1.6 times, transportation by 88%, culture, education, healthcare and research by 41%, while agriculture declined from 83.5% to 81.2%. Gross industrial output rose by 1.3 times. The railway network was expanded by 45%. Highway mileage increased by 1.6 times. The length of mail delivery routes doubled. Travel and economic exchange increased between ethnic minority areas and the rest of the country, which in turn promoted social changes and growth in these regions.

Lardy concluded:

When the Chinese Communist Party wrested control of China from the Nationalist party in 1949, the economy was near collapse. Long-term structural problems characteristic of pre-modern economies, such as low per capita income, short life expectancy, low rates of savings and investment, and the predominance of traditional methods of production, were compounded by the loss of both physical and human capital and the hyperinflation that had accompanied more than two decades of international and civil war. But by the mid-1950s the short-term problems had been largely resolved and the Chinese Communist Party was completing a five-year development program that successfully addressed the most persistent structural problems as well. The rate of savings and investment had increased dramatically, life expectancy had already begun to rise in response to public health programs that curtailed infectious and parasitic diseases, and modern technology was being adopted on a large scale in industry.³¹

A replica of the Soviet model

The First Five-Year Plan made some great achievements but at the same time it caused societal problems. The Plan adopted the Soviet approach of unbalanced growth. Resources were concentrated in industry, heavy industry in particular, while agriculture, light industry, and labor-intensive services were neglected. Only 7.6% of infrastructure investment went to agriculture. Agricultural production growth was sustained around 2–5%. Despite being called a period of unmatched agricultural prosperity, the pace of agricultural growth hardly matched that of

the industrial sector. The difference resulted in the worsening of China's two biggest forms of socioeconomic inequality, namely that between industry and agriculture, and that between cities and rural areas.

During the First Five-Year Plan, heavy industry was allocated 38.7% of the total state investment in infrastructure, and 85% of the funds invested in industrial infrastructure.³² China's heavy-industry-oriented strategy was similar to the first three Soviet Five-Year Plans. The first Soviet Five-Year Plan (1928–1932) allocated 84.1% of infrastructure investment to heavy industry. The proportion was at 82.6% in the second (1933–1937), and 84.2% in the first three-and-a-half years of the third (1938–first half of 1941).³³ The Soviet ratio between light and heavy industries was 1:0.36 in 1949, 1:0.55 in 1952, and 1:0.82 in 1957.

China's First Five-Year Plan was generally successful. It was a replica of the Soviet model, based on the Soviet planned economy and heavy-industry-centered industrialization strategy. Later, Mao reflected on China's weaknesses in his speech titled "On the Ten Major Relationships (1956)," and in 1958 initiated a decentralization reform intended to treat the problems associated with the planned economy but the plans eventually failed.

6

Chapter

Emulating the Soviet Model

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During the first few years of communist rule until 1957, the PRC emulated and relied on the Soviet model. As Mao later described:

In the early stages of Liberation we had no experience of managing the economy of the entire nation. So in the period of the First Five-Year Plan we could do no more than copy the Soviet Union's methods, although we never felt altogether satisfied about it.¹

The Soviet Model and the Moscow Consensus

The Soviet model of a planned economy was a powerful contrast to the free market economy model. In a free market economy, investors, enterprises, consumers, and families interact via the invisible hand of the market. The government and the public sector do not directly participate in market transactions and market competition. A free market holds that participants seek to maximize their own benefits. Prices serve as signaling devices to guide participants, and are affected by market asymmetries, negative externalities, as well as pollution and public hazards.²

A planned economy tries to remedy the defects of a market economy. It has the following features:

- Means of production are publicly owned;
- The plan, rather than the market, coordinates resource distribution;
- Enterprises are owned by the people and run by the state;
- Private property does not exist;
- Income and wealth are distributed according to work performed; and
- Foreign trade is controlled solely and exclusively by the state.
- This is based on the following assumptions:
- Economic planners aim to be omniscient;
- Information is perfect;
- Information collection is nearly costless in terms of both time and money;
- The means of production are controlled by the planner, and cannot be freely exchanged; and
- Production units are capable of fully understanding and executing the plans devised by the higher authorities.³

These assumptions have proved difficult to fulfill in practice.

The Soviet economy is characterized by public ownership. The Stalinist economic system takes two forms: first comes public ownership, the highest

form of socialist common ownership, run by state-owned enterprises; the other is collective ownership, run by collective farms. Collective ownership is considered a lower form of common ownership, and an early stage of public ownership, to be transformed as soon as possible.⁴ Stalin had an enormous influence on Mao Zedong and his successors.

Lenin was the first person to conceptualize the socialist economic system as a “planned economy.”⁵ The Soviet Union unveiled its first Five-Year Plan in 1928, and created the modern world’s first centrally-planned economy based on public ownership, where, much like political power, economic decision-making power was highly vested with the central government.⁶ During the early-1950s, China found economic and technological aid from the Soviet Union, with which it formulated and put into action the First Five-Year Plan. The multi-sector, market-oriented Chinese economy was thus transformed into a centrally-planned economy.

The Soviet economy was not only an example of a centrally planned economy, but also a catching-up economy that followed the “big push” model. The big push model relied on diversified and massive capital input to achieve a rapid industrialization. Following the strategy of unbalanced growth, the Soviet Union focused capital and other powerful forces on the industrial sector, heavy industry in particular, and made use of inter-sector linkage effects to promote investment and growth in other industries.⁷ Soviet industrialization had given priority to savings rather than consumption; investment in heavy industry rather than agriculture (a means to deprive farmers of their rightful earnings through price scissors between industrial and agricultural products); production of producer goods, heavy industry, and material goods rather than consumer goods, light industry, and non-material wealth; and manufacturing rather than services.

Generally speaking, the Soviet model of centralized planning emphasized heavy industry. Centralized control ensures growth in heavy industry which is the ultimate goal of a planned economy. Centralized control and heavy industry rely on each other.

Mao spoke highly of the nine general rules of the Moscow Declaration, which he took as the criteria of the Socialist presence in a country, and as the definitions of a political party’s faith in Marxism-Leninism.⁸

This declaration is correct. It does not contain any element of revisionism or opportunism.

In 1958, during a conversation with Soviet ambassador Yudin, Mao stressed

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the importance of learning from the Soviet Union, and of adhering to the general rules.

The Moscow Declaration, formally known as the Declaration of the Communist and Workers' Parties of the Socialist Countries, was signed on November 19, 1957. The Declaration was created out of the experience of the Soviet Union and the other Socialist countries in their Socialist revolutions and construction. It set out nine general rules, made to be applicable in all countries embarking on a Socialist course. The rules were:

- Guidance of the working masses by the working class, the core of which is the Marxist-Leninist party in effecting a proletarian revolution in one form or another and establishing one form or another of the dictatorship of the proletariat;
- The alliance of the working class and the bulk of the peasantry and other sections of the working people;
- The abolition of capitalist ownership, and the establishment of public ownership of the basic means of production;
- Gradual Socialist reorganization of agriculture;
- Planned development of the national economy aimed at building the philosophical belief systems of socialism and communism, and at raising working people's standard of living;
- The accomplishment of a Socialist revolution in the sphere of ideology and culture, and the creation of numerous intelligentsia, devoted to the working class, the working people, and the cause of Socialism;
- The elimination of national oppression and the establishment of equality and fraternal friendship among peoples;
- Defense of the achievements of Socialism against encroachments by external and internal enemies; and
- Solidarity of the working class of a given country with the working class in other countries — proletarian internationalism.⁹

How Did China Create a Planned Economy?

Before and during the early years of the PRC, Mao Zedong, Liu Shaoqi, and Zhang Wentian defined the New-Democratic economy as a planned economy.¹⁰ Mao strongly opposed free trade and competition. He said, at a meeting of the Central Politburo in January 1949:

Do not think that the New-Democratic economy is not a planned economy, or is synonymous with Socialism, but rather a run towards capitalism, that is synonymous with free trade and competition. That is extremely wrong.... We must stay attentive and careful, and not be rushed into the Socialist transition.¹¹

According to Liu Shaoqi, the New-Democratic economy was different from a capitalist economy in the sense that it had a certain degree of organization and planning. Major economic pillars — such as large-scale manufacturing, transportation, enterprises, banks, credit agencies, and foreign trade — were controlled by the state, so that it was both possible and necessary for the state to exercise strong control over production and allocation in the economy. He advocated a mixed economy, where large-scale industries were taken under state ownership, while others operated based on a free market. The two should co-exist and complement each other.¹² This model was rather suitable to China. It was noteworthy that Liu's speeches were read, considered, and agreed to by Mao Zedong.¹³

Based on Article 33 of the *Common Program*, it was agreed that:

The Central People's Government shall strive to draw up, as soon as possible, a general plan for rehabilitating and developing the main departments of the public and private economy of the entire country. It shall also fix the scope of the division and co-ordination of labor between the central and local governments in economic construction, and shall undertake centralized regulation of the interrelationship between the economic departments of the central and local governments.¹⁴

China's mixed economy lasted until 1954. The Preamble of the 1954 *Constitution* defined the PRC as a planned economy. Article 15 provided that:

By economic planning, the state directs the growth and transformation of the national economy in order to bring about the constant increase of productive forces, thereby improving the material and cultural life of the people and consolidating the independence and security of the state.¹⁵

Liu Shaoqi declared in his report on the draft *Constitution* that:

Since 1953 China has already entered the period of planned economic

construction with Socialism as its goal.¹⁶

In other words, the Chinese government began its official adoption of a planned economy in 1953.¹⁷

The decision was a response to the deep economic crisis during the early years of the PRC, when the CPC was faced with hyperinflation, market fluctuations, a shortage of essential commodities, a high unemployment rate, fiscal disequilibrium, and a budget deficit. In March 1949, the Second Plenary Session of the 7th CPC Central Committee decided to appoint a Central Finance and Economics Commission to manage the financial affairs of the state. In October 1949, the Commission became a direct institution under the Government Administration Council, with Chen Yun as Director, and Bo Yibo and Ma Yinchu as deputy directors. Fourteen sub-commissions were set up under the Commission, including a Planning Commission.

In February 1950, Chen Yun drafted the *Decisions on Centralization of National Economic and Fiscal Works*. He said:

We are facing conflicts not only within the military, but more within the economy. In order to overcome the temporary fiscal stress, and to advance beyond the poor and backward economy, we shall do all we can to centralize all financial and material resources. We have challenges, but we also have hope. As long as we pull our strength together to necessary use, success is possible. Never narrow down our attention to non-planned interruptions.¹⁸

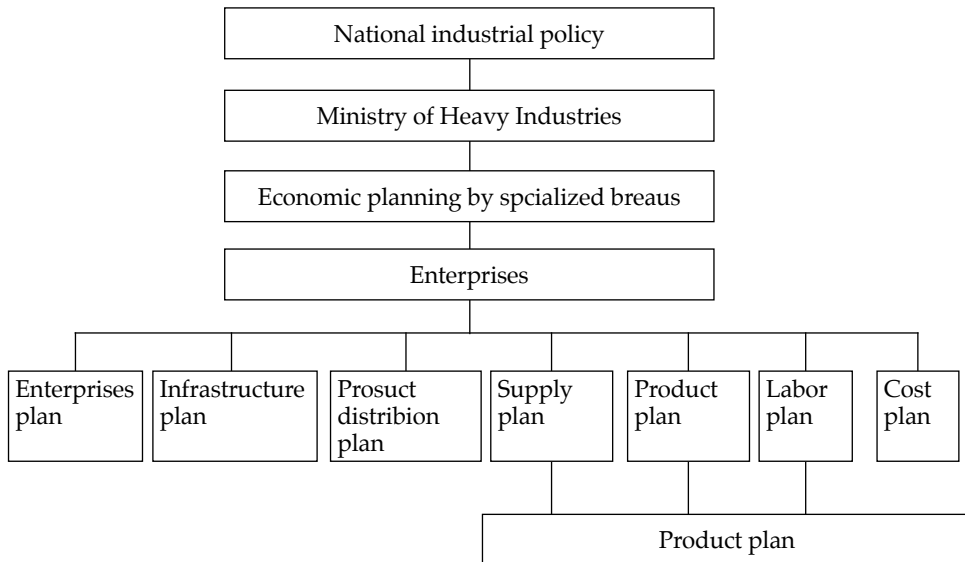
On March 3, Chen Yun's draft was approved by the 22nd meeting of the Government Administration Council. Four months after the *Decision* was announced, state revenues and expenditures, resources management, and cash flow were brought under centralized control.¹⁹ In November 1952, local governments and departments were renamed to administrative commissions and bureaus. The five-tiered administrative hierarchy was reduced to four levels.

On November 16, 1952, the CPC Central Committee decided to set up a State Planning Commission of 15 members, headed by Gao Gang. Chen Yun was among the Commission. The State Planning Commission was responsible for preparing annual and long-term plans on economic development, and was authorized to oversee their implementation by ministries, commissions, and local governments. Between late 1952 to 1957, the State Planning Commission served not only as the chief organ of national planning, but also of fiscal control, investment and price

regulation, resource allocation, and employment.

The structure of heavy industry is illustrated in Figure 6.1 as an example. Specific plans, tasks, and objectives were administered as a top-down process. Proposals were then submitted from the bottom up, and approved and sent back from the top.

Figure 6.1 Strategic planning in the heavy industry sector



Source: The Chinese Academy of Social Sciences and National Archives, eds., *Selections from the Economic Archives of the People's Republic of China on Industry, 1949–1952* (Beijing: China Provincial and Municipal Economy and Society Press, 1990), 802, quoted in Dong, *Economic History of the People's Republic of China*, 237.

The historical trend toward economic centralization reached a peak after 1957. Twelve mandatory production targets were assigned to state enterprises, including gross output, output of key products, total number of employees, total and average amount of wages, labor productivity, and profits. The number of products under central control increased from 115 in 1953 to 308 in 1956, covering the main industrial products that accounted for 80% of the national output.²⁰ The number of enterprises directly controlled by organs under the State Council increased from some 2,800 in 1951 to more than 9,300 in 1957. In 1956, the share in gross industrial output by state-owned and state-holding industries was 49%, made up of textiles, light industry, machinery, industrial chemicals production, the coal sector, the power sector, the non-ferrous metal sector, and the steel sector.²¹ The list of centrally-allocated resources increased from 33 in 1951 to 112 in 1953, and further

to 342 in 1956. Equipment allocated by local ministries increased from 115 in 1953 to 151 in 1956.²² During the First Five-Year Plan, 79% of state-funded infrastructure projects were centrally controlled. Fiscal revenue accounted for 34% of national income, in which 75% was collected by central authorities. A banking system of centralized deposits and loans was introduced in 1953. The People's Bank of China accumulates all deposits across the banking system, from which loans are then offered under severe, standard conditions.

China's planned economy has four distinct features. First, resource allocation is highly bureaucratic and mandatory, and covers almost every sector of the economy. Second, the government is both the owner and manager of public assets. Decision-making in state-owned enterprises is carried out by government authorities of different levels. Third, physical management is centrally dominated. Fourth, enterprises operated on a unitary profit model.

What were the constraints and flaws of the planned economy? First, economic power and decision-making were overly centralized. Second, development of the private sector was neglected and restricted. Third, centralized economic planning led to egalitarianism and the *daguofan*²³ phenomenon. Fourth, the planned economy operated under a closed, or semi-closed trade regime, as well as trade protectionist and import substitution policies.

Shortly after the establishment of centralized control in industry and urban areas, agriculture and rural regions were brought under a government monopoly. In 1953, a severe grain procurement crisis broke out. Grain consumption shot up by 31%. State-owned grain stores sold much more grain than they purchased. The crisis was further exacerbated by the reactionary panic buying by private traders. Chen Yun, the then leader responsible for national economic and financial affairs, proposed the implementation of the state monopoly of purchasing and marketing of grain, which rationed the purchase of grains in rural areas in order to assure the supply in the cities. Private traders were held to strict requirements.²⁴ Chen Yun's design was approved at the enlarged meeting of the Central Politburo. The policy was extended to oil in November, and in 1954 to cotton, then in 1955 to pigs. By October 1956, 14 major agricultural products were only available at state-controlled businesses and supply and marketing cooperatives.²⁵

The state monopoly expanded centralized economic planning from the industrial to the agricultural sector, from urban to rural areas, and from production to consumption.²⁶ It was a policy to obtain agricultural surplus through unfair but obligatory transactions. It had not only long-term negative impacts on the economy, but it also created a severe shortage.²⁷

Statistics indicated that the amount of paddies collected as agricultural tax-in-kind throughout the economic recovery (1950–1953) totaled 45.9 billion kg, equivalent to 13% of agricultural output. During the First Five-Year Plan, this amount increased to 93.3 billion kg, equaling 11.6% of agricultural output (see Table 6.1). Obviously, the tax-in-kind was a policy to collect crops from farmers for the state monopoly.

At the same time, food rationing was introduced in every city. The food rationing system, together with the later family register system, put an end to migration between cities and suburbs. The government monopoly of food, commodities, and labor mobility was inefficient, unjust, and unreasonable. The agrarian reform, based on the Land Law, had impressively boosted agricultural productivity; on the other hand, the state monopoly and family register system were serious constraints hindering agricultural productivity.

Table 6.1 Agricultural tax-in-kind (in million kg), 1949–1957

Period	Actual agricultural yield	Total tax revenue			Tax payment as percentage of total yield (%)	
		Total	Tax income	Additional tax income	Total	Tax income
Economic recovery	3,806.50	494.53	443.87	50.66	13.00	11.70
First Five-Year Plan	8,017.70	933.21	847.45	85.76	11.60	10.60

Source: Bureau of Statistics, Ministry of Finance, *China's Financial Statistics 1950–1991* (Beijing: Science Press, 1992), 325.

China's idea of the grain monopoly was borrowed from the Soviet *prodrazvyorstka* (surplus appropriation system) introduced in 1919. The term is commonly associated with Lenin's policy of War Communism. It was essentially a program of confiscation of agricultural produce from peasantry. The government obligated all peasants to surrender a determined amount of "crop surpluses" to the state for prices, which were lower than market prices. *Prodrazvyorstka* also included other agricultural and industrial products. It also stipulated that private trade was to be prohibited.²⁸ *Prodrazvyorstka* eventually ended as a famine spread in the country and uprisings followed, which caused Lenin to switch to the New Economic Policy (NEP). Considering China's world-leading population — especially its rural people — the grain monopoly was bound to come at a high price in economic and social terms.

Chinese decision-makers were short-sighted. They plugged up the sudden problems with shortsighted, quick fixes, which created bureaucracy and high institutional costs, in the long run. After 1957, the immobility of population or labor caused a sharp rise of rural labor surplus, and thus the increase in various opportunity costs, such as output cost and consumption cost.²⁹ Rapid industrialization was realized at the sacrifice of agriculture (through excessive taxation of agricultural surplus), civil rights of the vast peasant majority, as well as economic freedom.

Why Did China Follow the Soviet Model?

First, China's leaning-to-one-side policy created the environment and conditions for its adoption of the Soviet model. China's choice of the Soviet model was an inevitable consequence of its diplomatic relations and the international environment. In March 1949, Mao announced at the Second Plenary Session of the 7th CPC Central Committee:

Internationally, we belong to the side of the anti-imperialist front headed by the Soviet Union, and so we can turn only to this side for genuine and friendly help, not to the side of the imperialist front.³⁰

The Korean War prompted a U.S.-led trade embargo on China, when it was sorely in need of monetary and military aid for industrialization. The Soviet Union — the world's second largest economy — became China's only source available. Between 1950 and 1953, the Soviets provided USD300 million in loans, and in 1954 granted another long-term RUB520-million loan for the purchase of Soviet machinery and equipment. The Soviet economic and technical aid contributed a mere 3% to domestic investment, but nevertheless covered part of the shortage in funds for infrastructure, and provided China with technology more advanced than its own. All this aid, however, did not come free. As American China specialist Frederick C. Teiwes suggested:

In 1949 the PRC found the Soviet Union the only available source of military and economic aid. Following the Soviet precedent was at least in part a price that had to be paid for securing that aid.³¹

The immediate, explicit benefits came with long-term implicit costs.

Second, the adoption of the Soviet model was the fastest way to build up the Socialist system in China. The Soviet Union started from an underdeveloped

economy, on which it imposed a centrally planned system of resource mobilization and allocation. From there it began a heavy-industry-oriented industrialization, and matured into a military and economic superpower. The Chinese leadership was inexperienced with industrialization. They saw the Soviet Union as the only ideal example. According to Teiwes:

In the 1949–57 period, broad agreement existed within the CPC leadership on adopting the Soviet model of [S]ocialism.³²

After 1949, Chinese policymakers both inside and outside the CPC began studying Soviet theories and practices of Socialism. Soviet textbooks were translated and published in large quantities. The *Political Economy* textbook, published by the USSR Academy of Sciences, became a must-read and almost “The Bible” for Party cadres.

Third, Soviet experts travelled to China to work as advisers in ministries, enterprises, as well as in the military, and scientific and educational institutions. China sent its top students, trainees, and experts for their higher education, research, and to attend interviews. They served as the human capital for initiating China’s industrialization and a centrally planned economy.

Mao Zedong said:

We still do not know how to design big factories. Who is designing big factories for us now? For example, who is designing plants for our chemical industry, iron and steel industry, petroleum industry, and for our production of automobiles, tanks, and airplanes?.... Not a single imperialist power has designed anything for us.... What country is designing these things for us? It is the Soviet Union. We should cooperate with the Soviet Union.³³

Soviet help was there for China when it was most needed, on the eve of industrialization.

Fourth, China accepted Soviet advice, and adopted the Soviet Union’s Five-Year Plan which was first implemented from 1953 to 1957.

Fifth, the Soviet model served as the source of the primitive accumulation of capital for industrialization. Modern industry in China emerged in the second half of the 19th century, but the domestic industry never really blossomed for the next hundred years. In 1949, China’s capital only totaled some RMB20 billion, equal to RMB37 per capita. This was all that was left by the Qing court and the KMT.

Primitive capital accumulation for industrialization was only possible through state monopoly and the price scissors between industrial and agricultural prices, by which domestic investment rate and the share of fiscal revenue in national income could be raised within a short period.

Last, the Soviet model was regarded by Chinese policymakers as the blueprint for the implementation of Socialism, and a common underlying process of human development.

As historical and cultural contexts differ in countries, there is no single, universal, and standardized model of Socialism.

Why Didn’t the Soviet Model Work for China?

Comparing the initial endowments and natural resources in pre-industrialized China, India, Japan, and the Soviet Union (see Table 6.2), it can be seen that China was similar to India and post-Meiji Restoration Japan, but relatively different from 1920s Soviet Union.

First, China’s population base was much larger than that of the Soviets. China’s population in 1950 was 547 million, almost 3.2 times the 1928 Soviet population. China had a weak human capital base. In 1950, over 80% of the Chinese population was illiterate. Similar to India, Chinese students had an average of slightly more than one per year of schooling.

Second, while the Soviet Union had 2.3 times the amount of land, and 2.4 times the amount of arable land than China, the Chinese people had a lower per capita resource and people had a high per capita resource.³⁴ In 1952, an average of 1.9 people were living off every cultivated hectare of land in China, while in the Soviet Union the number was 0.2. So China could hardly match up to the Soviet abundance of per capita resources.³⁵

Table 6.2 Key development indicators of pre-industrialized China, India, Japan, and the Soviet Union

	Soviet Union (1926–1928)	Japan (1872–1882)	India (1950)	China (1950)
GDP (hundred million), in 1990 USD	2,319 (1928)	341 (1886)	2,143	3,355
GDP per capita, in 1990 USD	1,370 (1928)	883 (1886)	597	614
Population (thousands)	169,269 (1928)	38,622 (1886)	359,000	546,815
Birth rate (‰)	43.5	39.0	38.0	37.0

(Cont'd)

	Soviet Union (1926–1928)	Japan (1872–1882)	India (1950)	China (1950)
Mortality rate (‰)	19.9	32.0	24.0	18
Average years of education attainment of population aged 15–64 years	—	—	1.35	1.60
Proportion of rural population (%)	76.5	84.8	68.0	87.5
Arable land per capita (hectare)	0.2	2.0 (1872)	0.6	1.9
Paddy yield (tonne per hectare)	2.12 (1934–1938)	2.16 (1872)	1.33 (1934–1938)	2.53 (1931–1937)
Wheat yield (tonne per hectare)	7.9 (1934–1938)	—	0.68 (1937–1939)	1.08 (1931–1937)
Grain production per capita (kg)	566	—	—	288 (1952)
Coal production per capita (kg)	279 (1929)	17 (1875)	34.9 (1951)	120 (1952)
Pig iron production per capita (kg)	22.0	0.2 (1877)	5 (1951)	2.75 (1952)
Crude steel production per capita (kg)	29	—	4 (1951)	2.37 (1952)
Cement production per capita (kg)	13	—	9 (1951)	5.03 (1952)
Export value (hundred million), in 1990 USD	34.2 (1929)	0.51 (1870)	54.89	63.39
Export value per capita (hundred million), in 1990 USD	—	0.44 (1870, in current prices)	15.29	4.57
Railway length (km)	70,156 (1913)	2,349 (1890)	54,845	22,238

Sources: 1. Angus Maddison, *Monitoring the World Economy, 1820–1992* (Paris: OECD Development Centre, 1995).

2. Angus Maddison, *Chinese Economic Performance in the Long Run* (Paris: OECD Development Centre, 1998).

3. Alexander Eckstein, *China's Economic Development: The Interplay of Scarcity and Ideology* (Ann Arbor: The University of Michigan Press, 1975), 214.

4. National Bureau of Statistics of China, *China Statistical Yearbook 1991*.

Third, China's agriculture could not provide adequate support to its population. This is related to the population and natural resources issues mentioned above. In 1952, per capita grain production was 288kg, while that of the Soviet Union had reached 566kg as early as in the 1920s. The insufficient domestic food production could not support basic consumption needs, let alone rapid urbanization and industrialization. In subsequent years, China had no choice but to introduce a state economy to bridge the gap between food demand and supply.

Fourth, China is a typical dual agricultural economy, which made the biggest difference from the Soviet Union. The Russian rural population made up 90% of

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the total population during the first half of 19th century, and fell to around 80% by the end of the century.³⁶ In 1952, the share of rural population in China was as high as over 87% of the total population, around 11% higher than that of the Soviet Union in the 1920s.

Fifth, China did not have a sound foundation for industrialization. Per capita industrial output in 1952 was far lower than that in India, and that of the Soviet Union in 1928. Modern infrastructure such as the railway network was hardly comparable to the Soviet system.

Sixth, China's per capita GDP was as low as half the Soviet value in the 1920s.

Last, China was handicapped by a very unfavorable international environment, compared to the Soviet Union in the 1920s, when the foreign military intervention and the civil war had just concluded. The Soviet Union freely imported large amounts of western capital, goods, advanced technology, and equipment. China, however, was involved in the Korean War, and economically and technically isolated by the U.S. embargo. This had forced China to marshal its critically scarce resources and scientists to support the war and military manufacturing.

The huge Sino-Russian gap in per capita resources and productivity forced China to adopt the Soviet heavy-industry-oriented pattern of industrialization. Primitive capital accumulation quickly gathered pace in less important industries; the agricultural and service sectors, however, had difficulty keeping up. The Soviet Union maintained a balance between population and food supply, which ensured the adequate confiscation of food and agricultural products for the urban population. China on the other hand, was less successful. During the First Five-Year Plan, urban population and industrial output expanded at a fast rate, while the growth in food crops remained flat, resulting in the worsening imbalance between agricultural and industrial growth, and between population growth and food production,

In order to reap substantial agricultural surpluses to fund industrialization, China introduced a method to transfer saving from agriculture to industry, by means of a price-scissors policy, taking the Soviet experience as a model. The state monopoly of grain trade in the 1950s caused a forced crashing in grain prices, and thus the price scissors between industrial and agricultural prices. The Ministry of Agriculture estimated that the price gap climbed from 12% in 1952 to 18.7 in 1957, and further to 28% in 1956.³⁷

The heavy industry had three characteristics of a capital-intensive business: (1) It had a long cycle life; (2) Its early development required the use of imported equipment; (3) It allowed for primitive accumulation on a large scale. China's

backward economy also had three features: (1) Capital shortage and high interest rates; (2) High market-based exchange rates and foreign-exchange shortage due to the limited variety of export products; (3) A low economic surplus resulting in a weakness in mobilizing funds. The characteristics of heavy industry were contradictory to China's economic situation, meaning that the heavy industry-led growth strategy could not be realized in the market economy. China sought a solution in institutional changes to lower the minimum threshold of capital formation, by means of reducing the costs of capital, foreign exchange, power, raw materials, agricultural products, and labor. Macroeconomic policies were thus developed to meddle with product and factor prices.³⁸

It was not until 1985 that Deng Xiaoping realized that the Soviet society had become ossified, and no longer should serve as an example:

What, after all, is Socialism? The Soviet Union has been building [S]ocialism for so many years and yet is still not quite clear what it is. Perhaps Lenin had a good idea when he adopted the New Economic Policy. But as time went on, the Soviet pattern became ossified.³⁹

This ossification of the Soviet command system could be interpreted in two ways. The first was the ossified bureaucracy under Stalin, unwilling and unable to move the country in a new direction. The second was to the phenomenon of regarding the Soviet Model as a fixed set of universal normative principles.

7

Chapter

Collectivization and Nationalization in China

Why did Mao Zedong want nationalization and joint public-private enterprises? Why did he collectivize agriculture? Why did the People's Commune Campaigns occur? To impose a Socialist economy and eradicate the private sector from the backward economy, the authorities introduced public ownership in cities and collective ownership in the countryside.

Agricultural Collectivization: Evolution of Individual Economies

When it came to agricultural collectivization, Mao disagreed with the Soviet practice.

In the Chinese countryside, after the agrarian reform, there were 120 million peasants, and 30 million handicraft workers. Most rural land was privately owned, with the owners engaged in individual and household-plot farming or craft work. Remnants of this patriarchal economy still exist in China's economy today. A considerable section of the peasantry in the remote and thinly-populated areas of the country carry on a natural or semi-natural (patriarchal) economy in the form of primitive farming and nomadic stockbreeding, directed to satisfying the peasants' own needs and their work remains very weakly connected with exchange and the market.¹

Rural China in the early 1950s was significantly different from the late-1920s Soviet Union. Compared to China, the Soviet Union in 1929 had 25 million peasant households (4.8 times less than China), occupying 2.4 times as much land as China, making the Soviet Union's arable land per household 10 times more than China's. Large differences were also observed in terms of virtually every economic indicator, including arable land and output per capita. What form of agricultural production, then, should China pursue? Should China follow the Soviet kolkhoz system of collective farming, or develop one on its own? This decision was a huge one for the Chinese leadership. In any case, Mao's and his comrades' choice would create strong path dependency, and increase the opportunity cost to shift to new ideas.

China embarked on a radical collectivization program that grouped large parts of the population in huge communes. The *Common Program* stated:

[The] co-operative economy is of a semi-Socialist nature and is an important component of the people's economy as a whole. The People's Government shall foster its development and accord it preferential treatment.

Until 1952, only some 3,600 mutual-aid teams had been created, with 0.05% of farming households (approximately 59,000) joining their ranks. They were styled “elementary agricultural cooperatives.” In February 1953, The CPC Central Committee issued *The Resolution on Mutual Aid and Cooperation in Agricultural Production* for the formation of “advanced agricultural producer cooperatives.” Farmers were quickly organized into these cooperatives (see Table 7.1).

Table 7.1 Growth of agricultural cooperatives in China, 1951–1956

Year	No. of cooperatives	No. of enrolled peasant households	Their percentage in total rural households (%)	Average no. of households in each cooperative
December 1951	130	1,618	—	—
June 1952	> 3,000	—	—	—
December 1952	> 3,600	59,000	0.05	16.2
December 1953	> 15,000	270,000	0.2	18.2
Autumn 1954	114,000	—	—	—
October 1954	229,000	—	—	—
February 1955	580,000	—	—	—
March 1955	630,000	—	—	—
April 1955	670,000	—	—	—
June 1955	650,000	—	—	—
Autumn 1955	634,000	16,920,000	14.2	27
October 1955	1,280,000	38,130,000	32.0	29.9
November 1955	1,580,000	49,400,000	41.4	31.2
December 1955	1,900,000	75,450,000	63.3	39.6
January 1956	1,530,000	95,550,000	80.3	62.5
June 1956	990,000	111,710,000	91.9	112.4
December 1956	760,000	117,830,000	96.3	—

Source: Dong, *Economic History of the People's Republic of China*, 1:146–63.

China's collectivization program was very similar to Stalin's kolkhoz system. Under Stalin's orders in November 1929, villages were forced into the Soviet cooperative farms (kolkhozes). By January 20, 1930, 21.6% of peasant farms were united in collectives; and by February 1930 that figure had risen to 32.5%, and then to 45%. In some regions, those who resisted were deprived of their land and voting rights.²

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The grouping of peasants into these semi-Socialist cooperatives was a radical collectivization program. The formation of cooperatives and communes, which the Communist Party claimed to be a demonstration of state-supported voluntary, collective farming, turned out to be a politically forced mass campaign.

Since summer 1955 the agricultural collectivization movement and the Socialist transformation of commerce and of handicrafts sped up so drastically that they were completed in a hurried, careless, and oversimplified manner, so that certain problems were posed over time.³

The agrarian reform had increased food crop production to the highest level in the nation's history in 1936. However, during the same period, the population increased by some 26 million from 541 million in 1949 to 587 million in 1953. China in 1953 recorded a year-on-year increase of 2.3% in population but a mere 1.8% increase in food production. The food shortage had become more apparent by 1955, when the population reached 694 million — 72 million more than in 1949.

The Chinese policymakers looked to what the Soviet Government had already tried.

The Chinese method of collectivization, however, turned out quite different from the Soviet one. The Soviet dictatorship deprived rich peasants of their land and property. Some were even arrested then exiled. China brought rich peasants and landlords into cooperatives and communes, and then imposed political control and ideological conformity. From 1953 to 1956, the national agricultural output grew at an average annual rate of 4.8%.⁴

Nationalization in Cities: Eradication of the Private Sector

After 1949, the government made a quick move to confiscate bureaucratic capital and bring key industries under state control. Statistics showed that capital was confiscated from some 2,400 financial institutes, 2,858 factories and mining industries, and more than 10 large trading companies, employing some 750,000 factory laborers and 540,000 other workers. The central government became the owner of almost the entire railway system, and gained substantial control over the means of transportation (railways, highways, shipping lanes, and air routes). State-owned enterprises were estimated by the Assets Supervision and Administration Commission to have fixed assets worth around RMB19.16

billion (net of land value) in 1953, the majority confiscated from bureaucratic capital enterprises — enterprises controlled in the name of the state by eminent bureaucratic families. On account of annual depreciation deductions, this figure would eventually drop to 13 billion.⁵

After 1954, the CPC Central Committee and the State Council issued a series of documents on promoting nationalization. This drive was led by Chen Yun, who preferred a mild and conservative approach. On December 31, 1954, the State Council convened a seminar on privately-owned businesses, where Chen Yun proposed a principle of making overall planning and rational arrangements for the state-run, cooperative, joint state-private, and private ownership economies to perform their exclusive roles. This was agreed to by the Central Committee and the State Council.

At the Enlarged Meeting of the Sixth Plenary Session of the 7th CPC Central Committee in October 1955, Mao spoke about speeding up the capitalist transformation of industry and commerce:

If the capitalists want raw materials, they will have to sell manufactured goods to the state and go in for state capitalism. If they refuse to do so, we will deny them raw materials. In either case, they will be held in check. This will block the capitalist road the bourgeoisie wants to follow, namely, the opening of free markets, the free acquisition of raw materials and the free sale of manufactured goods, and will in addition isolate the bourgeoisie politically.⁶

In November, Chen Yun submitted a draft resolution to push radical policies to bring the public-to-private-sector ratio to 9:1 by 1957, and to place public-private partnerships entirely under central control by the end of the Second Five-Year Plan. The resolution was revised and approved on February 24, 1956.⁷ In December 1955, Liu Shaoqi stated that the collectivization of handicrafts should be complete within two years by 1957. The Central Committee recognized this as an urgent task. On March 4, 1956, Mao expected the task to be completed by the end of the year.⁸

In 1955, some 26.9% of handicraft workers were organized into cooperatives, and in a year the number shot up to 91.7%.

In 1955, there were about 2.8 million privately-owned companies and stores run by 3.3 million people. In 1956, 1.15 million businesses were forced into cooperatives, and 0.8 million into commercial unions, taking up 78% of the entire industry.

In 1949, there were some 123,000 capitalist factories, employing 1.64 workers (54.6% of the total industrial working population) and producing 54.6% of China's

overall industrial output. By 1956, around 90% of capitalist factories and 82% of commercial businesses became Socialist joint public-private operations.

Nationalization fostered fundamental changes to China's economic structure: The year-end figures for the share of the public sector in GDP rose from 19.1% to 32.2%, that of urban-rural joint ventures increased to just over half (53.4%), and the state-capitalist economy climbed to 7.3%. At the same time, the share of the private sector sharply went down from 71.8% to 7.1%, and that of the capitalist economy was measured at 8%. From 1949 to the end of 1958, the share of state-owned factories in industrial output increased from 26.25% to 89.2%, and that of the collective economy from 0.5% to 10.83%. The individual and private economies no longer played a role in the country. In terms of fiscal revenue, the public sector's contribution continued to rise from 33.4% in 1950 to 64.2% in 1953, and further to 70.6% in 1957; on the other hand, the private sector's share dropped from 30.2% in 1950 to 14.5% in 1953, and 0.8% in 1957. Similarly, that of the individual economy went down from 34.5% in 1950 to 1.9% in 1957 (see Table 7.2).

Table 7.2 National income by sector, 1950–1957 (%)

Year	State sector	Joint state-private sector	Collective sector ownership	Private sector	Individual sector	Others
1950	33.4	0.4	0.3	30.2	34.5	1.2
1951	47.8	0.8	0.5	28.0	21.7	1.2
1952	58.1	1.1	1.2	19.6	19.0	1.0
1953	64.2	1.5	2.6	14.5	16.6	0.6
1954	65.7	1.6	4.4	10.7	16.2	1.4
1955	71.3	2.1	6.1	6.5	12.9	1.1
1956	73.5	5.2	15.7	2.2	2.1	1.3
1957	70.6	8.6	16.7	0.8	1.9	1.4

Source: Bureau of Statistics, Ministry of Finance, *China's Financial Statistics 1950–1991* (Beijing: Science Press, 1992), 26.

In late 1955, Mao observed that:

In scale and tempo China's industrialization and the development of its science, culture, education, health work, etc. can no longer proceed exactly in the way previously envisaged, but must be appropriately expanded and accelerated.⁹

He also called for faster realization of the General Line:

The main thrust was to counteract rightism and conservatism, and to accomplish the task of Socialist industrialization and transformation as early as possible. Aim for 15 years, but strive to make it within 10 years.... We could make full use of this period of peace and our effort to bring faster development in our state.¹⁰

In September 1956, Zhou Enlai announced that:

The decisive victory in the process of the Socialist transformation of industry, agriculture, transportation, and trade had elevated Socialist economic elements to absolute dominance in China.¹¹

In March 1957, Mao Zedong declared:

Basically, the Socialist system has been established in our country.

Mao later felt that:

We have gained much new experience with state capitalism; for example, the providing of capitalists with fixed interest after the joint state-private operation phase. With an annual fixed interest of 120 million for several years, we can buy over millions of them, including their families.¹²

This happened less than a decade after he brought up the New-Democratic economic approach to protect the agricultural, handicraft, and privately-owned economies.

It was necessary and correct to confiscate bureaucratic capital controlled by the KMT regime. Within a short time, China forced the transformation of the private means of production. The private and capitalist sectors were eliminated; only publicly and collectively owned units were allowed to remain in the Socialist economy.

China's large population and scarce industrial capital were the sources of the conflicts between its productive forces. In 1949, the state had only an accumulated industrial capital of RMB20 billion (less than RMB40 per capita). Private capital was equally limited. In order to industrialize, China needed not only to promote the accumulation of capital, but also to safeguard private capital, and facilitate its accumulation. Capital was gathered from governmental and private sources, and accumulated through transformation and creation. The nationalization in the 1950s transformed private capital into state-owned assets. From privatization (1949) and nationalization (1956) to the co-development of various economic sectors (1978),

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China has tried different models of capital accumulation.

The Three Transformations were said to be voluntary, but compulsion was used to induce a mass working class struggle. Mao Zedong described it as a “large-scale, turbulent class struggles of the masses.”¹³

In April 1956, Mao Zedong told foreign visitors that:

The road to Socialism is not without pain and struggle.. We have mobilized social resources to help them with the Socialist transition. Not only the working class has risen up against the capitalist class; children from capitalist families have risen up against their parents.¹⁴

In November 1958, Mao recalled:

As noted in my report from the Second Plenary Session of the 7th CPC Central Committee, capitalist economic elements should not be allowed to gain dominance. From 1950 onwards, we have allowed six years for them to develop; at the same time, we have pushed the capitalist economy towards Socialism by placing processing orders, introducing centralized procurement and marketing, and imposing joint public-private operations.¹⁵

In the resolution of the Sixth Plenary Session of the 11th CPC Central Committee, the Party admitted that:

After the initial success of the Socialist transformation of capitalist industries and commerce in 1956, some capitalist factory owners and businessmen were not properly treated.¹⁶

China was not the only country undergoing nationalization in the 1950s; almost every member of the Socialist bloc was doing the same thing (see Table 7.3).

Table 7.3 Proportion of the Socialist sector in national income, industrial output, wholesale, and retail, by country 1957

Country	Proportion of Socialist sector (%)			
	National income	Industrial output	Wholesale	Retail
Bulgaria	>93.0	>98.0	100.0	99.0
Hungary	71.0	94.5 (1955)	100.0	98.7
East Germany	69.0	88.7	95.7 (1956)	71.0 (1956)

Country	Proportion of Socialist sector (%)			
	National income	Industrial output	Wholesale	Retail
Czechoslovakia	90.0	100.0	100.0	99.9
Poland	69.5	99.2	100.0	96.0
Albania	—	100.0	100.0	92.6
Romania	—	100.0	100.0	97.3 (1956)

Source: Economic Institute of the Academy of Sciences of the U.S.S.R., *Political Economy. A Textbook Issued by the Institute of Economics of the Academy of Sciences of the U.S.S.R. (3rd Revised Edition)*, trans. and ed. People's Publishing House (Beijing: People's Publishing House, 1959), 418–19.

Compared to its Socialist allies, China's public sector represented a much smaller share in the economy (see Table 7.4).

Table 7.4 Share of state-owned and collective enterprises in industrial output and retail sales, 1949–1957

	Share in gross industrial output (%)		Share in retail sales (%)	
	1949	1957	1952	1957
State-owned enterprises	26.2	53.8	16.3	37.1
Collective enterprises	0.5	19.0	18.2	41.3

Source: National Bureau of Statistics of China, *A Compilation of Statistics for 50 Years*, 548, 565.

It was not until 1965 that the proportion of state-owned and collective-owned economies in gross industrial output got close to 100%. Mao Zedong began a decentralization of the economy after 1957; however, when it came to ownership, he continued to reinforce the dominance of state and collective enterprises in China's Soviet-style Socialist economy.

Summary: The First Seven Years of Communist Rule

How should this period be remembered? How did China's early leaders feel about themselves? How do foreign scholars see them? Why is the period considered a golden age? Why did it last a mere five years? What were the failures of this period? In what ways would these affect China in the long run?

How China's early leaders felt about themselves

China's leaders all had more or less the same thoughts.

According to Mao Zedong:

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In the short period of eight years, China has already achieved such results in various fields of construction as it was not able to achieve in the past 100 years.¹⁷

Deng Xiaoping recognized the period as a time of great achievement:

The Socialist transformation was a remarkable success.... Mao Zedong's rule before 1957 was correct.¹⁸

Bo Yibo said:

New China has emerged in the East, bringing forth a new life, a new regime, a new image, and a new power.¹⁹

According to the Sixth Plenary Session of the 11th CPC Central Committee:

Our Party has led the different ethnic groups of the Chinese people through the transformation from New-Democracy to Socialism, through a quick economy recovery and planning, and through the Socialist transformation of production means throughout most of the state.... Our approach and policies were correct, and our victory was glorious.²⁰

How foreign sinologists see the PRC's early years

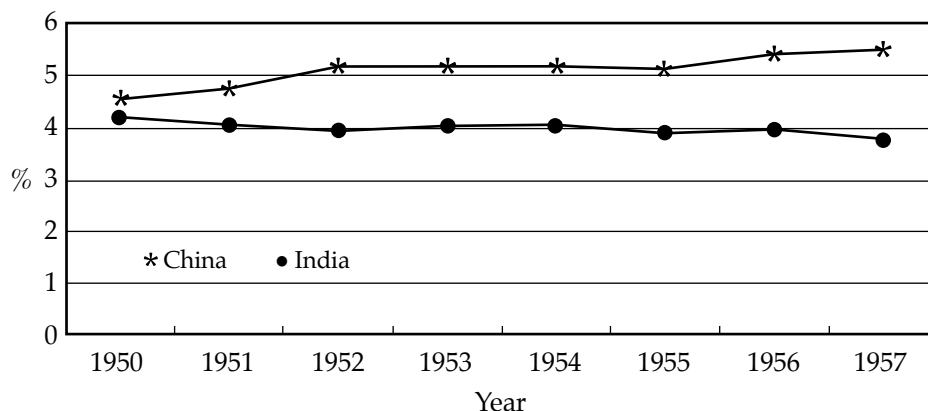
The agrarian reform in the early 1950s greatly contributed to an equalized income distribution in the countryside. The higher earners got 20% less, while the lower earners were paid 50% more. Collectivization further narrowed the rural income gap caused by the unequal distribution and quality of farmland. In cities, nationalization resulted in a major redistribution of income and wealth. Property as a source of income became almost extinct. With income disparity greatly lessened, laborers and workers earned more than they did before 1949. While the sales of industrial products in rural areas increased by almost 15%, the purchase prices of agricultural products rose by 65%. The rise in farmers' income also helped ease income disparity.²¹

Ramon Myers asserted that China's economic achievements must be viewed as remarkable within the context of high human cost. The land reform and collectivization in China had caused an intense class struggle — a long, ruthless political movement that repressed Chinese initiative and creativity. The highly centralized economy was blamed for stifling socioeconomic growth and living quality.²²

The first golden age

China's economy performed better than India. Angus Maddison's statistics suggested that the Chinese GDP between 1950 and 1957 was 7.8%, higher than both the Indian (3.2%) and world average (4.8%). China's share in global GDP climbed from 4.5% to 5.5%, while that of India fell from 4.2% to 3.7% (See Fig. 7.1).

Figure 7.1 Chinese and Indian shares in global GDP, 1950–1957 (%)



Source: Angus Maddison, *World Economy: A Millennial Perspective* (Paris: OECD Publishing, 2001).

China's primitive accumulation of capital was primarily derived from agriculture. A big reason was the agricultural sector's high share in total GDP and low share in government investment (see Table 7.5). Under the Soviet style industrialization program, agricultural surplus was exploited for the rapid economic growth in less populated cities and less labor-intensive industries.

Table 7.5 Income and expenditure of the agricultural sector, 1950–1957

Year	Agricultural share in national income (%) (a)	Agricultural share in government investment (%) (b)	Agricultural surplus (a-b)
1950	39.2	—	—
1951	25.3	—	—
1952	20.2	—	—
1953	16.7	1.3	15.4
1954	16.8	1.6	15.2
1955	15.1	2.2	12.9
1956	13.9	2.5	11.4
1957	12.8	2.6	10.2

Source: Bureau of Statistics, Ministry of Finance, *China's Financial Statistics 1950–1991* (Beijing: Science Press, 1992), 117.

Mao Zedong's exploration and mistakes

Mao contradicted himself on the role of capitalism in the private, industrial, and commercial sectors. Through nationalization, he forced private capital and the private economy into state control, leaving capitalists with nothing more than a fixed interest. China was indeed lacking capitalism, rather than having too much.

Similarly, collectivization was used to forge scattered, individual economies in cities into a collective ownership, and group peasants into semi-Socialist cooperatives and communes. The abolition of and changes in the capital investment incentive program turned economic elements from positive ones into destructive ones.

China's population was to a large extent illiterate, half illiterate, or with very low levels of formal education. In 1949 there were only 185,000 college graduates who constituted 0.03% of the population. Intellectuals were the rarest and most valuable form of human capital in the processes of industrialization and modernization. In January 1956, Mao Zedong proposed to build up a large group of intellectuals and educated minds.²³

Regrettably, his later anti-rightist purge resulted in the educated population becoming a negative element; this will be further discussed in the next chapter.

China had a large pool of overseas human capital. Millions of Chinese were scattered all over the world, representing undeveloped potential capital, technological, and cultural resources. After the reform and opening-up, they became the most important source of external resources.

8

Chapter

The Great Leap Forward

THE GREAT LEAP FORWARD

The years from 1956 to 1965 were a period of Socialist construction in various parts of the Chinese economy. The conclusion of the 8th National People's Congress (1956) marked the beginning of a new historical epoch, an age of all-round and magnificent economic growth.¹

Due to a series of political and economic changes after 1957, China's economy took a turn away from the favorable trend from 1949 to 1956, and focused primarily on economic building during the 2nd Five-Year Plan (1958–62).² The Plan was a progressive yet stable one.³ But when Mao rejected the approach, his comrades turned to stand with him. The rash instigator of the Great Leap Forward called for efforts of all in the Party and throughout the country, setting off events that would eventually lead to the heaviest disaster ever in the history of the Chinese economy.

Major social changes occurred after 1957: In 1957, there was the Anti-Rightist Movement, a massive but unbalanced boost in production, which pushed the class struggle to a higher plane; a year later, radical reforms were forced upon market relations, dubbed the Great Leap Forward and the People's Commune Campaigns. Deng Xiaoping later commented on this period:

However, from 1957 on, China was plagued by "Left" ideology, which gradually became dominant. During the Great Leap Forward⁴ in 1958, people rushed headlong into mass action to establish people's communes.⁵ They placed a lopsided emphasis on making the communes large and collective, urging everyone to "eat from the same big pot," and by so doing they brought disaster upon the nation.⁶

In May 1959, Chen Yun proposed a reduction in steel targets as his first attempt to correct the Great Leap Forward mentality, which was unfortunately rejected. The Lushan Conference in July marked the second turning point in the Great Leap Forward. Defense minister Peng Dehuai wrote Mao a letter criticizing the Great Leap, which Mao again neglected. The vain attempts were followed by a second wave of leaps, and the three years of the Great Chinese Famine between 1958 and 1961. Over 10 million died from starvation, leaving a very noticeable gap in the population. Measured by the statistics showing an increase of mortality, this was one of the greatest human disasters in history.⁷ This became Mao's first step down the wrong path. Mao admitted his mistakes at the Seven-Thousand Cadres Conference in early 1962; but he simply attributed the problems to inner party conflicts, and continued down the wrong trail. The Eighth Plenary Session of the 10th CPC Central Committee adopted a slogan of "taking class struggle as the

key link” — actually meaning blaming big problems on class struggles. Under the notion, Mao launched a series of ideological campaigns, including the Socialist Education Movement (1963–1965) and the Cultural Revolution (1966).

As Deng Xiaoping said in later years:

Generally speaking, Comrade Mao Zedong’s leadership was correct before 1957, but he made more and more mistakes after the anti-Rightist struggle of that year.⁸

Mao’s political logic had led to one giant mistake after another.

The Great Leap Forward represented the lowest period of economic growth and fluctuation. Production was at near stagnation levels. GDP would have been about 40% higher had there been no Great Leap Forward. The famine deaths and economic loss caused by the leap were even greater than during the Great Depression in the West.

The Great Leap Forward wreaked a level of devastation unparalleled in China’s contemporary history, and marked the end of the myth that Mao was always absolutely correct within the Party. More importantly, it became a prime example of bad policy.

Launch of the Leap

The Leap was intended as a plan to realize Mao’s dream of turning China into a global superpower.

China has inherited a backward economy. But the Chinese people are brave and industrious. With the victory of the Chinese people’s revolution and the founding of the people’s republic, and with the leadership of the Communist Party of China, plus the support of the working class of the countries of the world and chiefly the support of the Soviet Union, the speed of China’s economic construction will not be very slow, but may be fairly fast. The day is not far off when China will attain prosperity.⁹

He insisted:

We believe that revolution can change everything, and that before long there will arise a new China with a big population and a great wealth of products, where life will be abundant and culture will flourish.¹⁰

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With the apparent success of the First-Five Year Plan, Mao was eager to and confident in driving more economic growth. When completion of collectivization was in sight, Mao proclaimed it a turning point in the PRC's history, and took it as an opportunity to launch the first of China's two economic leaps forward.¹¹

When the whole country went over to agricultural cooperation in 1956, a new situation arose: an agricultural leap forward started, demanding that grain output per capita be brought to 2,000 catties in five years, and the yield per *mu* to reach 2,000 catties in 50 years.

In July 1957, he said:

We must understand that, counting from now, 10 to 15 years will be required to build a modern industrial and modern agricultural base in China.... To build Socialism, the working class must have its own army of technical cadres and of professors, teachers, scientists, journalists, writers, artists and Marxist theorists. It must be a vast army; a small number of people will not suffice. This is a task that should be basically accomplished in the next 10 to 15 years. The tasks after that will be to make further efforts to develop the productive forces and expand the army of working-class intellectuals, create the pre-conditions for the gradual transition from Socialism to communism and get prepared to catch up with and surpass the United States economically in 8 to 10 five-year plans.¹²

In November 1957, Mao attended an international meeting of communist and workers' parties in Moscow. As the Socialist nations were struggling to catch up with and overtake the capitalist bloc, Mao, perhaps influenced by Khrushchev's efforts, vowed to surpass the U.K. in steel and other key aspects of industrial production within 15 years.

The Great Leap Forward was supported by Party cadres and local governments. Shanghai Communist Party secretary Ke Qingshi wanted education to reach remote villages. At the Second Session of the 8th Party Congress on May 31, 1958, he had told the Party what the country would look like in 15 years:

In 15 years or so there will be primary and secondary schools in every town. Not only so — universities and vocational institutes will be built in every county and all remote villages.... Everyone can read *Das Kapital* and is proficient in calculus. Astronomy, geology, agricultural science, mechanics, chemistry, physics, and electronics will become general knowledge.

In March 1958, Chen Boda told a conference in Chengdu that China was at a stage where “one day equals twenty years.” The meeting heard the news that China’s economy will boom at a very faster rate.

At the Second Session of the 8th National Congress, Mao forecast that China would overtake the U.K. in seven years on key industrial indicators, and within 15 years would beat the United States as well. In response to Mao’s call, sectorial ministries set their own targets: The Machinery Ministry aimed to increase the average annual growth in output to 50% by the end of the Second Five-Year Plan; The Ministry of Metallurgical Industry planned to catch up with British steel production in five years, and with the U.S. in 10 years; The Ministry of Coal aimed to reach the British level of coal production in two years, and the U.S. level in 10 years; The Ministry of Textiles expected to surpass the U.K. and U.S. in textile production in five years; The Ministry of Light Industry was on track to overtake British paper products output in five years; The railway network was directed by the Ministry of Railways to reach 270,000km within 15 years; The Ministry of Water Resources and Electricity announced that within five years it would bring the electricity grid to cover the whole country.¹³

Liu Shaoqi declared at the Second Session of the 8th National Congress:

Our 600 million and more people have already far surpassed the most advanced capitalist countries in the West in the speed of the upsurge of their revolutionary consciousness and of the victories of their revolutionary struggles and will definitely far surpass them too in the speed of economic and cultural growth.

The tasks outlined in the Second Five-Year Plan were: to complete the National Program for Agricultural Development ahead of schedule; to build a viable industrial base; to catch up with the U.K. within five years, and the United States in 10 years; to cultivate scientific and cultural development; and to lay a strong base for catching up with the world’s most advanced technology over the next decade.

On June 22, Bo Yibo (Vice-Premier of the State Council and Director of the National Economic Council) forecast that China would have surpassed the U.K. in industrial production, except for electricity. Mao was highly pleased and excited by the idea. He commented on Bo’s report:

We need not 15 years to overtake Britain, and not even seven years. It takes only two to three years. Here I am talking about steel production. When steel production output reaches 25 million tons, we will overtake Britain.¹⁴

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On the same day, he remarked on a report from the Central Military Commission:

If steel output can reach 60 million by 1962, we can overtake the United States without much difficulty.¹⁵

The Resolution on Certain Questions Regarding the History of the Party since the Founding of the People's Republic of China, adopted in 1981, pointed out that:

In 1958, the Second Plenum of the 8th National Congress of the Party adopted the General Line for Socialist construction. The General Line and its fundamental aspects were correct in that it reflected the masses' pressing demand for a change in the economic and cultural backwardness of our country. Its shortcoming was that it overlooked objective economic laws.¹⁶

As Roderick Macfarquhar has concluded:

In 1957, the last year of the First Five Year Plan (1953–57), the increase in grain output was only 1.3%.... Moreover, peace, unity, and public health measure had raised the annual rate of production growth from 1% in the first half of the century to over 2% in the 1950s. Under the dual burden of the doubled rate of population growth and major industrialization to satisfy the needs of the Chinese state, China's leaders almost certainly did not have data to enable them to appreciate the historic nature of their dilemma; but the grain shortages of the late summer of 1957 must have indicated clearly enough that a fundamental reappraisal of their development strategy was required.... The overweening pretensions of Mao and his supporters in the face of nature and economics and their acts of impatient folly led to disaster.¹⁷

The Great Leap Forward: from its rise to its fall

The Great Leap Forward imposed high economic targets. The National People's Congress in February 1958 endorsed a plan to push up agricultural, industrial, steel production, and investment growth for the year by 6.1%, 14.6%, 19.2%, and 17.8%, respectively.¹⁸

Six months later, at the Politburo's enlarged meeting, grain output was

scheduled to increase by 60–90% to 300–350 million tons, so that the available food per capita would reach some 500kg. Cotton production was expected to at least double.¹⁹ Total grain and cotton output were expected to hit 800–1,000 billion and 900–1,000 billion in 1959. Provincial and autonomous regional governments were ordered to shift their priorities from agricultural to industrial production.

In October 1958, the grain production target was further revised upwards to 2 trillion.

By June 25, per capita grain output in East China reached 1,000 catties — the four-to-five year target was fulfilled already within the first year. National grain output was estimated at over 5 trillion catties. The agricultural front's main initiative was to reap a greater harvest for that year and the next, so that in two or three years the Chinese people would all have prosperous lives.²⁰

In a discussion published in the August 16 issue of *Red Flag* which claimed a rate of increase of 69% in the 1958 summer grain harvest, Mao maintained that the growth in grain production would show an even greater increment and would be followed by still greater leaps forward — with slogans such as “The bolder the man is, the higher yields his fields will turn out,” “Free meals for all,” and “Eat until the skin on your bellies is tight.” On August 29, 1958, the Central Committee announced in the *Resolution on the Establishment of People's Communes in the Rural Areas*:

With the overcoming of rightist conservatism, and the breaking down of conventions in agricultural technical measures, agricultural production is leaping forward at high speed, and the output of agricultural products is increasing by one hundred percent, several hundred percent, over one thousand percent, and several thousand percent.

In the August 1 issue of *Red Flag*, Tao Zhu, Secretary of the Guangdong Provincial Committee, declared a growth rate of 60% in food production in spring of 1958. He raised the possibility of the yield per *mu* for the three growing seasons reaching 10,000 catties.²¹ Mao did not doubt his vision:

Things happen in a curious way: When we do not want it, there is none or little to be had; but when we do, there is always plenty. Food production has been slow over the past nine years. We were always worried we would run out of food. But this year we have seen an increase of several hundred billion catties. It doubled this year, and will quadruple in the next. We will have plenty of food.²²

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From 1952 to 1957, the national yield rose from 110 million to 195 million tons, an average annual rise of 3.5% — the biggest ever recorded, and higher than that observed in any other country during the same period. The cultivated area expanded by 1.5%, making another record in China's history.²³

In February 1958, Bo Yibo called for a steel target of 6.2 million tons, 19% higher than the previous year. In May, the target was finalized at 8–8.5 million tons. On June 7, the Ministry of Metallurgy submitted a production plan for 1962, on which Mao commented:

If steel output can reach 60 million by 1962, we can overtake the United States without much difficulty.²⁴

In August, the Central Politburo decided to raise the target to 10.7 million tons; a few weeks later, Mao further pushed it up to 12 million tons. The Beidaihe Conference in August predicted that steel output in 1959 would double from 10.7 million in 1958 to 30 million, and further rise to 50 million in 1960. By the end of the Second Five-Year Plan in 1962, the figure was estimated to go up to 80–100 million tons.²⁵

Mao sensed obstacles in achieving the target. He decided to call upon regional secretaries and the masses to match his devotion. The Central Politburo asked the public to “take steel as the key link.”²⁶ In July, some 30,000 furnaces were set up in towns and villages. By August there were about 170,000, and by September about 600,000. More than 100,000 small coal mines were built across the country. As of that year, there were 1.22 million small-scale factories that relied on the manual labor of 24.89 million workers, mostly farmers; and 75,000 machine-run factories employing 8.4 million workers. Together, they made up a total of 1.29 million industrial businesses with 33.3 million employees. Rural labor in the industrial sector once ran as high as over 60 million employees.²⁷ According to the *People's Daily*, on December 22, China had doubled its steel-manufacturing capacity to 10.73 million tons annually. On the last day of 1959, the Ministry of Metallurgical Industry declared that the annual production had reached up to 11.08 million tons. Later estimates, however, indicated that only 8 million tons were of an acceptable quality.²⁸ Excessively ambitious targets had inevitably led to some false reporting, and quality dropped in favor of quantity. This was common throughout the Great Leap Forward.

Quantitative goals were as extravagant for education as for the economy. They were introduced by the *Directive on Education Work* issued jointly by the CPC Central Committee and the State Council on September 19, 1958. Within three

to five years, illiteracy was to be basically eradicated and elementary schooling universalized. Every agricultural cooperative would have a secondary school. Nurseries and kindergartens would be established for most pre-school-age children. Within 15 years, tertiary education would be available for all those with the necessary qualifications who wanted it. The quality of higher education could then be pursued during the next 15 years.²⁹

The scientific community also took a great leap forward. Guo Moruo, President of Chinese Academy of Sciences, supported the Maoist call for exerting every possible effort to embark on the Great Leap Forward. On May 15, the Academy reported to the Second Session of the 8th NPC on its agenda, which consisted of 24 technical projects, 18 of which involved industrial farming and 4 which were aimed at converging towards the developed countries' levels. In July, 927 achievements were presented as a birthday gift to the Communist Party; 107 were claimed to have reached the global average levels.³⁰

In August and October, the Ministry of Culture wanted to ensure that everyone could read, write, calculate, watch movies, sing, draw, dance, perform, and create.³¹

Liu Shaoqi sided with Mao's demand for the Chinese economy to grow even faster than the 1st Five-Year Plan suggested. He pointed out at the Second Session of the 8th NPC:

The speed of construction has been the most important question confronting us since the victory of the Socialist revolution.... Our country's economy has been very backward, and there are imperialist countries abroad; only by speeding up construction to the utmost can we, within the shortest possible period, consolidate our Socialist state and raise the people's standards of living.

The *People's Daily* became a major source of fabricated news about high agricultural productivity all over the country. The Great Leap Forward resulted in the biggest economic fluctuation in contemporary China and this impacted heavily on productivity. The economy suffered a major downturn, and it experienced a cycle of dramatic rise and decline.

The economy rebounded strongly from 1957 to 1959. At the Second Session of the 8th NPC, the Chinese government decided to "go all out and strive for the best to achieve greater, faster, better and economic results in building Socialism." In 1958, GDP recovered to 22% higher than its level in 1957. Gross industrial output increased by more than half (54.8%). Production in the construction sector grew by 70.3%, and the transportation sector by 51.7%; whereas the agricultural sector only

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grew by 2.4%.³² The ratio of growth in the industrial and agricultural sectors rose from 3.2:1 in 1957 to 22.8:1. Steel production went up by 49.5%, pig iron by 130.5%, energy by 42.5%, coal by 106.1%, and cement by 35.6%.³³ Grain production rose only by 2.5%.³⁴ In 1959, GDP was 8.2% higher than in 1958. Gross industrial output increased by 36.1%. Production in the construction sector grew by 9%, and the transportation sector by 34.1%. Agriculture, however, registered a decline to a level lower than in 1955.³⁵

Investments expanded at a furious pace. Fixed-asset investment in state-owned enterprises showed an 84.5% increase in 1958, and 31.9% in 1959 as the total amount more than doubled in two years.³⁶

The labor force grew by 67.5% from 1957 to 1958. State-owned enterprises employed 20 million more people, 84.9% higher than a year earlier.³⁷ The number of employees grew by another 2 million in 1959, and 5.4 million in 1960 — more than double what it was in 1957. In 1958, the urban population expanded by 7.72 million. By 1960, another 31.24 million people were added to the cities' population total.

The patterns of growth in economic indicators and important ratios were imbalanced in an uncommon and very apparent way. The economically irrational Mao Zedong never expected the Great Leap Forward to turn into a great tragedy. The impetuous leaders of China, except Chen Yun and Peng Dehuai, agreed with and followed the Maoist ways. Among these followers were Liu Shaoqi, Zhou Enlai, Deng Xiaoping, and Lin Biao. If it were not for the famine, Mao would not have changed his mind or attitude. His fellow leaders could hardly change the realities, nor stop and correct his worst political mistakes. Chen Yun had objected to Mao's policies. The Lushan Conference could have been a chance to rectify the mistakes; regrettably, both Chen and Peng were neglected and rejected. Failure was bound to occur.

The Chinese economy was on a rollercoaster from 1960 to 1962. An abnormal and forced economic leap was always followed by an equally dramatic decline, which in Communist China's case was its biggest economic crisis and famine.

GDP declined by 1.6% percent in 1960, 29.3% in 1961, and a further 6.5% in 1962. The 1962 national income was barely higher than the 1955 level.³⁸ Gross industrial output dropped 42.8% in 1960, and another 16.6% in 1962. Production in the construction sector fell 64.2% in 1960, and 14.8% in 1962. The transportation sector went down by 42.1% in 1960, and 19.5% in 1962.³⁹

Struck with natural disasters, grain production was declining in a virtually continuous fall from 170 million tons in 1959 to 143.5 tons, even lower the 1951 level (143.6 tons). The cultivated area in 1959 was 10% less than it was in 1957. Of

the total cultivated land, 13% less was cropped for food compared to a year ago. This was one of the reasons for the decrease in food supply. Another major reason was the shrinking of the agricultural labor force, which declined by 22.9 million (10%) from 1957 to 1960. The number of livestock lost even surpassed the Soviet famine. The number of pigs dropped sharply — by more than 70 million head, or 48%, between 1957 and 1961.⁴⁰

Both urban and rural per capita consumption of grain reached a peak in 1957, and hit the bottom in 1961 (see Table 8.1). During the Chinese Famine, priority for food supplies was given to cities with populations representing at least 10% of the national total; this was accomplished at the sacrifice of the farming community, as the state increased its cereal procurement. The rural population, especially those living in extreme poverty, suffered much more from the famine.

The famine started in 1959; but in that year, there was a net export of grain of 4.16 million tons, equaling 2.4% of total crop yield, or 8.7% of the requisitioned grains. In 1960, the net export volume was recorded at 2.65 million tons (see Table 8.1). This added fuel to the already dire famine.

Table 8.1 Urban and rural grain consumption and mortality rates, 1952–1965

Year	Grain consumption (kg per capita)			Mortality rate (deaths per thousand)			Net grain export (10,000 tons)	Amount of requisitioned grains (10,000 tons)
	Rural	Urban	National	Rural	Urban	National		
1952	197.5	—	—	—	—	—	153	—
1957	203.0	196.0	204.5	10.80	8.47	11.07	193	4,597
1958	198.0	—	201.0	11.98	9.22	12.50	266	5183
1959	186.5	—	183.0	14.59	10.92	14.61	416	6,412
1960	163.5	192.5	156.0	25.43	13.77	28.58	265	4,654
1961	—	180.8	153.5	14.24	11.39	14.58	-445	3,655
1962	164.5	—	—	10.02	8.38	10.32	-389	3,242
1963	—	—	159.5	10.04	7.13	10.49	-446	3,699
1964	—	—	178.5	11.50	7.27	12.17	-475	4,014
1965	184.0	—	177.0	9.50	5.69	10.06	-399	3,922

- Sources : 1. Nicholas R. Lardy, "The Chinese Economy Under Stress, 1958-1965," in Roderick MacFarquhar and John King Fairbank, eds., *The Cambridge History of China, Vol. 14: The People's Republic, Part 1: The Emergence of Revolutionary China, 1949-1965* (New York: Cambridge University Press, 1987), 373, 374, 381.
2. National Bureau of Statistics, *China Statistics Yearbook 1983* (Beijing: China Statistical Press, 1983), 103.
3. Planning Department of the Ministry of Agriculture, Agricultural Statistics, 1949–1983, 443, in Justin Y. Lin, Fang Cai and Zhou Li, *China's Miracle: Development Strategy and Economic Reform* (Beijing: Beijing University Press, 2000), 290.

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At the Lushan Conference, when Peng Dehuai questioned the credibility of data on food production, Mao declared a harvest of 375 million tons — when it was really only 170 million. The local governments' constant reporting of fake statistics in order to impress their superiors up the chain caused tens of thousands of deaths.

The Great Leap Forward posed the most dangerous challenge to the CPC since it came to power in 1949. The CPC's way of handling political issues did not only disable itself from foreseeing the scale of the crisis, but also from efficient and effective decision-making. Despite there being undeniable evidence of the widespread famine, the Communist leadership failed or abandoned the initiative to organize a timely, cohesive response.⁴¹

Chen Yun's attempt to rectify the Great Leap Forward

Before the famine struck, the Communist leadership had been given at least two chances to correct its position. Chen Yun, Vice-Premier and general economic overseer, and Peng Dehuai, also Vice-Premier and Politburo member, expressed to Mao their reservations. Mao had worries about the Leap, but ultimately decided to go forward. It was impossible for Mao to own up to his own mistakes.

During Autumn and Winter 1957, some farmers killed their animals, cut down trees, and hid their crops. Others lied about their harvest on the high side. The rising cereal procurement starved more people to death. When Mao got the news, he sent Tian Jiaying (his secretary, and Deputy Director of Political Research Office) and Wu Lengxi (editor-in-chief of the *People's Daily* and head of the official New China News Agency) to make a personal investigation in Henan. He was aware that the Great Leap Forward and the People's Commune Campaigns could lead to disaster, if placed in the wrong hands. At the Zhengzhou Conference (November 2 to 10, 1958), where central and local decision-makers gathered, Mao intended to persuade his comrades to slow down the Socialist transition.⁴² He said at the Politburo's enlarged meeting⁴³:

The Soviets were very cautious about their transition to communism. They had planned for years, but never yet begun it. They said they were preparing for the right moment.... The Chinese people, including myself, might have been rash. In a mere nine years, we have become ambitious. Do we have the capability? Nobody knows how long it will take for China to enter communism.⁴⁴

From late 1958 to July 1959, Mao warned local governments not to overestimate

agricultural output. In November, he criticized the use of fabricated statistics about outputs by local cadres. Cheating, he said, is worse than concealing the facts.

The use of fake economic data was a feature of China's planned economic system. The crux of the matter is not in merely the popularity of fake statistics, but more about how much was fabricated. When lower officials told lies, Party bosses — including those of the central government — actually believed them. Mao's speech to the Wuchang Conference on November 23, 1958, indicated that he knew about the incidence of false reports:

At present, there is an atmosphere in which there is only talk about successes and not about shortcomings; when there are shortcomings, there is a loss of face; and when you speak the truth, no one listens....The serious question at present is not only that the lower levels fabricate, but that we believe them; from the Center, the provinces, and the prefectures down to the counties, everybody believes them, primarily the first three levels — that's the danger.⁴⁵

Mao, however, was a contradictory figure. He deplored the tendency to misreport economic data, but still based his decision-making on the false numbers; and what was more, he acknowledged that there were both bad and good kinds of falsification:

There is a kind of fabrication that also has its benefits, which is against subjectivism, coercion, and commandism. Zhongnanhai has a cadre who went down to the countryside; he wrote a letter back saying that a commune had determined to pull up three hundred *mu* of maize and plant sweet potatoes; on each *mu* 1.5 million clusters of sweet potatoes would be planted. But the maize had already grown above a man's head, and the masses felt this was deplorable, and thus the maize was not pulled out. They pulled it out on only 30 *mu*, but reported 300 *mu*. This kind of fake reporting is good.⁴⁶

The policy's failure became evitable.

Premier Zhou Enlai did not believe in government statistics. Heeding his repeated requests, in May 1961, the economic and planning authorities finally returned the actual crop yield data. The yields in 1958 and 1960 were actually 400 billion and 287 billion catties, as opposed to the previously reported 500 billion and 370 billion.⁴⁷ Zhou Enlai attributed the habit of falsifying statistics to the pressure

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from the central government to produce high growth. On February 3, 1962, he admitted that local authorities always have a contingency plan in place.

If you blindly set targets for them, they would keep ready two sets of numbers, and report only what they would assume you would prefer.⁴⁸

In the directive of January 1958, entitled *Sixty Points On Working Methods*, Mao wrote:

There are three production plans: two are central plans — one must be fulfilled; this is the one to be published and the other is expected to be fulfilled but not to be published. Two are local plans — the first local plan is the second central plan, which from the point of view of a locality, must be fulfilled, and the other is expected to be fulfilled. The second central plan is the basis of comparison.⁴⁹

Chen Yun interpreted the statistics in a different way. In April 1959, he wrote:

Since this year, the urban and rural sales volume is continuously increasing ... and the volume of reserves is decreasing, there is a widespread shortage. Therefore I think that no matter how much grain production increases this year, we must eat and use grain economically, and we must control the sales volume.... We must seriously cut the numbers of more than 10 million workers that we over-recruited last year and assign them to the countryside.... From now on, we must strictly control the number of workers.

At the same time, 15 provinces were hit horribly with natural disasters. Some 25.17 million people were starving. Mao was well aware of this. In early spring 1959, a famine swept across Hebei, Shanxi, Inner Mongolia, Shaanxi, Gansu, Ningxia, Qinghai, Shandong, Jiangsu, Anhui, Fujian, Henan, Hubei, Hunan, and Jiangxi, leaving tremendous devastation particularly in Hebei and Shandong.⁵⁰ This was a prelude to the Great Chinese Famine. Had the state taken timely and practical actions, the catastrophe could have been avoided.

On April 26, Mao received a report from the Ministry of the Interior stating that the famine had eased in Henan and Hebei, and that villagers had stopped flowing out of Shandong. Hunger edema started to subside; but the famine was still raging in certain parts of the state, and this worried Mao. He told the Ministry of the Interior:

We must not become careless. Take any necessary actions and make proper arrangements to survive the famine.

In January, Chen Yun talked to Mao about the difficulties in accommodating the targets of the 1959 production plan. Angered at the doubt, Mao told him to leave the issue alone until the next Conference of Provincial, Municipal, and Autonomous Region Party Secretaries. Unsure of Mao's intentions, Chen Yun did not suggest a reduction in production targets. He castigated himself for the "rash behavior." Mao then again acted contradictorily. During the conference, he admitted to being as inexperienced as a child in economic building, and therefore had set unrealistic economic goals which caused economic imbalances. At the Seventh Plenary Session of the 8th Central Committee (April 2–5), Mao suggested that China needed more officials like the 16th century's Hai Rui, who was prepared to stand up to Emperor Jiajing and speak the truth. Chen Yun was praised on different occasions for insisting on his own correctness.⁵¹

Chen Yun was the fifth-in-command of the Party, and China's most powerful economic planner. He was appointed director of the Central Finance and Economic Leading Group. Chen Yun believed production and construction should be planned to be well-organized and practical.⁵²

On May 11, he proposed at the Politburo meeting to reduce China's steel production target for 1959 to 13 million tons, and steel product target from 11.5 million to 9 million tons. The idea received the support of Politburo Standing Committee members Liu Shaoqi, Zhou Enlai, and Deng Xiaoping.⁵³ This reflected a consensus in the Politburo's standing committee to undertake timely and necessary adjustments to the Great Leap Forward.

The Minister of Metallurgical Industry disagreed. Chen Yun rebutted by quoting Liu Shaoqi:

If the figure is too high and we cannot realize it, it will be even more discouraging.

Mao was not the only one fond of sky-high targets. The heavy industry had a tendency to aim high, for ambitious targets attract high investments. The attraction of investment is the top priority of any business owner and beneficiary. Chen Yun was worried about the quality of the nine million tons of steel produced from mini blast furnaces.⁵⁴ He sincerely hoped Mao would be more open to suggestions in his decision-making. That hope was shared by some members of the Politburo Standing Committee. Chen Yun presented a list of suggestions: eating and using

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grain economically; maintaining a reserve of raw materials and resources for the production of daily necessities; cutting down purchasing power; whittling down the ranks of the 10 million workers, too many of whom were recruited in the previous year; and giving priority to arranging transportation and labor for the delivery of market supplies.

His suggestions were agreed to by most of the Politburo Standing Committee. On May 28, Deng Xiaoping told the Central Secretariat:

We should not only focus on industrial development, but also on the entire national economy. Now the problem is deciding which is more important: the steel production target of 18 million tons, or the national economy, the market, and livelihood of our people.

Zhou Enlai agreed with Chen Yun's theory of putting quality before the quantity. On May 17, Zhou Enlai suggested that the Premier and the eight vice-premiers personally investigate the nine key sites of steel production. On June 11, he reported his conservations to the Secretariat. He said the foremost task before China was to restore economic balance and to boost product quality. He recognized that openness to different ideas is critical.⁵⁵

On June 13, Mao attended a Politburo meeting where he discussed the targets for industry sectors:

Next year's performance targets must not be pitched too high. I would say that they can be more or less the same as this year, or even lower.

On June 26, Zhou Enlai met with Soviet technical experts, when he explained the reasons for launching the Great Leap Forward, and admitted its flaws in three aspects:

China launched the Great Leap Forward to speed up its Socialist transition, to establish its industrial system in a short period, to free itself from imperialist oppression, thereby fulfilling its contemplated role in the Socialist bloc's division of labor. It has three flaws and mistakes in speed, balance, and quality. We shall overcome these flaws and mistakes, thereby pursue the Great Leap Forward and continue our success.⁵⁶

Chen Yun had to skip the Lushan Conference due to illness. He read the meeting records during his recovery overseas, when he said nothing about the resolutions⁵⁷ — not until Mao called him back in 1961 to deal with the aftermath of

the Great Leap forward. Mao later regretted launching the Leap. In May 1964, he said after listening to a report from the Development Planning Commission:

I miss Chen Yun. We acted rashly during the Great Leap Forward. Chen Yun had repeatedly talked about reducing the targets. The high targets, high requisition quotas, and exaggeration — We shall never forget the lesson and never make the same mistakes.⁵⁸

Peng Dehuai's attempt to rectify the Great Leap

Mao said at the Lushan Conference:

The Great Leap Forward was intended as a good-will attempt; but the unrealistically high targets placed us in a passive position. Some of our industrial and agricultural goals were too far removed from the actual reality.⁵⁹

The Lushan Conference could have been China's second chance to put right its mistakes.

On June 29 and July 2, at a preparatory meeting for the Lushan Conference, Mao mentioned to central leaders and regional economic bosses one of the most valuable lessons from the Great Leap Forward:

One of the major lessons from the Great Leap Forward is the lack of balance. When we walk, both legs should move, but we did not do so.

He held that:

Comrade Chen Yun said, "We should arrange the markets before we go into capital construction."... Now we realize that comrade Chen Yun was right. We have to solve the problems of clothing, food, housing, utilities and travel, first for they concern the stable life of 650 million people.⁶⁰

He spoke of the problems with the Great Leap Forward:

The trend in 1958 was generally positive, but there was blindness, exaggerations, and boasts. We exaggerated some aspects. The four major production targets were too high. There have been great accomplishments; there have been problems, many of which will not surface until later. The problems are just 10%, 20%, or 30% of the issue.⁶¹

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The focus of the meeting was for the top leadership to reach a consensus, and to rectify mistakes that had been found. Mao was surprised by the variety of opinions and views in the Party. More importantly, he did not intend to criticize Peng Dehuai and his supporters.

On July 4, Liu Shaoqi said during a discussion within the Central-South Bureau:

The biggest accomplishment in 1958 was the lesson we learned; its economic significance was greater than the Great Leap Forward. The Party and the people have learned a big lesson, but we also proved the Great Leap Forward possible. And yet, at the same time, there was a mess of destruction.⁶²

Liu Shaoqi was well aware that the Great Leap Forward had brought destructive damage which must be immediately rectified.

Zhu De (Vice-President and Standing Committee member of the Politburo) said during the same discussion:

We should realize the fact that farmers are also private owners, and, to a certain extent, we should show respect for their private ownership.... We should work to allow farmers and ranchers to prosper, and not be poor.... We should help farmers have a better life and a home for their families.... The family system should be strengthened to ensure that control of their wealth remained in family hands.

He hated the widespread availability of communal dining facilities:

It may not be such a bad thing if the communal dining halls all go bankrupt.⁶³

Before that, on June 15, Zhu De and Dong Biwu (Vice-President, Member of the Politburo, Secretary of the Central Commission for Discipline Inspection) said during an inspection in Jilin Province:

Giving free meals does not work. The communal dining halls are a form of waste. The state can save a lot of money by abolishing the daguofan entitlement. This policy must be gone in the next 10 or 20 years. Some of us have concerns with farmers becoming rich, and that capitalism will begin to thrive again. These worries are unnecessary. As long as the means of production are still controlled by the state's collective leadership,

capitalism will not emerge, not even if farmers get rich. The richer people get, the better their lives will be.⁶⁴

Zhu De's impression reflected the mainstream consensus among the Politburo. Yet Mao worried that this approach would give rise to capitalism. The Engel's Coefficient (percentage of food consumption to total spending) of rural families was 98% in 1957. They were among the poorest of the world's poor.⁶⁵

Peng Dehuai said at a discussion within the Northwest Bureau:

Following the Rectification Movement and the Anti-Rightist Movement in 1957, the Party was buoyed by the growing reputation brought by a series of political and economic successes. Then we became proud and arrogant. One easily gets lost in success, and forgets even the most intense experiences. One who gets lost in success often rejects negative comments.⁶⁶

This was a public and blatant criticism of Mao.

Liu Shaoqi and some others also expressed different views from those of Mao at numerous top-level meetings. Mao was sensitive to and unhappy about the dissenting voices.

On July 10, he called for a meeting to convey strong dissatisfaction over opposing views within the Party. He believed that different understandings of reality would prevent Party unity. Mao then admitted a number of mistakes. He stressed that there had been great accomplishments; there were many problems; but prospects were bright.

Bottom line, he would not allow anyone to deny the General Line. In the later Cultural Revolution, whoever disagreed with him or objected to the Cultural Revolution were "struggled against." Mao's stubbornness was both his greatest asset and weakness.

Peng Dehuai insisted on voicing his objections. On July 12, he visited Mao's residence, hoping to talk to him personally; but Mao was resting. On July 14, Peng wrote a lengthy letter revealing the shortcomings of the Great Leap Forward. On July 16, Mao ordered the private letter to be circulated to all the attendees of the Lushan Conference. The letter immediately evoked two opposing schools of thought.

Huang Kecheng (Secretary of the Central Secretariat and chief of staff of the People's Liberation Army) summarized the flaws of the Great Leap Forward in three points: overestimation of agricultural productivity; economic imbalance;

and the over-demanding production targets in 1959. He then attributed these to inexperience and subjectivity. On July 21, Zhang Wentian (Vice-Minister of Foreign Affairs and Alternate Member of the Politburo) expressed agreement with Peng.⁶⁷ His speech caught Mao's attention.

Ke Qingshi called Peng Dehuai's letter a political plot against Mao and the General Line. He urged Mao to speak up before the core leadership's unity could break down. Li Jingquan showed his disapproval of Peng's attempt to contain the excessive leftist tendency.⁶⁸

Mao was convinced that Peng Dehuai was up to no good. He interpreted Peng's criticisms and the air of resentment from the West as a joint effort of both local and international pressure. He was determined to get back at Peng.⁶⁹ The focus of the Lushan Conference was turned to criticizing Peng Dehuai.

The 8th Plenary Session of the Eighth CPC Central Committee was held from August 2 to 16, during which Peng Dehuai and others were purged. Peng's letter and speeches were officially declared an "agenda of a rightist, opportunist assault on the Party," and a "ferocious assault on the General Line, the Party center and Comrade Mao Zedong's leadership." Right-wing opportunism was declared a "present and grave danger to the Party." On August 16, the plenary passed the *Resolution of the Eighth Plenary Session of the 8th Central Committee of the CPC Concerning the Anti-Party Clique Headed by Peng Dehuai and Struggle to Defend the General Line and Oppose Right Opportunism*. Peng Dehuai and other rightist opportunists (including Huang Kecheng, Zhang Wentian, and Zhou Xiaozhou) were condemned as an "anti-party clique," who "essentially denied the successes of the General Line, the Great Leap Forward, and the People's Communes Movement." They were said to have betrayed the Party, the Chinese people, and Socialism. They were dismissed from military office, but kept in their positions at the Central Committee and the Politburo for "further observation."⁷⁰ The *Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China*, adopted in 1981, determined that the resolution on Peng's clique passed at the Eighth Plenary Session of the 8th CPC Central Committee was completely wrong.

On September 6, Mao wrote to Chen Boda to invite him to give a seminar on the article *Refutation to The Fallacy of China's Economic Imbalance*. On September 8, Chen Boda reported to Mao the various opinions gathered from economists and five cadres from the Bureau of Statistics. They concluded that, contrary to what others had claimed, the 1958 economy was developing in a generally balanced manner. The imbalance in certain sectors was but a temporary

phase in the development stages; more importantly, the situation had been improving after adjustments had been made. Mao was pleased with the report. He reinstated his faith in the Anti-Rightist approach.⁷¹ Actually, the economists did not only give wrong information, but also misguided analysis. The Bureau of Statistics used manipulated statistics. They were undeniably responsible for Mao's wrong choices.

The escalating political wrangles in the Party and the military worried Peng Dehuai. He said in recalling the Lushan Conference, "I cannot reveal anything about our structure, agenda, purpose, or any names, for that will come with very bad consequences. My only option is to destroy myself, for I cannot afford any harm to the Party's people and army."⁷²

Following the Lushan Conference, there was the Enlarged Session of the Military Affairs Committee. More than 1,000 officers above division rank attended, and another some 500 sat in on the meeting. Mao Zedong said:

There are, for example, a number of comrades who in my view are not Marxists, and who hitherto have never been Marxists. What are they? They are fellow-travelers of Marxism....It is perfectly understandable that bourgeois revolutionaries should enter the Communist Party and that their bourgeois world outlook and standpoint should not have changed. They cannot avoid making mistakes. At crucial times it is impossible for such fellow-travelers not to make mistakes.⁷³

Lin Biao made a ferocious criticism of Peng Dehuai and his followers' rightist, opportunist tendencies. Liu Shaoqi moved with a vengeance against "traitors in the Party who had done a foreigner's bidding."⁷⁴ During Peng's trip to the Soviet Union before the Lushan Conference, Khrushchev acknowledged that Peng was an "international hero," which aroused Mao's suspicion of cooperation between Peng and Khrushchev. Mao suspected Peng of having private conversations with Khrushchev about the Great Leap Forward and the formation of people's communes. After the Lushan Conference, Mao denounced Peng for "having illicit contact with foreign countries."⁷⁵ The *Resolution of the Enlarged Meeting of the Central Military Commission*, adopted on September 12, urged the military to "purge the poison and undesirable atmosphere spread by Peng Dehuai and Huang Kecheng."⁷⁶ On September 15, Mao asserted that:

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They ... have infiltrated into our Party ... to carry out splitting activities is to break discipline, the purpose and result necessarily being to destroy the proletarian dictatorship and to establish another kind of dictatorship.⁷⁷

On September 17, Vice Premier Lin Biao replaced Peng Dehuai as the Minister of National Defense. After Huang Kecheng was removed from his post of Deputy Minister of National Defense, Vice Premier Luo replaced him as chief of staff of the People's Liberation Army.

The Anti-Rightist Campaign officially began with the issuing of the *Directive of the CPC Central Committee on Combatting Rightist Thinking*. Government materials were passed around and studied by cadres and officials. Organizational measures were taken against extreme rightists. The anti-rightist efforts continued until spring 1960. More than three million were condemned as rightist opportunists. In 1962, miscarriages of justice were re-examined to reverse unjust verdicts.⁷⁸

Aftermath of the Lushan Conference

The unjust punishment of Peng Dehuai resulted in immediate economic consequences and political impacts later.

The Communist Party's unity began to fall apart. On August 16, 1959, at the concluding session of the Eighth Plenary Session of the 8th CPC Central Committee, Mao Zedong remarked by quoting Lin Biao:

The Lushan Conference had avoided a U-shaped disruption of economic development and a Party Split.⁷⁹

Contrary to that, however, the Lushan Conference turned out to be a direct cause of the Communist Party's break-up and the anti-Chen Boda rectification campaign, which then later led to the Cultural Revolution and the anti-Lin Biao rectification campaign.

On August 31, 1970, Mao wrote at the Lushan Conference:

I have worked with the genius theorist Chen Boda, for more than 30 years. On major issues we have never agreed, let alone cooperated well, with each other. This time, he seems to know his timing well. He aims his attack suddenly and helps the fire with more wind. He prays for chaos in the world and plans to wipe out Lushan and stop the Earth from turning.⁸⁰

The events at the Lushan Conference were an elevation of Mao's theory of class struggle. The existence of different opinions in the Party was only normal. The *Constitution of the Communist Party of China* allowed discussion and debate. Mao, however, elevated the expression of different views as a class struggle against the Party Chairman:

The struggle at Lushan was a class struggle and a continuation of the life-and-death struggle between the two major antagonistic classes, the proletariat and the bourgeoisie. This kind of struggle will continue ... in our Party for another twenty years and possibly for half a century. In short, the struggle will cease only when classes die out completely.⁸¹

Mao did not only bring internal conflicts out into the open; he also oppressed differing opinions, and thus destroyed the collective, democratic consensus mechanism of the Communist Party. The *1956 Party Constitution* provided that:

Party committees at all levels function on the principle of combining collective leadership with individual responsibility. All major issues shall be decided upon collectively, and at the same time, each individual is enabled to play his part to the fullest possible extent.⁸²

As Kenneth Lieberthal put it, "The eight years between 1958 and 1965 were a period of major transition in the Chinese revolution."⁸³ Each powerful rival that Mao destroyed carried a long-term political price; but heavier was the price that his people paid.

As a Politburo member, Peng Dehuai was permitted and encouraged by, and protected under the Constitution to present his own views to the Chairman:

Before decisions on Party policy are made by leading bodies of the Party, lower Party organizations and members of the Party committees may hold free and practical discussions inside the Party organizations and at Party meetings and submit their proposals to the leading bodies of the Party.⁸⁴

In April 1980, Deng Xiaoping approved of Peng's ideas, and of him writing to Mao. He disapproved of the Party's handling of Peng's case. He said during a conversation with other leaders:

In the first half of 1959 we were correcting "Left" mistakes. And the early stage of the Lushan Meeting was devoted to economic work. With the

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issuing of Comrade Peng Dehuai's letter, however, there was a change of direction. Comrade Peng's views were correct, and it was normal for him as a member of the Politburo to write to the Chairman. Although he had his shortcomings, the way his case was handled was totally wrong.

Peng Dehuai saw that Mao was making one mistake after another and that these would accumulate into one huge, miserable loss.⁸⁵ That tragic prediction unfortunately came true.

At the Lushan Conference, Mao placed himself above the Party's Central Committee, setting a precedent for a dictatorship. After the Lushan Conference, nobody dared to breathe the truth, or to voice his or her own minds against Mao. Xiao Yang, secretary to Zhang Wentian, recalled:

On July 23, 1958, Zhang Wentian came back from Lushan very agitated. But he maintained himself. It was only later that he snapped, partly worried and partly annoyed, "Who will dare to speak out anymore?"⁸⁶

The just-begun effort to reroute the Great Leap Forward onto the right track was put to an abrupt stop. The Leap rose to another climax, until the economy was plunged into a catastrophic downturn. In the long run, the Maoist dictatorship eventually overthrew the democratic decision-making body, and laid the groundwork for the Cultural Revolution. Mao used to encourage that the truth be told, and mistakes be corrected; but when it came to his own, he allowed no one to show him his faults. As he continued to the top of the Party, his comrades gradually lost their rights to criticize his mistakes.

Mao treated the emergence of differing opinions within the Party as class struggles. He always condemned his political rivals. He spoke on July 23 at the Lushan Conference:

If people don't attack me, I won't attack them. If people attack me, I will certainly attack them. They attack me first, I attack them later. This principle I have never abandoned down to the present time.⁸⁷

This had previously been a strategy against the Kuomintang, but Mao applied it to his comrades as well. On August 10, Mao commented on a report:

I suspect that these people are opportunists who have sneaked into the Party. During the transitional period from capitalism to Socialism,

they maintain the bourgeois stance and try to undermine proletarian dictatorship, split the Communist Party, organize factions within the Party, spread their influence, disintegrate the vanguards of the proletariat, and establish their opportunist party. A clear evidence is the fact that the main components of this clique were originally important members of Kao Kang's clique of conspirators and renegades.⁸⁸

Mao's judgment was entirely subjective and wrong. The Lushan Conference (1959), the Tenth Plenary Session of the 8th Central Committee (1962), and the Eleventh Plenary Session of the 8th Central Committee (1966) were a sequence of mistakes destroying the entire country. The Lushan Conference marked a turning point in China's national development:

In the later part of the meeting, Comrade Mao Zedong erred in initiating criticism of Comrade Peng Dehuai and then in launching a Party-wide struggle against rightist opportunism. The resolution passed by the Eighth Plenary Session of the 8th Central Committee of the Party concerning the so-called anti-Party group of Peng Dehuai, Huang Kecheng, Zhang Wentian and Zhou Xiaozhou was entirely wrong. Politically, this struggle gravely undermined inner-Party democracy from the central level down to the grassroots; economically, it cut short the process of the rectification of "Left" errors, thus prolonging their influence.⁸⁹

This directly led to the Great Chinese Famine, or as it was known euphemistically in China, the Three Years of Economic Hardship.

Though Mao's Great Leap Forward was a failure, the lessons learned here eventually led to Deng Xiaoping's later success. Deng Xiaoping repeatedly reflected on Mao's failure and learned from it. The failure of the Great Leap Forward was mentioned 16 times in volumes 2 and 3 of the *Collected Works of Deng Xiaoping*.⁹⁰ Deng Xiaoping witnessed the Great Leap Forward and the tragic loss caused by its failure. When the Cultural Revolution broke out, he had already drawn a lesson from the bitter past. He well understood Mao Zedong's shortcomings and the defects of the Party's decision-making process. He replaced the Maoist dictatorial decision-making style with the collective preferences of the central planners, as required by the *Constitution*. This return to traditional values was an effective solution to information incompleteness and asymmetry, as well as uncertainty and randomness.

Disasters and lessons learned

An overview of the disasters

The Great Leap Forward and the people's communes created unprecedented turmoil and crisis. Deng Xiaoping remarked:

But in 1958 we made a mistake by initiating the Great Leap Forward. We neglected the laws governing economic development and consequently production dropped. Thanks to the three years of readjustment of the economy, the national economy resumed a fairly smooth development. But then came the Cultural Revolution, a disaster for the nation, causing economic chaos.⁹¹

How to perform a quantitative assessment and analysis of the economic, labor, and other losses suffered during the Great Leap Forward?

The Great Leap Forward was followed by the worst economic fluctuation since 1949. Between 1957 and 1965, the coefficient of variation in GDP growth was found to be as high as 285%. The highest positive fluctuation was 21.3%, recorded in 1958, while the highest negative — -27.3% — was recorded in 1961. The difference was 48.6%. The economic fluctuation was distinct — not only as the general economy went up and down, but also in different market sectors. The coefficients of variation in agricultural, industrial, and construction growth were 883%, 213%, and 412%, respectively (see Table 8.2).

The Great Leap Forward also caused an imbalance in the proportion generated by different sectors of the industry. The industrial share increased by 98% from 1958 to 1960, while the agricultural share fell by 29.6% from 1959 to 1960. The gross output and increased value of the industrial and agricultural sectors exhibited a parallel increase, followed by decrease (see Table 8.3). The end of the Great Leap Forward called for the economy to be restructured by boosting agricultural productivity while keeping industrial growth slow. The industrial added value dropped by 47% for two consecutive years from 1961 to 1962.

Table 8.2 Coefficient of variation in GDP and sectoral output growth, 1957–1965

Year	GDP growth (%)	Agricultural added-value (%)	Industrial added-value (%)	Construction added-value (%)
1957	5.1	3.1	11.4	-7.1
1958	21.3	0.4	53.4	50.0
1959	8.8	-15.9	29.1	5.7
1960	-0.3	-16.4	6.1	1.4
1961	-27.3	1.4	-39.0	-65.4
1962	-5.6	4.5	-13.3	23.8
1963	10.2	11.3	13.3	25.9
1964	18.3	12.9	25.6	25.6
1965	17.0	9.70	25.8	10.6
Average	5.3	1.2	12.5	7.4
Standard deviation	15.1	10.8	26.6	32.2
Variation coefficient	285	883	213	412

Note: The variation coefficient is a comparison between standard deviation and the average value in percentage.

Source: National Bureau of Statistics, *China Statistics Yearbook 2002* (Beijing: China Statistical Press, 2002), 53.

Table 8.3 Ratio of agricultural to industrial output and added-value, 1957–1965

Year	Agricultural to industrial output	Agricultural to industrial added-value
1957	1: 1.31	1: 0.63
1958	1: 1.91	1: 0.93
1959	1: 2.98	1: 1.40
1960	1: 3.58	1: 1.67
1961	1: 1.90	1: 0.82
1962	1: 1.57	1: 0.72
1963	1: 1.55	1: 0.73
1964	1: 1.62	1: 0.82
1965	1: 1.68	1: 0.84

Sources: 1. National Bureau of Statistics, *China Statistics Yearbook 1983* (Beijing: China Statistical Press, 1983), 16.

2. National Bureau of Statistics, *China Statistics Yearbook 2002* (Beijing: China Statistical Press, 2002), 51.

There was a significant difference in the proportion of consumption and investment expenditures. Driven largely by investments, the Great Leap Forward led to a several-fold increase to gross capital formation, or

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investment. Between 1957 and 1959, total investment increased by 122%, while consumption only grew by 0.6%. The percentage of investment to GDP surged up from 25.4% to 42.9%. The percentage of consumption in GDP backed down to 56.6%. From 1957 to 1959, there was considerable expansion of fixed capital formation of 133%. The doubled growth of capital stock pushed up its share in GDP to 12.8% (see Table 8.4), reflecting a substantial increase in the stock of invalid capital.

Table 8.4 GDP composition by expenditure (%)

Year	Final consumption expenditure	Consumer expenditure	Government consumption	Gross capital formation	Fixed capital formation	Capital stock growth
1957	74.1	62.3	11.8	25.4	17.0	8.4
1958	67.0	53.1	10.0	33.5	25.8	7.7
1959	56.6	47.6	8.9	42.9	30.0	12.8
1960	61.8	49.2	12.7	38.1	31.1	6.7
1961	78.0	64.0	14.0	21.5	17.8	3.7
1962	83.4	71.3	12.5	15.1	14.9	1: 0.3
1,963	78.4	65.3	13.2	20.5	16.6	1: 3.9

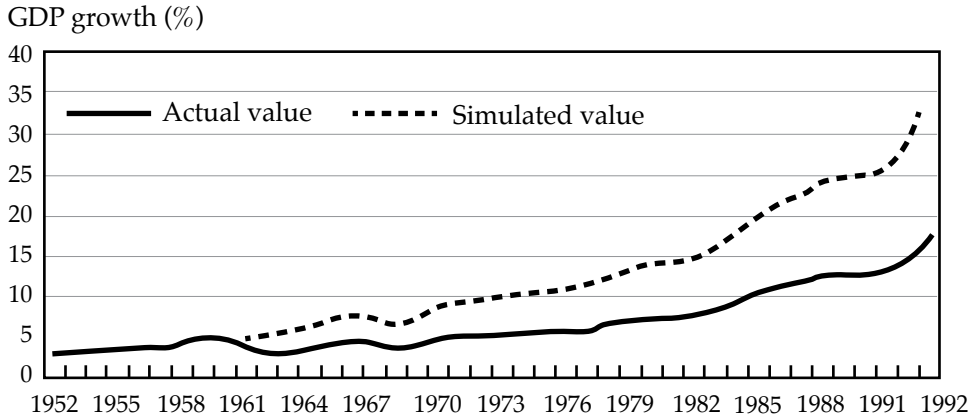
Source: National Bureau of Statistics of China, *Fifty Years of New China: 1949-1999*, 6.

In the four years from 1958 to 1961, the people's communes were ordered to be set up which caused a sharp decline in agricultural production and total factor productivity.⁹² In terms of 1952 constant prices, agricultural output fell by 33.7% from 1958 to 1961 — higher than that of the U.S. from 1928 to 1934 (29.3%). In 1961, total factor productivity in agriculture was 26.7% lower than that in 1958.⁹³

The Great Leap Forward inflicted a huge economic price. The catastrophic Great Leap Forward cost China eight years on its long trek to modernization, according to Ross Terill.⁹⁴ In terms of 1952 constant prices, it was not until 1965 that China's exponential income growth made it back up to between the 1958 and 1959 levels. Gross industrial output was still below the 1959 level. Gross agricultural output barely edged over the 1958 level. Gross food output was not even up to the 1957 level. Gross trade value was far lower than the 1958 level. The building sector was the only sector which performed close to the 1958 level.

Research in 1996 concluded that the Great Leap Forward had halted China's economic take-off in the 1950s. The economy faced another disaster during the later Cultural Revolution (see Fig. 8.1).

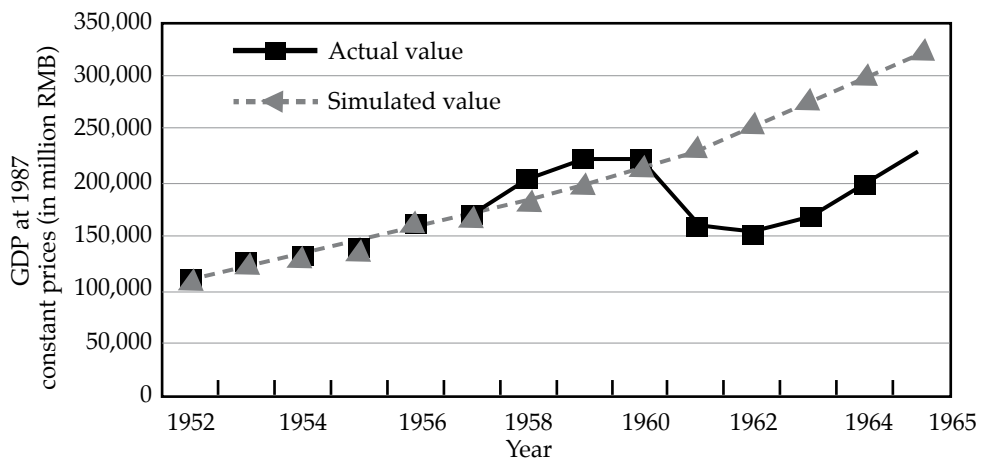
Figure 8.1 The Great Leap Forward's impact in terms of GDP growth, 1952–1992



Source: Yum K. Kwan and Gregory C. Chow, "Estimating Economic Effects of Political Movements in China", *Journal of Comparative Economics* 1996 (23).

Calculations were performed to simulate the GDP growth in China with and without the Great Leap Forward, and thus to estimate the economic loss caused by the Great Leap. The "with" scenario described the actual circumstances at 1987 constant prices, as suggested by the National Bureau of Statistics. The average logarithmic annual GDP growth rate was 4.1% between 1952 and 1965, and 8.6% between 1952 and 1957. The difference between simulated and actual values of GDP represented the loss incurred by the Great Leap Forward (see Fig. 8.2). In the three years from 1958 to 1960, there was an abnormal divergence when the simulated curve lay below the actual data; but from 1961 onwards, the actual curve stayed well under the predicted line. Even after the economy showed signs of recovery, GDP was still 40% lower than the "without" scenario.

Figure 8.2 The Great Leap Forward's impact in terms of GDP, 1952–1965



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How may one describe the Chinese economy's performance from 1957 to 1966? This can be illustrated by considering three scenarios with different shares of China's GDP in the world total (see Table 8.5).

Table 8.5 GDP loss incurred by the Great Leap Forward, 1957–1965

Year	Actual value at 1987 constant prices (in million RMB)	Simulated value at 1987 constant prices (in million RMB)	Ratio of actual to simulated value
1957	168,556	168,556	1.00: 1.00
1958	204,304	183,052	1: 0.90
1959	222,394	198,794	1: 0.89
1960	221,636	215,891	1: 0.97
1961	161,082	234,457	1: 1.46
1962	152,090	254,620	1: 1.67
1,963	167,581	276,518	1: 1.65
1964	198,129	300,298	1: 1.52
1965	231,927	326,124	1: 1.41

Note: The actual values were the statistical values. The simulative values were computed based on an assumed GDP growth of 8.6% from 1952 to 1957, and on the assumption that the Great Leap Forward had not occurred. The ratio between the actual and simulated values represented the loss incurred by the Great Leap Forward.

Source: National Bureau of Statistics of China, *Fifty Years of New China: 1949-1999*, 3–4.

Table 8.6 China's share in global GDP in three scenarios, 1950–1966 (%)

Year	Reality	Neutral scenario	Ideal scenario
1950	4.5	4.5	4.5
1951	4.7	4.7	4.7
1952	5.2	5.2	5.2
1953	5.2	5.2	5.2
1954	5.2	5.2	5.2
1955	5.1	5.1	5.1
1956	5.4	5.4	5.4
1957	5.5	5.5	5.5
1958	5.9	5.5	5.6
1959	5.8	5.5	5.8
1960	5.3	5.6	5.9
1961	4.2	5.5	6.1
1962	4.0	5.5	6.2
1,963	4.2	5.5	6.3
1964	4.4	5.5	6.5
1965	4.7	5.5	6.6
1966	4.9	5.5	6.8

Note: Based on Maddison's Chinese and global GDP figures in 1990 international Geary-Khamis dollars.

Source: Maddison, *World Economic: A Millennial Perspective*, 298–329.

(Cont'd)

In the “bad scenario” where the Great Leap Forward occurred, the weight of the Chinese GDP suffered a massive fall — from 5.9% in 1958 to 4% in 1962, according to Maddison’s data.⁹⁵ This marked the lowest point since 1820. It then hit another bottom at 4.5% in the 1950s, and slightly rebounded back to 4.7% in 1965, which was actually not far from the 1951 level.

In a “neutral scenario” where the Great Leap Forward did not occur and China’s share in global GDP remained unchanged at 5.5%, China’s GDP in 1965 would have been 592.4 billion USD, 17.3% higher than the actual figure of 505.1 billion.

In a third “ideal scenario” where the favorable policies from 1949 to 1957 were continued and China’s share in global GDP showed a constant rise at 0.14% annually, China’s GDP in 1965 would have been 710.9 billion USD (6.6% of the world total), 40.7% higher than the actual figure of 505.1 billion.

The most glaring consequence of the Great Leap Forward was the drastic escalation of mortality to approximately 15 million people who were dying of starvation. American demographers offered a similar estimate of 16.5 million. Other estimates ranged from 2.3 to 30 million.⁹⁶ The Great Leap Forward and the Anti-Rightist Movement interrupted the correction of the leftist mistakes. Adding to the Sino-Soviet split were natural disasters that threw the economy into chaos and recession. A significant decline was observed in grain yield. Beginning in early spring 1959, famine started to spread throughout major provinces and cities in China. People suffered from edema while dealing with malnutrition. Women still at childbearing age faced premature menopause, which meant they would not be able to bear children. Consequently, China’s birth rate dropped sharply, while mortality was visibly rising from 10.8‰ in 1957 to 12‰ in 1958, then 14.6‰ in 1959, and eventually to 25.4‰ in 1960. Government data indicated that the 1960 population was 10 million lower than in 1959, and the 1961 population was 3.48 million lower than in 1960; in two years, the population was reduced by 13.48 million. The number of deaths in the three years from 1958 to 1960 was 15 million higher than normal, of which 9.95 million were recorded in 1960. The rate of natural increase in 1960 was a negative 4.6%.⁹⁷ Mortality rates among rural residents soared as high as 14.61‰ in 1959, 28.25‰ in 1960, and 14.58‰ in 1961.89%, or 13.35 million, of premature deaths came from rural areas.

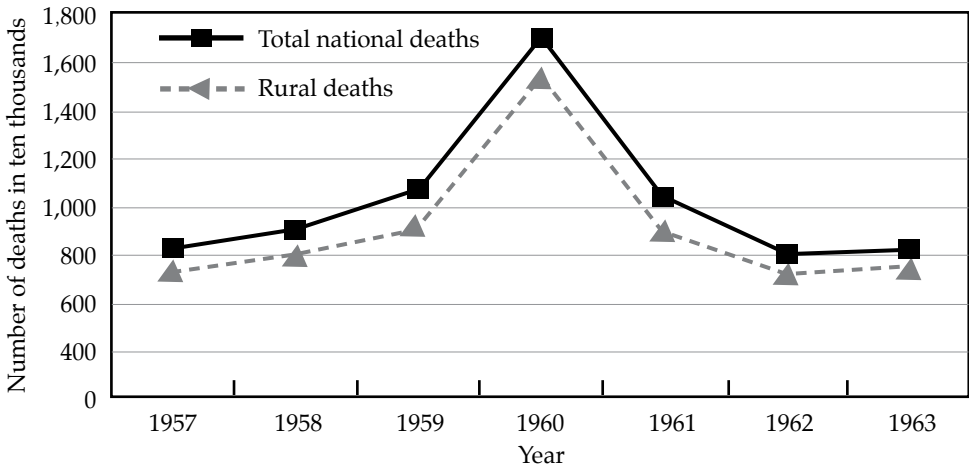
Looking at the provincial distribution of deaths — in the year 1960, for example — Anhui ranked first with 68.6%, followed by Sichuan (54%), Guizhou (45.4%), Gansu (41.3%), Qinghai (40.7%), and Henan (39.6%). In Anhui, the figure was reduced from 30.64 million by the end of 1957 to 25.57 million by the end of 1960.⁹⁸

It was not until February 7, 1962 that Liu Shaoqi revealed at a three-level cadres meeting in Anhui, after the Seven-Thousand Cadres Conference, that starvation deaths were most prevalent among the five provinces of Henan, Gansu, Qinghai, Shandong, and Anhui. Did the provincial committee inform the central authorities of the massive deaths in Anhui? Liu Shaoqi held in his hands two sets of reports prepared by the provincial government, which he said were untrue. So many died in Anhui, so much damage was done to productivity, and such a catastrophe had occurred; yet none of these were written into history books or government records — this is impossible.⁹⁹

This implied that local governments throughout the state had fabricated, deliberately hid, or downplayed data on starvation deaths. One can only rely on the national and local census data on age distribution to produce an estimated population loss.

The rural masses were the most numerous casualties of the Great Chinese Famine (see Fig. 8.3). Due to the local authorities' materially overstating their grain yields, the state imposed procurement quotas of over 100 billion catties for the three consecutive years from 1958 to 1960. That equaled 30% to 40% of the annual yield.¹⁰⁰ This was done at the sacrifice of squeezing rural consumption. In 1957, the rural people had a reserve of 294 billion catties of grain, which was reduced to 205.2 billion in 1959, and eventually to 184.6 billion in 1960 — 17.2% lower than that in 1957.¹⁰¹ Grain consumption per capita in rural areas declined from 203.0kg in 1957 to 163.5kg in 1960 (see Table 8.1).

Figure 8.3 Number of deaths at national and rural level, 1957–1963



Justin Y. Lin blamed institutional factors as the primary cause of the famine. Based on the panel data of eight Chinese provinces, municipalities, and autonomous regions, he deduced that given the enormity of the food shortage from the years 1959 to 1961, food supply (represented by per capita grain yield) and the degree of urbanization (represented by the percentage of rural population) were the main determinants of mortality rate. The bigger the drop in food output per head, the more deaths it would cause. The higher the percentage of urban population in a province, the less deaths due to famine. The explanatory power of urbanization level was twice that of food supply.¹⁰²

In 1959, gross agricultural output slumped 13.6%, the first big drop since 1949. The grain harvest that year was 15% less than it had been the previous year, but the food procurement quota was 14.7% higher.¹⁰³ On March 29, 1960, Zhou Enlai learned from a citizen's letter of the famine deaths in Anhui. He immediately copied the letter to the provincial secretary and demanded an investigation.¹⁰⁴ In April the same year, the municipal secretary of Taiyuan reported to Zhou Enlai on the famine and premature deaths when he stopped in Beijing.¹⁰⁵

Liu Shaoqi for the first time admitted the famine on June 10 to 11, 1960, at a conference of provincial and autonomous region party secretaries, and the heads of the regional bureaus and commissions of the State Council:

We have had a considerable amount of problems in the past six months. These problems, which are serious, are related to food, edema, premature deaths, accidents, progress of the production plan, and other things.¹⁰⁶

But he did not reveal the exact death toll.

Mao only learned about the famine in the summer of 1960. In his talk on March 19, 1961, Mao reflected on the sequence of events leading to the crisis:

The problem of agriculture is being grasped somewhat late.... The rural problem had already occurred in 1959, but the anti-Rightism of the Lushan Conference exacerbated it and it became worse in 1960. People starved to death; this was not reported to the center until the summer of 1960.¹⁰⁷

Mao realized that the rightist purge and Lushan Conference had worsened the famine.

As summer progressed, the major cities and industrial centers of Beijing, Tianjin, Shanghai, and Liaoning were heading into a catastrophic food shortage. This caught Zhou Enlai's attention. The Office of Finance and Trade reported in June

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that Beijing's food reserves were down to their last week. Tianjin's reserves could only supply 10 days. Shanghai had almost run out of available grain. Reserves in more than 10 cities in Liaoning could only last for 7 days' consumption.

The Politburo's enlarged meeting on October 29 was informed by Zhou Enlai that the size of the drought-affected area had reached 600 million *mu*, floods had washed away 100 million *mu* of farmland, and pests, windstorms, and hailstorms had devastated 900 million *mu* of crops. More than 50% of China's cultivated land was claimed in the disasters. He admitted:

Mass disasters have occurred on a scale unseen in the 11 years since 1949. For those of my age bracket, these were never heard of before the 20th century.¹⁰⁸

Mao had no choice but to give up the Great Leap Forward, and institute the necessary economic adjustments to cope with the famine. On November 3, 1960, the Central Committee had to issue an urgent instruction to correct the premature leap into communism, and to reiterate the fundamental importance of the three-tier ownership system with the production brigade as the basic level. On November 14, Zhou Enlai, together with Li Fuchun, Li Xiannian, Tan Zhenlin, and Xu Zhongxun, set up a "food substitution group," which he directed himself. Its mission was to encourage the population to find squash and vegetables as substitutes for grain. Sub-groups were also formed at local levels.

The painful lessons of the Great Leap Forward

This was Mao's thought back in March 1958, when he initiated the Leap:

To say that mistakes can all be avoided, [so that] there are only correct things, and no mistakes, is an anti-Marxist proposition. The problem lies in committing fewer mistakes, and less serious ones.... It is possible to commit few errors, and we must achieve this. Marx and Lenin achieved it.¹⁰⁹

How did that good intention turn into a tragedy? John K. Fairbank observed that:

A moment's reflection shows that the Great Leap Forward was not a unique event but part of a pattern.¹¹⁰

What pattern is revealed? What does this pattern tell?

In 1981, the Sixth Plenary Session of the Eleventh Central Committee

adopted the *Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China*, an official assessment of major historical events, including the Great Leap Forward:

“Left” errors, characterized by excessive targets, the issuing of arbitrary directions, boastfulness, and the stirring up of a “communist wind,” spread unchecked throughout the country. This was due to our lack of experience in socialist construction and inadequate understanding of the laws of economic development and of the basic economic conditions in China. More important, it was due to the fact that Comrade Mao Zedong and many leading comrades, both at the center and in the localities, had become smug about their successes, were impatient for quick results and overestimated the role of man’s subjective will and efforts. After the general line was formulated, the Great Leap Forward and the movement for rural people’s communes were initiated without careful investigation and study and without prior experimentation.¹¹¹

The Great Leap Forward was, as described by Bo Yibo, based on good intentions — to make China affluent and powerful, and to lead it out of its passive and powerless position within the shortest time possible. His wishes were understandable and undeniable. Some economic targets were not initially set at a high level. In 1958, Mao made a proposition to encourage both central and local initiatives, pursue reforms, decentralize administrative functions, and reform irrational regulations and systems. This was a sensible approach. The acknowledgement of past mistakes is a precondition to learning one’s lesson.

Bo Yibo summarized the lessons of the Great Leap Forward in five dimensions: (1) the underestimation of the difficulties in building Socialism and tackling poverty in China; (2) the fear of rightist conservatism and the embrace of leftist adventurism; (3) the disregard of economic principles, the mix of economic construction with revolutionary struggles, and the use of mass participation in economic development; (4) the understanding of the traditional constraints on Socialism; and (5) the deviation from the habit of carrying out studies and surveys, which was observed during the Civil War period. Bo Yibo stressed that the national model of economic development should be based on practical research, and an understanding of the objective trends of development.¹¹²

Jin Chunming also provided an objective and comprehensive reflection on the Great Leap Forward’s setbacks and mistakes. He placed the Leap within a socio-historical context for economic development, and attributed its failure

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to the adoption of wrong principles and methods. The failure left a profound lesson — economic development must be done step by step and without mass participation.¹¹³

Mao's decision to embark on the Great Leap Forward was not a sudden or impulsive one. There were good reasons, which Pang Xianzhi and others summarized into the following points: (1) China had a huge population of 600 million; (2) China had completed its transition to Socialism. With the changes in the means of production, there arose the conditions for a rapid growth of production forces; (3) The successes of the Rectification Movement and Anti-Rightist Movement created a more fair ground for productive labor relations, thereby releasing the initiative of the working masses. The Party subjectively believed that the General Line would prevent any disaster from occurring during the Great Leap Forward. Mao was not satisfied with the Soviet model, which he felt was too slow. He was determined to plot out a tailored, faster road map for China.

Pang Xianzhi and others explained that the biggest lesson learned from the Great Leap Forward was not to press for quick success and ignore the objective laws of economic development.

Mao Zedong said:

Since we didn't understand these things and had absolutely no experience, all we could do in our ignorance was to import foreign methods.... It didn't matter whether the article was correct or not, the Chinese listened all the same and respectfully obeyed. In short, the Soviet Union was tops.... We lacked understanding of the whole economic situation, and understood still less the economic differences between the Soviet Union and China. So all we could do was to follow blindly.... In April 1956 I put forward the *Ten Great Relationships* which was a start at proposing our own line for construction. This was similar to that of the Soviet Union in principle, but it had our own content.... In 1957, in *On the Correct Handling of Contradictions among the People*, I raised the questions of the simultaneous development of industry and agriculture, of the road to industrialization, cooperativization, and other matters.¹¹⁴

Although the doctrines guiding economic policymakers had undergone numerous changes, the desire for instant success had never faded. Why were China's leaders — particularly Mao Zedong — always seeking instant results?

First, they underestimated the limiting factors in China's economy. The General Line was an attempt to break away from the Soviet model of economic

development. In 1956, Mao concluded in his article *On the Ten Major Relationships*:

As I have said elsewhere, we are first “poor” and second “blank.” By “poor” I mean we do not have much industry and our agriculture is underdeveloped. By “blank” I mean we are like a blank sheet of paper and our cultural and scientific level is not high. From the developmental point of view, this is not bad. The poor want revolution, whereas it is difficult for the rich to want revolution. Countries with a high scientific and technological level are overblown with arrogance. We are like a blank sheet of paper, which is good for writing on.¹¹⁵

In 1958, he further elaborated:

Poverty gives rise to the desire for change, the desire for action and the desire for revolution. On a blank sheet of paper free from any mark, the freshest and most beautiful characters can be written, the freshest and most beautiful pictures can be painted.¹¹⁶

It was not until the Great Leap Forward backfired that Mao began to calm down.

Second, they ignored the objective laws of economic development, and exaggerated the role of subjective intentions. The Great Leap Forward was said to be a product of subjective intentions.¹¹⁷

What is the theoretical ground that gave rise to the Great Leap Forward? First is Marx’s idea of uninterrupted revolution. Mao wrote in a draft resolution entitled *Sixty Points on Working Methods*:

Our revolutions come one after another. Starting from the seizure of power in the whole country in 1949, there followed in quick succession the anti-feudal land reform, the agricultural co-operativization, and the Socialist reconstruction of private industries, commerce, and handicrafts. The three great Socialist reforms — the Socialist revolution in the ownership of the means of production — were basically completed in 1956 and there came the Socialist revolution on the ideological and political front last year. This revolution may draw to the end of one stage by 1 July this year, but the problems [involved] are not yet solved. For a considerable period to come they will continue to be solved by annual bloom-contend-rectify-reform campaigns. [But] now we must start a technological revolution so that we may overtake Britain in 15 or more years.¹¹⁸

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Second is the law of wave-like advances.

While one wave has not yet fallen, another rises in turn; this is the unity of the opposites, fast and slow. Under the general line of going all out and aiming high to achieve greater, faster, better, and more economical results, a wave-like form of progress is the unity of the opposites.¹¹⁹

Third was the philosophical principle of “absolute disequilibrium.” The idea was first brought up at the Nanning conference in January 1958, and further explained in *Sixty Points on Working Methods*:

Disequilibrium is a general, objective rule. The cycle, which is endless, evolves from disequilibrium to equilibrium and then to disequilibrium again. Each cycle, however, brings us to a higher level of development. Disequilibrium is normal and absolute whereas equilibrium is temporary and relative. The changes into equilibrium or disequilibrium in our national economy consist of the process of an overall quantitative change and many qualitative changes. After a certain number of years, China will complete a leap by transforming herself from an agrarian to an industrial country. Then she will pick up the process of her quantitative changes again.¹²⁰

The theory is “theoretically correct” but it is not so much a guiding principle for economic policy. His perception and promotion of the theory as universal truth had led to grave errors. Human knowledge is limited. Mao was good at dialectics, but he knew little about modern macroeconomics and economic analysis, nor the macroeconomic policies in different countries — in particular, stabilization measures. This impaired his understanding of the features of China’s economic development, and his chances of constructive policy-making. As it turned out, his theories were justified, but his economic policies were wrong.

The Great Leap Forward changed the primary economic goal of maintaining an overall equilibrium, as stated by the 8th NPC.¹²¹ Zhou Enlai and Chen Yun insisted on economic equilibrium; they made timely and appropriate adjustments to the radical economic programs in 1956. At the Politburo’s enlarged meeting in April 1956, Mao showed support for their stand:

So it is necessary to have national balance. Without this balance, it will not be possible to make the nation industrialized.¹²²

Mao changed his mind after September 1957. He harshly criticized his

comrades, including Zhou Enlai and Chen Yun. Adding to the concept of absolute disequilibrium, Mao envisioned a saddle-like form of economy, high at both ends in 1956 and 1958, and low in the middle in 1957.¹²³

In the presence of his comrades at the Nanning Conference, the Chengdu Conference, and the Second Plenary Session of the 8th National Congress, he expressed sharp condemnation of opposition to “rash advances.” There was an ongoing two-line struggle between reactionary and progressive views. When Mao and other Communist leaders had different opinions, the others had in most cases been forced to agree with Mao.

In May, Mao wanted to show his gratitude to the person who first coined and used the term “Great Leap Forward” by granting him a first-class doctoral degree. Such a contribution was hailed as comparable to those of Yu the Great — one of the five legendary rulers in ancient China, famed for his introduction of flood control, the inauguration of dynastic rule in China by founding the Xia Dynasty, and his upright moral governance. Long before that was said, indeed, Zhou Enlai had used the term when praising the economic achievements in the year 1956, as opposed to his earlier prediction of “rash advances.”¹²⁴ This indicated his support for giving up on economic stability and balance for the Great Leap Forward.

Mao called himself an adventurist. On November 18, 1957, He said at the Moscow Meeting of Communist and Workers’ Parties:

I perhaps am a little bit adventurous.¹²⁵

Radicalism and adventurism have been the dominant approaches in Mao’s development strategy. He advocated for the freedoms of thought, speech, and action, and stressed the value of self-motivation. He disliked the rightist-conservative spectrum of the Party, which he saw as an obstruction to the Great Leap Forward.

No economy can grow indefinitely, given limited resources. What could China do to cope with the limitation of resources? He saw a solution in mass campaigns. Mao and his leaders had grown so accustomed to the mass campaign style of economic construction that had been in use during the wartime years, that they had left in the back of their minds the objective laws of economic development.

During the Great Leap Forward and the People’s Commune Movement, Mao gave a list of books to local party committees of all levels, including Stalin’s *Economic Problems of Socialism in the U.S.S.R.* and *Marx, Engels, Lenin and Stalin on Communism*, and the *Political Economy* textbook published by the U.S.S.R.

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Academy of Sciences. He ordered for the books to be read at least thrice, and learned and taken to heart in two to three months.¹²⁶ These “Bibles” of Socialism did not only inspire Mao, but also his fellow Communists. Study groups were organized between December 10, 1959 and February 9, 1960. They dug into the *Political Economy* textbook chapter by chapter, and section by section, re-learning the objective laws of economic development. A collection of Mao’s talks and teachings at the study groups were compiled into two publications: *Reading Notes on the Soviet Manual of the Soviet Text Political Economy* and *Talks on the Socialism Section of the Soviet Text Political Economy*.¹²⁷ His reading notes said that:

We did not carry through the Great Leap on the basis of the demands of the law of value but on the basis of the fundamental economic laws of Socialism and the need to expand production. If things are narrowly regarded from the point of view of the law of value the Great Leap would have to be judged not worth the losses and last year’s all-out effort to produce steel and iron as wasted labor. The local steel produced was low in quantity and quality, and the state had to make good many losses. The economic results were not significant, etc. The partial short-term view is that the campaign was a loss, but the overall long-term view is that there was great value to the campaign because it opened wide a whole economic construction phase.¹²⁸

Mao disagreed with the idea that the Great Leap Forward was based on the law of value, and that its gains were far outweighed by the losses it had caused. He believed the costs were worth it.

Being a politician — not an economist — Mao lacked an understanding of the history of China’s economy, and that economic growth was a progressive, long-term phenomenon. This was true for him, as it was for all his party comrades. In fact, the economy was growing fast in the 1950s; but the leadership demanded more. They had always given quantitative targets as a source of motivation, and due to that, the economy was forced to deviate from its normal course of development.

After 1949, under growing international pressure, and with the growing public demand for material possessions and deliverance from poverty, China’s leaders had a strong sense of obligation and commitment to redeem the nation from economic backwardness and underdevelopment.

Mao was heavily influenced by Stalin’s and Lenin’s desire to eventually win over capitalist countries. Lenin said during the October Revolution:

Either perish, or overtake and outstrip the advanced capitalist countries.

Stalin warned:

We are fifty or a hundred years behind the advanced countries. We must make good this distance in ten years. Either we do it, or they crush us.

And that:

To slacken the tempo would mean falling behind. And those who fall behind get beaten.

In the 1930s, Stalin called for the Soviet Union to catch up with and overtake capitalist countries in technology and economy. He added that this could be a life-or-death mission for the Soviet political regime. At a meeting of the Supreme State Council on January 25, 1956, Mao laid down that:

Our people must have a long-range plan aiming to rectify, within a few decades, our backwardness in economic, cultural, and scientific development, in order to reach quickly the highest level attained by other nations of the world.¹²⁹

At that time, Mao had not yet decided upon a target and scheduled a timeframe. It was not until the first session of the preparatory meeting for the Eighth National Congress (August 1956) that he announced a goal to overtake the United States within five to six decades:

Once built up, China will be a great Socialist country and will radically transform the situation in which for over a century it was backward, despised and wretched. Moreover, it will be able to catch up with the most powerful capitalist country in the world, the United States.... Given fifty or sixty years, we certainly ought to overtake the United States.¹³⁰

In November 1957, Mao went to Moscow to take part in the celebrations for the 40th anniversary of the October Revolution and to attend a meeting of leaders of Communist countries. Mao was inspired by the goal that Khrushchev proposed to not only catch up with but exceed the United States in industrial output in the next 15 years. The Soviet Union's key industrial products included iron ore, pig iron, steel, coal, gasoline, electrical power, cement, and consumer goods such as sugar, wool,

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textile products, and leather footwear.¹³¹ Mao decided to consult with Great Britain on whether China could overtake Britain in the output of steel and other major industries in 15 years. At the Moscow Conference, he talked with the Chairman and General Secretary of the British Communist Party — Harry Pollitt and John Gollan — from whom he learned a lot about the British economy. Mao said:

Comrade Khrushchev has told us, the Soviet Union 15 years later will surpass the United States of America. I can also say, 15 years later, we may catch up with or exceed the U.K.¹³²

In Moscow, he said on several occasions:

The global situation is approaching a turning point wherein the Socialist bloc is gaining power while the imperialist bloc is losing it. There is a possibility of 10–15 years of peace. In 15 years' effort, the Soviet Union will surpass the United States, and China will overtake and surpass Britain. A third world war will be even less likely.

He spoke at the Moscow Meeting of Representatives of the Communist and Workers' Parties:

China is a big country politically and in population terms, but economically it is still a small country. The Chinese people are displaying industriousness and enormous enthusiasm in their work. They are resolved to turn their country into a truly mighty power. Comrade Khrushchev has told us that in 15 years the Soviet Union could surpass the United States. I can also say, 15 years later, we may catch up with or exceed Britain. I have spoken twice to Comrades Pollitt and Gollan and inquired about the situation in their country. They told me that Britain is at present producing 20 million tons of steel annually, and that in 15 years it might, with difficulty, produce 30 million tons. And what will be happening in China? Perhaps we shall be turning out 40 million tons in 15 years' time. Wouldn't this mean that we should have surpassed Britain by then? Thus, in 15 years' time out of the countries of our camp, the Soviet Union will have got ahead of the United States, and China will have overtaken Britain.¹³³

Mao's brave words were relayed back to China. On December 2, Liu Shaoqi presented at the Eighth National Congress of the All-China Federation of Trade Unions:

In 15 years, the agricultural and industrial production of the Soviet Union will catch up with and surpass that of the United States. The Chinese people shall strive to catch up with and surpass Britain in the output of steel, iron, and other major industrial products in a period of 15 years.... The Socialist camp will leave the imperialist camp far behind.¹³⁴

The Western-led trade embargo was an external push for the Great Leap Forward. Mao explained:

The embargo is actually doing us a big favor. Now that they have put an embargo on us, we will rely on ourselves to wage the Great Leap Forward. It is absolutely great that the embargo has helped us to get rid of the dependent mentality and do away with blind faith in foreigners.¹³⁵

Having been humiliated by imperialism and colonialism for decades, political leaders and intellectual elites were deeply committed to restore China's lost glory in the shortest time possible. Mao said:

China is a land with an area of 9,600,000 square kilometers and a population of 600 million, and it ought to make a greater contribution to humanity. But for a long time in the past its contribution was far too small. For this we are regretful.¹³⁶

Mao also said:

At present, the rate of industrialization is a critical problem for China too. The problem becomes more acute the more backward industry is. This is true not only from country to country but also from one area to another in the same country.¹³⁷

After the Moscow meeting, Mao made it clear on several occasions:

We boast of our country's vast territory, abundant natural resources, large population, rich heritage, and of us being the descendants of Yan and Yellow emperors. However, we lag behind Belgium in steel production, we are weak in food production, and we have only a handful of literate people. The imperialists have bullied us. Today, some people, like Dulles of the United States, do not take us seriously.¹³⁸

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Efforts of successful industrialization and catching-up with developed countries were needed to prove the superiority of Socialism. At the first session of the preparatory meeting for the Eighth National Congress (August 30, 1956), Mao explained that the catch-up initiative was a call for populous and Socialist China to advertise its superiority:

The United States has a population of only 170 million, and as we have a population several times larger, are similarly rich in resources and are favored with more or less the same kind of climate, it is possible for us to catch up with the United States. Ought we not to catch up? Definitely yes. What are your 600 million people doing? Dozing? Which is right, dozing or working? If working is the answer, why can't you with your 600 million people produce 200 or 300 million tons of steel when they with their population of 170 million can produce 100 million tons? If you fail to catch up, you cannot justify yourselves and you will not be so glorious or great. The United States has a history of only 180 years, and 60 years ago it too produced four million tons of steel, so we are 60 years behind. Given 50 or 60 years, we certainly ought to overtake the United States. This is an obligation. You have such a big population, such a vast territory, and such rich resources, and what is more, you are said to be building Socialism, which is supposed to be superior; if after working at it for 50 or 60 years you are still unable to overtake the United States, what a sorry figure you will cut! You should be read off the face of the earth! Therefore, to overtake the United States is not only possible, but absolutely necessary and obligatory. If we don't, the Chinese nation will be letting the nations of the world down and we will not be making much of a contribution to mankind.¹³⁹

In 1957, Mao made his second trip to the Soviet Union, when he signed the *Declaration of the Twelve Communist and Workers Parties*, otherwise known as the *1957 Moscow Declaration*. The *Declaration* asserted:

In our epoch, world development is determined by the course and results of the competition between two diametrically opposed social systems. In the past 40 years, Socialism has proved itself a social system much superior to capitalism.

This explained why Mao saw the catching-up with developed capitalist countries as a proof of Socialism's superiority over capitalism.

Mao hoped that China would outpace the Soviet Union.

I have been thinking, back when I was writing *On the Ten Major Relationships* in 1956: Given that both the Soviet Union and China are Socialist, could we not do a little better, faster? Could we not build Socialism faster, better, and more efficiently? For this we put forward the General Line, and set up the Council for the Promotion of Socialism.¹⁴⁰

Institutional defects were also responsible for the leadership's rash impulsiveness. During wartime, the Communist Party came up with an effective, democratic collective decision-making structure that allowed for a certain degree of personal independence, as well as timely remediation to potential problems. But after they seized power, that system of efficient, democratic, and multi-party decision-making was taken away. Thus, the decision-making process was removed from collective hands to a specific individual. Public supervision of governmental power was weakened. Diverging ideas and opinions were weighed and judged by an incontestable authority. When Mao had all the say on inaugurating the Great Leap, his cohorts never had an option to present different or dissenting opinions; their only choices were to comply against their own judgment, or just go with the crowd. There were times where Mao selectively followed the democratic decision-making principles. He seemed to accept the rules only when they were useful to him. At the closing of the second session of the 8th National Congress, he criticized those who had initially agreed, but later backed off, changed their minds, or cast doubt. He labeled these tactics unauthorized. To give another example: Tan Zhenlin and Ye Jianying were among senior cadres who had voted for the Cultural Revolution at the Eleventh Plenary Session of the 8th CPC Central Committee (August 1966), but changed their position; they were lambasted for it by Mao.

The central leadership faced information asymmetry, uncertainty, and incompleteness. Mao did not know much more than his fellow leaders did, meaning it was difficult for minority voices to be heard by the top-level leadership. Those who argued against the Great Leap Forward were labeled right-wing opportunists or conservatives. Ordinary debates within the Party were seen as class struggles. Dissenting opinions were suppressed and censored, while a dictatorship and personality cult prevailed.

Further adding to the lack of democracy was the lack of the involvement of scientists and professional experts. At the preparatory session for the 8th National Congress (September 10, 1956), Mao was disturbed at the lack of scientists and specialists in the committee. He initiated a plan to build a team of 1–1.5 million

university and vocational training graduates within three five-year plans, so that the next generation of the central committee could be joined by more engineers and scientists.¹⁴¹

Things did not get any better even after the dismal failure of the Great Leap. It was not until the 12th National Congress in 1982 that important changes occurred in the composition of the Congress, with more scientific and professional members allowed in the decision-making processes.

The Great Leap Forward's failure marked the end of the myth that Mao was always considered correct within the Party. But the Maoist dictatorship left his radicalism unchecked. The severity of the crisis left behind by the Great Leap sparked Mao's desire for a new path of economic reconstruction — for instance, contracting production quotas to each household. The Seven-Thousand Cadres Conference could have been an opportunity to avenge the wrongs of the Leap; but under Mao's centralized command, any self-reflection was a mere ritual. The true economic reform did not begin until 1978.

Chairman Mao and Others Reflected on the Great Leap Forward

Internal differences on the Socialist model of development surfaced among Party seniors during the Great Leap Forward. This political divergence was made even more pronounced by their efforts to recover from the mistakes made earlier in the Great Leap.¹⁴² The growing disagreement among Mao Zedong, Liu Shaoqi, and the Central Politburo Standing Committee later became a cause of the Cultural Revolution.

Mao's mistakes were symptomatic of a strong path dependency. The Seven-Thousand Cadres Conference in 1962 did not get Mao back on the right track. Despite self-criticism, he was forgiven and accepted by the Party and its leadership. That tacit permission for Mao's absolute authority later backfired to teach them and the nation a series of far more dreadful lessons. The mistakes were not amended entirely until 1978.

The Maoist Central Committee was primarily responsible for this. Among the seven members of the Standing Committee, Mao was the first one to be blamed, followed closely by Liu Shaoqi, Zhou Enlai, and Deng Xiaoping. Zhu De did not directly state his opposition to the Great Leap. Chen Yun had suggested adjustments, which Mao neglected. Lin Biao, a major Chinese Communist military leader, unconditionally supported Mao. But it turned out the five-to-two majority

submitted to the minority. In 1980, Deng Xiaoping argued that the blame for the Great Leap Forward disasters should rest squarely on the Central Committee, instead of being pinned on Mao alone.

Comrade Mao got carried out away when we launched the Great Leap Forward, but didn't the rest of us go along with him? Neither Comrade Liu Shaoqi nor Comrade Zhou Enlai nor I for that matter objected to it, and Comrade Chen Yun didn't say anything either.... When the Central Committee makes a mistake, it is the collective rather than a particular individual that bears the responsibility.

Mao took the lead in reflecting on earlier mistakes

The Great Leap Forward and the formation of the people's communes were important events, but also painful mistakes in the exploration of Socialism in China. How did Mao look at and reflect on his mistakes? He did not seek the answer from modern social sciences such as economics and politics, but from Stalin's Soviet theories of Socialist economics.

In his *Letter to Members of the CPC Committees at the Central, Provincial, Municipal, Autonomous Regional, Prefectural, and County Levels* (November 1958), Mao instructed his comrades to read Stalin's book *Economic Problems of Socialism in the U.S.S.R.* (1951). The book was organized around nine issues:

- The primary objects of study of political economy;
- The character of economic laws under Socialism;
- Commodity production under Socialism;
- The Law of Value under Socialism;
- Basic economic laws of Socialism;
- The notion of a planned and proportionate development of the national economy;
- The conformity of the relations of production to the forces of production;
- Abolition of the antithesis between town and country, industrial and agricultural production, and between mental and physical labor, and elimination of distinctions between them; and
- Modern capitalism.

The book presents five basic laws in a Socialist economy:

- (1) The forces of economic laws proceed with an elemental and immutable

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- power that does not yield to the will of man;
- (2) Men cannot form, create, change, or abolish economic laws;
 - (3) Society is not powerless against economic laws; it can restrict their sphere of action, utilize them in the interests of society, and “harness” them;
 - (4) The laws of political economy operate for a definite historical period, and arise from specific economic conditions; and
 - (5) It is important to understand the objective character of the laws of political economy.¹⁴³

Mao repeatedly read the book; his annotations and comments were published in four volumes. He said:

I am suggesting to you comrades that you study two books. One is Stalin's *Economic Problems of Socialism in the U.S.S.R.*, and the other is *Marx, Engels, Lenin, and Stalin on Communist Society*. Everybody should study each book conscientiously three times, doing some thinking while studying, making some analysis... It is necessary to study these two books by linking with the Chinese Socialist economic revolution and economic construction, so that we may acquire a cool head, and so that it may be helpful in guiding our great economic work.... When there is time in the future, we can study another one, namely, *Political Economy* edited by the Soviet Comrades. If comrades at the township level are interested, they can also take part in the study.¹⁴⁴

At the First Zhengzhou Conference (November 2–10), Mao opposed notions to convert the people's communes' ownership structure from collective to public, to move from Socialism to communism, and to abolish commodity production. He spoke of the need for “Socialist commodities.” The transition toward communism, as Mao put it, is not a single shot event — it is a developmental process of two modes of production, namely self-supporting production and commodity production. After approving of the need to make use of commodity production and exchange and the law of value, he acknowledged that, in a Socialist society, there is still commodity production and exchange and they still play a role.

At the Second Zhengzhou Conference (February–March, 1959), Mao said that he had noticed a “leftist adventurist tendency” within the Party since September 1958.

On July 23, he commented on Peng Dehuai's *Letter of Opinion*, dated 14 July 1959:

I have committed two crimes, one of which is calling for 10.7 million tons of steel.... Since I was the inventor of burial puppets,¹⁴⁵ I cannot pass on the blame: the main responsibility is mine.... Next I was referring to the people's communes. I do not claim to have invented the people's communes, only to have proposed them. The Beidaihe Resolution (1958) was drafted according to my suggestion.

He sought to share the blame and the guilt with others.

When talking of responsibility, Li Fuchun and Wang Heshou both have some responsibility, as does Tan Zhenlin and Ke Qingshi of the Ministry of Agriculture. But the one with the most responsibility is me.¹⁴⁶

However, Mao did not deal thoroughly with his mistakes. He was getting ready to purge and disgrace the Rightist opportunist line of Peng Dehuai.

In mid-November, 1959, Mao had a conversation with the guards at the West Lake in Hangzhou:

You tell me: What exactly was wrong with our policies? Am I, Mao Zedong, making the same mistakes as Stalin did in his late years? Was the Great Leap Forward truly reckless? Did the Great Leap Forward bring benefits or hardship? Had the excessive steel production targets caused too much waste and encouraged pervasive concealing?¹⁴⁷

Despite there being no answer from the guards, Mao starting doubting his "absolute correctness." He would rather discuss his thoughts with the guards than with his leadership circle.

On January 29, 1960, the Xinhua News Agency claimed that the Second Five-Year Plan (1958–1962) was accomplished three years earlier than projected. In fact, the grain output in 1959 was 60 billion catties lower than in 1958, equaling merely 64% of the Plan. The production of major products such as cotton, oil-bearing crops, and pigs fell substantially. The cereal procurement quotas, however, was 14% higher. As winter crept over the land, the famine began to set in.¹⁴⁸

On March 26, Mao went on a five-month tour throughout the country. Upon returning to Beijing, he banned the consumption of poultry and eggs, and introduced a quota for grain supply.¹⁴⁹ Knowing that there was a famine, Mao took the lead in eating in rationed amounts.

Mao started taking a different approach: In March, he drafted more than 20

pieces of important commentaries and instructions, most of which were against the “wind of communization,” as well as the pervasive concealing, distortion of information, corruption, and waste among local governments.¹⁵⁰ On March 24 and 25, Mao called an enlarged meeting of the Central Politburo at Tianjin (commonly known as the Tianjin Conference), where he spoke against the “wind of communization” and the “excessive egalitarianism as well as the free appropriation of labor resources” — which meant actually the confiscation and transfer of manpower and means of production without compensation.¹⁵¹

On March 29, Zhou Enlai received an anonymous letter from a CPPCC National Committee member — it was then that he realized there were people in Anhui dying of starvation.¹⁵² The letter added that the famine was most severe in the He and Wuwei counties. Peasants fled, some leaving their children behind. Public officials were “unpleasant.” Zhou Enlai commented:

This may be real, or it may be exaggerated. Either way, this is going on in every province. Special attention should be paid to provinces where disasters occurred last year too.¹⁵³

Zhou Enlai might be the first governmental recipient of information on deaths in the Great Chinese Famine.

On April 30, Tan Zhenlin reported a positive picture for grain production. The deaths in Fuyang City, as he put it, were “individual cases.” When Mao showed suspicion of the cereal procurement numbers, he irresponsibly explained away that the peasants had kept enough for themselves. Mao was relieved to hear that.¹⁵⁴ The fact was, large numbers of unnatural deaths were reported in Xinyang Prefecture, Henan Province.

On May 2, Mao inspected the drought in Shandong and met with local government heads, who did not report the actual deaths from starvation. On May 6, Mao arrived at the next stop in Henan. The provincial government reported that edema was particularly more serious in Xinyang — an estimated hundred thousand people — than in neighboring regions. They said edema deaths were hard to distinguish from natural deaths. Mao did not believe them; he decided that their reports were untrustworthy.¹⁵⁵ Mao took the time to travel to Henan, where the famine deaths were most concentrated, but he did not witness the reality of the famine in Xinyang. He only visited a people’s commune in Zhengzhou before leaving for Wuhan. All along his trip, he was told only good news. Once Mao found out he had been deceived, he angrily replaced the top officials in the provinces of Shandong and Henan. At no point was he made aware that he was

responsible for the widespread practice of pervasive concealing.

On May 28 and June 6, the Central Committee sent out emergency directives to organize transportation for food deliveries to Beijing, Tianjin, Shanghai, and Liaoning provinces, where reserves and procurement had been barely enough for two months.¹⁵⁶

At an enlarged politburo meeting on June 14, Zhou Enlai reminded his fellow leaders that wildly ambitious agricultural targets had impacted people's lives, as well as the market of industrial raw materials for light manufacturing — which cycled back to impact livelihoods again. Agriculture is more sensitive than heavy industry to fluctuations and this fact explained the former's wider fluctuations over the last three years.¹⁵⁷

In his essay *Summing Up Ten Years* (June 18, 1960), Mao admitted to imposing the wrong agricultural policies, which he was determined to correct at July's National Congress.¹⁵⁸

As it turned out, there was no National Congress or National Committee in 1960. With Mao's nod, the leadership began building a consensus for adjusting the originally planned targets.

But we still have insufficient experience in Socialist construction.

Remaining before us is a great, still unrecognized realm of necessity.¹⁵⁹

China's agricultural, industrial, and economic chiefs were pinpointed for having "forgotten practicality during the Great Leap Forward."¹⁶⁰

The Great Leap was not only Mao's fault; these government heads he named were also to be blamed. The Chairman and his comrades were in a way connected: When Mao announced his intention of going for the Leap, his colleagues imposed wild targets in an attempt to win his trust, and they ended up with a fiasco. Having noticed that problem, Mao made a note of it at the meeting, and his observation was echoed by Liu Shaoqi, Zhou Enlai, and Deng Xiaoping.

The beginning of a policy that would balance production targets and supply appeared in the "mobilizing the entire party membership to go in for agriculture and grain production" directive, formulated at the CPC Central Working Conference in Beidaihe, from July 5 to August 10. The directive laid down a series of efforts to: squeeze out all of the labor force that can be squeezed out, and replenish the agricultural front, primarily the grain production front; reduce the scale of waterworks in rural areas; focus production efforts on food grain, cotton and oil-bearing crops; give serious attention on delivery of provisions to urban mining areas; and ensure supply for the export market.¹⁶¹ Also announced at the Beidaihe

Conference was a directive on “launching a campaign to increase production and austerity primarily in grain and steel.” This directive ordered to throw away any “contingency” production plans as described in *Sixty Points On Working Methods*, and a shift of labor force to grain and steel production.¹⁶² Towards the end of the conference, Deng Xiaoping announced that Mao would take a temporary, but complete, rest, while Liu Shaoqi took over daily operations.¹⁶³

On July 15, Zhou Enlai called for a discussion with Party secretaries and central officials on food deliveries, as well as cotton and cloth provisions.¹⁶⁴

On August 10, the Central Committee issued the *Emergency Directive for the Whole Party to Make Great Efforts in the Campaign for Foreign Trade Procurement and Export*. The directive decided to establish a three-man foreign trade command post composed of Zhou Enlai, Li Fuchun, and Li Xiannian with Zhou Enlai as the leader. It had full authority to direct the national procurement, export, allocations, and transportation campaign, and strictly controlled imports.¹⁶⁵

On August 15, a directive was issued to require inspection and compliance with the food delivery plan by provincial, prefectural, and autonomous region governments.¹⁶⁶

The economic policies discussed between Li Fuchun, Deng Xiaoping, and Zhou Enlai were geared to the decision adopted on September 30, concerning the rubric of “adjustment, consolidation, raising standards, and filling out.” These policies were accepted as the guiding principles for economic recovery.

Zhou Enlai was asked by the Central Committee to draft a new directive on the people’s communes. Under his *Urgent Directive on the Present Policy of the People’s Communes in Rural Areas* there were 12 points:

- (1) The ownership system should be a three-level ownership system, with the production brigade as the basic accounting unit. The system is the basis for the people’s communes at the present stage;
- (2) Confiscation and transfer of manpower and the means of production without compensation is strictly forbidden, and mistakes resulting from this measure must be corrected;
- (3) Strengthen the basic ownership system of the production brigades;
- (4) Uphold the ownership rights of the small production teams;
- (5) Allow commune members to cultivate small private plots and undertake household sideline production;
- (6) More work points could be given to at least 90% of commune members to increase their incomes;

- (7) Uphold the principle of “from each according to his ability and to each according to his work”; 30% of payments would be in provisions and 70% in wages;
- (8) Overhaul the use of the labor force and reinforce the agricultural frontline;
- (9) Improve grain distribution and public dining halls;
- (10) To invigorate the rural economy, so that free markets would be restored;
- (11) Earnestly combine work with leisure;
- (12) Mobilize the masses, rectify the work style, and reorganize the communes.¹⁶⁷

The directive asserted the fundamental importance of the communal mess halls. During the People’s Commune Campaigns, communal mess halls and the free supply system were hailed as “sprouts of Communism,” and enforced in rural areas. It turned out they played a major role in the famine. Mao at that time was reluctant to give up the mess halls. So the shock was considerable when word of the Great Famine reached him.¹⁶⁸

On November 15, thousands were relocated from their central positions of power to the grassroots. Mao was determined to, within a few months, “resolutely eradicate the extremely incorrect ‘wind of communization,’ ‘exaggeration wind,’ the tendency of cadres to seek privileges for themselves, the tendency to give arbitrary orders, and the incompetent leadership in production.” He felt the time had come to rectify the mistakes of the past.¹⁶⁹

The revived prevalence of the “wind of communization” in the sixties hit more places, did more damage, and lingered longer than it did before.¹⁷⁰ Chen Yun said sometime during the Great Leap Forward:

It was not only Chairman Mao that got carried away — many other leaders did. Unless there is a degree of suffering, people will never learn a lesson.¹⁷¹

When Mao was confronted with the grim reality of the famine, he could not help doubting and blaming himself. On November 28, he solemnly acknowledged his mistakes before the whole Party, and promised to change the errors of his ways.¹⁷² One of his mistakes was underestimating the time needed for ownership transition of the people’s communes.

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Comrade Mao Zedong shall identify himself heart and soul with comrades who would correct their mistakes..... I made mistakes too; and I will rectify them.¹⁷³

But how dreadful were the consequences? What caused them? These were not mentioned in his words.

At a Working Conference in Beijing on December 27, 1960, after listening to four reports, Mao made the following remark:

The post-Lushan prevalence of the “wind of communization” in certain ways was unexpected. It was the Central Committee that came up with these grand programs for waterworks, transportation, pig-breeding, and state-subsidized “commercial grain” bases.

On December 30, Mao again took blame for the trend:

The government should be blamed for the rise of the “wind of communization”; but the blame was placed on the provincial committees.¹⁷⁴

Mao also said in the speech:

Over the past few years, we have been criticizing others for being confused, when it was us it first confused. We on one hand demanded correction of the “wind of communization” and the arbitrary planning; but on the other hand we launched grand programs, and stirred up the “wind of communization.” Is this not contradictory? At the Lushan Conference, we thought the “wind of communization” had died down with Rightism, and that the grand programs would solve our problems. We thought 1960 would be better; but we were wrong. There were both natural calamities and human errors in 1960. This man-made disaster is not one our enemies have created, but one we have created ourselves.¹⁷⁵

He agreed to Chen Yun’s suggestions to (1) reduce production targets and set up the food substitution group; (2) allow both peasants and their cattle to rest; (3) import food.¹⁷⁶ When Chen Yun introduced the slogan of “meals come first, construction second,” Mao rewrote it to “meals comes first, the market second, and construction third.”

Mao began to take heed of their advice and suggestions, while seeking a way out of the crisis. On January 13, Mao admitted at a working conference that he

and the central organs lacked understanding of China's circumstances, and the will and means to change things for the better. He announced the year to be one to "seek truth from facts." The conference produced resolutions to reduce the annual production target for steel to 19 million tons, and to raise that of coal to 436 million tons, and food grain to 410 billion catties. 300 medium and large-scale under-construction projects were cut off, leaving 900 to continue.¹⁷⁷

At the Ninth Plenary Session of the Eighth Central Committee (January 14–18), discussions were centered on economic work for the year.

*I hope this year will be a year of investigation and study, one in which investigation and study will flourish.*¹⁷⁸

As soon as the session came to an end, Mao directed the setting-up of three investigation units: one was headed for Zhejiang Province and was led by Tian Jiaying (Deputy Director of the Political Research Office and Secretary of Mao Zedong); one was headed for Hunan Province and was led by Hu Qiaomu (Secretary-Designate of the Central Secretariat and Secretary of Mao Zedong); and one was headed for Guangdong Province and was led by Chen Boda (Alternate Member of the Central Politburo, Director of the Political Research Office, and Secretary of Mao Zedong).¹⁷⁹ The other five standing members of the Central Committee (Liu Shaoqi, Zhou Enlai, Zhu De, Chen Yun, Deng Xiaoping, Peng Zhen) conducted investigation and studies in different grassroots communities. Liu Shaoqi spent 44 days in Hunan villages, of which 30 were spent living among peasants. His investigation traversed issues of compensation, housing, and forestry. Leaders of central organs and local authorities participated in these investigations as well. This wave of investigations facilitated adjustments in rural policies.¹⁸⁰

On March 5, Mao chaired an enlarged meeting of the Central Politburo. For the first time, he realized the 1959 Lushan Conference had put a stop to the anti-Leftist trend.

Some spoke of the realities, the difficulties, the current problems, and the objective situation; they were labeled as the Rightists. The result is an atmosphere where people do not say the truth. People resorted to bragging and making up facts. Take Henan for example; the year's grain output was only 24 billion catties, but it was said to be over 40 billion. This was a result of the fight against Rightism. The anti-Leftist opposition only lasted four months, from March to June. If only had we fought on! When Peng Dehuai came in, we switched to fighting against the right. But it was correct to

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fight the right, because fighting against the right was correct. But it ended up with overestimates of grain yield, compulsory purchase of surplus grain, and the grain available for distribution. We need to learn the lesson. This lesson showed us that when we mix anti-Leftism with anti-Rightism, a tendency to boast would arise.¹⁸¹

On March 13, Mao called for nationwide efforts against the problems of egalitarianism among production teams within a production brigade, and among peasants within a team.

I see you do not know the problem well.... I, of course, am determined to fix my mistakes.... I urge our leaders to do some systematic investigation in person.... The causes for many past failures have remained unknown.... The past few years have seen major, but unexplained failures. These have cost a lot. Since we took office, we have not really taken the trouble to undertake investigations and research. We need some systemic investigation and research from the past to the present.¹⁸²

On March 19, Mao for the first time again admitted that the famine had gotten worse as a result of the anti-Rightist call at the 1959 Lushan Conference. More important, he acknowledged the incidences of false reporting. Huge numbers of deaths were not reported to the central authorities until they could be covered up no longer. On March 19, Mao told Chen Boda, Hu Qiaomu, Liao Luyan, and Tian Jiaying:

The rural problem had already occurred in 1959, but the anti-Rightism of the Lushan Conference exacerbated it and became worse in 1960. People starved to death; this was not reported to the center until the summer of 1960.¹⁸³

Mao, however, did not realize that the blame was not with the government, but, rather, was his.

On March 21, the *Revised draft of the Regulations on the Work of Rural People's Communes* was approved at a working conference of the Central Committee in Guangzhou. The Regulations were more commonly known as the *Sixty Articles*.

On March 23, Mao spoke about the responsibility for the excessive performance targets:

The biggest responsibility lies, of course, with me, for I am the Chairman. In what was I to blame? Why did I not call for investigation and research until now? Why not earlier? To rectify my mistakes, I make the call now.¹⁸⁴

On the same day, the conference approved the *Letter to Central Authorities, and Provincial, Municipal, and Autonomous Regional Party Committees with regard to Doing Some Serious Investigation and Research*. The letter said:

Do not fear justified disagreement, and do not fear for your judgment and decision to be proven wrong.¹⁸⁵

In the letter, Mao told the Party that he would allow dissenting opinions, and allow people to prove him wrong. He could not have said otherwise to ask for forgiveness for his fatal political mistakes. He was forced, but sincere.

On May 14, Mao forbade “subjectivist policies that could end up badly.”

I forbid absolutely any policy made out of sheer subjectivism, and without investigation or public consultation, and which could prove fatal.¹⁸⁶

A working conference was held from May 21 to June 12. At the conference, Mao acknowledged the failures over the past two years. He admitted that the communal mess halls and the free supply system were mistakes. His “grand programs” for waterworks, communal factories, pig farms, transportation, and arts and education ended up allowing for the prevalence of the ‘wind of communization,’ ‘exaggeration wind,’ the tendency of cadres to seek privileges for themselves, the tendency to give arbitrary orders, and the incompetent leadership in production.” The “wind of communization” was indeed Mao’s work. In his essay *Summing up the Ten Years*, he gave his backing to the *Regulations on the Work in the Rural People’s Communes*, which had a great deal to do with the nationwide prevalence of the “wind of communization.”¹⁸⁷

Liu Shaoqi again admitted that the Great Famine was “30% natural calamities and 70% a man-made disaster.” He felt the time had come to stop and learn a lesson.

Peasants were starved for one or two years. Some suffered edema, and some died. People in the cities were also starved. The Party and everyone within the nation have learned the lesson.

Liu Shaoqi asked his comrades:

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Were the difficulties of recent years caused by natural disasters, or shortcomings and mistakes in our work?

His answer was:

Summing up, I can put it this way: Looking at the big national picture, it can be said that natural disasters were the principal cause in some areas, but I am afraid that this is not true for the great majority of areas. In the great majority of areas, the main cause was shortcomings and mistakes in our work.¹⁸⁸

This was the first time Liu Shaoqi expressed open disagreement with Mao; but Mao did not refute things. He spoke:

Violating the objective laws has consequences, which we have been suffering with for three years. The land has become barren, the people poor, and the cattle weak.¹⁸⁹

He admitted that the two Zhengzhou conferences¹⁹⁰ were rushed.

At the time I did not really know how Socialism could be built in China. The Soviet experience worked for the Soviets. They have learned their lessons, and we should learn ours.¹⁹¹

Under Article 36 of the *Revised Draft of the Work Regulations of the Rural People's Communes*, the establishment of communal mess halls in the production brigades was completely determined by the commune members — in other words, not by Chairman Mao and the central government, or low-level officials. The Draft Regulations abolished the fixed 3:7 ratio between food supplies and wages paid to commune members, so that income would be allocated to labor. Faced with the famine, Chairman Mao and his government had no choice but to let go of the communes and the free food supply system. This marked the end of rural communism in Maoist China.

In September, at the Central Committee's working conference at Lushan, Mao still refused to acknowledge his blatant errors at the 1959 Lushan Conference. It was not until late 1961 that he said:

Our domestic circumstances are not bad in general. We have been unhappy and downcast in recent years, but things got better in 1961....The Great Leap Forward's mistakes were insignificant; they were no big deal. The economy has reached bottom and growth is now picking up, day by day.¹⁹²

Statistics at constant prices indicated that the Chinese economy hit bottom in 1961: national income had dropped by 46.7% since 1958, and the combined agricultural and industrial output by 29.4%. Between 1959 and 1961, the accumulated deaths from starvation accumulated to more than 15 million — this had rarely happened in history.

The Seven-Thousand Cadres Conference

In 1961, the Central Committee did not reconstitute the Committee after expiration of its five-year term (1956–1961), as required under Articles 31 and 33 of the *1956 Constitution of the Communist Party of China*. Mao gave no explanation. The 9th National Congress was replaced by the Seven-Thousand Cadres Conference. Mao wanted to take a strategic step back; but he was not going to give up any of his power, nor would he stray from the original path. His approach continued to serve as the country's development engine.

The enlarged working conference from January 11 to February 7, later known as the Seven-Thousand Cadres Conference, was attended by as many as 7,118 of the highest-ranking cadres from the central authorities, the Politburo, as well as provincial, municipal, and county governments. The Conference was described by Liu Shaoqi as an attempt to “draw on experiences, unify understanding among the Party, strengthen unity, reinforce discipline, and...facilitate democratic centralism and centralization,” so that China may “go all-out and work hard to overcome challenges.” Mao and six other members of the Central Politburo's Standing Committee addressed the conference.

On January 29, Mao consulted the Politburo's Standing Committee on making the conference “an occasion to vent repressed anger.” He set up a democratic rule of “three don'ts” to deal with disputes: party cadres should not capitalize on others' shortcomings, put labels on others, or come down hard on others.

I encourage everyone to vent your frustrations. We cannot unite without letting out the frustration. Without democracy, we cannot properly stand together. The Standing Committee had a bit of discussion on possible solutions. Let out any anger you may have, no matter how much, and no matter how justified. There will be no capitalizing on others' shortcomings, no putting labels on others, and no coming down hard on others.¹⁹³

On January 30, Mao spoke to the conference about his reflections on, and understanding of, the faulty Great Leap Forward policies. He maintained that

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mistakes were unavoidable.

In the past we have also handled some cadres in an incorrect way.... What I am saying is that in every stage of mankind's history there have always been such cases of mishandling. In class societies such cases are numerous. Even in a Socialist society such things cannot be entirely avoided either, whether it be in a period of leadership by a correct or an incorrect line.¹⁹⁴

He intentionally avoided making the distinction between minor, substantial, and unavoidable mistakes. Even more importantly, he did not mention Chen Yun and Peng Dehuai's attempts at rectification. If he had accepted their attempt, the Great Leap Forward could have been avoided.

Mao brought up the vision that he had mentioned back in 1957 to "bring about a political climate which has centralism and democracy, discipline and freedom, unity of purpose and ease of mind for the individual, and which is lively and vigorous."¹⁹⁵

Our centralism is built on democratic foundations.... The leadership of the Party committees is a form of collective leadership; matters cannot be decided arbitrarily by the first secretary alone.... The relationship between the first secretary and the other secretaries and committee members is one of the minority obeying the majority. For example, in the Standing Committee and the Political Bureau, situations like this often arise: when I say something, no matter whether it is correct or incorrect, provided that everyone disagrees with me, I will accede to their point of view because they are the majority....

...If you have made mistakes, then you should carry out self-criticism, let others speak, let others criticize you.¹⁹⁶

The biggest problem of the Lushan Conference, however, was that of Mao's personal dictatorship.

He pointed out:

In our work of Socialist construction, we are still to a very large extent acting blindly. For us, the Socialist economy is still in many respects a realm of necessity not yet understood. Take me as an example: there are many problems in the work of economic construction which I still don't understand. I haven't got much understanding of industry and commerce.

I understand a bit about agriculture, but this is only relatively speaking — I still don't understand much.... We should from now on spend a period of time in summarizing our experiences and in hard study, and in the course of practice gradually deepen our understanding of it through clarifying its laws. We must put in a lot of hard work and make thorough investigations.... As to making investigations and studies, we used to do them rather well but since we came into the cities we have no longer taken them seriously.¹⁹⁷

Mao was no longer as confident as he was at the 1958 Chengdu Conference; he began to develop doubts about his own ideas.¹⁹⁸ Mao's limited understanding and knowledge of China's backward circumstances and limiting factors made him a loser in this "cooperative game with fuzzy coalitions."

Mao admitted he was not as familiar as others with economic building.

Other people know more than I do. Comrade Shaoqi knows more than I do. Comrade Enlai knows more than I do. Comrade Xiaoping knows more than I do. Comrade Chen Yun, in particular, knows a lot.¹⁹⁹

This was a painful reflection on the Great Leap Forward and the Great Famine. In February 1966, the paragraph was ordered by Mao to be removed from the compilation of speeches on the Seven-Thousand Cadres Conference, which was passed on to leadership cadres.

Mao's knowledge structure and sources showed a path dependency: He was intoxicated with class struggle. He was good at class struggle. Construction, on the other hand, was not his passion. Despite 12 years of rule, his superstitious belief in class struggle was not shifted to construction. His knowledge in economic construction was the weakest among his generation of leadership.

Why did such grave mistakes not occur during the First Five-Year Plan, when China was even less experienced?²⁰⁰ The root of the problem actually lies within the shift from collective decision-making to individual decisions. Not only are individual decisions more likely to be erroneous, but the wrong ones are not immediately apparent.

Mao did not resign for making all the glaring mistakes. His path-dependency led to even more severe and influential mistakes. Not only was he relieved of the responsibility of leadership, but he continued to serve as Chairman of the 8th Central Committee after the expiration of his term of office. In later years, Deng Xiaoping realized that the Seven-Thousand Cadres Conference had sowed the

political seeds that ripened into the Cultural Revolution.

In 1962, Chairman Mao engaged in self-criticism on these issues. But this was not enough for him to learn his lesson, and this eventually gave rise to the Cultural Revolution.²⁰¹

A dispute among the top leadership revolved around the Great Leap Forward's mistakes and the causes of those mistakes. Was the Great Leap a natural tragedy, or a man-made disaster? Was it a mistake of the class enemy, or a policy mistake? Where did the biggest blame lie — with other central leaders, or Mao Zedong?

Liu Shaoqi's report to the Seven-Thousand Cadres Conference revealed a number of economic difficulties: In 1961, industrial production fell by more than 40%; Some industrial operations came to a partial or complete stoppage due to a lack of raw materials, supplies, and fuel; There were short supplies of foodstuffs, insufficient clothing, and a lack of articles of daily use; State finances were running short; Inflation was severe; China had to import 1.05 billion catties of food. This had never been seen in this agricultural giant. The Central Committee's report of the Great Leap Forward was rather objective; yet, the death numbers were omitted completely.

Liu admitted at the Conference on January 27:

The current situation was beyond the expectation of many of us. Two or three years ago, we expected some great leaps in agriculture and industrial productivity. But now, not only is no progress made, but we have fallen substantially back, resulting in a saddle shape.

Liu proceeded to dismiss the expression "nine fingers to one," Mao's metaphor to emphasize achievements over setbacks. He raised the question: Were the reductions in agricultural and industrial production caused by natural disasters, or the errors and mistakes of the Party? Things were different for different regions. He concluded, in certain parts of the country, the difficulties came primarily from human shortcomings and mistakes in work, rather than natural disasters. In Hunan, he explained, the farmers believed that the difficulties were due 30% to natural calamities and 70% to a man-made disaster.

I have explained the general national picture in my written report: These huge problems we have are partly the result of three successive years of natural calamities, but, to a larger extent, also due to the shortcomings and mistakes in our work and leadership style. As for the situation in particular

provinces, regions, and counties, you may hold discussions in order to make a judgment in light of the facts.²⁰²

Liu criticized the split of achievements and mistakes into “a ratio of nine fingers to one,” and argued that they might be split into a ratio of three to seven in the whole country; but in some areas, the proportion of setbacks and mistakes might have been even higher.

We are not going to haul down the Three Red Banners.²⁰³ Instead, we shall uphold them and try to fulfill their goals. At present we are not clear about some of the things that have occurred over the past few years; but five or ten years from now, we shall look back at the experience once again, and come up with a better summary of the picture.

Mao did not find Liu Shaoqi's comments pleasing.²⁰⁴ Liu Shaoqi's commitment to practicality was commendable; but that stubbornness came at a high price in the Cultural Revolution, and was considered the most convincing evidence of his opposition to Mao Zedong.

Liu Shaoqi was a strong supporter and advocate of the Great Leap Forward, but he had also reflected on the policies after their failure and the Great Famine. His report at the conference explained four important aspects of shortcomings and mistakes of the state over the past few years: First, as a consequence of the excessively high planned targets for industrial and agricultural production and excessively large scale of capital construction, there were serious disproportions between the various sectors of the national economy, and between consumption and accumulation. For some time and in many localities the collective ownership of rural people's communes was confused with ownership by all the people in their practical work. Many impetuous and improper alterations were imposed on the internal mechanisms of the collective ownership, trampling on the principles of “distribution according to work” and “exchange at equal value” and giving rise to a “wind of communization” and other egalitarian tendencies. In handicrafts and commerce, errors were made by those who were so impetuous as to convert collective ownership into ownership by all the people. Third, the Party attempted unrealistically to establish many comprehensive industrial networks on a nationwide scale. The central authorities delegated too much of their power to lower-level authorities, and so did many departments and local governments to their subordinate units. The result was that many measures adopted by the departments and local authorities were at odds with the policies of the central authorities and

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with state plans. This great damage unified the Party, centralized leadership in economic activities, and adversely affected the system of ownership by all the people. Fourth, the Party not only overestimated the agricultural growth rate, but also wanted to accelerate economic development at a very fast speed. The measures adopted for this purpose caused a sharp increase in the urban population, so that the proportion between urban and rural populations was out of keeping with the present level of agricultural production, the strain on material supply for the cities was aggravated and agricultural production met more difficulties. An excessive number of enterprises and institutions were established, leading to an abrupt increase in the number of workers and staff, including a high percentage of non-productive personnel. This caused a serious waste of manpower. Some Party and government departments became increasingly overlapping and overstaffed, greatly stimulating tendencies towards subjectivism, bureaucratism, and authoritarianism.²⁰⁵

These major shortcomings and mistakes of setting excessively high targets and attempting to accomplish them within too short a period of time were attributed to inadequate experience in economic development, and also to the fact that Party leaders had failed to remain modest and prudent, running counter to the Party's traditions of "seeking truth from facts and following the mass line." Consequently, they weakened, to varying degrees, the principle of democratic centralism in the Party and government institutions and in mass organizations. The erroneous desire to meet too high targets in too short a time made it easier for them to become divorced from the masses and from reality and to neglect the practice of democracy, which, in turn, rendered it difficult for the Party to discover the problems and correct the error in good time.

He laid the chief blame on the central government:

Recently, after examining documents issued by central leading bodies over the past few years, the Central Secretariat submitted a report to Comrade Mao Zedong and the Standing Committee of the Central Politburo that ... outlined the principal shortcomings and mistakes made by the central departments and identified what the Central Secretariat itself should be held responsible for. It was the Central Politburo that endorsed some of the impracticable policies and measures mentioned in the report, so the Politburo should also bear a certain responsibility....

When stating that the central leading bodies should first of all be held responsible for the shortcomings and mistakes, the report naturally refers to all the departments of the Central Committee as well as the State Council and all the ministries attached to it.²⁰⁶

His report did not say whether Mao should bear any responsibility; rather, he tried to relieve the Chairman of any faults and responsibilities.

Had more comrades better understood Comrade Mao Zedong's philosophies, better upheld Comrades Mao Zedong's strategy of "seeking truth from facts" in their investigations and research, and properly complied with every word of guidance from Comrade Mao Zedong at the critical moments, then the ordeals of the past few years could have been averted or alleviated, or more promptly corrected.²⁰⁷

On February 8, he said:

In the past few years, we have suffered from not undertaking investigation and research, and not upholding democracy. We did not uphold democracy, did not listen to opinions, did not consult the public, and did not seek to gain public consent. This was one of the most thought-provoking lessons we should remember.²⁰⁸

Nevertheless, the conference neither figured out a cure to the problem of democratic centralism, nor put any constraints on the Chairman's power. The malfunctioning inner-party democracy became even more of a threat.

In his report, Liu Shaoqi made a list of 16 basic experiences and lessons the Party gained in Socialist economic development,²⁰⁹ especially in the post-Great Leap Forward period after 1958. The list included: China's economic development should be based on agriculture; Socialism is not egalitarianism. During the Socialist period, consumer goods should be distributed according to work done, and exchanged at equal value; Anything new should be experimented with before being introduced; China's long-term principle is to build up the country through diligence and thrift.

On February 7, Zhou Enlai confirmed that food supply was the most serious economic challenge facing the Chinese leadership. The conference, however, was given no details of the on-going famine. Zhou Enlai addressed the Party's mistakes in the post-Great Leap Forward period since 1958:

Under the plan were over-optimistic output growth forecasts, over-ambitious targets, excessive fluctuation, huge gaps between expected and actual output, an overly aggressive development agenda, excessive decentralization of the government, as well as hastily enacted policies of an impractically large scale. The State Council and its offices have some responsibility for these.

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He went on to admit his own faults of setting over-optimistic economic growth benchmarks: In agriculture, an annual growth rate between 10% and 15% was regarded as a “leap,” between 15 and 20% was a “great leap,” and over 20% was an “extraordinary leap.” In industry, the benchmarks were 20%, 25%, and 30%.

He criticized the way things were during the Great Leap Forward:

They demanded unrealistic levels of growth, so that people aimed only for growth to be fast, but not good and economical; They were concerned with the quantity produced, but not the variety and quality; They were concerned with pace, but neglected the maintenance of economic balance; They were concerned with subjective needs, but not objective feasibility; They tried to meet short-term needs, but did not keep an eye on long-term sustainability; They did not consider the pace of the Great Leap Forward in the big historical picture, but demanded a constant annual growth rate. As it turned out, the more haste they made, the less progress they generated.²¹⁰

He saw these as a cause of decentralization and decentralism in China.²¹¹

He criticized the bragging and lying among his comrades over the last several years.

Everybody lies to please their leaders. How is this any different from the bad old ways of officialdom? This phenomenon you reported grieves my heart. It was of course wrong of you to lie; but what makes it even worse is you lied under pressure from us.

He called for promoting democracy within the Party.

Chen Yun did not speak at the conference, but he spoke at a regional session in Shaanxi Province. He felt danger due to the political landscape of the Party:

Lies are at times unavoidable. It would be impossible to never lie. The scary thing is not that people say the wrong things, but that nobody speaks out.... Leaders should pay attention to negative comments. Often we hear the same old words; it is the dissenting voices that go unspoken to narrow-minded leaders. Therefore, we must stay open-minded and listen to different opinions....

...People often take into account only one side of the problem.... When two people exchange what they see, they get the full picture. We have always upheld a practical and realistic style of work. To be practical is to seek the

truth. To be realistic is to find the right policies based on investigation....

... When looking at problems, formulating policies, and deciding between proposals, we should compare different plans. The comparison should be made not only against existing options, but also against past practice and foreign experiences. A comprehensive comparison makes the picture clearer, and judgment more accurate. There is nothing bad in comparing options, only good....

... After all the comparison, never decide right away, but think it over again. Some decisions may have seemed right then, but later on turned out to be wrong or not entirely right.²¹²

He later explained:

At the Seven-Thousand Cadres Conference in 1962, Chairman Mao wanted me to speak, but I did not. Compromise is not my thing; but neither did I intend to embarrass Chairman Mao.²¹³

At that time, Chen Yun disagreed with Mao's count of the difficulties to be undergone, and his pace to overcome them. Disagreement, he said, was normal, unavoidable, and a natural event in the course of social evolution. "It takes time to reach, and prove the possibility of, agreement," he believed.²¹⁴

Mao believed that the hardest times had passed, and that the economy would recover within two or three years. To encourage positive attitudes, he wanted to map out a ten-year plan. Contrary to that vision, Chen Yun believed that the hard times were still lingering, and that the agriculture sector's recovery would take at least five years. He suggested devising a five-year plan for recovery, and another for development.²¹⁵

Zhu De stated his determination to contain the "Leftist tendency."

During the last few years, the scope of inner-Party struggle has been unduly broadened and it has hurt us. Too many people were attacked and many feelings injured in the movements in this period.... It is easier to combat a "Right" tendency because bourgeois ideas are easier to distinguish in our Party and so are easier to check. A "Left" tendency, however, is not so easy to distinguish or check....

...However, we should not resort to such methods which employ vast battlefronts made up of hundreds and thousands of people; instead, we

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should do things in an organized and planned way. We must ensure that the peasants work and live in peace and contentment.... We should not force people to do those things we cannot do or finish, because they still cannot be completed. All that happens is that party members are injured and contact with the masses is lost.²¹⁶

Deng Xiaoping saw much to be desired in the Party's activities.

Excessively high targets and absurd deadlines over the past few years have encouraged the spread of both decentralism and authoritarianism, thus greatly weakening the Party's democratic centralism. In dealing with many matters, we seem to be exercising more centralization than before, when in fact decentralization has become a serious problem. In many other matters we seem to be practicing more democracy than before, when in fact authoritarian practices, arbitrary decisions made and peremptory actions taken by a few people or an individual, are all too common. Therefore, it is essential and timely at this conference to stress the need to reinforce democratic centralism, expand democracy, strengthen centralism and unity, and oppose decentralism.²¹⁷

In 1987 he pointed out:

After that came the Great Leap Forward in 1958 and the People's Commune Movement, which were totally incompatible with objective conditions and during which we got carried away and tried to develop too rapidly.²¹⁸

In his talk at the Working Conference of the Central-South and North China Bureaus on March 19, 1961, Deng Xiaoping took blame for the lack of leadership on behalf of the Central Secretariat.

While both central and local authorities should be held accountable, the central must bear the larger burden of responsibility. Since 1957, the Secretariat has been presiding over the work of the Central Committee. As an assistant to the Standing Committee and the Chairman, we have not thoroughly fulfilled our duties: despite adequate daily work, it remains the case that we have not contributed much to strategies and policies — such as the contingency plans in steel production, grain yield targets, and scale of the people's communes.²¹⁹

He ascribed two underlying causes to this:

First, we have been neglecting investigation and research; consequently our tasks were sometimes unfeasible, and our slogans were largely unrealistic. Second, the political struggles of recent years have been overly violent, hurting a large number of both Party and non-Party cadres, and nurturing a bad tendency of concealing the truth....

...We shall ensure adequate democracy in the Party. Party members may follow Party procedures to frankly express their criticisms and opinions regarding Party members, as well as the Party's work, issues, and leaders.²²⁰

Peng Zhen, Central Politburo member, made the bravest comment at a drafting committee:

The burden of responsibility should first of all rest on the Central Secretariat — the Chairman, Liu Shaoqi, and other comrades of the Standing Committee — those who are to blame should be blamed.... Chairman Mao is not without mistakes; he nodded at the three five-year timeline for transition and the construction of communal dining halls.... Now there exists a tendency within the Party to keep opinions to ourselves. People dare not look at their own mistakes, for the fear that once they do, they would be crumpled up. If we do not even dare to criticize a hundredth or thousandth of Chairman Mao's mistakes, serious consequences will impact us. Should provincial and municipal governments take all the blame? Taking the blame will not do any good or teach any lesson to their subordinates.... From Chairman Mao to branch secretaries, they are all at fault. The biggest mistake of the Secretariat was that they did not do any investigation and research.

There were three members in the Central Politburo and the Standing Committee who fully supported the Great Leap Forward.

The first was Lin Biao. His speech at the Seven-Thousand Cadres Conference strongly supported the General Line, the Great Leap Forward, and the Three Red Banners.

In the past two or three years, our country has experienced difficulties in certain respects, brought on by a spectrum of causes. Widespread,

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continued, and, in some regions, devastating natural disasters have caused us unavoidable difficulties. We made mistakes — but the entire country has learned its lessons.

Lin Biao came up with a creative way to explain away Mao's blame.

We should note that this lesson was worth what it cost us....

... The facts prove that there were difficulties, in some aspects and to some degree, precisely because we did not act according to the Chairman's instructions, the Chairman's warnings, and the Chairman's thought. If we have listened to Chairman Mao's word, and have understood Chairman Mao's spirit, then there will be fewer curves in the road, and today's difficulties will be much smaller....

... It proved, then and later, that Chairman Mao's ideas are always right.... By contrast, every time that his opinions are not respected or are greatly disturbed, things will go wrong. It is in difficult times that we need to stay united and always follow Chairman Mao.²²¹

Lin Biao's words were well complimented by Mao.²²² On March 20, Mao again affirmed that the speech was well said and valuable, which he found pleasing to read.²²³

The second was Ke Qingshi. A major supporter of the Great Leap Forward and the People's Commune Movement, he was elected to the Politburo in May, 1958. He raised a host of questions regarding Liu Shaoqi's report to the Seven-Thousand Cadres Conference:

Shall we still launch the Forty-Point Program for Agricultural Development? How many years will it take to satisfy our basic needs? Shall we attempt to overtake Britain in 15 years? Shall we mobilize the masses? How do we do this?

He found Liu Shaoqi's report disheartening.²²⁴

The third was Kang Sheng, alternate member of the Central Politburo, as well as a big supporter of Mao's class struggle theory and the Maoist personality cult.

Amid the Great Chinese Famine, Mao found himself politically isolated in the Central Politburo and the Standing Committee, with only a Standing Committee member of the Central Committee, in addition to one member and two alternate

members — Chen Boda and Kang Sheng — of the Central Politburo. This was only the start of a political struggle against the majority. Mao knew he had to hold back and be tolerant; at the same time, he prepared to strike and gain momentum back.

There was an institutional weakness in the Seven-Thousand Cadres Conference: it was neither a National Party Congress, nor a Central Committee Plenary Session. The lack of constitutional validity and effect of its resolution left quite some grey area to maneuver around in. Mao did not succeed in remaining in power as Chairman; his notion of making class struggle a top priority — which actually meant to boil everything down to class struggle — was formally approved by the tenth plenary session of the 8th Central Committee. The Seven-Thousand Cadres Conference did not put a stop to the Maoist rule, but paved the way for the political dispute between Mao Zedong and Liu Shaoqi, and the Cultural Revolution.

Once the Seven-Thousand Cadres Conference was concluded, Mao left Beijing for the south to inspect; and it was left to Liu Shaoqi to preside over the Central Committee's daily operations to adjust policies and rejuvenate the economy. Despite the conference's efforts to unify understanding and smooth out internal disputes, things went in quite the opposite direction. Arguments were centered around the economic situation in China. Mao insisted that the Chinese economy was at the trough of a recession, and was expected to pick back up;²²⁵ but that judgment was not backed up by statistics. Liu Shaoqi, Chen Yun, and others insisted that they based their judgments on data. That deepened the division between the two sides.

From February 21 to 23, Liu Shaoqi chaired an enlarged meeting of the Central Politburo in the West Building of the Zhongnanhai compound, later known as the West Building Meeting. Discussions were focused on domestic economic conditions and the 1962 budget. Liu Shaoqi and Chen Yun agreed that the hardest time was not over yet, and that remedies were necessary before the situation got any worse. Zhou Enlai nodded acknowledgement of that observation, and suggested a determination for substantial economic adjustments. Chen Yun's speech on February 23 explained the ongoing economic crisis in five aspects:

- Agricultural yield had been reduced for several years;
- Infrastructure in progress had run over budget and available resources;
- An imbalance had emerged between the agricultural and industrial sectors;
and
- Excessive money creation caused inflation;

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Money was transferred from cities to villages. A number of peasants possessed a large amount of money, giving rise to an accelerated pace of investment and profiteering, which caused the living standard in cities to drop.²²⁶ The manipulation of accounts over the four years since 1958 had resulted in an over 20 billion RMB deficit. The meeting members were shocked by this.

Having fallen out of favor with the Chairman, Liu Shaoqi was forced to undergo a “self-criticism” session. He affirmed that the Chinese economy was in an “unusually harsh situation.”

On February 26, the State Council called an enlarged meeting. Chen Yun’s speech, entitled *The Situation of Financial and Economic Matters At Present and Certain Methods for Overcoming Difficulties*, was widely welcomed.

On October 23, 1966, Liu Shaoqi spoke at a working conference of the Central Committee:

Chairman Mao is presently not in Beijing. I went to see Chairman Mao with several comrades of the Central Committee to report what we discussed in Beijing, and to deliver Comrade Chen Yun’s speech for Chairman Mao’s approval. It was not until later that I realized Chairman Mao was not in favor of our understanding of the situation, and our ways of dealing with it.

Mao would not allow dissenting voices; he vetoed the majority view. This further contributed to the political divide. Mao remembered every single disagreement from his old-time comrades.

On April 30, at an enlarged conference of the Central Politburo’s Standing Committee, Liu Shaoqi shared his understanding of the domestic economic environment:

- (1) The national economy is in a state of general imbalance. A wide variety of adjustments are needed.
- (2) We shall retreat with order; otherwise we lose credibility among the masses.
- (3) Now is the time to assess the situation.

It seems that there is still a lack of estimation, rather than overestimation. There is a lack of expectation of the situation, rather than an excess of it. The outlook for the Chinese economy is not optimistic. An optimistic outlook requires political unity among both the Party and the people.

Different understandings of the situation lead to the tearing of the unity. Having said that, we should not panic the masses by explaining the situation.²²⁷

The Seven-Thousand Cadres Conference was said to be an exercise of introspection by the central leadership. Despite longing to re-establish and promote the good side of the policy of self-and-mutual criticism, no one in the Standing Committee was really bold enough to challenge Mao.

Adoption and Abolition of the Household-Responsibility System

Every disaster brings about a new opportunity for adjustments and reform. If the 1959 Lushan Conference was said to be a chance to refine the Great Leap Forward before it was launched, then the 1962 Seven-Thousand Cadres Conference was a chance to remedy the situation. But both chances slipped away. Mao was firmly against the household-responsibility system (*bao chan dao hu*) — which had already been built up in rural areas — and he forced it to be abandoned.

The idea of contracting production quotas to each household was first suggested by Deng Zihui at a working conference of the Central Committee in May.²²⁸ Sometime between June and July, Chen Yun suggested a decollectivized system (*fen tian dao hu*) of contracting with individual households to work assigned portions of collective land.²²⁹

On July 2, 1962, at a discussion among the Central Secretariat on agricultural recovery, Deng Xiaoping mentioned his observation of the launching in villages of the household-responsibility system, the decollectivized system, and a system of production responsibility known as the “five unifications.” The “five unifications” method emphasized that plans for production, including the use of the means of production owned by the collective, the allocation of the labor force as well as draught animals and fertilizer, and the distribution of contracted product returns, were all directed by the production brigade. Major farm work was still undertaken collectively; only field management was left to individual households.²³⁰ Deng Xiaoping encouraged everyone to share their thoughts and together find the best solution. He quoted a Sichuan proverb which was later preserved as a famous Deng saying:

It does not matter if it is a yellow cat or a black cat, as long as it catches mice.

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He suggested tackling the problem from a structural angle, by “altering the present relationships among communes, production brigades, and production teams.” The aim was to actually abolish the brigades, and make the production team the basic ownership unit.

... Allowing them to adopt whatever mode of production that can facilitate the quickest recovery and growth of agricultural production. The masses should also be allowed to adopt whatever mode they see fit, legalizing illegal practices as necessary.

The household-responsibility and decollectivized systems were also supported by Mao’s secretary, Tian Jiaying. He suggested engaging 40% of all peasants in household-based agriculture, with the rest in semi-collective and collective arrangements. He added that peasants would again be urged to promote the collective economy when rural production recovered.²³¹

Chen Yun explained his advocacy for the decollectivized system, assuring Mao that the system would neither increase class polarization nor impair the cereal procurement, and that it appeared the recovery of agricultural production would take another four to eight years. Mao reacted angrily at that comment.²³² The Chairman made up his mind to walk against the crowd. The next day he denounced the practice of dividing the fields among the peasants which, he said, would lead to dismantling the communes.²³³

Liu Shaoqi reversed course and adopted Mao’s view.

Between the late-July working conference in Beidaihe and the Tenth Plenary Session of the 8th CPC Central Committee in September, Mao repeatedly voiced discontent over the different forms of such production responsibility systems. The political divide within the Chinese leadership was exacerbated to an unprecedented level.

Reluctantly, Mao agreed to economic adjustments but only on one condition: The Great Leap Forward’s correctness would not be denied, and the Three Red Banners would not be overturned. He considered the household-based farming arrangements capitalist in nature. Being as high up as he was, he listened to neither petitions from the peasants nor advice from his fellow leaders. On top of being politically dictatorial and intolerant of opposing views, he was fettered by Stalin’s kolkhoz system and the Moscow consensus. On August 12, Deng Zihui was again dressed down for his “utterly blind” assessment of the situation, and his endorsement of the “four freedoms”²³⁴ by suggesting individual farming. He was accused of “granting small favors but never the important ones.” On September

25, at the Tenth Plenary Session of the 8th CPC Central Committee, Liu Shaoqi and Zhou Enlai tried to defend Deng Zihui. Mao repeatedly told them, “You may offer as many suggestions as you wish, but they will not be granted.” Shortly after that, Deng Zihui was removed from his position as head of the Rural Work Department. In 1965, Deng Zihui was dismissed from being Vice-Premier of the State Council to become Vice-Chairman of the People’s Political Consultative Conference.

Realizing that the Great Chinese Famine killed tens of millions of rural farmers, the majority of the Central Politburo’s Standing Committee opted for the household-responsibility system. At that time, about 20% of the communes across the country were practicing the household-responsibility system. In Anhui province, the location which had the highest number of deaths in 1960, as many as 80% of the households were contracted. In the poorest Guizhou province, where deaths were nearly equally high, 40% of the households were contracted. Mao was the only one against the household-based contract farming systems, denouncing the household-responsibility system as a form of Marxist revisionism, and the decollectivized system as a threat to rural collectivism;²³⁵ nevertheless, his opinions eventually overrode the mainstream. Not long after that, the household-responsibility system was shut down all across China; this critical agricultural reform was thus strangled.

The innovative practice was nevertheless able to sow the seeds of its resurfacing 16 years after that. Despite a belated agricultural reform, this practice has gone down in history as the kick-starting of overall economic reform in China. On March 9, 1981, Deng Zihui was finally granted political rehabilitation. The Central Committee acknowledged his valuable contributions to agricultural and rural work, and the Rural Work Department’s compliance with the Socialist agenda and the Party’s guidance. All former verdicts were reversed, and his reputation was recovered.

Had Mao not gone against the household-responsibility system, he would have been the father of economic reforms in China. Regrettably, he more than once refused advice from the vast majority of the leadership, and remained on the wrong side on things. Over time, that led him away from the central government’s collective leadership, the masses (the peasants), and the realities of China (the poor villages).

The Great Leap Forward proved Mao wrong, and seriously wrong. Peng Dehuai, who did not attend the Seven-Thousand Cadres Conference, was indeed the correct and insightful one. Liu Shaoqi revealed at a meeting that the struggle against Peng Dehuai did not only begin with his letter to Mao, dated July 14,

1959. Mao's vitriolic treatment of Peng also had to do with his participation in Gao Gang's anti-Party activities. What was more, it was said that there was an "international background" — their anti-Party activities were related to foreigners engaging in fomenting coups in China.²³⁶ Peng Dehuai felt it necessary to clear himself; after the conference, he poured his sentiments into an 80,000-character letter and submitted it to Mao and the Party Central on June 16, 1962. His letter did not move Mao at the Beidaihe Conference.²³⁷ On August 22, he again pleaded with the Party Central to accord him a comprehensive investigation and proper treatment. His plea was again dismissed.

On September 24, at the Tenth Plenary Session of the 8th Central Committee, Mao refused to consider the political rehabilitation of Peng Dehuai. Peng and four other central committee members were banned from attending the session. On September 27, the meeting decided to form a special investigative committee for Peng Dehuai. Mao's vicious struggle against, and merciless treatment of Peng Dehuai were indeed violating Article 16 of the *1956 Constitution*:

Any decision to remove a member or alternate member from the Central Committee of the Party, to place him on probation or to expel him from the Party must be taken by the National Party Congress. In conditions of urgency, such a decision may be taken by a two-thirds majority vote at a plenary session of the Party committee to which the member belongs, but it must be subject to approval by the next higher Party committee.²³⁸

Mao denied what he had said at the Seven-Thousand Cadres Conference about self-criticism and bearing the biggest share of responsibility for the country's crisis.

The split between Mao and Peng was more complex than just a personal conflict; it was a battle between right and wrong. By the same logic, the choice between granting and refusing Peng's political rehabilitation was not only about Mao losing face, but also whether to admit and fix his own problems. Nevertheless, Mao's opinions were approved by the plenary session.

On September 23, 1965, Mao had a conversation with Peng, in which he — for the very first time — admitted that the truth might have been with Peng.²³⁹ Out in the open, he never admitted his faults during the Leap, not to mention allowing Peng's political rehabilitation. During the later Cultural Revolution, Peng was put to cruel persecution, deprived of personal freedom, and placed under special investigation. He eventually died before he could get justice.

At the plenary session, Mao ordered for class struggle to be "held in mind every year, every month," and "talked over at every congress and party delegate

conference.”²⁴⁰ The plenary session steered China’s political agenda in a different direction, and cast significant impact on the progress of economic development.

Four years from then, the Cultural Revolution was set in motion at the Eleventh Plenary Session of the 8th Central Committee. Liu Shaoqi and several others, who had accused Peng Dehuai of having illicit contact with foreign countries, met similar ends as Peng did. They were all political victims of Mao’s class struggle ideology. This was a political tragedy brought by China’s unique political institutional arrangements.

A Brief Overview of Economic Performances during the Period

The Resolution on Certain Questions in the History of Our Party since the Founding of the People’s Republic of China, adopted at the Sixth Plenary Session of the 11th Central Committee (1981), made a general comment about the period from 1957 to 1966:

After the basic completion of Socialist transformation, our Party led the entire people in shifting our work to all-round, large-scale Socialist construction.²⁴¹

Economic accomplishments during this period can be perceived from four aspects:

First, an independent and relatively comprehensive industrial system was built up, with a certain level of technology. The degree of national self-sufficiency in steel grew from 85% in 1957 to 95% in 1964, and that of machinery equipment went from 60% in 1957 to 90% in 1964. The number of types of machine tools increased from 350 in 1957 to 540 in 1964. The mainland’s share of industrial output in the national total nudged up from 32.1% in 1957 to 35% in 1965. Growth in modern industry was also observed in ethnic minority regions.

Second, agricultural infrastructure and conditions for agricultural production were improved. The percentage of irrigated area in total sown area grew from 24.4% in 1957 to 32% in 1965, making China one of the leading irrigated area countries of the world. Tractor-ploughed area scaled up from 2.64 million to 15.58 million hectares.²⁴²

Third, transportation, postal services, and telecommunications underwent significant growth. New railroad mileage totaled over 7,200km. 12 new railway lines were built or still under construction, most of which were in the southwest

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and northwest. Operating highway mileage more than doubled. Cargo tank trucks and river steamers increased in numbers by 1.6 and 1.9 fold, respectively. The volume of goods conveyed on the river increased by nearly 50%. Ocean freight volume tripled. The total mileage of civil aviation airlines was 50% more than in 1957. The communications network was extensive enough to reach rural communities; more than 94% of villages became reachable by phone.

Fourth, progress in education, science, and technology was remarkable. In 1965, China had 434 colleges and universities, hosting as many as 674,000 students. From 1957 to 1965, a total of 1.2 million students graduated from colleges and universities — that was 3.6 times that of eight years before 1949. The enrollment rate of school-age children increased from 61.7% in 1957 to 84.7% in 1965. The percentage of primary school graduates entering a higher school went up from 44.2% in 1957 to 82.5% in 1965. The percentage of junior high graduates entering a higher school grew from 39.7% in 1957 to 70% in 1965.²⁴³ The 1964 census revealed that the Chinese population aged 15 and older had an average of 2.34 years of education — more than doubling the figure in 1950 (1 year). Between 1957 and 1965, the number of scientists and technicians almost doubled, jumping from 1.2 million to 2.3 million. All these translated into an impressive increase in all components of human capital. The successful testing of atomic weaponry in 1964 and 1965 proved the rapid scientific and technological progress in China. China's material and technological foundation for later reforms and development were largely laid during this period; a large portion of its talented population and experience would later become a critical backbone for economic growth and cultural changes.²⁴⁴

The Great Leap Forward's damage to the Chinese economy was comparable to that of the Great Depression to the U.S. economy. At the trough in 1962, China's GDP was 23.9% lower than its peak level in 1958.²⁴⁵ The U.S. GDP, when at its trough in 1933, was 28.5% lower than its peak level in 1929.²⁴⁶ The Great Depression has been seen as a failure of capitalism; by that logic, the Great Leap Forward was a failure of Chinese Socialism. The American economy found itself stuck in a mire of structural unemployment and idle production capacity: from 1930 to 1934, the utilization of the productive capacity of the manufacturing industry fell to 60%,²⁴⁷ and the unemployment rate went up to 25%.²⁴⁸ In China, agriculture's performance deteriorated, and the rural population saw a large number of deaths. Yet, compared to the U.S., the CPC showed a strong capability in post-disaster response and recovery. The Chinese economy only took some four years to bottom out and reach a peak again — while the U.S. spent seven years.

Table 8.6 Estimated sources of economic growth, 1952–1978 (%)

	1952–1957	1957–1966	1952–1978
Population	2.40	1.40	2.00
GDP	6.90	3.30	4.70
GDP per capita	4.50	1.70	2.70
Working population	2.80	2.10	2.60
Labor productivity	4.10	1.20	2.10
Capital deposit	12.40	11.20	11.50
Human capital	4.90	4.60	4.10
Capital productivity	-5.50	-7.90	-6.80
Capital deposit per labor unit	9.60	9.10	8.90
Total factor productivity (1)*	0.30	-2.44	-1.90
Total factor productivity (2)**	-1.66	-4.26	-3.24

* Calculated with the weights 0.4, 0.3, and 0.3 for capital, labor, and human capital input, respectively.

** Calculated with the weights 0.6, 0.2, and 0.2 for capital, labor, and human capital input, respectively.

Note: GDP and capital were measured at 1987 prices.

Sources: 1. Hu Angang and Liu Taoxiong, “National Defense Lags Far Behind Economic Development: Changes in National Defense Capabilities from the Perspective of the Proportion of National Defense Capital Stock in National Total (1952–2001),” *China National Defense Economy* (2004): 59–82.

2. Li Chunbo, “A Study on the Disparity between Human Capital and Economic Development in Various Regions in China”, Master diss., Tsinghua University, 2001.

3. National Bureau of Statistics, *China Labor Statistical Yearbook 2000* (Beijing: China Statistics Press, 2000), 4, 8.

4. National Bureau of Statistics, *A Statistical Survey of China* (Beijing: China Statistics Press, 2004), 38, 42.

Between 1957 to 1966, China’s economy posted its slowest growth, greatest coefficient of variation, and lowest productivity since 1949. As given in Table 8.6, national growth for GDP over this period was 3.3%, substantially lower than that during the First Five-Year Plan (6.9%). Per capita growth fell as low as 1.7%, again lower than that during the First Five-Year Plan (4.5%). Capital input was high; capital deposits grew at a rate of 11.2% amid signs of deepening. While capital stock per labor unit was as high as 9.1%, production efficiency hit a record low at 1.2% since the First Five-Year Plan (4.1%). Capital productivity also hit a historical bottom at -7.9%. The same number went with total factor productivity, staying between -4.26% and -2.44%. Productivity was stagnant. Foreign sinologists were disappointed by China’s total factor productivity performance. Despite inadequate statistical information for estimates, China could tell that the best possible scenario in the mid-1950s through the mid-1970s would be stagnation.²⁴⁹ According to

Ruskin’s calculation in 1987 of the sources of the growth, total factor productivity was raised to a historic height of between 3.7 and 5.5%.²⁵⁰ After 1957, however, it came to a halt and dropped to an even -0.1–0.1%. Between 1957 and 1965, negative growth rates were observed at between -1.1% and -2.5%. Lardy offered similar observation: post-1957 growth of total factor productivity in the public industrial sector might have sunk below -0.4%.²⁵¹ During the said period, coefficient of variation in GDP growth reached as high as 245%, with a maximum at 21.3%, and a minimum at -27.2%, making a difference of 48.6%. Coefficient of variation in investment growth was calculated at 242%, with a maximum at 48.5%, and a minimum at -62.5%, the difference being 111%. These trends had a direct and long-lasting impact on GDP growth, which continued until the beginning of the Reform and Opening Up in 1978.

The period from 1957 to 1966 also saw the steepest fall in total factor productivity (-2.0%) in China’s agriculture since 1949. Justin Lin explained the agriculture crisis by Game Theory: The agricultural crisis was caused by the deprivation of the right to withdraw from the communes, due to the People’s Communes policies in 1958. This switch in the form of organization, from a Game Theory point of view, changed the nature of a collective from a repeated game to a one-time game. When the self-enforcing agreement became no longer sustainable, peasants lost the incentive to produce more. Consequently, production collapsed.²⁵²

Table 8.7 Estimated sources of agricultural growth, 1952–1966 (%)

	1952–1957	1957–1966
Agricultural output	4.5	2.0
Labor	2.2	72.6
Farmland	1.8	-0.5
Capital	6.0	2.8
Flow input	11.1	10.2
Total factor productivity	0.5	-2.0

Sources: 1. James G. Wen, “The Current Land Tenure System and Its Impact on Long Term Performance of Farming Sector: The Case of Modern China,” (PhD diss., University of Chicago. 1989), 123, quoted in Justin Y. Lin, *Institution, Technology and Agricultural Development in China* (Shanghai: Shanghai People’s Publishing House, 1994), 33, 43.
2. James G. Wen, “Total Factor Productivity Change in China’s Farming Sector: 1952–1989,” *Economic Development and Cultural Change* 42 (1993): 1–41.

Table 8.8 Indices of total agricultural output value, factor inputs, and total factor productivity, 1952–1966 (%)

Year	Agricultural output	Labor input	Farmland input	Capital input	Flow input	Total factor productivity
1952	100.0	100.0	100.0	100.0	100.0	100.0
1953	103.1	102.5	101.6	106.8	107.7	99.6
1954	106.6	104.8	103.8	113.4	120.3	99.0
1955	114.7	107.4	105.7	109.5	129.6	103.8
1956	120.5	107.1	109.9	108.6	158.6	104.1
1957	124.8	111.5	109.5	133.6	169.6	102.7
1958	127.8	89.4	106.1	126.1	254.7	104.7
1959	110.4	94.0	102.2	121.3	216.3	94.3
1960	96.4	98.3	105.6	101.6	249.0	78.4
1961	94.1	114.0	102.7	98.2	188.1	78.0
1962	99.9	122.9	101.6	112.5	178.6	80.0
1963	111.5	126.8	101.8	131.1	216.0	83.0
1964	126.7	131.7	103.3	144.3	275.2	85.9
1965	127.1	135.1	103.4	155.3	326.7	86.8
1966	149.0	140.3	105.1	170.8	405.6	85.4

Sources: 1. James G. Wen, "The Current Land Tenure System and Its Impact on Long Term Performance of Farming Sector: The Case of Modern China," (PhD diss., University of Chicago, 1989), 123, quoted in Justin Y. Lin, *Institution, Technology and Agricultural Development in China* (Shanghai: Shanghai People's Publishing House, 1994), 43.

2. James G. Wen, "Total Factor Productivity Change in China's Farming Sector: 1952–1989," *Economic Development and Cultural Change* 42 (1993): 1–41.

The communes were not abolished after the agricultural crisis, but continued to serve as basic agricultural units, although at a lower administrative level.²⁵³ By late 1961, the attempt to mobilize labor for irrigation system construction was called off. Decision-making on agriculture production was decentralized to production teams of 20 to 30 households each. The income distribution system once operated by advanced agricultural producers' cooperatives was brought back into service. Communal dining halls were disbanded. Grain procurement quotas were cut back to pre-famine levels.²⁵⁴ Meanwhile, there was a dramatic growth in factor inputs to agriculture: in 1966, labor, capital, and other inputs became 26.3%, 72.6%, and 220% higher than the 1961 levels, respectively.²⁵⁵ It was not until 1965 that the yearly agricultural yield climbed back to the 1958 level; but total agricultural factor productivity that year was still lower than the 1958 level, and was only 87% of that in 1952. China's overall industrialization was coming at the cost of industrialization in villages, agricultural modernization, and productivity growth.

A Special Period of Economic Prosperity

In the decade from 1957 to 1966, a series of political and economic incidents took place, which not only turned around the favorable economic momentum maintained since 1949, but blocked the Party from shifting its priority to economic construction, and also caused fundamental changes to the democratic elements and collective decision-making within the Party. As the ruling party, the CPC's organizational unity was lost to an ideological split. At the Tenth Plenary Session of the 8th National Congress, the CPC shifted its policy orientation to an emphasis on class struggle. Given the new political line, Mao waged a series of "ideological struggles," including the Socialist Education Movement (1963) and the Cultural Revolution (1966).

The Great Leap Forward resulted in the PRC's most dramatic economic booms and busts since 1949, together with large imbalances in consumption and investment — not to mention the huge upsurge of deaths. The Great Leap Forward policies overlooked or underestimated objective economic patterns, as well as some of China's limiting factors and their probable impact, and overestimated the role of man's subjective will and efforts; all these were perceived to have ended up being serious methodological flaws in political decision-making.

The People's Commune Campaign that coincided with the Great Leap Forward was another attempt of Mao's to make a leap forward in production relations. The biggest flaw of the people's communes was its manifestation of the differences drawn between rural and urban citizens, in terms of status in identity, employment, and education arrangements, public health benefits, and transfer payment regimes. After the campaign's launch, rural labor migration to cities became forbidden. The ban on the free flow of rural labor was the shackles of urbanization, rural labor motivation, and social productive forces in China. The Great Leap Forward and the People's Commune Campaign threw the Chinese economy into the biggest crisis since 1949.

China's economic history suggested that political and economic cycles are interconnected. Bad economic decisions were the primary reason behind dissent, division, and personnel changes within the leadership. Political problems in turn suppressed economic growth. The economic accelerating process led to very sudden events and changes in the political environment. During economic expansion, policy-makers tended to press for rapid progress. They eventually got carried away by the apparent prosperity, beneath which lurked inter-leadership conflicts. Different opinions on China's economic status and policies existed, but it

was difficult for dissenting views to be accepted easily by the leadership. During the economic downturn, when leaders were held accountable for their wrong decisions, conflicts within the Party became intensified. Such conflicts were driven by political and ideological differences, and, more importantly, divergence in economic policy-making. These political struggles, in turn, intensified economic fluctuations; in other words, political turmoil and severe economic recession were intertwined. Efforts at political mobilization received enthusiastic responses and unanimous support from local governments, factory owners, and the masses, and that led to an overheated economy. The problems linked to economic overheating did not surface until one or two years later, including the scaling-up of infrastructure building and various social conflicts. Consequently, the Central Committee had no choice but to adopt stringent economic policies, which eventually brought about recession. The periodic bouts of non-economic, political chaos were tied directly to economic expansion and recession, and hence to continuous economic fluctuations.

Notes

Chapter 4

1. “One transformation” means to realize step by step the Socialist industrialization of the state, and the “Three reforms” refers to the Socialist reorganization of agriculture, handicrafts, and capitalist industry and commerce.
2. Deng Xiaoping, “On the Draft of the ‘Resolution on Certain Questions in the History of Our Party since the Founding of the People’s Republic of China’ (March 18, 1981),” in Deng, *Selected Works of Deng Xiaoping*, 2:302.
3. Bo, *Memories of Important Decisions and Events*, 1:565.
4. On March 12, 1947, President Harry S. Truman asked Congress for economic and military aid to Greece and Turkey. The speech, which became known as the Truman Doctrine, represented the post-World War II American containment policy against the spread of Communism abroad. He stressed the division of the world into totalitarian and free spheres, and declared, “At the present moment in world history nearly every nation must choose between alternative ways of life. The choice is too often not a free one I believe that we must assist free peoples to work out their own destinies in their own way.” Truman’s political and ideological containment strategy of Communism has guided American foreign policies.
5. The Marshall Plan (officially the European Recovery Program, ERP) was the large-scale American program to aid Europe where the United States gave monetary support to help rebuild European economies after the end of World War II. The initiative was named after Secretary of State George Marshall. The reconstruction plan was outlined in his address at Harvard University on June 5, 1947. In April 1948, the Marshall Plan was passed by Congress and given the name of the *Economic Cooperation Act*. Of the some-17 billion USD bill that President Truman put to Congress, 90% was offered as free grants and 10% as repayable loans. Congress would eventually allocate 12.9 billion in aid over the period from April 1948 through the end of 1951.
6. The program prompted strong opposition from the Soviet Union, which created its own version of the Marshall Plan, the Molotov Plan, as a defensive reaction.
7. “Telegram to the Central Committee of the Chinese Communist Party,” in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People’s Publishing House, 1949), 6:35.
8. For a more detailed discussion, see Hu Sheng, *Seventy Years of the Chinese Communist Party*, 302.
9. Alexander Gerschenkron, *Economic Backwardness in Historical Perspective: A Book of Essays* (Harvard University Press, 1962), 353–54.
10. Zeng, *New China’s Economy in the Last Fifty Years, 1949–1999*, 3.
11. Liu Shaoqi, “Speech at the Northeast Bureau Caucus (August 28, 1949).”
12. Party History Research Center of the CPC Central Committee, Preamble and Article 4 to *Compilation of Important Documents since the Founding of the People’s Republic of China* (Beijing: China Archival Press, 1993–1998), 5:521–22.
13. Sun saw it as an urgent task to change the situation that arable land in China had been concentrated in the hands of a small group of landlords. “Land to the tillers” was written into the Manifesto of the First Conference of the Kuomintang in 1924. —Ed.
14. “On New Democracy (January 1940),” in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People’s Publishing House, 1967), 633–40, 657–59.
15. Mao Zedong, *On Coalition Government* (Beijing: Foreign Languages Press, 1960), 45–47.
16. *Ibid.*, 53.

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17. Mao Zedong, "Political Report to the 7th CPC National Congress (April 24, 1945)," in *Collected Works of Mao Zedong*, ed. CCCPC Party Literature Research Office (Beijing: People's Publishing House, 1996), 3:322–23.
18. See note 12.
19. Jin Chongji, *Biography of Mao Zedong, 1893–1949*, 939.
20. "Manifesto of the People's Liberation Army (October 10, 1947)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1991), 4:1237.
21. Mao Zedong, *The Present Situation and Our Tasks* (Beijing: Foreign Languages Press, 1963), 23–24.
22. "Political Report to the Second Plenary Session of the Seventh Central Committee of the Communist Party of China (March 5, 1949)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1967), 1327.
23. Hu Qiaomu, *Hu Qiaomu Remembers Mao Zedong*, 539.
24. Bo, *Memories of Important Decisions and Events*, 1:26–27.
25. Hu Sheng, *Seventy Years of the Chinese Communist Party*, 283.
26. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1: 29.
27. Hu Qiaomu, *Hu Qiaomu Remembers Mao Zedong*, 558.
28. *Ibid.*, 541–43.
29. Jin Chongji and Huang Zheng, eds., *A Biography of Liu Shaoqi* (Beijing: Central Party Literature Publishing House, 1998), 622.
30. Hu Qiaomu, *Hu Qiaomu Remembers Mao Zedong*, 559. The complete list of members is as follows: Chen Shaoxian, Zhang Bojun, Zhang Naiqi, Li Da, Xu Guangping, Ji Fang (represented by Yan Xinmin), Shen Zhiyuan, Xu Baoju, Chen Cisheng, Huang Dingchen, Peng Dehuai (represented by Luo Ruiqing), Zhu Xuefan, Zhang Ye, Li Zhuchen, Hou Wailu, Deng Chumin, Liao Chengzhi, Deng Yingchao, Xie Bangding, Zhou Jianren, Yang Jingren, and Fei Zhendong.
31. *Ibid.*, 559–61.
32. Hu Qiaomu, *Hu Qiaomu Remembers Mao Zedong*, 562.
33. He Qin, *The History of the People's Republic of China*, 20.
34. "The Common Program of the Chinese People's Political Consultative Conference (Adopted by the First Plenary Session of the Chinese People's Political Consultative Conference in Beijing on September 29, 1949)," in Party History Research Center of the CPC Central Committee, *Compilation of Important Documents since the Founding of the People's Republic of China*, 1:7.
35. Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 61–62.
36. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:53.
37. Mao Zedong, *On Coalition Government* (Beijing: Foreign Languages Press, 1960), 45–47.
38. "The Declaration of the First Plenary Session of Chinese People's Political Consultative Conference (30 September, 1949)," *People's Daily*, October 1, 1949; Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 5:347–49.
39. Zhu De, Liu Shaoqi, Gao Gang (CPC), Song Qingling, Li Jishen, and Zhang Lan.
40. The complete list of the committee members is as follows: Chen Yi, He Long, Li Lisan, Lin Boqu, Ye Jianying, He Xiangning, Lin Biao, Peng Dehuai, Liu Bocheng, Wu Yizhang, Xu Xiangqian, Peng Zhen, Bo Yibo, Nie Rongzhen, Zhou Enlai, Dong Biwu, Sai Fuding, Rao Shushi, Chen Jiageng, Luo Ronghuan, Deng Zihui, Wu Lanfu, Xu Teli, Cai Chang, Liu Geping, Ma Yinchu, Chen Yun, Kang Sheng, Lin Feng, Ma Xulun, Guo Moruo, Zhang Yunyi, Deng Xiaoping, Gao Chongmin, Shen Junru, Shen Yanbing, Chen Shutong, Sutou Meitang, Li Xijiu, Huang Yanpei, Cai Tingkai, Xi Zhongxun, Peng Zemin, Zhang Zhizhong,

- Fu Zuoyi, Li Zhuchen, Li Zhangda, Zhang Bojun, Cheng Qian, Zhang Xiruo, Chen Mingshu, Tan Pingshan, Zhan Nanxian, Liu Yazi, Zhang Dongsun, and Long Yun.
41. Dong Biwu, Chen Yun (CPC), Huang Yanpei, and Guo Moruo.
 42. "Proclamation of the Central People's Government of the People's Republic of China (October 1, 1949)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 6:1–2.
 43. He Qin, *The History of the People's Republic of China*, 22.
 44. "Comments on the Circular from the Central Finance and Economics Committee regarding the Ministry of Transport's Review of Issues about Bringing Together the Democratic Parties (November 17, 1951)," in Mao, *Mao Zedong's Manuscripts since the Founding of the People's Republic of China*, 2:505–07.
 45. Wang Shaoguang, "New China's Central-Local Relations" (Lecture at the School of Public and Management, Tsinghua University, October 14, 2009).
 46. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:210.
 47. See note 43.
 48. PRC State Council Information Office, *White Paper 2005: Regional Autonomy for Ethnic Minorities in China* (Beijing, 2005).
 49. Party History Research Center of the CPC Central Committee, ed., *History of the Chinese Communist Party, Volume 2 (1949–1978)* (Beijing: CPC History Press, 2011), 1:141.
 50. Mao Zedong, "Talks at the Chengdu Conference (March 10, 1958)," trans. and ed. Stuart Schram, *Chairman Mao Talks to the People: Talks and Letters: 1956–1971* (New York: Macmillan, 1975), 102.
 51. Zhou Enlai, *A Selection of Zhou Enlai's Works on the United Front* (Beijing: People's Publishing House, 1984), 137.
 52. "The Common Program of the Chinese People's Political Consultative Conference (Adopted by the First Plenary Session of the Chinese People's Political Consultative Conference in Beijing on September 29, 1949)," trans. and ed. Theodore H. E. Chen, *The Chinese Communist Regime: Documents and Commentary* (New York: Praeger, 1967), 44.
 53. Ibid.
 54. Chen Shu, *A History of the People's Republic of China* (Beijing: People's Publishing House, 2009), 43.
 55. See note 46.
 56. Liu Shaoqi, "Report on the Draft Constitution of the People's Republic of China (September 15, 1954)," trans. and ed. Chen, *Theodore H. E. Chen, The Chinese Communist Regime: Documents and Commentary*, 77.
 57. "The Common Program of the Chinese People's Political Consultative Conference (Adopted by the First Plenary Session of the Chinese People's Political Consultative Conference in Beijing on September 29, 1949)," trans. and ed. Chen, *The Chinese Communist Regime*, 45.
 58. Mao Zedong, "On the People's Democratic Dictatorship," trans. and ed. Thomas G. Barnes and Gerald D. Feldman, *Breakdown and Rebirth, 1914 to the Present* (University Press of America, 1982), 205.
 59. "Our Diplomatic Policies and Tasks (April 30, 1952)," in Zhou Enlai, *Selected Works of Zhou Enlai*, (Beijing: People's Publishing House, 1984), 2:85–86.
 60. Pang and Jin, *A Biography of Mao Zedong, 1949–1976*, 1:56–58.
 61. "The Common Program of the Chinese People's Political Consultative Conference (Adopted by the First Plenary Session of the Chinese People's Political Consultative Conference in Beijing on September 29, 1949)," trans. and ed. Chen, *The Chinese Communist Regime: Documents and Commentary*, 35.
 62. Chen Shu, *A History of the People's Republic of China* (Beijing: People's Publishing House, 2009), 38–39, 78.

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63. Ibid.
64. "The Common Program of the Chinese People's Political Consultative Conference (Adopted by the First Plenary Session of the Chinese People's Political Consultative Conference in Beijing on September 29, 1949)," trans. and ed. Chen, *The Chinese Communist Regime: Documents and Commentary*, 34.
65. See note 60.
66. Liu Shaoqi, "Speech at the Politburo Meeting (13 September 1948)," in Jin Chongji, ed., *Biography of Liu Shaoqi* (Beijing: Central Party Literature Publishing House, 1998), 2: 610–13.
67. Bo, *Memories of Important Decisions and Events*, 1:47–49.
68. Ibid., 49.
69. "Political Report to the Second Plenary Session of the Seventh Central Committee of the Communist Party of China (March 5, 1949)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1991), 4:1431.
70. Liu Shaoqi, "Speech at the Tianjin Municipal Committee Conference (18 April, 1949)," in Jin Chongji and Huang Zheng, eds., *A Biography of Liu Shaoqi* (Beijing: Central Party Literature Publishing House, 1998), 2:627–28.
71. Central Party Literature Press, ed., *The Chronological Life of Liu Shaoqi, 1898–1969* (Beijing: Central Party Literature Press, 1996), 2:197–98.
72. Bo, *Memories of Important Decisions and Events*, 1:53, 57.
73. "Guiding Principles for New China's Economic Development: June 1949," in *Selected Works of Liu Shaoqi* (Beijing: People's Publishing House, 1985), 1:426–31. See also Central Party Literature Press, ed., *Chronological Life of Liu Shaoqi*, 2:215–17.
74. Zhou Enlai, *A Selection of Zhou Enlai's Works on the United Front* (Beijing: People's Publishing House, 1984), 168–70. See also Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:159.
75. Bo, *Memories of Important Decisions and Events*, 1:58–61.
76. "Fight for a Fundamental Turn for the Better in the Nation's Financial and Economic Situation (June 6, 1950)," in Mao Zedong, *The Writings of Mao Zedong since 1949* (Beijing: China Archival Press, 1987), 1:394.
77. Pang and Jin, *A Biography of Mao Zedong, 1949–1976*, 1:78–79.
78. Hu Sheng, *Seventy Years of the Chinese Communist Party*, 315.
79. Wu Jinglian, *Contemporary Chinese Economic Reform*, 36.
80. Party History Research Center of the CPC Central Committee, ed., *Liu Shaoqi on the Economic Construction of the People's Republic of China* (Beijing: China Archival Press, 1993), 192.
81. "Refute Right Deviationist Views that Depart from the General Line (June 15, 1953)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1949), 5:81–82.
82. According to Bo Yibo, Liu actually based much of his opinion on Mao's theories. He revealed a list of their political differences. In terms of their attitude towards the private sector, while Mao prioritized control over capital and competition over utilization, Liu placed development and utilization over control. When it comes to industrialization, Mao insisted on a proper ratio between agriculture, and the light and heavy industries, with heavy industry given top priority; Liu advocated the opposite. When Mao outlined the transition from New Democracy to Socialism in 1952, and proposed the general doctrine for socialist transformation in 1953, Liu wanted to wait until the conditions for Socialism were more mature. See Bo, *Memories of Important Decisions and Events*, 1:61–62.
83. Hu Sheng, *Seventy Years of the Chinese Communist Party*, 295.
84. The Law of Land Reform brought several major changes as compared to the Outline of Land Law passed at the National Land Conference convened in September 1947: (1) Official policy towards land and wealth of rich peasants shifted from reclamation to protection; (2) The types of wealth to be reclaimed was

- reduced to land, farm animals, farming tools, excess food, and excess properties in rural areas; (3) to bring together and protect small landlords and the more open-minded gentry and scholars. See Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:105–07.
85. Sun Jian, ed., *Economic History of China (1949–2009)*, (Beijing: China Renmin University Press, 2000), 2:1488.
 86. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:118.
 87. Liu Shaoqi, *Selected Works of Liu Shaoqi* (Beijing: People's Publishing House, 1985), 2:32–35.
 88. “Be a True Revolutionary (June 23, 1950),” in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 6:79.
 89. National Bureau of Statistics of China, *China Statistical Yearbook 1983*, 162.
 90. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:119.
 91. “Don't Hit Out in All Directions (June 6, 1950),” in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 6:74.
 92. Chen Shu, *A History of the People's Republic of China* (Beijing: People's Publishing House, 2009), 51.
 93. Fairbank, *The Great Chinese Revolution: 1800–1985*, 279.
 94. The following paragraphs will largely be based on Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:138–154.
 95. In the three years from 1949 to 1952, China moved from a legal ban to a public crusade against opium. Local governments addressed more than 74.59 million people in 760,000 talks. Authorities received 1.31 million pieces of information involving 220,000 drug dealers. Statistics estimated that the seized quantity of opium amounted to 24.47 million taels. See Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:147–53.
 96. At first, in November 1949, Mao presented his strategic plan to bring about complete economic recovery within a three-to-five-year period, and growth within eight to ten years; but in a later meeting convened by the Political Bureau in February 1951, he changed his mind to allowing “three years for preparation, and ten years for planned economic construction.” See Pang and Jin, *A Biography of Mao Zedong, 1949–1976*, 1:66.
 97. In 1925, the Soviet Union declared completion of economic reconstruction, and, at the Fourteenth Party Congress in December, proclaimed the policy of Socialist industrialization.
 98. “On the Correct Handling of Contradictions Among the People (February 27, 1957),” in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 7:214.
 99. Sun Jian, ed., *Economic History of China (1949–2009)*, (Beijing: China Renmin University Press, 2000), 2:1551.
 100. “Mao Zedong's Speech at the Northeast Bureau Caucus (March 3, 1950),” in Pang and Jin, *A Biography of Mao Zedong, 1949–1976*, 1:53.
 101. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:281.
 102. “The Contradiction Between the Working Class and the Bourgeoisie is the Principal Contradiction in China (June 6, 1952),” in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 6:231.
 103. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:282–83.
 104. Hu Sheng, *Seventy Years of the Chinese Communist Party*, 287.
 105. “Refute Right Deviationist Views that Depart from the General Line (June 15, 1953),” in Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:292.
 106. “Summary of Mao Zedong's Speech at the Central Politburo Meeting (June 15, 1953),” in Pang and Jin, *A Biography of Mao Zedong, 1949–1976*, 1:253.

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107. "Speech at the Central Politburo Meeting (June 15, 1953)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 6:285–90.
108. "The Party's General Line for the Transitional Period (August 1953)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1977), 5:89.
109. "The Only Road for the Transformation of Capitalist Industry and Commerce (September 7, 1953)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1977), 5:98–100.
110. "Liu Shaoqi's Telegram to Mao Zedong and the Party," in Pang and Jin, *A Biography of Mao Zedong, 1949–1976*, 1:242–44.
111. Economic Institute of the Academy of Sciences of the U.S.S.R., *Political Economy: A Textbook Issued by the Institute of Economics of the Academy of Sciences of the U.S.S.R. [3rd Revised Edition]*, trans. and ed. People's Publishing House (Beijing: People's Publishing House, 1959), 334–36.
112. "Opening Speech at the 8th National Party Congress (an incomplete draft) (September 1956)," in Pang and Jin, *A Biography of Mao Zedong, 1949–1976*, 1:529.
113. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:299.
114. Lu Nanquan et al., eds., *Historical Analyses of the Rise and Fall of the Soviet Union*, 408–09.
115. Economic Institute of the Academy of Sciences of the U.S.S.R., *Political Economy: A Textbook Issued by the Institute of Economics of the Academy of Sciences of the U.S.S.R. [3rd Revised Edition]*, trans. and ed. People's Publishing House, 367.
116. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:305.
117. "Talk on Mutual Aid and Co-Operation in Agriculture (November 4, 1953)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 6:305.
118. "On Mobilizing All Forces to Build China into a Great Socialist State: An Outline for Learning and Propagating the General Line for the Transitional Period," in Party History Research Center of the CCP Central Committee, *Compilation of Important Documents since the Founding of the People's Republic of China*, 4:695.
119. General Office of the State Commission of Agriculture, ed., *Compilation of Documents on Collective Farming* (Beijing: China Archival Press, 1981), 201.
120. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:307.
121. Economic Institute of the Academy of Sciences of the U.S.S.R., *Political Economy: A Textbook Issued by the Institute of Economics of the Academy of Sciences of the U.S.S.R. [3rd Revised Edition]*, trans. and ed. People's Publishing House, 358–62.
122. "Speech at the Enlarged Meeting of the Central Politburo (July 29, 1953)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 6:295.
123. "Talk on Mutual Aid and Co-Operation in Agriculture (October 15, 1953)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 6:301.
124. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:298–99.
125. "Speech at the National Conference of the Communist Party of China (March 1955)," in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People's Publishing House, 1999), 6:392.
126. Roderick MacFarquhar and John King Fairbank, eds., *The People's Republic, Part 1: The Emergence of Revolutionary China, 1949–1965*, 77.
127. "Report on the Draft Constitution of the People's Republic of China (September 15, 1954)," in *Selected Works of Liu Shaoqi* (Beijing: People's Publishing House, 1985), 2:133.
128. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:389–390.
129. Pang and Jin, *A Biography of Mao Zedong, 1949–1976*, 1:322–27.

130. The group consisted of Chen Boda, Hu Qiaomu, Dong Biwu, Peng Zhen, Deng Xiaoping, Li Weiham, Zhang Jichun and Tian Jiaying. Zhou Gengsheng and Qian Duansheng engaged as legal advisers, and Ye Shengtao and Lu Shuxiang as language consultants. They all made important contributions. See Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:391.
131. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:392.
132. “On the Draft Constitution on of the People’s Republic of China (June 14, 1954),” in Mao Zedong, *Selected Works of Mao Zedong* (Beijing: People’s Publishing House, 1999), 6:326.
133. See note 125.
134. “Report on the Draft Constitution of the People’s Republic of China (September 15, 1954),” in *Selected Works of Liu Shaoqi* (Beijing: People’s Publishing House, 1985), 2:149–150, 152.
135. *Ibid.*, 143–44.
136. *Ibid.*, 167–68.
137. Pang and Jin, *A Biography of Mao Zedong, 1949–1976*, 1:323–24.
138. Gao Gang, Li Fuchun, and Jia Tuofu for national planning and industrial development; Dong Biwu, Peng Zhen, and Luo Ruiqing for political and legal affairs; Chen Yun, Bo Yibo, Zeng Shan, and Ye Jizhuang for finance and trade; Deng Xiaoping for railways, transportation, and communications; Deng Zihui for the Demand and Supply of Agriculture, Forestry, and Water; Rao Shushi for labor and wages; Xi Zhongxun for culture and education; and Zhou Enlai for diplomacy and external trade. See Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:431.
139. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:431.
140. “Report on the Draft Constitution of the People’s Republic of China (September 15, 1954),” in *Selected Works of Liu Shaoqi* (Beijing: People’s Publishing House, 1985), 2:144.

Chapter 5

1. Dong, *Economic History of the People's Republic of China*, 1:266.
2. Nicholas R. Lardy, “Economic Recovery and the First Five-Year Plan,” in Roderick MacFarquhar and John K. Fairbank, eds., *The People's Republic, Part 1: The Emergence of Revolutionary China, 1949–1965*, 167.
3. Nicholas R. Lardy, *Economic Growth and Distribution in China* (New York: Cambridge University Press, 1978), 117–18.
4. Chen Nai-Ruenn, “China’s Foreign Trade 1950–1974,” in US Congress, Joint Economic Committee, *China: A Reassessment of the Economy* (Washington, D.C.: US Government Printing Office, 1975), 617–52.
5. Mark Selden, *The Political Economy of Chinese Socialism* (M.E. Sharpe, 1988), 10.
6. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:323.
7. Nicholas R. Lardy, “Economic Recovery and the First Five-Year Plan,” in Roderick MacFarquhar and John King Fairbank, eds., *The People's Republic, Part 1: The Emergence of Revolutionary China, 1949–1965*, 156.
8. Thomas G. Rawski, *China's Republican Economy: An Introduction* (Toronto: Joint Centre on Modern East Asia, University of Toronto-York University, 1978), 26.
9. “Current Financial and Economic Problems Requiring Our Attention (August 15, 1949),” in Chen Yun, *Selected Works of Chen Yun*, 2:19.
10. “Explanations on the First Five-Year Plan (June 30, 1954),” in Chen Yun, *Selected Works of Chen Yun*, 2:241.
11. Dong, *Economic History of the People's Republic of China*, 268.
12. Pang and Jin, *A Biography of Mao Zedong, 1949–1976*, 273.

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13. Pang Song, *China in Mao Zedong's Age, 1949–1976*, 1:314–21.
14. National Bureau of Statistics of China, *Fifty Years of New China: 1949–1999*, 23.
15. Economic Institute of the Academy of Sciences of the U.S.S.R., *Political Economy. A Textbook Issued by the Institute of Economics of the Academy of Sciences of the U.S.S.R. [3rd Revised Edition]*, trans. and ed. People's Publishing House, 382.
16. Wang Jinglun, *Mao Zedong's Idealism and Deng Xiaoping's Realism: China in the Eyes of American Scholars*, 13, quoted in Nicholas R. Lardy, "Recent Chinese Economic Performance and Prospect for the Ten Year Plan," in U.S. Congress, Joint Economic Committee, *Chinese Economy Post-Mao: a Compendium of Papers Submitted to the Joint Economic Committee of the Congress of the United States* (Washington, D.C.: U.S. Government Printing Office, 1978), 48–62.
17. Alexander Eckstein, *China's Economic Revolution* (Cambridge University Press, 1977), quoted in Wang Jinglun, *Mao Zedong's Idealism and Deng Xiaoping's Realism: China in the Eyes of American Scholars*, 226–27.
18. Economic Institute of the Academy of Sciences of the U.S.S.R., *Political Economy. A Textbook Issued by the Institute of Economics of the Academy of Sciences of the U.S.S.R. [3rd Revised Edition]*, trans. and ed. People's Publishing House, 372; Alexander Eckstein, *China's Economic Revolution* (Cambridge University Press, 1977), 219–20, quoted in Wang Jinglun, *Mao Zedong's Idealism and Deng Xiaoping's Realism: China in the Eyes of American Scholars*, 37.
19. World Bank, *China, Long-Term Development Issues and Options: The Report of a Mission Sent to China by the World Bank* (Johns Hopkins University Press, 1985), trans. Beijing: China Financial and Economic Press, October 1985), 16.
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4. In May 1958, at the Second Session of the 8th National Congress, the CPC adopted the general line of “going all out, aiming high and achieving greater, faster, better, and more economical results in building Socialism.” At the same time, without much prior consideration, the Party initiated the Great Leap Forward. In the early days of the movement, excessively high targets were set for agricultural production, and newspapers and periodicals kept publicizing remarkably high yields. In August 1958, under the influence of exaggerated claims and false reports, the Politburo convened an enlarged meeting at Beidaihe, Hebei Province, at which it was decided that in 1958 the output of steel should reach 10.7 million tons, double the output in 1957. Immediately after this meeting, an unprecedented mass movement was launched to produce more iron and steel. Meanwhile, mass campaigns were also begun in other industries, transportation, post, and telecommunications, education, culture, public health, and other fields of

- endeavors. These large-scale campaigns, spurred by the movement to concentrate on steel production, pushed the Great Leap Forward to its apex. As a result, “Left” errors — setting unrealistic targets, issuing arbitrary orders, and exaggerating achievements — spread unchecked. All this disrupted normal economic development, wasted enormous human and material resources, and brought about a serious imbalance between the different sectors of the economy.
5. After the CPC Central Committee held a conference in Chengdu, Sichuan Province, in March 1958, a mass movement was launched to combine small agricultural producers’ cooperatives into large ones. Mao Zedong supported the movement. In August of the same year, the combined cooperatives were named people’s communes. In the same month, the Political Bureau of the Central Committee held an enlarged meeting in Beidaihe, Hebei Province, at which it adopted the *Resolution on Establishing People’s Communes in the Rural Areas*. As a result, people’s communes were quickly established throughout the country without any preliminary experimentation. The communes were large, owned most of the means of production, performed administrative functions as well as managed economic affairs, and took charge of all industrial, agricultural, commercial, educational, and military undertakings. In general, one township was one commune, but in some cases, a whole county was a commune. Within the communes, management was highly centralized, rich and poor production teams were brought to the same level, wealth was equally distributed and the property of production teams and individual commune members was requisitioned without compensation. The drive for communization spread. After the winter of 1958, and especially after the spring of 1961, the CPC Central Committee and Mao Zedong introduced policies to govern the people’s communes and corrected a number of mistakes. But they failed to change the excessive centralism and egalitarianism that prevailed in the communes. Accordingly, the initiative of the peasants and the productive forces in the rural areas were still hobbled.
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187. *Ibid.*, 1166.
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The Political and Economic History of China (1949–1976)



The Political and Economic History of China (1949–1976)

This series, in three volumes, traces the prolonged transformation of modern China from 1949–1976, including the foundation of the People's Republic of China up to the end of the Cultural Revolution. In this final volume, the author offers his interpretation of Mao's successes and failures during China's most troubled era. The last few decades of Mao's rule saw the Supreme Leader facing power struggles with his chosen successor (Lin Biao), fighting interparty battles, and overseeing widespread and violent government campaigns which cost millions of lives.

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The Political and Economic History of China (1949–1976)

Volume 3
The Cultural Revolution
1966–1976

Hu Angang



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9

Chapter

Mao-Centered Interpretations versus Official Historical Judgment of the Cultural Revolution

THE CULTURAL REVOLUTION

Lenin said:

Frankly admitting a mistake, ascertaining the reasons for it, analysing the conditions which led to it, and thoroughly discussing the means of correcting it — that is the earmark of a serious party; that is the way it should perform its duties, that is the way it should educate and train the class, and then the masses.¹

The Chinese Cultural Revolution was an economic and political occurrence that never happened anywhere else.

This chapter will address certain questions: How should the Cultural Revolution be remembered? How differently did Mao Zedong and later historical figures interpret the event? How did the Cultural Revolution happen and how did it last for a decade? What were the different stages of the Cultural Revolution, and how did it end? What plans did Mao have for China? Why were his plans said to have deviated from China's realities? What were the CPC's guiding principles on the economy? How did changes in the economic structure affect the pattern of development? What sort of social and political chaos occurred? How should Mao's mistakes in later life be considered and dissected? What lessons can be learned from the errors of the Cultural Revolution?

Different interpretations within the Party

The Cultural Revolution was a carefully orchestrated, yet highly controversial, maneuver. On several occasions, the Chairman summarized his life's work:

I have accomplished but two things in my life: One thing I did was struggle with Chiang Kai-shek for some decades, drive him off to some island, and send the Japanese back home after the eight-year War of Resistance. We fought our way to Beijing, at last entering the Forbidden City. On these there is little disagreement.... The other thing...is my promoting of the Great Cultural Revolution that not many support and quite a few oppose.

Even Mao himself characterized the excesses of the Cultural Revolution as "great internal chaos" and "all-round civil war"; having said that, the initiator and lead commander of the Cultural Revolution nevertheless spoke of it with pride. In a November 6, 1967 editorial published simultaneously in *People's Daily*, *Red Flag*, and *People's Liberation Army Daily*, entitled "March Along the

Mao-Centered Interpretations versus Official Historical Judgment

Socialist Path Established by the October Revolution,” the Maoist notion of staging continuous revolutions under the proletarian dictatorship — the ideological framework justifying the Great Proletarian Cultural Revolution — was billed as the “third milestone” marking the development of Marxism-Leninism, as well as the “highest contribution” to the international cause of Communism. The *People’s Daily* of August 13, 1966, aired the communiqué of the Eleventh Plenary Session of the 8th Central Committee:

Comrade Mao Zedong’s directives on the Great Proletarian Cultural Revolution are... a great development of Marxism-Leninism.

At the enlarged Twelfth Plenary Session of the 8th Central Committee (October 1968), Lin Biao proclaimed that the “greatest, greatest, greatest” victory of the Cultural Revolution had been secured at the “tiniest, tiniest, tiniest” cost.

He talked at length about the four cultural revolutions which had taken place in world history:

The first was represented by the classical Greek and Roman cultures with their lasting impact over two thousand years. It was so insignificant and far from being comparable to ours that it’s not even worth mentioning. The second was embodied in the Italian bourgeois culture which reached its peak during the Renaissance period. The third was Marxism. But all three cultural revolutions were not comparable to the current one led by Chairman Mao.²

On November 1, 1968, *People’s Daily* published the communiqué of the enlarged Twelfth Plenary Session of the 8th Central Committee³, which affirmed:

As the great leader Chairman Mao points out, the current Great Proletarian Cultural Revolution is absolutely necessary and most timely for consolidating the proletarian dictatorship, preventing capitalist restoration, and building Socialism.

The substantive merits of the Cultural Revolution were honored at the 9th⁴, 10th⁵, and 11th⁶ NPCs. The political report disclosed at the 11th National Congress said:

Beyond any doubt, China’s Great Proletarian Cultural Revolution will go

THE CULTURAL REVOLUTION

down in the history of the dictatorship of the proletariat as a momentous innovation which will shine with increasing splendor with the passage of time....

...Political revolutions in the nature of the Cultural Revolution will take place many times in the future.

History has another say. In March 1981, Deng Xiaoping commented:

The Cultural Revolution was an error of particular gravity, one affecting the overall situation. Its consequences were so serious that they are still being felt today. We say that the Cultural Revolution wasted the talents of a whole generation of our people; in fact, it did not stop with just one generation.⁷

He called the Cultural Revolution a “real disaster for China,”⁸ and a “ten-year disaster.”⁹

In 1981, the Sixth Plenary Session of the 11th Central Committee adopted the *Resolution on Certain Questions in the History of Our Party since the Founding of the People’s Republic of China*, an official assessment of major historical events, including the Cultural Revolution:

The Cultural Revolution, which lasted from May 1966 to October 1976, was responsible for the most severe setback and the heaviest losses suffered by the Party, the state and the people since the founding of the People’s Republic....

...Practice has shown that the Cultural Revolution did not in fact constitute a revolution or social progress in any sense, nor could it possibly have done so.... History has shown that the Cultural Revolution, initiated by a leader laboring under a misapprehension and capitalized on by counter-revolutionary cliques, led to domestic turmoil and brought catastrophe to the Party, the state, and the whole people.¹⁰

How did China Let Its Opportunities Slip Away?

The Chinese Communist Party became the ruling party of Mainland China as the result of its 1949 proclamation. The successful transformation of rule was founded on two complementary pillars: large-scale industrialization and modern economic infrastructure, as well as modern state construction.

Mao-Centered Interpretations versus Official Historical Judgment

Both of these tasks had been introduced at the 8th NPC, but became beset by the Great Leap Forward and people's communes campaigns. Having said that, the economy soon recovered.

In his report on the work of the government to the 3rd NPC in December 1964, Premier Zhou Enlai announced that:

At present, the task of readjusting the national economy has been basically accomplished...and the entire economy...is entering a new period of development.

The Premier reiterated the Maoist call for efforts to "build the country, in not too long a historical period, into a powerful modern Socialist state with modern agriculture, industry, national defense, and science and technology, the quality of which should reach or approach advanced international standards." On Mao's instructions, Zhou made a push at getting the assembled congress representatives to enact his vision of the Chinese economy's development path: The first stage was to build an independent and relatively comprehensive industrial and economic system; the second stage was to achieve the modernization of agriculture, industry, national defense, and science and technology by the end of the 20th century, so that China would be advancing among the world's strongest economies.

The Premier's call was not fulfilled owing to the Cultural Revolution.¹¹

On October 1, 1965, *People's Daily* reported on a government announcement made the day before:

The state's agricultural production has seen another upsurge, and the entire economy is entering a new period of development.... At present, our people are confidently expecting the commencement of the Third Five-Year Plan in 1966.

The tasks of economy and state-building placed an important, heavy, and urgent burden on the CPC. Judging from the domestic context, China's economy was ready to take off. As society remained stable, economic growth, investments and market-demand continued upwards. On the other hand in the international arena, China was gifted a rare and historic opportunity — which Mao passed up without much thought.

During what economic historian Angus Maddison called the "second golden age" of economic development, the period from 1950 to 1973, China was locked in economic competition with neighboring countries such as Japan, as well as Hong

THE CULTURAL REVOLUTION

Kong and Taiwan. In the decade from 1965 to 1975, Japan managed to maintain a steadily high pace of growth at an average of 8%. South Korea and Singapore achieved two-digit growth, specifically, 11.6% and 11.2%, respectively. It seemed that the “battle” between Mainland China, Taiwan, and Hong Kong was not just a political battle but an economic one. Between 1965 and 1975, the Mainland population was enduring an average per capita GDP growth of 2.2% per annum, while Taiwan experienced an average annual per capita growth of 6.8%. The gulf in relative per capita GDP in Mainland China and Taiwan widened from a 2.9-fold difference in 1965 to a 4.5-fold difference in 1975 (the year of Chiang Kai-shek’s death). The absolute difference between the two economies moved from USD1.35 to USD3.08 (see Table 9.1). Mainland China clearly lost its economic battle against Taiwan. Existing historical sources¹² indicate that Mao had absolutely no knowledge of these figures, for if he did he would not have started the Cultural Revolution.

Table 9.1 Growth in total and per capita GDP in East Asian countries, 1965–1975

Country	Average total GDP growth (%)	Per capita GDP, in 1990 international Geary-Khamis dollars		Average per capita GDP growth (%)
		1965	1975	
China	4.7	706	874	2.2
Hong Kong	5.9	1,804	2,648	3.9
Taiwan	9.1	2,056	3,958	6.8
India	3.8	771	897	1.5
Indonesia	6.6	990	1,505	4.3
Japan	8.0	5,934	11,344	6.7
Philippines	5.2	1,633	2,033	2.2
South Korea	11.6	1,295	3,162	9.3
Thailand	7.0	1,308	1,959	4.1
Malaysia	6.4	1,804	2,648	3.9
Singapore	11.2	2,667	6,430	9.2

Source: Maddison, *The World Economy: Historical Statistics*, 84–85, 174–75.

China’s economy in the mid-1960s was under the most favorable conditions for take-off. Had its people preserved internal unity, the economic take-off would not have had to wait until 1978, and China would have taken off alongside Japan and the Four Asian Tiger economies.

From 1957 onwards, Mao had not made a single foreign visit or attended

any international conferences; that isolationist attitude made China a secluded place until 1978. That year, Deng Xiaoping, during his visits to Japan, Singapore, Thailand, and Malaysia, lamented China's much-delayed development.

In 1966, the Chairman gave up his recently-introduced guideline for economic modernization. Despite opposition among the Communist leadership, this advocate of class struggle was determined to wage a large-scale political battle to "combat revisionism" (*fan xiu*) from outside China and "prevent revisionism" (*fang xiu*) inside China. What he then did shocked even his fellow Communist leaders and also the entire world. Quoting Roderick MacFarquhar and John King Fairbank:

At that point, the country appeared to have recovered from the disaster of the Great Leap Forward, and the regime was ready to launch its postponed 3rd Five-Year Plan. Despite the earlier break with the Soviet Union, China once again looked like simply a variation of the Stalinist-type state. Virtually all Chinese, including most top leaders, and all foreign observers were unaware that Mao Zedong was about to launch a new campaign to transform that image, a movement that in every respect except loss of life would be more shattering than any that had gone before.¹³

Globalization had led to intensified economic competition and fear of falling behind other countries and regions economically.

While Mao made preparations for the Cultural Revolution, his old enemy Chiang Kai-shek was effectively moving the economy forward. Their race had gone beyond politics and focused equally on facilitating and pursuing modernization. Mao, however, chose to engage not the enemy, but his own comrades-at-arms. He thus wasted the opportunity and time for economic betterment.

In terms of state-building, China had by 1956 established its planned economy and centralized political structure, which proved adept at mobilizing, consolidating, allocating, and utilizing social resources, as well as realizing political equality between ethnic nationalities. Nevertheless, such a political system was not without vulnerabilities, and even fundamental flaws. There were then two approaches to state-building: The first involved revolution and class struggle to radically destroy and recreate political order from the ashes; the second was about reform and institutional development — through democracy and law, the state would gradually move from the existing system towards something better. The end of the Maoist era brought the Cultural Revolution to its end, and started the second — and very different — period of the PRC's history, one of economic and institutional construction.

10

Chapter

Why did Mao Unleash the Cultural Revolution?

THE CULTURAL REVOLUTION

The Cultural Revolution was a response to domestic and external pressures in China. The political turmoil and social upheaval of the era shaped the nation's future and revealed the machinations of Chairman Mao and his inner circle.

Mao's Understanding of the Political Situation in China

Mao had always endeavored to prevent the moral degeneration of the ruling Communists in China. His concerns were practical, and his efforts and determination were respectable. However, the path he chose involved more subjectivity than objectivity, more individual discretion than democratic decision, and his reign was more reminiscent of a dictatorship than a state ruled by law, which thus led to more failures than successes.

The continued class struggles and the Cultural Revolution prevented a "peaceful evolution" in China. In 1953, Mao became alarmed when U.S. Secretary of State John Foster Dulles called for the use of allegedly peaceful means to bring gradual freedom to Socialist countries. In January, he displayed satisfaction with the "liberalization-demanding forces" which had emerged in some Socialist countries, and counted on the third and fourth generations of Communists. Dulles warned the Western world that "Chinese Communism is a fatal danger" which "represents a fading phenomenon," and that the United States and its allies were obliged to "make every effort to facilitate the disappearance of that phenomena," and to "bring about freedom in all of China by all peaceful means."¹ In 1957, the Eisenhower administration developed this idea into a non-military strategy of inducing peaceful change within the Socialist bloc.

On October 24, 1958, Dulles asserted that communism would "gradually give way to a system that pays more attention to the welfare of the state and people," and that at the moment, "Russian and Chinese Communists are not working for the welfare of their people," and "this kind of communism will change." Mao almost immediately reacted to Dulles's remarks. In November, he noted that one had to carefully read Dulles' speeches word by word.² The Chairman instructed his secretary to distribute Dulles' speeches, along with his commentaries, to Party members attending a meeting in Hangzhou. He asserted:

The United States is attempting to carry out its aggression and expansion with a much more deceptive tactic.... It wants to corrupt us by a peaceful evolution.³

After the Lushan Conference in 1959, Mao warned that peaceful evolution had

Why did Mao Unleash the Cultural Revolution?

already taken place in the form of inner-party struggles. In May 1960, he said:

There are also revisionists in our country. Led by Peng Dehuai, a Politburo member, they launched an attack on the Party last summer. We condemned and defeated him.⁴

In a statement dated January 12, 1964:

The policies of aggression and war of U.S. imperialism also seriously threaten the Soviet Union, China, and the other Socialist countries. Moreover, it is vigorously seeking to push its policy of peaceful evolution in the Socialist countries, in order to bring about the restoration of capitalism there and disintegrate the Socialist camp.⁵

The collapse of the Sino-Soviet alliance was a catalyst which helped ignite the Cultural Revolution which, for Mao, was a strategic move to preempt a recurrence in China of Khrushchev's denunciation of Stalin after his death. At a political level, he perceived the Sino-Soviet dispute as one between Marxism and revisionism.

Sino-Soviet relations reached a breaking point on July 14, 1963, when the Soviet Communist Party's Central Committee issued a public letter that was interpreted by the Chinese Communists to be a condemnation of them. In a January 1964 interview with the American journalist Anna Louise Strong, Mao noted:

Since then we have been like the Monkey King causing havoc in Heaven.⁶

By order of the CPC, nine commentaries were published in the name of the editorial boards of *People's Daily* and *Red Flag*, refuting the Soviet public statement. In March 1965, the People's Publishing House published *The Polemics Concerning the General Guidelines of the International Communist Movement*, compiled from the CPC's *Proposal for a General Line of the International Communist Movement* (June 14, 1963), as well as 10 commentaries in response to the Soviet statement: "The Origins and Development of the Differences Between the Leadership of the CPSU and Us" (September 6, 1963), "On the Question of Stalin" (September 13, 1963), "Is Yugoslavia a Socialist Country?" (September 26, 1963), "Apologists of Neo-Colonialism" (October 22, 1963), "Two Different Lines on the Question of War and Peace" (November 19, 1963), "Peaceful Coexistence: Two Diametrically Opposed Policies" (December 12, 1963), "The Leaders of the CPSU are the Greatest Splitters of Our Times" (February 4, 1964), "The Proletarian Revolution and Khrushchev's Revisionism" (March 31, 1964), "On Khrushchev's Phony Communism and

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its Historical Lessons for the World" (July 14, 1964), and "Why Khrushchev Fell" (November 21, 1964). During the Sino-Soviet polemics, the CPC declared its ideological offensive against Khrushchev's revisionism. In the meantime, the revolution to oppose and prevent revisionism was accelerated at home.

In the ninth in the series of polemical articles, "On Khrushchev's Phony Communism and its Historical Lessons for the World," Mao asserted his argument for the existence of class struggles in a Socialist society:

The Socialist society covers a very, very long historical stage. Throughout this stage, the class struggle between the bourgeoisie and the proletariat goes on and the question of "who will win" between the roads of capitalism and Socialism remains, as does the danger of the restoration of capitalism....

A privileged bourgeois stratum has emerged in Soviet society....

The contradiction between the Soviet people and this privileged stratum is now the principal contradiction inside the Soviet Union, and it is an irreconcilable and antagonistic class contradiction.

Mao was worried that a privileged bourgeois elite would emerge in Chinese society. Adding to the Soviet paradigm of class struggle, Khrushchev's post-Stalin policies increased his sense of a threat from Liu Shaoqi and Deng Xiaoping.

He noted in the commentaries:

Basing themselves on the changes in the Soviet Union, the imperialist prophets are pinning their hopes of "peaceful evolution" on the third or fourth generation of the Chinese Party. We must shatter these imperialist prophecies.

He found the solution to be "training and upbringing successors to the revolutionary cause."

The Chinese people were nonetheless told in the communiqué of the Third Plenary Session of the 11th Central Committee that:

Comrade Mao Zedong initiated the Great Cultural Revolution primarily in light of the fact that the Soviet Union had turned revisionist, and for the purpose of opposing revisionism and preventing its occurrence.⁷

Ironically, Mao's idea of revisionism had been ambiguous and contradictory.

Why did Mao Unleash the Cultural Revolution?

Revisionists are those who pursue a capitalist path. Revisionism is a form of capitalism.

In 1964 he told a visiting delegation:

What is revisionism? The ideological, political, economic, and cultural practices of the bourgeoisie.

Realizing that one-third of the power in the country no longer remained in the Party's hands, the Chairman speculated that revisionism would emerge in the Central Committee. His speculation led him to fear that capitalist roaders in the Party, led by Liu Shaoqi and Deng Xiaoping, had formed a "bourgeois headquarters" and that schools and the cultural sector had fallen under the domination of bourgeois intellectuals. He sensed the danger of "capitalist restoration" in China. In the context of all this, he found the Cultural Revolution to be a solution, that would expose the "dark side" of leaders at various levels of the Party and the government, and sweep away "people of the Khrushchev-type that were nestling amidst the Party." Mao's perception of the political environment was presumptive, mistaken, and it deviated far from reality.

Deng Xiaoping explained to Italian journalist Oriana Fallaci, in an August 1980 interview, Mao's political motives behind the Cultural Revolution:

So far as Chairman Mao's own hopes were concerned, he initiated the Cultural Revolution in order to avert the restoration of capitalism, but he had made an erroneous assessment of China's actual situation. In the first place, the targets of the revolution were wrongly defined, which led to the effort to ferret out capitalist roaders in power in the Party. Blows were dealt at leading cadres at all levels who had made contributions to the revolution and had practical experience, including Comrade Liu Shaoqi.⁸

Table 10.1 Chronology of Mao Zedong's comments on the situation in China

Date	Political background	Mao Zedong's comments	Source
November 1956	• Second Plenary Session of the 8th CPC Central Committee • Polish October • Hungarian Revolution • Hundred Flowers Campaign • Party-wide effort to rectify three incorrect tendencies within the party: bureaucracy, sectarianism, and subjectivism.⁹	There are several hundred thousand cadres at the level of the county Party committee and above who hold the destiny of the country in their hands. If they fail to do a good job, alienate themselves from the masses...we must watch out...[for] an aristocratic stratum divorced from the people.	Mao Zedong, <i>Selected Works of Mao Zedong</i> , 5:325–26.
December 1956	Socialist transformation of privately-owned production means	The class contradictions within our country have already been basically resolved — which is to say that they have not yet been entirely resolved.	<i>Letter to Huang Yanpei</i>
January 1957	Conference of provincial, municipal, and autonomous region party secretaries	The present class struggle...finds expression on a vast scale in contradictions among the people.	Mao Zedong, <i>Selected Works of Mao Zedong</i> , 5:327.
May 15, 1957	Democratic Parties were invited to criticize the government	The Right accounts for about 1, 3, 5, or up to 10% of all the intellectuals outside the Party, as the case may be.	Mao Zedong, <i>Selected Works of Mao Zedong</i> , 5:424.
October 13, 1957	Anti-Rightist Movement	About 10% of our total population disapprove of or oppose Socialism. How many are the worst die-hards...? Probably only 2%. What is 2% of the total population? Twelve million.	Mao Zedong, <i>Selected Works of Mao Zedong</i> , 5:482–83.
March 26, 1958	Chengdu Conference	There are...two exploiting classes and two laboring classes. The first exploiting class consists of imperialism, feudalism, bureaucratic capitalism...as well as... unreformed landlords, rich peasants, counter-revolutionaries, bad elements and rightists are firmly against communism...	Mao Zedong, <i>Mao Zedong's Manuscripts since the Founding of the People's Republic of China</i> , 7:119–20.

(Cont'd)

Date	Political background	Mao Zedong's comments	Source
		The second exploiting class consists of the national bourgeoisie.... Most of the national bourgeoisie and its intellectuals are middle-roads.... There are two working classes, the workers and the peasants; there were those who used to suffer under the exploiting classes, and those independent workers who despised exploitation.	
August 1959	• Eighth Plenary Session of the 8th CPC Central Committee • Peng Dehuai and his supporters came under open criticism at the Lushan Conference	The struggle at Lushan was a class struggle and a continuation of the life-and-death struggle between the two major antagonistic classes, the proletariat and the bourgeoisie. This kind of struggle will continue...in our Party for another 20 years and possibly for half a century. In short, the struggle will cease only when classes die out completely.	Mao Zedong, <i>Mao Zedong's Manuscripts since the Founding of the People's Republic of China</i>, 8:451.
January 1961	• Ninth Plenary Session of the 8th CPC Central Committee • In 1960, the Soviet Union unilaterally ended the bilateral science and technology agreement, tore up contracts for economic and technological projects, and recalled all its experts home.	About 20% of localities and party organs have broken down, and power has fallen into the hands of our enemies.	Xu Quanxing, <i>Mao Zedong's Theories and Practices in His Later Years, 1956-1966</i>, 80.
January 1962	• Enlarged central working conference • Chiang Kai-shek moved to take back mainland China • Sino-Indian border dispute	Landlords, rich peasants, counterrevolutionary elements, bad elements and anti-communist rightists...comprise about 4 to 5% of the population.	Mao Zedong, <i>Mao Zedong's Manuscripts since the Founding of the People's Republic of China</i>, 15:133.

(Cont'd)

Date	Political background	Mao Zedong's comments	Source
September 1962	• Tenth Plenary Session of the 8th CPC Central Committee • Peasants began a spontaneous reform to cope with the Great Chinese Famine • Liu Shaoqi, Chen Yun, Deng Xiaoping, and Deng Zihui supported the "three-more and one-quota" policy¹⁰ • Peng Dehuai asked for political rehabilitation	Mao Zedong's comments • There were two headquarters in Beijing. • The overthrown reactionary ruling class will not accept liquidation willingly. It will always try to restore itself to power. At the same time, there still remain in society the influence of the bourgeoisie, the customs and effect of old society, and the spontaneous capitalist tendency of a section of small producers. Therefore, among our people some have not yet undergone Socialist remodeling. They are small in number, constituting only a few percent of the total population. But once an opportunity presents itself, they will leave the Socialist road for the capitalist road. Class struggle is inevitable under these circumstances.	Chen Jin, <i>Reading Notes of Mao Zedong</i>, 1483; "Communique of the Eleventh Plenary Session of the 8th Central Committee," in Mao Zedong, <i>Mao Zedong's Manuscripts since the Founding of the People's Republic of China</i>, 15:653.
February 1963	Central working conference	The overwhelming majority of our brigade leaders and higher officials, whether or not engaged in production, lack understanding of Socialism.	Pang and Jin, eds., <i>A Biography of Mao Zedong, 1949-1976</i> , 2:1311.
May 9, 1963	Five-anti Campaign	It won't be long — a few years to 10 years at the least and several decades at the most — before the nationwide counter-revolutionary restoration will inevitably succeed. The Marxist party will be turned into a revisionist, fascist party, and the whole country will change color. Please think about this, comrades. What a dangerous situation this will be!	Mao Zedong, <i>Mao Zedong's Manuscripts since the Founding of the People's Republic of China</i>, 16:292.

Why did Mao Unleash the Cultural Revolution?

(Cont'd)

Date	Political background	Mao Zedong's comments	Source
May 18, 1963	- Central Politburo meeting - Socialist Education Movement	Severe and sharp class struggle has emerged in Chinese society. In some communes and brigades the leadership and the power have actually fallen into their [landlords and rich peasants who have been overthrown] hands. In some sectors of other organizations they also have their agents.	<i>Draft Resolution of the CPC Central Committee on Certain Problems in Current Rural Work</i> ¹¹
January 1964	Socialist Education Movement	If government power at various levels is taken out of the hands of genuine Marxists and usurped by the revisionists, we could face a long period of capitalist restoration. If we are to follow in the footsteps of the Soviet Union, then revisionism will be bound to arise someday.	Pang and Jin, eds., <i>A Biography of Mao Zedong, 1949–1976</i> , 2:1388.
June 8, 1964	- Central working conference - China engaged in open, dramatic debates with the Soviet Communist Party	- One-third of the power in the country is no longer in our hands, but in the hands of our enemies. - What can be done if a Khrushchev emerges?... All provincial Party committees should hold out against a revisionist Central Committee.	Pang and Jin, eds., <i>A Biography of Mao Zedong, 1949–1976</i> , 2:1345–46.
July 1964	- The Nine Commentaries were discussed - A “peaceful evolution” was brought upon the Soviet Union	Basing themselves on the changes in the Soviet Union, the imperialist prophets are pinning their hopes of “peaceful evolution” on the third or fourth generation of the Chinese Party.	Pang and Jin, eds., <i>A Biography of Mao Zedong, 1949–1976</i> , 2:1303.
November 1964	—	At least half of the cultural community has gotten out of our control.	Bo, <i>Memories of Important Decisions and Events</i> , 2:1227.

(Cont'd)

Date	Political background	Mao Zedong's comments	Source
December 27, 1964	Socialist Education Movement	There are at least two factions in our party: one is the Socialist faction, and the other the capitalist faction. The Ministry of Culture has turned all rotten, dictated by the bourgeois and feudal classes.	Pang and Jin, eds., <i>A Biography of Mao Zedong, 1949-1976</i> , 2:1373.
January 15, 1965	Socialist Education Movement	The bureaucrat class is sharply antagonistic to the working class and the poor and lower-middle peasants. If cadres continue to alienate themselves from the masses, they will degrade into a bureaucrat faction, and will eventually meet defeat by the working class who see them as capitalists.	Pang and Jin, eds., <i>A Biography of Mao Zedong, 1949-1976</i> , 2:1388.
August 1965	- Revisionism emerged in the Soviet Union - Soviet forces were increased along the Sino-Soviet and Sino-Mongolian borders	- The Party is capable of changing. - Broad layers of our society are conditioned in such a way that their activity is necessarily orientated toward revisionism. - Their numbers are not large, but they are influential.	Pang and Jin, eds., <i>A Biography of Mao Zedong, 1949-1976</i> , 2:1393.
September 1965	—	- Guard against the emergence of revisionism, particularly revisionism in the Central Committee. - This is most dangerous.	<i>Red Flag</i> 13 (1967):16.
February 1966	- The <i>Summary of the Forum on the Work in Literature and Art in the Armed Forces with which Comrade Lin Biao Entrusted Comrade Jiang Qing</i> was revised - Jiang Qing, Mao's wife, tried to gain political support from and to forge an alliance with Lin Biao	After eliminating this sinister line, a new sinister line will appear again, and new struggles will have to be waged....If we do nothing, government positions will be claimed by the sinister line. This is going to be a painful lesson.	Mao Zedong, <i>Mao Zedong's Manuscripts since the Founding of the People's Republic of China</i> , 12:25.

(Cont'd)

Date	Political background	Mao Zedong's comments	Source
March 1966	Enlarged Central Politburo meeting	The academic and education circles are manipulated by the bourgeoisie and the intellectual petite-bourgeoisie.	Party History Research Center of the CPC Central Committee, <i>The Chronicle of Zhou Enlai</i> , 2:25.
April 16-26, 1966	- Enlarged Central Politburo meeting - Denounced Peng Zhen - Revoked the <i>Report on the Current Academic Discussion by the Group of Five in Charge of the Cultural Revolution</i> - Dissolution of the Five Man Group	Not only has revisionism emerged in the cultural sector, but also in the Party, the government, and the army.	Pang and Jin, eds., <i>A Biography of Mao Zedong, 1949-1976</i> , 2:1407-08.
May 1966	- Enlarged Central Politburo meeting - Launch of the struggle against the "anti-Party clique" of Peng Zhen, Luo Ruiqing, Lu Dingyi, and Yang Shangkun	- The bourgeoisie seized leadership in cultural spheres. - There are a number of anti-Socialist representatives of the bourgeoisie in the Central Committee and in the party, government, and other departments at the central, as well as at the provincial, municipal, and autonomous region level. - Some are still trusted by us and are being trained as our successors, persons like Khrushchev, for example, who are still nestling beside us. Party committees at all levels must pay full attention to this matter.	"May 16 Circular," in Mao Zedong, <i>Mao Zedong's Manuscripts since the Founding of the People's Republic of China</i> , 12:40-44.
May 7, 1966	Launch of the Cultural Revolution	The phenomenon of bourgeois intellectuals ruling our schools can no longer be tolerated.	"Letter to Lin Biao," in Mao Zedong, <i>Mao Zedong's Manuscripts since the Founding of the People's Republic of China</i> , 12:54.

(Cont'd)

Date	Political background	Mao Zedong's comments	Source
July 8, 1966	Launch of the Cultural Revolution	• The situation changes from a great upheaval to a great peace once every seven or eight years. Class enemies of all descriptions jumped out by themselves. Their destiny being decided by their own class, they had to jump out. • They are determined to destroy our Party and myself.	"Letter to Jiang Qing," in Mao Zedong, <i>Mao Zedong's Manuscripts since the Founding of the People's Republic of China</i> , 12:71-72.
August 7, 1966	• Eleventh Plenary Session of the 8th CPC Central Committee • Launch of the Cultural Revolution	• Bombard the Headquarters!¹²	"Bombard the Headquarters," in Mao Zedong, <i>Mao Zedong's Manuscripts since the Founding of the People's Republic of China</i> , 12:90.

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Mao was busy warning against capitalist restoration, while not seeing that China's most pressing problem was its poverty-stricken people, the largest population in the world. In 1957 and 1965, China's Engel coefficient¹³ for urban working families was put at 58.4 and 59.2%, respectively. Urban citizens had lifted themselves out of the trenches of poverty and begun earning enough for food, shelter, and clothing. In the villages, however, the Engel's coefficient remained at 98.2% in 1957 and 97.1% in 1965¹⁴, substantially higher than the baseline level of poverty (60%). Mao was totally clueless of these figures. Ironically, he said:

Those who isolate themselves from the broad masses and run against objective economic laws are bound to fail, sooner or later.¹⁵

Mao's Understanding of the International Political Landscape

Mao saw a close relationship between class struggles at the international level and at home.

Maoist theory of class struggle and its foreign and domestic foundations

The 8th Party Congress in September 1956 surveyed the domestic situation in China, including the major conflicts and social changes. On that basis, a change in policy focus immediately followed, thereby outlining a correct development agenda for China. The *Resolution on the Political Report to the 8th Party Congress* explained:

However, the major contradiction in our country is already that between the people's demand for the building of an advanced industrial country and the realities of a backward agricultural country, between the people's need for rapid economic and cultural development and the inability of our present economy and culture to meet that need. In view of the fact that a Socialist system has already been established in our country, this contradiction, in essence, is between the advanced Socialist system and the backward productive forces of society. The chief task now facing the Party and people is to concentrate all efforts on resolving this contradiction and transforming China as quickly as possible from a backward agricultural country into an advanced industrial one.¹⁶

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The *Resolution on Certain Questions in the History of Our Party since the Founding of the People's Republic of China*, adopted in 1981, affirmed that the "general line" for Socialist construction adopted by the 8th Party Congress was fundamentally correct.¹⁷ Had China continued down that path, its Socialist transition would have gone even better. Shortly after the congress, and to people's surprise, the Party stepped off the designated path.

From the mid-1950s onwards, critical changes within the Eastern Bloc alarmed and worried Mao, and induced him to switch his focus from economic development to class struggles.

In September 1957, Mao suggested a different conclusion from that of the 8th Party Congress: The struggle between Socialism and capitalism, between the working class and the bourgeoisie, was the principal contradiction during the period of Socialist transition. A month later, at the Third Plenary Session of the 8th CPC Central Committee, he had grown more confident in the truth of that statement.

The contradictions between the working class and the bourgeoisie, and those between the Socialist road and the capitalist road, are beyond doubt the main contradictions in the society of our country today.¹⁸

The 8th Party Congress' conclusion was officially replaced at the Second Plenary Session in 1958.¹⁹ This was an example of how, since 1957, Mao had been exercising what amounted to dictatorial powers to override the Party's collective decision against his opinion.

In 1960, the Soviet Union unilaterally declared an end to the economic and technical aid contracts it had signed with China, and withdrew its specialist advisors. That was before the Sino-Soviet ideological debates came into public view. At the Soviet 22nd Party Congress in 1961, Khrushchev unveiled his policies of "peaceful co-existence, competition, and co-operation" and his concept of an "all-people's" Party and state. The speech sent a shockwave throughout the Socialist world, provoking a disorientation in proletarian internationalism.

Various border conflicts between India and China flared up throughout 1960 to 1962. In October 1962, amid a series of tense cross-border conflicts, Indian patrols crossed the disputed McMahon Line into Chinese territory. This "invasion into the Chinese realm" erupted into a major military confrontation. India lost two brigades with 8,700 men dead, injured, or captured, out of which 3,942 were later released. On several occasions in November, Khrushchev announced Soviet support for Indian sovereignty.

In 1961, the U.S. had a large number of special operation troops stationed in

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South Vietnam which posed a potential threat to China's southern gates.

Between April and May 1962, anti-government protests by the Kazakhs in the Ili valley were put down.

That same summer, more than 60,000 ethnic Uyghurs in China's Xinjiang region fled the frontier into the Soviet Union.

Meanwhile, Chiang Kai-shek was preparing an attack on the Mainland by launching special agents.

Mao's highly responsive nature to domestic and international political dynamics was a fitting example of the challenge-response pattern. His anxiety and sense of crisis were projected into his poetry. *To Guo Moruo*, written on November 17, 1961, portrayed his perception of the situation inside and outside China:

Wind. Lightning. Thunder over the earth
and a demon is born from a heap of white bones.²⁰

In *Winter Clouds*, written on December 16, 1962:

Icy brooks bubble high in the air
and on earth a slender wind is warm.²¹

One can feel the heaviness in his chest.

He said at the Seven-thousand Cadres Conference:

In a Socialist society, new bourgeois elements may still be produced. During the whole Socialist stage there still exist classes and class struggle, and this class struggle is a protracted, complex, sometimes even violent affair.

He speculated that the "great masses of the people" comprised more than 95% of the whole country's population, while the rest were "landlords, rich peasants, counterrevolutionary elements, bad elements, and anti-communist rightists."

There is no documental foundation to his theory. With China being the most populous nation, even 1% of its population was a huge number of people. Taking the 1962 population to be 672.95 million, the 4 to 5% portion would be between 26.92 and 33.65 million. Such a large number could only be an arbitrary estimate. And this had been how Mao had estimated the number of his perceived class enemies.

After the Seven-thousand Cadres Conference, and in order to contain the expanding class struggle, Deng Xiaoping crafted an agenda to re-examine miscarriages of justice in the past and to reverse unjust verdicts against the accused

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Rightists. In April, the *Central Committee issued a Circular on Speeding Up the Work of Re-examining Party Members and Cadres*, ordering that:

All Party members and cadres, who were criticized or punished unjustifiably...in the movements of pulling out the "White Banners,"²² combating Rightist tendencies, rectifying work-style and investigating rural communes...be re-examined and rehabilitated quickly.

Also that month, a conference of national united front work took place, where developing cooperation with non-Communist parties was the agreed upon strategy. In late May, the Central Committee decided that returned Overseas Chinese who had been unjustifiably labeled and dismissed would be rehabilitated and their names cleared. Another round of remolding of rightists began in September.

At the Beidaihe Conference on August 23, Mao talked about the emergence of a revisionist tendency within the Party:

Are we absolutely sure revisionism will not emerge in China? This is hard to say. Even if our children's generation does not go in for revisionism, our grandsons certainly will. But this does not matter; for if our grandsons turn revisionist, our great-grandsons will be Marxists. Dialectics has taught us that matters always have a tendency to revert; there is no assurance that we will not revert.²³

At the Tenth Plenary Session of the 8th Central Committee, Mao appealed to his audience to "Never forget class struggle."

In this historical stage of Socialism, there still exist classes, class contradictions and class; so do the struggle between the Socialist and the capitalist roads, and the danger of a capitalist restoration.... Class struggle must be held in mind every year, every month, and every day.

He pledged:

We must wage class struggle for ten thousand years; or are we to become Nationalists and revisionists?

The Seven-thousand Cadres Conference failed to steer Mao away from class struggles. But things got even worse: the Tenth Plenary Session endorsed his approach. Mao's bringing of class struggle into the Party's core would eventually

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erupt into massive inner-party struggles. The existence of different opinions in the Party was only normal; the abnormality was in Mao's labeling of dissenting voices as "revisionist" and "bourgeois." Democratic centralism went into "malfunction" and became replaced by ruthless and merciless blows of class struggle.

The Maoist class struggle ideology was written into the communiqué of the Tenth Plenary Session, which caused many to commit suicide during the Socialist Education Movement. In Hubei, about 2,000 deaths were recorded as a consequence of the movement. In Guangdong, 503 suicides were reported in the second half of 1963.²⁴

The Cultural Revolution proved the political dangers of class struggle theories. When Deng Xiaoping later reflected on the subject, he came to realize:

In fact, beginning in the latter half of 1957 we departed from the line set at the Eighth National Congress of the Party.²⁵

The *Resolution on Certain Questions in the History of Our Party since the Founding of the People's Republic of China*, an official assessment of major historical events, concluded:

At the Tenth Plenary Session of the Party's 8th Central Committee in September 1962, Comrade Mao Zedong widened and absolutized the class struggle, which exists only within certain limits in Socialist society, and carried forward the viewpoint he had advanced after the anti-Rightist struggle in 1957 that the contradiction between the proletariat and the bourgeoisie remained the principal contradiction in our society. He went a step further and asserted that, throughout the historical period of Socialism, the bourgeoisie would continue to exist and would attempt a comeback and become the source of revisionism inside the Party.²⁶

Mao unleashed a massive class struggle after the Tenth Plenary Session: the Socialist Education Movement.

The Draft Resolution of the CPC Central Committee on Certain Problems in Current Rural Work, adopted on May 18, 1963, claimed that:

Our class enemies' chief plot is to establish a regime of counter-revolutionary double-dealers.... This [Socialist Education Movement] is...a mass campaign more extensive, complex, and profound than the agrarian reform.

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In March 1964, Mao estimated that the Socialist Education Movement, which had begun in 1963, would take several years to be accomplished, and that it would protect cadres at all levels from bureaucratism, revisionism, and doctrinairism.²⁷

As the movement matured between late 1964 and early 1965, the Central Committee formulated the *Problems Currently Arising in the Rural Socialist Education Movement*, also known as the “23 Articles.” The movement initially had tackled corrupt practices among rural officials related to accounts, warehouse stocks, properties, and work points. For urban officials, there was the Five-Anti Campaign against corruption and theft, speculation, extravagance and waste, decentralization, and bureaucratism. The 23 Articles gave new directions to the movement to cleanse both rural and urban cadres of economic, political, ideological, and managerial errors. This activity is why the movement earned its other name: the Four Cleanups Movement. The movement lasted almost four years.²⁸ By spring 1966, about one-third of all counties and communes had gone through the movement.

The Socialist Education Movement, started and directly led by the Chairman himself, was a prelude or foretaste of the Cultural Revolution. He took the movement as a foundation on which to refine his class struggle theories.

During the Four Cleanups and Five-Anti campaigns, work teams of 1.5 to 1.6 million were charged with investigating cadre wrongdoings. More than 22,000 cadres were stationed in selected enterprises, reporting to 45 ministers and deputy ministers from 18 ministries.²⁹

The American involvement in the Vietnam War was another major external cause giving Mao a reason to pursue his preparations for war with the outside world, as well as his fight against “peaceful evolution” that might start from within. In August 1964, the incident in the Gulf of Tonkin gave the United States a pretext to engage naval and air support against North Vietnam and China’s southern border. Mao reacted angrily by releasing statements of support for the struggle of the Vietnamese people against U.S. imperialism. He depicted American imperialism as “the most deadly enemy of humanity.” To add fuel to the fire, during the Cultural Revolution, the Chinese proletariat was exhorted to fight imperialism and revisionism.³⁰

Since the 1960s, Mao had been asking questions about whether Western, mainly American, imperialists would try to conquer China. He seemed to expect an American attack and some sort of revisionist intervention, and so he made the Party ready for the possibility of taking up arms. Such an outbreak of violence would have been the start of another world war and the launching of Mao’s Marxist world revolution.

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By the 1960s, Mao believed that the Soviet Communist regime had fallen prey to the “peaceful evolution” strategy and degenerated into a revisionist party. Such revisionist influence upon the Soviet and communist parties in various other countries, he said, was no accident, but the combined effort of a newly emerged bourgeoisie class in the country and external imperialist interference. He added that, unless China would take immediate action to counter the revisionist and imperialist strategy of “peaceful evolution,” the Soviet tragedy might be repeated in China. As he put it bitterly in a letter to Jiang Qing in July 1966:

There were more than a hundred parties in the world, the majority of which no longer believe in Marxism-Leninism. Marxism Leninism has been shattered.³¹

In November 1964, when Zhou Enlai attended a celebration of the 47th anniversary of the October Revolution, Marshal Rodion Malinovsky suggested to Zhou that just like the way that the Russians had ousted Khrushchev, the Chinese should overthrow Mao.³² This was a clear proof of the deep hatred Khrushchev and Malinovsky had for Mao. Thus it became understandable why Mao’s biggest fear had been that revisionism would emerge within the Party, and why he had on several occasions, between September and October 1965, called upon local governments to rebel against the central government.

What shall you do if revisionism emerges in the Party Central Committee? This is highly probable and it presents the greatest danger. If revisionism emerges in the central authorities, you shall overthrow it.

The Maoist Class Struggle Ideology

The Chairman said in 1939:

The principles of Marxism are many, but they can all be summed up in one sentence: rebellion is justified.³³

On July 4, 1966, Red Guards of the Tsinghua University High School put up a wall poster titled “Discussion on the Proletarian Spirit of Revolutionary Rebellion.” The phrase became famous as a political slogan during the Cultural Revolution.

In 1945, Mao stated his belief:

The philosophy of communism is one of struggle.

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At the Lushan Conference in 1959, he predicted that power struggles among the Communist elite would continue for another 20 years, and possibly for half a century.

In April 1945, he reminded his audience at the 7th Central Committee:

Some said our philosophy is one of struggle.... I say the same to them.

On August 16, 1959, he said at the Lushan Conference:

Bourgeois politicians say that the philosophy of communism is one of struggle. They are absolutely correct. But class struggle takes different forms at different times.³⁴

This was another popular slogan during the Cultural Revolution.

The Party's advocacy of class struggle was understandable in the context of the war years. After the Communists came to rule, people expected to see construction and development. The period of Maoist rule in the 1950s, however, saw all across the country 38 rounds of political campaigns and power struggles. As of May 1966, the number of victims was in the millions.

Mao nevertheless insisted on creating a new struggle in the form of a cultural revolution to combat threats that he identified were still there. With that idea in mind, he said at a talk in February 1967:

In the past we waged struggles in rural areas, in factories, in the cultural field, and we carried out the Socialist Education Movement. But all this failed to solve the problem, because we did not find a form, a method, to arouse the broad masses to expose our dark side openly, in an all-round way and from below.³⁵

Path Dependency in Maoist China

Mao's pursuit of a cultural revolution set China on a dependent path of institution-making and a dependency characterized by class struggles. Once started, the course of action locked Mao into endless power battles to stamp out political rivals created by himself. To call a stop seemed impossible, even if he had wanted to. Class struggles never stopped in his entire life. In the end he claimed victory, although at the sacrifice of the state apparatus and political institution. The Anti-Rightist Movement (1957) destroyed the Communist-controlled multi-party system. The Lushan Conference (1959) disabled collective

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decision-making and caused a split among the leadership. In the early 1960s, Mao made a stubborn effort to ground class struggle as the central pivot for political action. His launching of a massive ideological purge against bourgeois elements, together with the Socialist Education Movement, further weakened the Party and the government apparatus. None of these, however, could fully subdue his fear of revisionism and the possibility of a capitalist restoration. During the Cultural Revolution, his Red Guards were assured that their rebellion was justified in destroying the old society for a new one to be born. But it seemed more appropriate to describe that chapter of history as an era of mere destruction, during which most functions of the Party and the government had been paralyzed.

How democracy ended in the Chinese Communist Party

The *1956 Constitution* provided for democratic life and collective leadership for more important decisions within the Party. Mao himself was primarily responsible for wrecking democracy from within. The destruction of democracy and collective decision-making structures began with the Nanning and Lushan conference, and continued until the Cultural Revolution swept through China in 1966. The gradual breakdown of the Party's systems created a fertile ground for the Cultural Revolution.

In the later years of his reign, Mao's actions became more connected to individual discretion and less democracy. His wrecking of political order led to an upset of the power balance.

Mao violated articles of the *1956 Party Constitution*. Article 31 provided that:

The National Party Congress is elected for a term of five years.... A session of the National Party Congress shall be convened once a year by the Central Committee. Under extraordinary conditions, it may be postponed or convened before its due date as the Central Committee may decide.

Article 33 stated:

The Central Committee of the Party is elected for a term of five years. Article 36 required that: The Central Committee meets in plenary sessions at least twice a year.³⁶

There had been no plenary meeting in 1960, 1963, 1964, and 1965. The Mao-headed 8th Central Committee's term of office should have ended in 1961. As it

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was right during the Great Chinese Famine, the Party did not hold its 9th National Congress. The Central Committee made no written explanation for this, nor did it make any resolution on whether to postpone the Party's National Congress. As a result, the term of the 8th Central Committee was extended with no reason for nine years until 1969 when the new Central Committee was elected in the 9th National Congress. In other words, the Central Committee, the Central Politburo and its Standing Committee after 1961 all worked beyond their expiration. It was against relevant provisions in the *1956 Party Constitution*, and was a typical violation against the Party's rules and regulations.

This violation of institution was very much like the one in Stalin's time when the party's congress was not held on time. The 17th CPSU National Congress was held in 1934, while the 18th was in 1939, four years later. The 19th was held in 1952, 13 years after the 18th. From 1941 to 1949, not a single plenary session was held.³⁷

There was no regulation or implementation on the leader's tenure system. Life tenure of leaders was prevalent in Socialist countries. Many leaders died in their offices. In fact, in September 1956, Mao raised in the Third Session of the Seventh Plenary Session of the 7th National Congress that he would resign from the position of the Central Committee Chairman at a proper time. He requested the comrades to assign him the Honorary Chairman.³⁸

For this, Article 37 of the *1956 Party Constitution* adopted in the 8th National Congress stated that:

When the Central Committee considers it necessary, it can set up the position of Honorary Chairman.

Unfortunately, Mao did not keep his own political promise. Until 1966, Mao had been the leader of the Party for 17 years. If the tenure system had been implemented or if Mao had acted as the Honorary Chairman, there might be no Cultural Revolution. However, there is no "if" in history, nor a chance to repeat things.

The formal system of collective decision-making on important issues regulated by the *1956 Party Constitution* was replaced by the informal inner system that the highest decision was made by the supreme leader. Article 19 of the *1956 Party Constitution* adopted in the 8th National Congress stated that:

All important issues are decided on collectively.³⁹

During the Seven-thousand Cadres Conference in 1962, Mao said:

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Within Party committees democratic centralism should be the sole mode of operation. The relationship between the first secretary and the other secretaries and committee members is one of the minority obeying the majority. For example, in the Standing Committee and the Politburo situations like this often arise: when I say something, no matter whether it is correct or incorrect, provided that everyone disagrees with me, I will accede to their point of view because they are the majority.⁴⁰

In fact, since 1957, many decisions on important issues were not made collectively, but by Mao alone. After the Seven-thousand Cadres Conference, Mao became more arbitrary. Almost all those views which failed to accord with his opinion were determined as revisionism and were subject to criticism and attacks.⁴¹ When it came to the Cultural Revolution, Mao's mistakes became increasingly glaring, so did his negative impacts. There was no power inside the Party that could balance Mao's personal power, nor was there anybody able to rectify his mistakes. He had become the "privileged person" inside the Party.

It's important to note that, in March 1943, the title of the highest position of the Central Committee was changed from General Secretary to Chairman. Mao was officially elected the Chairman of the Politburo and the Chairman of the Central Secretariat. It was regulated inside the Party that the Chairman had the final veto power to the resolution made by the Central Secretariat. In the CPC Constitution adopted in the *1954 Party Constitution* and *1956 Party Constitution*, there was no clear statement about this internal rule, but it was recognized and implemented. This rule was not abolished or revised even later. To a large extent, it impaired the formal system of collective decision-making on important issues.

This was much like Stalin's status and what he did in the CPSU. When Lenin was in power, he did not enforce personal autocracy but adopted the "troika" system. The power of the party, the government and the military was controlled respectively by three leaders. However, Stalin abandoned the "troika" mechanism and gathered the supreme power of the party, the government, and the military.⁴² Stalin once said, "The Politburo is an authority which has the overall power." In the Politburo and the Secretariat of the CPSU, the power was eventually gathered in the hand of Stalin. He actually had sole veto power and personal final decision power.⁴³ Deng Xiaoping made a special review on this point in his report on the revision of the *1956 Party Constitution* that:

Leninism demands of the Party that all decisions on important questions

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be made by an appropriate collective body, not by any individual. The 20th Congress of the Communist Party of the Soviet Union has thrown a powerful light on the profound significance of adhering to the principle of collective leadership and combatting the personality cult, which has produced a tremendous effect not only on the Communist Party of the Soviet Union but also on the Communist Parties of all other countries throughout the world. It is obvious that it runs counter to the Party-building principles of the political parties dedicated to the cause of communism for individuals to make decisions on important questions and is bound to lead to errors. Only through collective leadership, in close touch with the masses, can we conform to the Party's principle of democratic centralism and reduce the possibility of errors to the minimum.⁴⁴

The CPC once learned lessons from Soviet Union, but in later practice, it once again made mistakes that the Soviet Union had already made. It made concessions to Mao's arbitrary decisions and the non-institutional phenomena inside the Party, thus providing the possibility for the overall mistakes which were going to be made in the Cultural Revolution.

Personal decision-making was likely to lead to mistakes because nobody can be insulated from the impact of asymmetry and incompleteness of information and knowledge. The collective decision-making also faced the same problem, but the impact of the asymmetry and incompleteness of information and knowledge can be much weaker. It can be said that it was the incapability to enforce the formal system that led to Mao's dictatorship. Though having a history of around 50 or 60 years, this Party was unable to enforce a tenure system of leadership or to prevent and rectify the mistakes made by the supreme leader. It shows that the Party was still immature in politics, incomplete in institution, and not democratic in decision-making mechanism.

In 1980, Deng Xiaoping made the following basic comments on the leadership system of the Party and the country before the Reform and Opening Up:

After the criticism of the opposition to rash advances in 1958 and the campaign against "Right deviation" in 1959, democratic life in the Party and state gradually ceased to function normally. There was a constant growth of such patriarchal ways as letting only one person have the say and make important decisions, practicing the cult of personality and placing individuals above the organization.⁴⁵

As an important member of the first leadership generation, Deng Xiaoping had a keenly felt pain and rethought it profoundly about the failure of the collective leadership system and Mao's dictatorship in this period. Deng Xiaoping learned the lesson from Mao, and abolished the life tenure system of leaders of the Party and the state.

It is noted that after the tragic Cultural Revolution, the Party and people drew a lesson from the painful experience, turning the focus of the governing program from class struggles to development and construction and ushering China into an era of economic construction and institution building, or in other words, an era of development and reform. The Communist Party, turning from serving the class struggles to serving the people, began to perform its duties as the ruling party. It was not by accident but the inevitable result of social progress. Differing from the reform of Russia or other East European Countries, China had been exploring a road of enhancing its power and enriching its people that suited its national conditions, a road with its own characteristics.

Mao's Public Opinion Preparation for the Cultural Revolution

Mao began to manipulate the public opinion in favor of the Cultural Revolution. He ideologized the cultural issues, politicized academic debate, and waged a series of activities of cultural critiques. He did this in this way because he represented the non-mainstream thoughts in the top leadership of the Party; he had to go around the institutional approaches and the legitimate procedure of the collective decision on important issues.

In 1962, the criticism on the book *Liu Zhidan* and its author Xi Zhongxun began under Kang Sheng's manipulation. On September 24, at the Tenth Plenary Session of the 8th Central Committee, Kang Sheng passed a note to Mao which read:

The use of novels for anti-Party activity is a great invention.

Mao read this and said that public opinion mobilization and ideology always came before the real struggle to overthrow a regime. The ideological front had to be occupied for either revolution or counter-revolution.⁴⁶ The session then determined a plan to establish a Specialized Examination Committee to investigate Xi Zhongxun. At this meeting, Kang Sheng was elected as the secretary of the Central Committee Secretariat and he gained Mao's confidence.

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The editorial of “Carrying Out the Proletarian Cultural Revolution to the Finish” in *People’s Daily* and *Red Flag* on January 1, 1967 pointed out:

In 1963, led by Chairman Mao, the literature and arts revolution, marked with drama revolution, was in fact the beginning of the Proletarian Cultural Revolution.⁴⁷

It was Mao’s personal political decision out of his political intention to launch the revolution, which was made without going through the procedure of democratic centralism within the Party. He was fully aware that it would be difficult for other leaders to accept his decision, so he had no better choice than choosing his wife, Jiang Qing, to maneuver the drama reform.

In May, Shanghai-based *Wen Hui Pao* published a signed article criticizing *Li Huiniang*, the Kunqu opera newly compiled by Meng Chao and *Innocuous Ghost*, a critical review of this piece of opera written by Liao Mosha (Head of the United Front Work Department of the CPC Beijing Committee), accusing them of borrowing the idea of a “ghost” to object obliquely to the leadership of the CPC, and they defined this as one important manifestation of ideological class struggle. Later, Jiang Qing confessed that this article was written by someone inspired and supported by Ke Qingshi. Chen Pixian (the Second Secretary of the CPC Shanghai Committee) believed that this article was only a “probe balloon,” marking the debut of Jiang Qing on the political stage.⁴⁸

In December, Mao made an important written comment to work *Ke Qingshi in Charge of Chinese Folk Art Forms* and offered severe criticism that:

Many Communist Party members are enthusiastic about feudal and capitalist arts, rather than Socialist arts.⁴⁹

In February, Mao said in the talks about the educational revolution that:

The present method of education ruins talent and ruins youth.... The period of schooling should be shortened somewhat.⁵⁰

This laid the foundation for the so-called educational revolution in the Cultural Revolution.

In June, Mao praised Qin Shi Huang greatly in a meeting with the foreigners. Mao believed that:

Qin Shi Huang was much greater than Confucius. Confucius was just

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indulging in empty talks. But Qin Shi Huang was the first one to unite China, not only in politics, but also in Chinese written characters and all kinds of systems, such as weights and measures. Some of these systems, such as the metrology system, are still used now. None of China's feudal emperors in the past could exceed him. But he was scolded and criticized for thousands of years for two reasons: killing 460 intellectuals and burning some books.

On August 30, 1964, Mao said once more that:

Qin Shi Huang was a good emperor, for the only 460 intellectuals he buried were Menciusian. Actually he hadn't buried all intellectuals. Isn't Shu Sundao a good example? Some plans are impracticable nowadays, while some plans also were infeasible in the era of Qin Shi Huang.⁵¹

On the one hand, he truly appreciated the historical role of Qin Shi Huang; on the other hand, he was trying to reverse a verdict and redress the charge of the "burning books and burying scholars" on Qin Shi Huang. This was in fact part of public opinion preparation by Mao to launch the Cultural Revolution within the party, and the historical foreshadowing for the modern "burning books and burying scholars" of the Cultural Revolution that began soon thereafter. After nine years of the Cultural Revolution, Mao wrote in his poem *Presented to Guo Moruo after Reading 'On the Feudal'*:

I advise you not to criticize the Emperor of Qin,
The last word remains to be said about burning the books and burying the scholars.

In September 1974 he responded to foreign questions that:

Qin Shi Huang was the first preeminent emperor in Chinese feudal society. I am a leader just like Qin Shi Huang. Lin Biao abuses me for this. There were always two opposing opinions about this historical figure, one praises Qin Shi Huang, the other criticizes him. I am in favor of Qin Shi Huang and against Confucius.

On June 4, Mao gave the complete affirmation to Lin Biao's talk about the army literary and art workers, and required Jiang Qing to talk to Lin Biao.⁵² Mao was seeking political supporters among the top leaders, and Lin Biao was a very

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suitable person. This was why Mao agreed with Lin Biao. At the same time, Mao sent Jiang Qing to carry on political communications, despite the fact that Jiang Qing held no Party, administrative, or military position, and was not in charge of any literary and artistic work. This might be the beginning of the political alliance between Lin Biao and Jiang Qing, which got officially approved by Mao.

On the 26th of the same month, Mao commented that Jiang Qing's speech in the demonstration performance forum of Beijing modern opera was excellent.⁵³ Since Mao wanted to stress the class struggle and the ideology, Jiang Qing took this opportunity and got involved in the circle of literature and art, reporting directly to Mao. In turn, Mao took Jiang Qing as his mouthpiece to delivery his voices to the whole party, giving the green light directly to Jiang Qing's political debut. This indeed violated the organization regulation inside the Party, but the Central Committee tolerated this non-institutionalized method. However, no one ever expected that Jiang Qing would be the "flag bearer" of the Cultural Revolution.

Still in the same month, Mao, in an accusatory tone, commented on the propaganda department's plans for the rectification of the All-China Federation of Literary and Art Circles and its affiliated association, with his most serious warning to date:

In the last 15 years, these associations, most of their publications — it is said a few are good — and by and large the people in them — that is, not everybody — have not carried out the policies of the Party. They have acted as high and mighty bureaucrats, have not gone to the workers, peasants and soldiers, and have not reflected the Socialist revolution and Socialist construction. In recent years, they have slid right down to the brink of revisionism. Unless they remold themselves in earnest, at some future date they are bound to become groups like the Hungarian Petofi club.⁵⁴

In July, Mao proposed again that the education system should be reformed, requiring it to include class struggle as a main subject in universities.⁵⁵

In August, Mao agreed to show publicly some films and he organized the criticism of the films of *South in the North* and *Early Spring in February*. Mao suggested that more movies be criticized.⁵⁶ And the films which were subsequently shown and criticized included *Two Stage Sisters*, *The Lin Family Shop*, *A Nightless City*, *City Under Siege*, *Conscription*, *Red Sun*, *Going against the Wind*, and others.⁵⁷

In November, Mao said:

How much of the cultural system is in our hand? 20%? 30%? Half? Or the

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majority rests with others? At least half of the cultural community has gotten out of our control.... The whole cultural authority has collapsed.⁵⁸

Obviously, there were two characteristics in Mao's judgment: one was the random idea that he made the judgment without investigation, such as 20% to 30% to 50%; the other was the magnification, thinking that the whole cultural authority had collapsed. This obviously violated his long-advocated views such as "no investigation, no right to speak," "seeking truth from facts," and no "ruthless struggle and merciless attack." Mao began to move to the extreme, attacking more and more. In April 1965, the Central Committee determined to reorganize the Ministry of Culture and replaced the leaders of every association.

Such a series of activities incited by Mao met resistance from Peng Zhen, the member of the Politburo and the Secretary of the Central Secretariat.

No matter you are the leader of the Party and the country, or the literary or art workers, or ordinary people, everyone is equal in front of the truth.⁵⁹

Obviously, the leader of the Party and the country which Peng Zhen was referring to was Mao and this made Mao furious. As instructed by Mao, Jiang Qing talked to Peng Zhen, Lu Dingyi, and Zhou Yang many times, but they didn't agree about launching excessive class struggle.⁶⁰

In November 1965, Yao Wenyan wrote "Criticism on the New Historical Play of 'Hai Rui Being Dismissed from Office'" and got published in *Wen Hui Pao*.⁶¹ *Hai Rui Being Dismissed from Office* was written by Wu Han, the expert on History of Ming, and Vice-Mayor of Beijing. Mao said:

In 1959 we dismissed Peng Dehuai from office. Some people with Rightist thoughts defied such a decision, and attempted to reverse the verdicts. They want to halt the Great Leap Forward and the People's Commune Movement, and the Three Flags movement. That is equivalent to letting Khrushchev hold the reins of government, and ourselves go back to conducting a guerilla war in the mountainous areas.

And this article became the fuse for Mao to officially launch the Cultural Revolution.

Liu Shaoqi, Zhou Enlai, and Deng Xiaoping, the standing members of the Politburo, did not agree with Yao Wenyan's article. Peng Zhen forbade every newspaper in Beijing from reprinting and reproducing this article and this move

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infuriated Mao. He suspected Peng Zhen of establishing an independent kingdom and waged a virtual battle against him. Then, he ordered that the article be published in a separate pamphlet in Shanghai immediately, and exerted pressure on Beijing through Zhou Enlai to force the newspapers in Beijing to reprint it. In the editor's note of *People's Daily* revised by Zhou Enlai and Peng Zhen they recommended that this article should be regarded as an academic problem, but not a political issue.

In February 1966, Peng Zhen convened the Group of Five, and compiled the *Outline Report on the Current Academic Discussion made by the Group of Five in Charge of the Cultural Revolution*, which later became known as the *February Outline*. Its aim was to remove this debate beyond the Central Committee to cool down and really let one hundred flowers bloom, let one hundred schools of thought contend. The current members of the Politburo Standing Committee, Liu Shaoqi, Zhou Enlai, and Deng Xiaoping discussed it and reached unanimous agreement. Then, the Group of Five led by Peng Zhen went to Wuchang to report to Mao. With Mao's approval, the Central Committee disseminated this outline on February 12, 1966.⁶²

However, not long after the issuance of this, Mao said the *February Outline* was wrong, and the Beijing municipal committee and the Central Publicity department were the independent kingdom which did not allow any different opinions. Mao called for the local governments to rebel against the central authorities, and encouraged more people to create uproar in Heaven like the Monkey King. The *May 16 Notice* by the Enlarged Session of the Politburo denied and criticized the *February Outline*. Liu Shaoqi and Deng Xiaoping had not got along with this criticism and struggle, and Mao thought they were silently challenging him.⁶³

On January 1, 1967, an editorial in *People's Daily*, "Carrying Out the Proletarian Cultural Revolution to the Finish," pointed out that:

After October 1965, Chairman Mao personally led the criticism of the play "Hai Rui Dismissed from Office," the criticism of the anti-revolutionary group known as the "Three-Family Village" and the criticism of the leaders of the revisionist group of the old Beijing Municipal Committee of the Party. These criticisms prepared the public opinion and led the way [to the Cultural Revolution].

The series of practices by Mao in the fields of ideology and culture were

similar to the measures taken in the Stalinist era. In the Stalin period, the Soviet Communist Party applied autocracy in ideology and culture, which showed three distinctive characteristics: first, public opinion was highly unified. The opinions of the whole party and society were all unified by the Central Committee of Soviet Communist Party, and ultimately by Stalin. Second, academic problems were politicized. Under such circumstances, “overall attacks against capitalism” were waged in every field of ideology, first in political economics, then philosophy, history, culture and art, and then they spread out in every sector of social science. They delineated the line between socialism and capitalism, labeled the class struggle, and took large quantities of social science works by the communists and non-communists into “the capitalist ideology category.” Third, administrative interference was taken as the primary management tool. The academic criticism led by Stalin himself was always politicized in the end to realize some certain political goals. After several rounds of large-scale academic criticism, by the end of the 1930s, 95.5% of the human social science groups, 92.9% of the literary and artistic creation groups, 69% of the ordinary cultural educational societies, and 48% of the natural science and technological associations had signed off.⁶⁴

In the Cultural Revolution, the activities of the cultural and artistic groups, the science and technology academies and schools were almost forbidden, which greatly hindered the normal development of Chinese culture, art, education, science, and technology.

The Relationship between the Personality Cult and the Cultural Revolution

Since the 1960s, the personality cult for Mao in China was growing stronger and stronger and this provided the favorable conditions for the Cultural Revolution. If there was no personality cult for Mao, there would have been no Cultural Revolution, nor would it have lasted for 10 years.

Actually it took a process for Mao to turn from opposing the personality cult to advocating it.

Even since before the founding of New China, the Second Plenary Session of the 7th National Congress had regulated that no personality cult was allowed. In the meeting of the Politburo in April 1956, Mao restated this rule, and proposed abandoning the reference of Marx, Engels, Lenin, Stalin, Mao, and to insist on democratic centralism and the system of collective leadership.

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From April 1 to April 4, 1956, when revising the article "On the Historical Experience of the Dictatorship of the Proletariat," Mao wrote that:⁶⁵

In his later years, Stalin sank deeper and deeper into the personality cult. He violated the democratic centralism, the system of combining the collective leadership with personal responsibility. Consequently, he made the following serious mistakes. On these issues, he was trapped in subjectivity and one-sidedness, divorced from the objective practical conditions, and the masses.

...He was conceited and imprudent. There was subjectivity and one-sidedness in his thinking. He made wrong decisions on some important issues, and this led to serious consequences.

...Some people were likely to be arrogant, conceited, and blind to worship others. Therefore, to oppose elevation of the individual and to oppose the personality cult was a question calling for constant attention.

...We need to establish a system to protect the mass line and the collective leadership.⁶⁶

Unfortunately, the Central Committee did not establish this system promptly to prevent elevation of the individual and personality cult inside the Party.

In March 1958, Mao changed his way of expression in the Chengdu Conference:

There are two kinds of cult of the individual. One is correct, such as that of Marx, Engels, Lenin, and the correct side of Stalin. These we ought to revere and continue to revere forever.... Then there is the incorrect kind of cult of the individual in which there is no analysis, simply blind obedience. This is not right. Opposition to the cult of the individual may also have one of two aims: one is opposition to an incorrect cult, and the other is opposition to reverence for others and a desire for reverence for oneself.

Why did Mao change his mind? He explained that:

Khrushchev's complete demolition of Stalin at one blow was also a kind of pressure, and the majority of people within the Chinese Party did not agree with it. Others wished to submit to this pressure and do away with the cult of the individual.⁶⁷

Perhaps, Mao targeted Deng Xiaoping, who severely criticized the personality

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cult in the report on the revision of the CPC Constitution in the 8th National Congress in 1956. Deng Xiaoping said in the report that:

An important achievement of the 20th Congress of the Communist Party of the Soviet Union lies in the fact that it showed us what serious consequences can follow from deification of an individual. Our Party has always held that no political parties or individuals are free from flaws and mistakes in their activities, and this has now been written into the General Program of the draft Party Constitution. For the same reason, our Party abhors the deification of an individual....

Of course, the cult of the individual is a social phenomenon with a long history, and it inevitably finds certain reflections in our Party and public life. It is our task to continue to observe faithfully the Central Committee's principle of opposition to the elevation and glorification of the individual and to achieve a real consolidation of the ties between the leaders and the masses so that the Party's democratic principle and its mass line will be carried out in every field of endeavor.⁶⁸

In 1965, when meeting with famous American journalist Edgar Snow, Mao admitted that there was a personality cult in China, and China needed even more. In fact, the personality cult mentioned by Mao was the cult for him. It was out of his political motives to launch the Cultural Revolution. He needed the personality cult if he wanted to overthrow Liu Shaoqi. In October, 1970, he revealed to Snow that the personality cult had been started up to overthrow Liu Shaoqi.

Lin Biao and some others vigorously launched the personality cult for Mao. In the Chengdu Meeting in 1958, Ke Qingshi, First Secretary of the Shanghai CPC Committee, flattered Mao that:

We must have blind faith in Chairman Mao, and follow his instructions like sheep.

In the summer of 1958, Kang Sheng raised the idea that:

Mao Zedong Thought is the zenith of Marxism-Leninism.⁶⁹

After the Lushan Meeting in 1959, Lin Biao replaced Peng Dehuai as the Minister of National Defense and presided over the work of the Central Military Commission. From then on, he started the saint creation movement of Mao. In 1960, he said:

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We can gain enormous benefits out of studying Mao Zedong's works.

In early 1962, Mao made self-criticism on the failure of the Great Leap Forward at the Seven-thousand Cadres Conference. However, Lin Biao said:

The facts prove that there were difficulties, in some aspects and to some degree, precisely because we did not act according to the Chairman's instructions.⁷⁰

Stirred by him, the PLA General Political Department compiled *Quotations from Chairman Mao* and *Selected Readings from the Works of Mao Zedong*, which aroused an unprecedented upsurge of personality cult and laid a solid public opinion foundation for Mao to replace the collective authority of the Party and the state with his personal prestige.

On September 3, 1965, *People's Daily* released the article *Long Live the Victory of the People's War* by Lin Biao, in which he spoke very highly of and gave the most authoritative interpretation of Mao's concept of people's war. Because of this article, Lin Biao became the theoretical interpreter and official advocate of Mao Zedong Thought inside the Party. The personal rise of Lin Biao and his promotion of Mao's personality cult complemented each other. Nobody could foresee that one year later, Lin Biao pushed Mao's personality cult to a new high and made essential political preparation for the public opinion for Mao to launch the Cultural Revolution.

By virtue of the personality cult, Mao established his supreme authority in both politics and spirits and was capable of overtopping all the other cadres. He could easily get rid of the constraints of the Constitution, the collective leadership and the democratic centralism. He could conveniently dominate all levels of party organizations, state authority organs and the mass media by making use of the unified leadership mechanism. Mao could even mobilize troops. So far, all the conditions for Mao to launch the Cultural Revolution were in place. When he became the absolute authority with supreme power over the Party, the government and the military, he became the privileged person of the Party, whose ability to rally a hundred responses with one order proved to be the root cause of this civil political riot.⁷¹

11

Chapter

The First Phase

(1966–1969):

**Launching of a Full-Scale
Civil War**

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The *Resolution on Some Questions Regarding the History of the Party since the Founding of the People's Republic of China*, adopted at the Sixth Plenary Session of the 11th Central Committee, divided the Cultural Revolution into three phases. The first phase spanned 1966 to April 1969 when the 9th Party Congress took place. The *Resolution* regarded the Politburo enlarged session in May 1966 and the Eleventh Plenary Session of the 8th Central Committee in August 1966 as the symbols of the launching of the Cultural Revolution.¹ On August 14, 1967, *Red Flag* and an editorial in *People's Daily* commented that those two meetings "were a decisive battle between the proletariats led by Mao Zedong and the biggest headquarters of capitalist roaders who were in power in the Party."² The former meeting brought down Peng Zhen, Luo Ruiqing, Lu Dingyi, and Yang Shangkun, and the latter, Liu Shaoqi and Deng Xiaoping.

At that time, except for Mao himself, other Party leaders knew nothing about this, let alone anticipated it, or made any democratic or collective decision.

From the *February Summary* to the *May 16 Notice*

In February 1966, in order to oppose the *February Outline* made by Peng Zhen, Mao supported Jiang Qing to work out the *Summary of the Forum on the Work in Literature and Art in the Armed Forces with which Comrade Lin Biao Entrusted Comrade Jiang Qing* (known in Chinese as the *February Summary*). Very much isolated within the Central Committee, he sought political support from Lin Biao (who was then Standing Committee Member of the Politburo, Vice-Chairman of the Central Committee, and Vice-Chairman of the Central Military Commission) and also chose Kang Sheng and Chen Boda, who were then alternate members of the Politburo as his main assistants and agents.

From February 2 to February 20, Lin Biao entrusted Jiang Qing to hold the Forum on the Work in Literature and Art in the Armed Forces in Shanghai, claiming that there was a black front in the circle of literature and art, and that a great Socialist revolution must be carried out resolutely in the circle as delivered in the *February Summary*.

However, since the founding of our People's Republic...we have been under the dictatorship of an anti-Party and anti-Socialist sinister line which is diametrically opposed to Chairman Mao's thought. This force is a combination of bourgeois ideas on literature and art, modern revisionist ideas on literature and art and what is known as the literature and art of the 1930s.... We must resolutely carry on a great Socialist revolution on the

cultural front and completely eliminate this sinister line. After eliminating this sinister line, a new sinister line will appear again, and new struggles will have to be waged. Therefore, this is an arduous, complex and long-term struggle which will take decades, or even centuries.³

Lin Biao flattered Jiang Qing, saying she was politically strong and artistically proficient in literature and art work. He asked the PLA General Political Department to implement Jiang's proposal in thought and organization earnestly. That was the beginning and an important sign of the political alliance between Lin Biao and Jiang Qing, who were two of the few people who firmly supported Mao in the Cultural Revolution. The *February Summary*, in accordance with Mao's opinion, revised by Chen Boda and Zhang Chunqiao (Alternate Secretary of the Secretariat of Shanghai Municipal Committee and Director of the Publicity Department of the Shanghai Municipal Committee), then revised three times by Mao himself, was sent to the Central Military Commission by Lin Biao for approval. After that, it was submitted to the Central Committee and issued as a formal document of the CPC Central Committee on April 10. This indicated that without collective discussion among members of the Standing Committee of the Politburo or the approval of the CPC Central Committee, this *February Summary* had won the political support from the PLA. On April 12, 1967, Jiang Qing stressed at the Enlarged Meeting of the Central Military Commission that the political significance of the *February Summary* was that they gained the political support from proletariat "Gods" like Lin Biao.⁴ Jiang Qing introduced the political background of *February Summary* in April 1967:

Last year, Comrade Lin Biao entrusted me to convene this Forum on the Work in Literature and Art in the Armed Forces. The main content of the forum was that we invited your "god," a proletariat god, to attack capitalist representatives in the Party, as well as the reactionary authorities. They were frightened out of their wits and surrendered their weapons. What makes a god so powerful? The support of the army which reactionaries were so scared of.

Armies, represented and headed by Lin Biao, were actively involved in the inner-party struggles as leftists and did quite a few things from the very beginning of the Cultural Revolution. It is noticeable that whenever there appeared intense political struggles in the high levels of the Party, Mao would notify the army leaders first, gain their political support, and then get them involved directly

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for the purpose of defeating his political opponents and controlling the political situation. Jin Chunming and others believed that Mao Zedong's prestige in the PLA and his support among the people made it possible for the army to serve as his political tool in initiating the Cultural Revolution. The PLA were subject only to Mao's commands,⁵ which was a violation of the principle of the "Party commanding armies" since the Party leader alone commanded the armies. As a result, the PLA was seriously damaged during the Cultural Revolution. The *February Summary*, at the request of the General Political Department, was repealed with the approval of the Central Committee.

From March 28 to March 30, Mao held talks with Kang Sheng (Alternate Member of the Politburo, Secretary of the Secretariat of the Central Committee, and Head of the Central Culture and Education Department), Jiang Qing (Head of the Movie Section of the Propaganda Department and Secretary of Mao), and Zhang Chunqiao (Secretary of the Secretariat of the Shanghai Municipal Committee) in Shanghai several times. Mao severely criticized the *February Outline*. He said that the Propaganda Department was a "hell," the head of which "should be overthrown to liberate the little ghosts."⁶ He called for more Monkey Kings to emerge in various regions to create a tremendous uproar in the Central Committee.⁷ Mao used to say that their generation was all old, and it was hard to say whether the next generation would stand up against revisionism, and that the Cultural Revolution was a long-term task demanding persistence if his whole life could not complete it.⁸

On March 31, Kang Sheng returned to Beijing as Mao's agent. He conveyed Mao's words to Zhou Enlai, Peng Zhen, and others. From April 9 to April 12, Kang formally conveyed Mao's words again at a Secretariat Conference of the Central Committee. Peng Zhen and others made an initial self-criticism about this major mistake. The Secretariat Conference decided to draft a notice, thoroughly criticizing the mistake of the Group of Five's *Outline Report* and repealing it. The conference also aimed to establish a drafting group and submitted the proposal to Mao and the Politburo. The group was led by Chen Boda, with Jiang Qing and Liu Zhijian as deputy leaders, and Kang Sheng as adviser. A month later, the group members became the core of the Cultural Revolution Group of the Central Committee.

From April 16 to April 26, Mao held an Enlarged Meeting of the Standing Committee of the Politburo in Hangzhou, participated in by Deng Xiaoping, Peng Zhen, Chen Yi (Politburo member, Vice-Premier of the State Council, and Minister of Foreign Affairs), Ye Jianying (Vice-Chairman of the CPPCC National Committee,

President of the Military Sciences Academy, and Political Commissar), and other people in charge of various central bureaus. Four members of the Politburo Standing Committee (Zhu De, Chen Yun, Lin Biao, and Liu Shaoqi) were absent and on foreign visits. The meeting criticized Peng Zhen's mistake, dismissed the Group of Five, reestablished the Cultural Revolution Group, and discussed revising the notice of the CPC Central Committee. The meeting criticized Peng Zhen and removed him from his post.

At the same time, Lu Dingyi, Alternate Member of the Politburo, Secretary of the Secretariat of the Central Committee, Minister of Propaganda, and Vice-Premier of the State Council, was also removed from his post. Previously on November 10, 1965, the same day when an article ("Hai Rui Being Dismissed from Office") written by Yao Wenyuan, who was then working in the Policy Research Office of the Shanghai Municipal Committee, was published by *Wen Hui Pao*. Yang Shangkun, Alternate Secretary of the Secretariat of the Central Committee, and Director of the General Office of the CPC Central Committee, was dismissed from the General Office on an accusation of "planting bugs behind the back of the Central Committee" and "letting other people copy a lot of classified documents and files." Wang Dongxing was then Director of the General Office of the CPC Central Committee, acting as Mao's loyal agent in many circumstances. In early and mid-December 1965, Mao held the Enlarged Meeting of the Politburo Standing Committee in Shanghai personally. At the meeting, Luo Ruiqing, then Secretary of the Secretariat of the CPC Central Committee, Secretary General of the Central Military Commission, Vice-Premier of the State Council, and head of the PLA General Staff Department of the PLA, was condemned and his mistakes were disclosed. At the meeting, Lin Biao's letter to Mao (Standing Committee member of the Politburo, Vice-Chairman of the Central Committee, Vice-Chairman of the Central Military Commission, Vice-Premier of the State Council, and Minister of National Defense) and disclosure materials were given out to participants. And Luo Ruiqing was held in isolated investigation for crimes such as "opposing highlighting politics" and "attempting to usurp supreme power in the army and opposing the Party."⁹ Mao Zedong commented that Luo "did not believe in highlighting politics. And we should be alert to people who overtly agree but covertly oppose highlighting politics while disseminating eclecticism (opportunism)."¹⁰ Thus, Luo Ruiqing became the first victim of the political alliance between Mao and Lin Biao despite his loyalty. Soon after, He Long and Xiao Hua also became political victims. On December 21, 1973, Mao admitted that he believed Lin Biao's one-sided statement and gave Luo a hard time.¹¹

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That Mao continuously denounced senior party leaders astonished other leaders. Liu Shaoqi and Deng Xiaoping were neither informed beforehand, nor did they understand Mao's behavior. Seen from the formal institution, removing members of the Politburo or Central Committee from their posts suddenly was a violation of Article 16 of the *1956 Party Constitution* if a plenary session of the Central Committee was not convened and personal appeal was not allowed.¹²

Any decision to remove a member or alternate member from the Central Committee of the Party, to place him on probation, or to exile him from the Party, must be taken by the National Party Congress. In conditions of urgency, such a decision may be taken by a two-thirds majority vote at a plenary session of the Party committee to which the member belongs, but it must be subject to approval by the next high Party committee.

Likewise, removing the Vice-Chairman of the NPC and Deputy-Premier from their posts suddenly was a violation of Articles 28, 31, and 33 of the *1954 Party Constitution* if the NPC and its Standing Committee were not convened.¹³ Article 28 stipulated that:

The National People's Congress has the power to remove from office...the Premier, Vice-Premiers, Ministers in charge of ministries or commissions, and the Secretary-General of the State Council.

Article 31 stipulated that:

The Standing Committee of the National People's Congress exercises the following functions and powers...to decide on the individual appointment and removal of Vice-Premiers, Ministers, Chairmen of Commissions, or the Secretary-General of the State Council when the National People's Congress is not in session.

Article 33 stipulated that:

The National People's Congress has the power to recall component members of its Standing Committee.

Once the regulations of the Party stopped working, different opinions within the Party would artificially escalate into two-line struggles, class struggles, or even an extremely cruel struggle of life and death. The non-institutional treatment to

members of the Central Committee such as Peng Zhen at the conference started the practice of cruel persecution of political leaders during the Cultural Revolution. At that time, standing members of the Politburo like Liu Shaoqi, Zhou Enlai, and Deng Xiaoping were forced to agree with Mao's non-institutional practice. Shortly afterwards, Liu Shaoqi and Deng Xiaoping also paid the same political price.

Chen Boda, Alternate Member of the Politburo, Director of the Central Policy Research Office, Political Secretary of Mao, and Editor-in-Chief of *Red Flag*, organized the drafting of *Draft Notice of the CPC Central Committee*, which, after being revised by Mao, was discussed and basically adopted by the Politburo Standing Committee's enlarged meeting. The meeting determined to submit the draft to the Politburo enlarged meeting to be convened in May. Mao said that the struggle was soul-touching. The gravity of Wu Han's problem was attributable to Peng Zhen's mistake. He clearly stated that:

Revisionism will appear in China, not only in the cultural circle, but also in the Party, the government, and the Army. It will be serious to see revisionism in the Party, the government, and the Army. But it might be good to have it appear early for the benefit of its early downfall.

After the meeting, he said that Peng Zhen had prepared himself for his downfall.¹⁴ The meeting was a preparatory one for the Enlarged Meeting of the Politburo to be convened in May.

On May 5, Mao talked about his policy of "peeling bamboo shoots" when meeting with the delegation of the Albanian Communist Party and government, thoroughly expressing his determination to peel off some revisionist members of the Central Committee within the Party. Zhou Enlai was also present at the meeting.¹⁵ Mao said when he was meeting with the delegation of the Albanian Communist Party and government in Hangzhou that:

We should be aware of two possibilities. One was the dictatorship and restoration of reactionaries, and the other was the policy of "peeling bamboo shoots," meaning peeling off bad ones layer after layer. In the last 45 years since the establishment of the Party in 1921, dozens of members of the Central Committee have been peeled off. However, there are still a few of them who are sleeping at our side, undiscovered.

On the same day, he peeled off four members of the Central Committee at the Politburo's enlarged meeting. By October 1968, when the Twelfth Plenary Session

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of the 8th Central Committee was convened, 47 members of the Central Committee were deprived of the right to attend plenary sessions of the Central Committee.

From May 4 to 26, the Politburo's Enlarged Meeting was held in Beijing. Altogether 76 people, who were members of the Politburo Standing Committee, members of the Politburo, and people in charge of the departments concerned participated in the meeting. Jiang Qing, Zhang Chunqiao, Guan Feng, and Qi Benyu participated in the meeting. That was the first time Jiang Qing had attended the meeting of the Politburo, which was due to the announcement to the Central Committee that Jiang Qing had gotten officially involved in politics and the Politburo's work. Mao Zedong, not in Beijing, was absent from the meeting. Kang Sheng, Alternate Member of the Politburo, conveyed Mao's three speeches made in Hangzhou on May 4 at the meeting, reporting to and asking for instructions from Mao despite the fact that Liu Shaoqi was the presider. On May 6, Zhang Chunqiao briefed leaders of the Central Committee on how Peng Zhen and Lu Dingyi opposed Mao's guidelines of the Cultural Revolution after the Tenth Plenary Session of the 8th Central Committee in 1962. This showed that Mao as an individual placed himself above the collective leadership of the Central Committee and his personal decisions replaced the collective leadership of the Central Committee. Mao placed so-called agents (such as Kang Sheng) or contact persons between himself and the collective leadership of the Central Committee, which set a precedent in the Party, and also became an unwritten rule or the hidden rule during the Cultural Revolution. That violated the Constitution. In the mid-1970s and before his death, he made Mao Yuanxin and other people the contact persons between himself and the Politburo.

It is worth noting that the leaders of the Central Committee held different opinions on many major domestic political issues, especially on class struggle. Though other leaders respected Mao and his opinions very much, Mao was still in an isolated minority. It was hard for him to obtain political support by normal procedures of collective discussion, ballots, and collective decisions. Therefore, he had to paralyze the formal institution stipulated by the *Party Constitution*, even breaking the rules of the Party. Otherwise, it would have been impossible for him to initiate the Cultural Revolution.

On the first three days of the Enlarged Meeting of the Politburo, Kang Sheng, Chen Boda, and Zhang Chunqiao presented the situation and passed to the meeting Mao's elaboration of class struggle since 1962, the denouncement of *Hai Rui Being Dismissed from Office*, Mao's denouncement of the Propaganda Department, the Beijing Municipal Committee, Peng Zhen and Lu Dingyi, and

Mao's instructions on launching the Cultural Revolution.¹⁶

The Politburo's enlarged meeting passed the *May 16 Notice* drafted by Chen Boda, Kang Sheng, and Jiang Qing, and decided to initiate the Cultural Revolution. The *Notice* reflected Mao's understanding of the political situation in China at that time with concentration. Mao believed the struggle was to denounce a large number of anti-Party and anti-Socialist representatives of the capitalist class who could be found in the Central Committee, departments of the Central Committee, provinces, cities, and autonomous regions.

We must denounce those bourgeois representatives who infiltrated our Party, government, army, and cultural circles. We should launch struggles against the anti-Party clique headed by Peng Zhen, Luo Ruiqing, Lu Dingyi, and Yang Shangkun, and dismiss them from their posts in and out of the Party.

The meeting decided to eliminate the posts of Peng Zhen, Luo Ruiqing, Lu Dingyi, and Yang Shangkun as Secretaries and Alternate Secretaries of the Secretariat of the Central Committee, and submit the removal request to the plenary session of the Central Committee for confirmation and determination. It would remove Peng Zhen from his post as the First Secretary of the Beijing Municipal Party Committee and Mayor, and remove Lu Dingyi from his post as head of the Propaganda Department. It appointed Tao Zhu as Executive Secretary of the Secretariat of the Central Committee and Head of the Propaganda Department; Ye Jianying as Secretary of the Secretariat of the Central Committee and Secretary-General of the Central Military Commission, and Li Xuefeng as the First Secretary of the Beijing Municipal Party Committee.

Such was Mao Zedong's policy of "peeling off the bamboo shoots," and the four people were the first members of the Central Committee to be peeled off in the Cultural Revolution.

However, such a practice directly violated Article 16 of the *Party Constitution*, so Mao had to act first and report afterwards, waiting for the next plenary session of the Central Committee to complete formalities and making the illegal legal. At that time, Zhu De, who was the member of the Politburo Standing Committee and the Vice-Chairman of the Central Committee, did not approve of denouncing the four people. He hoped the leader group would not split up. He said that he cared about the leader group and hoped it could last forever. However, Zhu De was criticized at the meeting. Peng Zhen and others could not defend themselves with facts. The Enlarged Meeting of the Politburo showed that the democratic

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centralism of the Party was seriously violated.¹⁷

The *May 16 Notice* clearly warned the whole Party to keep an eye out for people like Khrushchev in the Party. Some of them were trusted and being groomed to be future successors. This caused a great political shock in the Central Committee. Mao told the Albanian Communist Party and Government delegation led by Mehmet Shehu that:

Sometimes, I was worried too. If I say I did not think about that and wasn't worried, that would not be the truth. However, when I woke up and gathered several comrades to have a meeting, I would have ideas again."¹⁸

He was referring to Kang Sheng, Jiang Qing, and Zhang Chunqiao.

On May 18, Lin Biao made a long speech at the meeting, further encouraging the personality cult to Mao.¹⁹ He spared no effort to advocate the personality cult.

Marx and Engels were geniuses of the 19th century; Lenin and Comrade Mao Zedong are the geniuses of the 20th century.... Every sentence of Chairman Mao's works is a truth, one single sentence of his surpasses ten thousands of others.... The whole party and the country should condemn the people who oppose him.

Meanwhile, he said a lot about the so-called "pressing counter-revolutionary coup." The speech was a political mobilization of Mao's personality cult, making Lin Biao the only Vice-Chairman of the Party shortly after that.

Mao worried a lot whether the struggles among high party officials would lead to unexpected incidents. During an enlarged meeting of the Politburo, the Central Committee decided to strengthen the security of the capital city in accordance with Mao's instructions. A capital working group was established to protect the capital with Ye Jianying as the group leader and Yang Chengwu and Xie Fuzhi as the deputy leaders, directly responsible to the Politburo Standing Committee. It was approved by Mao on May 18.²⁰ On May 26, the first meeting of the capital working group decided that in case of emergency, they needed to mobilize the Beijing Garrison. If Zhou Enlai was not available, they could report to Deng Xiaoping. This reflected that during the launching of the Cultural Revolution, the situation within the Party was intense. It also reflected that Mao was on high alert during the artificial class struggle.

The above-mentioned situations showed that Mao had officially launched the

Cultural Revolution, using opposition and the prevention of revisionism as an excuse to strike blows on his political enemies. This reflected that Mao, influenced by Khrushchev and revisionism in the Soviet Union, had launched the Cultural Revolution and expanded class struggles so as to make normal debates between different opinions in the Party be considered a manifestation of revisionism or line struggle. As a result, the relationship among the Party leaders became increasingly strained.²¹ At this time, Mao had set Liu Shaoqi and Deng Xiaoping as targets and considered them people like Khrushchev. However, the latter did not know Mao's real intentions. On May 18, 1966, when Liu Shaoqi, Zhou Enlai, and Deng Xiaoping met with Ho Chi Minh, they all believed that the "Khrushchev"s, the revisionists (referring to Peng and three others) had been removed.²² This showed that the three members of the Politburo Standing Committee had no idea who would be the target of the political struggle of Mao's Cultural Revolution. On May 18, 1967, as approved by the Politburo Enlarged Meeting, the *People's Daily* and the *Red Flag* published a joint-editorial entitled "A Great Historic Document"²³, in which Liu Shaoqi was publicly denounced as "China's Khrushchev" in terms of class and line struggle.²⁴ On August 14, 1967, *Red Flag* and *People's Daily* published "Should We Should Take a Capitalist or a Socialist Road?" which formally declared to the country and the world that "people like Khrushchev" mentioned in the *May 16 Notice* were the biggest capitalist roaders who were in power in the Party and the capitalist headquarters led by him.²⁵ That was the third time Mao had aimed at Liu Shaoqi.²⁶

Mao Zedong did not participate in the Politburo Enlarged Meeting. He merely needed to remotely control the Central Committee outside Beijing and to be superior to the Central Committee.

On May 28, the Central Committee issued a notice, announcing the establishment of the Cultural Revolution Group. The core members were Chen Boda, Jiang Qing, Kang Sheng, Zhang Chunqiao, and Yao Wenyuan.²⁷ They were all supporters of Mao in his Cultural Revolution theory. These people all became, one after another, members of the Politburo or its Standing Committee, which was Mao's political return for their support. No one at that time would have thought that the Cultural Revolution Group formed by a few facile writers would be given enormous power of the Central Committee by Mao.²⁸ The group replaced the Politburo, its Standing Committee, and the Secretariat's functions. Though it was expressly stipulated in writing that the group was under the leadership of the Politburo Standing Committee, other members of the Standing Committee (including Zhou Enlai) were unable to intervene as it was

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under the direct leadership of Mao. Later on, Zhou Enlai was absorbed into the Work Session of the Cultural Revolution Group, which had been replacing the Politburo and the Central Secretariat all along until the convocation of the 9th National Congress.²⁹ On March 15, 1969, Mao had a meeting with the members of the Work Session of the Cultural Revolution Group. This was obviously in violation of the *1956 Party Constitution* and a non-institutional way of doing things. It also showed that Mao used the Cultural Revolution Group to make the CPC Central Committee a figurehead, replacing it and forcing it to approve Mao's line and the non-institutional moves. Mao soon completed the preparation in theory and organization to launch the Cultural Revolution and obtain the legitimate procedure. China began to see the unfolding of the Cultural Revolution characterized by overthrowing everything and waging a full-scale civil war.

The *May 16 Notice* guided Mao in the launching of the Cultural Revolution.³⁰ He intended to unfold an overarching class struggle nationwide. It would violently hit the political elites of China, including intellectuals and cultural elites, with millions of people being purged and hundreds of millions of the population being involved. No one, including Mao himself, foresaw this situation. With the *Notice* as the starting point, the Cultural Revolution went out of control for 10 years, and it only ended when Mao passed away. The Party could not correct Mao's personal mistake, which could only be corrected by the law of nature. This was inconceivable and it stimulated deep reflection among China's leaders and people.

From the Big-Character Poster of Peking University to the Eleventh Plenary Session of the 8th Central Committee

On May 25, Secretary Nie Yuanzi and six other people of the Philosophy Department of Peking University, inspired by Kang Sheng and directed by Cao Yiou (Kang Sheng's wife) jointly published the first big-character poster in China: *What on Earth did Song Shuo, Lu Ping, and Peng Peiyun do during the Cultural Revolution*. Song Shuo was Vice-Director of the University Department of the Beijing Municipal Committee. Lu Ping was President and Secretary of the CPC Committee of Peking University. Peng Peiyun was Deputy Secretary of the CPC Committee of Peking University. Soon afterwards, they were all dismissed from leadership positions.

On the evening of June 1, Mao gave an order to broadcast Nie Yuanzi's big character poster all over the country. He believed that the reactionary stronghold of

Peking University could be smashed after that.³¹ Mao commented on June 1, 1966:

Comrade Kang Sheng and Chen Boda, this script should be broadcast by Xinhua News Agency in a full text, and published in all the newspapers and magazines nationwide. It is necessary. Peking University, a reactionary fortress, could be smashed from now on. Please act according to your judgment.

He was determined to cause nationwide disorder for the benefit of achieving nationwide order. How could nationwide disorder be caused? He strongly advocated unfolding the four big forms: speaking out, airing views, writing big-character posters, and holding debates in an open way. He wanted to mobilize the masses to initiate the Cultural Revolution by separating from or even abolishing the Party organization.

On June 2, *People's Daily* published a commentary, "To Acclaim the First Big-character Poster of Peking University," written by Wang Li, Guan Feng, and Cao Yiou to commend Nie Yuanzi. Mao praised this big-character poster as "the first big-character poster in China of Marxism and Leninism" and "the manifesto of Paris Commune of the 1960s."³² The whole country was shocked and this marked the open launch of the Cultural Revolution.

The big poster written by Nie Yuanzi and others at Peking University evoked an intense response from the whole country. There was chaos on college campuses as well as at middle schools, and the Party organizations were paralyzed. On October 25, 1966, Mao recalled, "It was only for a short time and it was intense. I did not expect that the whole country would have a stir as soon as the big-character poster was broadcast."³³ For this reason, on June 3, Liu Shaoqi, Zhou Enlai, and Deng Xiaoping moderated the Enlarged Meeting of the Politburo Standing Committee and formulated eight stipulations:

- People inside and outside the Party should be treated differently;
- Keep things confidential; big-character posters should not be put on the streets;
- Do not have protest demonstrations;
- Do not connect in series;
- Do not hold large-scale denunciation meetings;
- Do not surround the homes of "sinister gangs"; and
- Do not hit or insult people.³⁴

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It was agreed that the Beijing Municipal Committee would send working groups to colleges, middle schools, and high schools to try to control the chaotic situation. However, Mao, who was in Hangzhou at that time, believed that they should leave them alone and should not be afraid of chaos. He did not think it was necessary to send working groups.³⁵

In June, Tao Zhu, First Secretary of Central South Bureau was transferred to work in the Central Committee, assuming his post as Executive Secretary of the Secretariat of the Central Committee and Minister of Publicity of the Central Committee. On June 6, Zhang Pinghua, First Secretary of Hunan Provincial Committee, was transferred to work in the Central Committee as the Vice-Minister of Publicity of the Central Committee. On Mao's instructions, the Central Committee restructured its Publicity Ministry and Culture Ministry. On December 27 and 28, Tao Zhu was condemned by Lin Biao and Jiang Qing as being the "biggest royalist in China."³⁶

On June 10, Mao Zedong told Ho Chi Minh, who was President of Vietnam and who was visiting China at that time, that "we are both more than 70 years old. One day or another, we would be invited to meet Marx, then who on earth would be the successor? Would it be Bernstein, Kautsky, or Khrushchev? It is unknown. But it is not too late if we prepare now."³⁷ Mao had a habit of revealing his true thoughts to foreigners, which he would not tell other leaders in the Party. The words of Mao showed that since the beginning of June 1966, Mao had already seen Liu Shaoqi as a person like Khrushchev. But at that time, it was not too late to replace Liu Shaoqi or bring him down. The question was how to achieve this political goal, which Mao did not tell Ho. And Liu Shaoqi was even more unlikely to know that.

In June, Mao made a metaphor of the Cultural Revolution in his poem *Something on My Mind* that "the pine rose to the heaven angrily" and "a blast of wind and a clap of thunder astonished the world, with red and green banners and flags all over the streets." He fervently hoped "the people of the country had some thinking," which meant that the people would deeply understand his purpose and the great efforts he had made in the Revolution.³⁸

From June 9 to 12, when Liu Shaoqi, Zhou Enlai, Deng Xiaoping, Tao Zhu, Chen Boda, and Kang Sheng went to Hangzhou to report to Mao on the Cultural Revolution, he had already felt skeptical about sending working groups. He said it was too soon to send working groups and it was without preparation. They might as well make it chaotic and let warfare occur. And they should send working groups when the situation cleared up. He also advocated that the students not read

books for half a year and that they read newspapers instead.³⁹

On June 26, Mao said to the people in charge of the Hunan Provincial Committee, Xiangtan Prefectural Committee, and the County Committee that he himself used to lead them in the Long March, and now he was to lead them in the Long March again.⁴⁰ This clearly showed that Mao lived with the philosophy of class struggle, and had the spirit of revolution and rebellion all along. However, he neglected the fact that China in the middle of the 1960s was far different from that in the mid-1930s. China was on the way to realize its modernization and what was really needed was great order instead of great disorder. What was needed was economic development instead of class struggle. What was needed was construction and improvement of the state system instead of its destruction.

On June 30, Mao wrote to Liu Shaoqi and Deng Xiaoping, refusing their proposition to publish his address made at the Seven-thousand Cadres Conference held on July 1, 1962, the birthday of the CPC. He felt that it was not the right time. Mao Zedong wrote in the letter:

I received your letter earlier. With careful consideration, I do not think it is the right time to issue that address because by the end of the Cultural Revolution, there must be a lot of new experiences to be added to the address. It is not too late to wait until then.⁴¹

That address, later published in *People's Daily* on July 1, 1978, was the first one in which Mao made self-criticism, and it would not be advantageous to Mao if it was published at the time. What Mao needed was to mobilize the masses to knock down the capitalist headquarters led by Liu Shaoqi and Deng Xiaoping.

On July 8, Mao wrote a letter to Jiang Qing.⁴² He put forward the guiding principle of governing the nation for the Cultural Revolution period for the first time, that is, the theory of great disorder. In his mind, the great disorder was not a bad thing. It was good because it disarrayed the enemies (referring to his political opponents) and mobilized the masses. Disorder and order could interconvert into each other. Without disorder, there would be no order. Only by nationwide disorder could we reach a great order. Order and disorder transform into each other, with every seven to eight years making up a cycle. He made the Cultural Revolution a nationwide drill to prevent rightists from taking power after his death. From that we could see that Mao was prepared for the great disorder, a full-scale civil war which happened afterwards. And that was his purpose in writing that letter.

Then who would create this great disorder? There was very little high-level political power he could rely upon. Except for Lin Biao, Chen Boda, and Kang

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Sheng, it was hard for him to find political allies or support in the Politburo Standing Committee, the Politburo, and the Central Secretariat. That letter to Jiang Qing was Mao Zedong's green light to her. And he wanted Jiang to be the pawn to create great disorder in China. When Jiang went through a trial in 1980, she admitted that she was a loyal dog to Mao by saying "I bit the people that he wanted me to." Lin Biao and some others flattered her as the flag-bearer of the Cultural Revolution. Actually Jiang Qing was not only ignorant and incompetent, but she also wrecked the country and ruined the people.

Mao's theory of great disorder seemed to conform to the dialectics; however, it produced a series of side-effects. One was the serious destruction of national economic construction and this suspended the economic take-off of China. Second, it seriously damaged the national system, putting the country in chaos. Third, it seriously infringed upon the civil rights and human rights of the Chinese people, losing the legal basis for governance. The theory of order and disorder of Mao, together with the theory of the continued revolution under the dictatorship of the proletariat, were the theoretical basis for the Cultural Revolution. The two theories supplemented each other. The former was easier to understand while the latter more theoretical. As Mao, the top leader, wanted great disorder, the Cultural Revolution was in itself an unprecedented great time of turmoil from the very start. In 1981, the *Resolution on Certain Questions in the History of Our Party since the Founding of the People's Republic of China* gave a historical evaluation to the theory of order and disorder of Mao.

The Cultural Revolution did not disturb the enemies; however, it disturbed us ourselves. Therefore, never was it possible to reach great order from great disorder.⁴³

After 1978, Deng Xiaoping also faced a basic political problem, that is, a long-term ruling position would generate a bureaucratic stratum divorced from the masses within the Party. However, he held a concept of governing a country which was opposite from Mao's. Deng hated what happened in the Cultural Revolution and resolutely opposed the theory of great disorder. He distinctively put forward and continued upholding the theory of stability as the top priority, which created a great order for China and established a stable social order.⁴⁴

Roderick MacFarquhar analyzed the profound political difference between Mao and Deng Xiaoping:

Whereas Mao appeared to revel in upheaval or *luan*, Deng abhorred it,

especially after he had witnessed the national chaos and personal tragedies resulting from the Cultural Revolution. Like China's traditional political philosophers, he sought peace and order, and saw national unity as their necessary prerequisite.

Deng adopted democratic measures and the rule of law to reform and improve the national and Party leadership system in a mild and progressive way to resolve the conflict between the officials and the masses.

Mao's letter to Jiang Qing reflected his political viewpoint and clearly expressed his short-term political purpose and measures. The direct political purpose of him initiating the Cultural Revolution was to bring down the so-called capitalist roaders headed by Liu Shaoqi and Deng Xiaoping. As a result, he had to take advantage of the political support from the Lin Biao clique and personality cult of himself. At the same time, he was very sensitive and worried, clearly indicating that Lin Biao flattering him was "beating ghosts" with the help of Zhong Kui, a figure of Chinese mythology, foreshadowing his later moves to get rid of Lin Biao. This letter was forwarded within the Party in 1972, which astonished the whole Party.⁴⁵ Mao purposely showed this letter to Zhou Enlai, who was in Wuhan then, and Wang Renzhong, who was the First Secretary of the Hubei Provincial Committee. He asked Zhou Enlai to give this letter to Jiang Qing, who was in Shanghai then. He also entrusted Zhou Enlai to go to Dalian to tell Lin Biao in person his opinion of Lin Biao in the letter. Following Mao's directions, Zhou Enlai went to Dalian on July 14 to talk to Lin Biao, passing on Mao's opinion, which was to tell Lin Biao not to exaggerate when commending Mao. The words should be scientific, precise, and proper. Lin Biao said he accepted Mao's opinion and promised to revise the May 18 speech after he returned to Beijing. On July 15, Zhou Enlai returned to Beijing and made a report to Liu Shaoqi. However, this letter became the root cause of the life-and-death struggle between Mao and Lin Biao. The latter knew very well that the former had outguessed his political purpose and Zhou Enlai and others knew Mao's opinion. After the Lin Biao incident broke out, the Central Committee issued the copy of the letter in May 1972 to the whole party as evidence that Mao had long been seeing through Lin's political ambition.

What was more significant about Mao's letter was that he predicted China's future political development surprisingly correctly. Just as he said, when he died, Rightists would take power again and restore capitalism. He asserted that these Rightists would not get peace and were probably short-lived because Leftists would definitely use his words to organize themselves and bring down the Rightists. He was half correct in his prediction as, for instance, Rightist Deng Xiaoping came to

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power again after Mao's death. The other half was not correct, that is, instead of being brought down, Deng Xiaoping led China to prosperity by reforming and opening up to the outside world. On the other hand, Leftists such as Jiang Qing had to face the judgment of history. From November 23, 1980, to January 23, 1981, the special court of the Supreme People's Court carried out a public trial of the case of the counterrevolutionary group led by Lin Biao and Jiang Qing.

On July 16, Mao, already 73 years old, swam in the Yangtze River in Wuhan, showing his good health. On the same day, China National Radio reported on "following Chairman Mao to progress in the big waves and winds," which became a household political slogan to mobilize the Chinese people at that time.⁴⁶ That also meant that Mao would resolutely engage in a sudden political combat with Liu Shaoqi.

On July 18, Mao went back to Beijing. He had been out of Beijing for as long as eight months since he left Beijing in November 1965. His coming back to Beijing was to change an important system within the Party that he used to advocate, that is, ending Liu Shaoqi's responsibility of presiding over routine duties in the Central Committee. Mao decided to come back from the post in the back, take up the frontline post, and launch and lead the Cultural Revolution himself. He was prepared to remove the Khrushchevs of China and replace the former leaders who were at the frontline posts. When he returned to Beijing, he deliberately refused Liu Shaoqi's visit and report, while immediately listening to the report of Chen Boda and Kang Sheng. He felt sad because it was too cold and cheerless, and there were even people suppressing students' movements.⁴⁷ When he read the ninth comment on the Cultural Revolution briefing of Peking University approved and forwarded by Liu Shaoqi, Mao said to Zhang Chunqiao that no wonder the masses were repressed everywhere, because he just realized there was a headquarters of the capitalist class in the Central Committee.⁴⁸ Mao's act of defining Liu Shaoqi and Deng Xiaoping as Khrushchevs of China was another political milestone after the *May 16 Notice*. Mao had told the Cultural Revolution Group his real political intention.

On July 19 and 22, Liu Shaoqi moderated the Politburo Standing Committee's enlarged meeting. Chen Boda proposed to abolish the working groups, which was opposed by the majority including Liu Shaoqi and Deng Xiaoping.⁴⁹

Six days after his coming back to Beijing, that is, July 24, Mao gathered members of the Politburo Standing Committee and members of the Cultural Revolution Group to have a meeting, at which he listened to the report of Liu Shaoqi. He criticized Liu Shaoqi and others for sending the working groups. He asked them not to form some working groups or to give orders, and made the

decision of abolishing the working groups.⁵⁰

On July 25, when Mao talked to the members of the Cultural Revolution Group, he seriously warned Liu Shaoqi and some others. He said some of us would not continue the revolution. If you did not, someday, you would face the revolution yourself.⁵¹ Mao proposed that there should not be working groups, instead, we should let the revolutionary teachers and students stage the revolution themselves. He said it was impeding the masses staging revolution to say they should not surround newspaper offices, provincial committees, and the State Council, or come to the Central Committee.⁵² In fact, Liu Shaoqi, Zhou Enlai, and Deng Xiaoping did not oppose Mao launching the Cultural Revolution, they approved it. And they all “raised their hands” to pass the *May 16 Notice* at the Politburo enlarged meeting convened in May. Their disagreement with Mao was about how to conduct the Cultural Revolution. The former maintained the need to send working groups and stage the Revolution under the leadership of the Party committee while the latter disapproved this, favoring letting the students and the masses do it on their own. That was not a fundamental disagreement of political position, but of political measures. However, Mao believed that they were to repress the masses and were trying to achieve a capitalist dictatorship. He further believed that they did not approve of, or they opposed, the Cultural Revolution, forming a capitalist headquarters that was opposite to him.

On July 26, the Politburo’s enlarged meeting decided to abolish the working groups. On July 28, drafted by the Cultural Revolution Group and revised by Mao Zedong, the *Decision on Abolishing the Working Groups in Colleges and Universities* was released in the name of the Beijing Municipal Committee. On July 29, the decision was announced at the Conference of Cultural Revolution Activists in Colleges and Specialized Secondary Schools in the Great Hall of the People. Liu Shaoqi, Zhou Enlai, and Deng Xiaoping were held responsible for sending the working groups. They all admitted that they had no idea about how to conduct the Cultural Revolution, and it was a new problem the old revolutionaries ran into.⁵³ Liu Shaoqi said :

As for how to carry out the Great Proletarian Cultural Revolution, you have no idea. If you ask us, I would frankly tell you that neither do I. I believe that a lot of comrades of the Central Committee and members of the Working Group do not know either.

Deng Xiaoping said that:

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It had to be clear that sending working groups to middle schools and universities in the name of the new Municipal Committee was done according to the opinion of the Central Committee. Some comrades said it was the new problem the old revolution met with, and so it was.

Zhou Enlai said:

First, we leadership comrades, no matter in the Central Committee, local areas, or in the government, are mistaken in evaluating the situation, and sometimes do not estimate enough the masses' revolutionary character, proactivity, and creativity. Second, it was because of mistaken understanding of solving problems, and the most direct example is Beijing. We fear disorder. All in all, this [the Cultural Revolution] is a new thing, a new movement, we were not familiar with it in the past, especially us the elderly who are even less familiar with it, and it was the new problem the old revolution met with.⁵⁴

On the same day, Mao proposed to hold a plenary session of the Central Committee to make an official decision about the Cultural Revolution in the name of the Central Committee. According to the *Party Constitution*, the tenure of each Central Committee was five years. Plenary sessions of the Central Committee should be held twice each year. And the National Congress should be convened every year. And the 8th Central Committee was due in 1961. The Tenth Plenary Session of the 8th Central Committee was convened in 1962. So, Mao's personal decision to convene the Plenary Session was arbitrary and non-institutional, totally out of the Political Struggle. However, the convention of the Eleventh Plenary Session of the 8th Central Committee and its formal decision worked as the legal procedures for the Cultural Revolution.

From August 1 to 12, Mao moderated the Eleventh Plenary Session of the 8th Central Committee. Deng Xiaoping announced on behalf of the Central Committee that the meeting would last five days, with four major agenda items: to pass the *Decision Concerning the Great Proletarian Cultural Revolution*; to discuss and approve great measures taken by the Central Committee on domestic and international issues since the Tenth Plenary session of the 8th Central Committee; to pass the conference communiqué and, lastly, post-register the change of personnel at the Politburo enlarged meeting convened in May according to relevant regulations in the *Party Constitution*. However, according to Mao's personal opinion, on August 5, the original session and the agenda were

changed extemporaneously, with the session prolonged to 12 days. The Plenary Session not only criticized people like Liu Shaoqi and Deng Xiaoping, but also extemporaneously decided to restructure the three leading institutions, namely, the Politburo Standing Committee, the Politburo, and the Secretariat of the Central Committee.⁵⁵ From then on, Mao tightly controlled the Central Committee and made the organizational preparations to further carry out the Cultural Revolution.

Besides the 141 members and alternate members of the Central Committee, the Eleventh Plenary Session of the 8th Central Committee also made a special arrangement to invite 47 representatives from colleges and universities in Beijing, among which was Nie Yuanzi. The specially invited representatives accounted for 25% of the total attendees. It was the first time in the history of the CPC that the relevant regulations of the *Party Constitution* were overtly violated. The Session went through the procedures of dismissing Peng Zhen, who was the secretary and alternate secretaries of the Secretariat and three others from their office at the Politburo enlarged meeting convened in May. That was a typical move of acting first and reporting afterwards. It demonstrated that the basic Party system had stopped working.

On July 28, Jiang Qing received two big-character posters written by the Red Guards of the High School Attached to Tsinghua University. One was “Long Live the Proletarian Spirit of Revolutionary Rebellion” on June 24, and the other was “More on Long Live the Proletarian Spirit of Revolutionary Rebellion.” At that time, the working group in the school disapproved of some of the wordings. Jiang Qing submitted the posters to Mao the next day. On August 1, Mao wrote to the young Red Guards of the High School Attached to Tsinghua University, supporting them to take the so-called revolutionary activities and praising them for their slogan of “Rebellion is Justified.”⁵⁶ The letter, issued to the delegates of the Eleventh Plenary Session of the 8th Central Committee as a document of the meeting, soon became known to the society. In response to Mao’s call, colleges and universities, technical secondary schools, and high schools of the country immediately established Red Guards Organizations throughout the country.⁵⁷

In 1927, Mao commended the Hunan peasant movement as “very good.” At that time, the Chinese revolution was at its low ebb, and the CPC did not hold the political power yet. However, China in 1966 was ruled by the CPC with Mao as its leader. So it was not proper for him to advocate radical revolutionary rebellious spirit. This time he was trying to take advantage of the young Red Guards to attack and destroy the normal order of the Party and the country which he had established himself⁵⁸, leading to “the era of destructing the state system.” Harry

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Harding believed that the unique feature of the “Cultural Revolution” was that the crisis was led by the regime’s leader himself:

What is unique about the Cultural Revolution, however, is that this political crisis was deliberately induced by the leaders of the regime itself. It was Mao who called into question the legitimacy of the Chinese Communist Party. It was Mao who mobilized the social forces that would undermine his own government. And it was Mao who provided the political and ideological vocabulary for protest and dissent. The man who had undertaken a revolution against China’s old regime now sought to launch a revolt against the new political establishment that he himself had created.⁵⁹

Supporting the young Red Guards in rebelling would have led to great disorder. This explained why Mao opposed Liu Shaoqi and other people sending working groups to maintain order. Why would Mao resolutely support the young Red Guards to practice the proletariat democracy without knowing the consequence of such a great democracy as well as the behavior and activities of the young red guards? He was only in the firm belief that the masses movement was “very good.”

It is especially noticeable that none of the political movements or class struggles, from the *23 Articles* to *May 16 Notice* and again to the *Decision Concerning the Great Proletarian Cultural Revolution*, were approved by the National People’s Congress in accordance with the *Party Constitution* and other laws. As a result, these political movements and struggles went out of the control of the laws and, with the class struggle expanded, degraded into political persecution that trampled democracy and human rights and destroyed democracy and the legal system.

On August 1, Liu Shaoqi delivered a report concerning the Central Committee’s work since the Tenth Plenary Session of the 8th Central Committee at the opening ceremony of the Plenary Session of the Central Committee. He took the initiative of admitting the mistakes in the Cultural Revolution, especially in sending the working groups. Still, Mao seriously criticized him. He believed that Liu Shaoqi and others sent working groups to crack down on the students and those who truly and actively carried out the Cultural Revolution. Mao said that more than 90% of the working groups were wrong. That was the first time Mao and Liu Shaoqi confronted each other directly. Mao was fully aware of the fact that if he was to stage the Cultural Revolution, he had to go through the legal procedures. Therefore, he proposed that the Plenary Session should make a formal

decision on the Cultural Revolution. He said that a decision should be made by the Central Committee and that one had to wait for the next session to reverse the decision.⁶⁰ In February 1967, he denounced seven members of the Politburo including Tan Zhenlin for changing their minds after approving the Cultural Revolution at the Eleventh Plenary Session of the 8th Central Committee.

On August 2, Zhou Enlai delivered a speech at the Eleventh Plenary Session of the 8th Central Committee. He took the lead in clearly supporting Mao's decision on initiating the Cultural Revolution himself.⁶¹

Zhou Enlai said that ever since the Tenth Plenary Session of the 8th Central Committee in 1962, all important decisions were made by Chairman Mao in person. As for this Cultural Revolution, the big-character poster of Nie Yuanzi and six other people were approved by Chairman Mao in person to be published in the *People's Daily*. When it was published, the whole Cultural Revolution would begin. The removal of working groups was also decided by Chairman Mao after he returned to Beijing. This Cultural Revolution was unprecedented. As for sending the working groups, the members of the Politburo Standing Committee, especially us who stayed in Beijing, had to take responsibility.

On August 4, Mao convened an enlarged meeting of the Politburo Standing Committee, seriously criticizing Liu Shaoqi for the mistake that the Central Committee violated its own decision. Liu Shaoqi said he would claim the main responsibility. Mao believed that it was a directional mistake that Liu Shaoqi practiced dictatorship in Beijing, which in nature was in opposition to proletarian revolutions from a capitalist standpoint. Liu Shaoqi answered that the worst thing would be to step down, which he was not afraid of, and he had five points that he was not afraid of. Mao said there were evil people among the ones present at the meeting.⁶² That was the second time Mao and Liu Shaoqi had a face-to-face confrontation, which further infuriated Mao.

On August 5, Mao angrily published his *Bombard the Headquarters — My Big-Character Poster* targeted at Liu Shaoqi and Deng Xiaoping who were still members of the Politburo Standing Committee, in the special form of big-character posters. This 251-big-character poster of Mao was published on the front page of *Beijing Daily*, to the left of "Sweeping Away All Evil People," an editorial originally published in *People's Daily* on June 2, 1966. It explained the nature of Liu Shaoqi and Deng Xiaoping's mistake of opposing the Cultural Revolution as an error of line. Besides, Mao also planned to list Liu Shaoqi, Chen Yun, and Deng Xiaoping's historical errors of rightist deviation in the 1960s. Mao Zedong said:

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But in the last 50 days or so some leading comrades from the central down to the local levels have acted in a diametrically opposite way. Adopting the reactionary stand of the bourgeoisie, they have enforced a bourgeois dictatorship and struck down the surging movement of the great cultural revolution of the proletariat. They have stood facts on their head and juggled black and white, encircled and suppressed revolutionaries, stifled opinions differing from their own, imposed a white terror, and felt very pleased with themselves. They have puffed up the arrogance of the bourgeoisie and deflated the morale of the proletariat. How poisonous! Viewed in connection with the Right deviation in 1962 and the wrong tendency of 1964 which was 'Left' in form but Right in essence, shouldn't this make one wide awake?⁶³

What was Mao's purpose in writing this big-character poster? Just like Zhou Enlai said on August 6, the Chairman was determined to restructure the Politburo Standing Committee. He particularly needed the political support of the army, which must be loyal to him. Zhou Enlai played a key role here, similar to his role when dealing with the Lin Biao incident.⁶⁴ As Liao Hansheng, Alternate Member of the Central Committee and Political Commissar of the Beijing military region, recalled: at 12 am on August 7, Premier Zhou Enlai had convened a conference of notification in advance of people in charge of the headquarters of the army, the navy, the air force, and the Beijing military region. Zhou Enlai said:

Chairman Mao was determined and wrote *Bombard the Headquarters — My First Big-Character Poster*. He asked me to go to him at night and gave it to me, asking me to deliver that at the conference, but later he took that back. On the second night, Chairman Mao asked me to go there again and gave me *My First Big-Character Poster*. Chairman Mao had made up his mind to restructure the Politburo Standing Committee.

After that, Zhou held a notification meeting with people in charge of provinces, cities, and autonomous regions.⁶⁵ On August 5, after having a meeting with Mao, Zhou asked He Long, Nie Rongzhen, Chen Yi, Xu Xiangqian, Ye Jianying, Yang Chengwu, and Liu Zhijian to have a meeting of notification in advance.

Mao revealed, through the big-character poster, to the members and alternate members of the Central Committee as well as the rebels of the Cultural Revolution who attended the meeting that he had a major political disagreement with Liu Shaoqi and Deng Xiaoping, which had existed for quite some time. Mao

conveyed an important political message that Liu Shaoqi and Deng Xiaoping were pursuing the capitalist road, which he could not bear. He would bombard the headquarters of Liu Shaoqi and Deng Xiaoping, removing the cover inside the Central Committee, which was the political reason and main task for his launching of the Cultural Revolution. On August 17, 1967, *Red Flag* published an editorial “Completely Destroying the Capitalist Headquarters,” which pointed out that *Bombard the Headquarters — My First Big-Character Poster* of Mao uncovered the lid of the persistent struggle between the lines of proletariat revolution and the reactionary capitalism and between the headquarters of the proletariat and the headquarters of capitalists.

Mao released the big-character poster on the Eleventh Session of the 8th Central Committee on August 7. Although the poster did not mention the names of Liu Shaoqi and Deng Xiaoping, the senior cadres of the Party, the government and the army at the conference all knew that the poster was talking about and they were astonished. Mao was determined to choose Lin Biao, who was 14 years younger than him, to replace Liu Shaoqi. On Mao’s instructions, Lin Biao hurried to Beijing from Dalian, where he was recuperating, to take part in the Session on August 6. On the same day, Mao tentatively determined the list of the leaders of the Central Committee and their ranks after adjustment in a small circle.⁶⁶

On the evening of August 5, after Zhou Enlai had a meeting with Mao, Zhou informed Liu Shaoqi over the phone that he should not appear in public or meet foreign guests.⁶⁷ Liu Shaoqi already knew the content of Mao’s big-character poster, which was that he received an order for him to leave. Soon after, the Session criticized Liu Shaoqi, without knowing that most of them would soon become the targets of great denouncement and persecution and face the same political fate as Liu Shaoqi and Deng Xiaoping.

Soon after, Mao’s big-character poster was put up on the streets by the revolutionary rebels who attended the meeting. Mao said later at the Central Working Conference in October that it was not good. He stated that we should allow Liu Shaoqi and Deng Xiaoping to correct mistakes after making them.⁶⁸ At that time, Liu Shaoqi and Deng Xiaoping were chased by all. Mao had to help them out of the predicament. However, it was Mao who decided to bring them down.

In just a short time from the Central Working Conference in late 1964 to the Eleventh Session of the 8th Central Committee in August 1966, Mao intelligently defeated his opponents and won the support and approval from most of the senior Party leaders at that time. From the long-term point of view, however,

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Mao's decision and conduct made the CPC, which was in office for 17 years, have the greatest political disagreement and pay a great political price. From then on, there was no rule of the game for inner Party disputes and struggles. It was all the more uncertain, opaque, and unpredictable. Of course, it was more intense, more complicated, and crueler. Except Mao Zedong himself, all the other leaders (Lin Biao, Zhou Enlai, Tao Zhu, Li Fuchun, Chen Boda, and Deng Xiaoping), did not feel the political guarantee or safety. Mao's words were extremely decisive and he could bring down anyone he wanted. It was not corresponding to the legal procedure of the *Party Constitution*. He did not follow the legal procedures of the *Party Constitution*, brought down people (Tao Zhu in late 1966, Chen Boda in 1970, Lin Biao in 1971, and Deng Xiaoping in 1976) first before completing the procedures, or did not complete the procedures at all.

In August 1966, the Eleventh Session of the 8th Central Committee passed the *Decision Concerning the Great Proletarian Cultural Revolution* drafted by the Central Cultural Revolution Group, examined and approved by Mao.⁶⁹ The first provision of the decision defined the Cultural Revolution as one that touched the souls of the people. It was a more profound and wider new stage of the development of the Socialist revolution of China. According to the directive of Mao, at the beginning of July, Chen Boda, Wang Li, and other members of the Central Cultural Revolution Group began to draft it and then they revised it 31 times. Mao entrusted Tao Zhu, Wang Renzhong, and Zhang Pinghua with revising it. And Zhou Enlai gave his opinions for revision. On August 7, Mao Zedong finalized the manuscript. It was made clear that the aim of the Cultural Revolution was to denounce and defeat the faction in power that pursued capitalism, to criticize academic authorities who were reactionary capitalists, to criticize the capitalist class and all kinds of ideologies of exploiting classes, to reform education, art, and literature, and the superstructure that did not fit the socialist economic foundation, so that Socialism was consolidated and developed. It was reiterated that the emphasis of the Cultural Revolution was to discipline those capitalist roaders who were in power. It was the fourth time that Mao had targeted Liu Shaoqi and a small number of capitalist roaders who were in power inside the Party.⁷⁰ This guideline document became an important symbol of launching the Cultural Revolution in an all-around way.

At this point, Mao had completed the whole process from personal decision to the decision of the Politburo enlarged meeting (referring to the *May 16 Notice*), then to the decision of the CPC Central Committee Plenary Session, making the Cultural Revolution the all-round civil war that overthrew everything legal in

terms of the Party system and procedures. At this Plenary Session, Mao completed the centralization of his personal power and actually replaced the collective leadership of the Central Committee. This meeting marked the formal beginning of the Cultural Revolution launched and led by him.

In 1981, the *Resolution on Certain Questions in the History of Our Party since the Founding of the People's Republic of China* pointed out that:

In fact, Comrade Mao Zedong's personal leadership characterized by "Left" errors took the place of the collective leadership of the Central Committee, and the cult of Comrade Mao Zedong was frenziedly pushed to an extreme.⁷¹

Why did the Eleventh Plenary Session of the 8th Central Committee become an important symbol of Mao formally launching the Cultural Revolution? Both Mao and the Central Committee were responsible for that. However, it was not until 1981 that the Central Committee had an in-depth understanding about the nature and consequences of the problem. In 1981, when Hu Yaobang analyzed the causes of Mao's mistake in his later years on behalf of the Central Committee, he said that because Mao was beloved by the whole Party and people of all ethnic groups in the country for so long, he was too sure of himself. And this made him deviate from reality more and more seriously, separate the Party from the collective leadership, refuse or even repress others' correct opinions, and thus, make a lot of mistakes. In the end, the Cultural Revolution, a serious, overarching, and long-term mistake was made, bringing great misfortune to the whole Party and the people. He also pointed out that in a period before the Cultural Revolution and when it was initiated, the Party was not able to stop Mao's mistake, which developed gradually. What's more, the Party accepted and approved some of his erroneous assertions. Hu Yaobang believed that other members of the Central Committee of the Party (Mao's colleagues who had been working with him for a long time, and his students who followed him for a long time), were responsible for that, and the Party should learn from the mistake.⁷² That was why the new *Party Constitution* passed at the 12th National Congress of the CPC in 1982 stipulated in its tenth provision that the Party forbid all forms of a personality cult. The Party should ensure that the activities of the leaders are under the monitoring of the Party and the people, and the prestige of the leaders who represent the Party and the people is safeguarded.⁷³ The provision came about after a high political price was paid.

How did the leaders of Mao's generation go from political common

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understanding and unity to difference and separation? From the perspective of theory of decision, there were two dimensional factors that played important roles. The first dimension was the unbalance and uncertainty of the information and knowledge. The bigger the uncertainty and unbalance of the information among the leaders, the bigger their political differences. In fact, it was hard for them to predict the progress and the consequences of the Cultural Revolution, including Mao himself. He was originally hoping that the Cultural Revolution could run its course within months, or a year. However, it lasted for 10 years. In fact, once it was launched, Mao could not predict where it would go or how to control it, especially the conduct of the Red Guards that violated laws, disciplines, and human rights. The uncertainty of the information caused political differences among them. The second dimension was the level of democratic decision. If the information was unbalanced and uncertain, democratic decision would help communication, and the exchange and sharing of information. It could fix the imbalance and uncertainty of the information to a certain extent. Even if there was a political difference, a common understanding could be reached by democratic discussion, a "one man/one vote" system and decisions made by the majority. In contrast, under the circumstances of personal arbitrary action, individual despotism, the personality cult, and undemocratic decisions, political common understanding could not be reached. The political difference would develop into political division, even confrontation. Therefore, at the initial stage of the Cultural Revolution from June to August of 1966, the political differences among the leaders of the Party developed quickly into political divisions, which stemmed from the imbalance and uncertainty of information and the non-democratic decision-making mechanism or the failure of democratic decision-making mechanism. The Party went from political unity to separation, and the difference of opinions in the Party turned into open political struggles. In this political struggle, Mao became the winner. From the development of Chinese politics, he made the group of leaders of the Party separate again. The last separation was at the Lushan Conference in 1959. Therefore, the Party, which was the political loser, separated, and the whole society divided for the first time. In the end, an unprecedented Cultural Revolution resulted in unprecedented political turmoil. Mao could not predict or control (unless to suppress with armies) the big disorder as he expected after the Eleventh Session of the 8th Central Committee in terms of both content and consequences. It was just a blurred gamble. There were no rules, no information, and no one knew what the results would be.

Therefore, it might be said that scientific, democratic decision-making was

meant to solve the problem of information asymmetry and uncertainty. First of all, we should get information from all sides. Secondly, and more importantly, we should establish collective leadership featuring a democratic decision-making mechanism to share and exchange information, so as to reach a political consensus. This could prevent errors in decision-making. It could also correct the mistakes in time, and prevent small errors from turning into larger ones, and short-term ones from becoming long-term. The core of the democratization of China was the democracy within the Party. And the core for the democracy within the Party was completing democratic centralism of the CPC Central Committee. The core of completing democratic centralism was implementing the formal rules stipulated in the *Party Constitution*.

The Plenary Session fiercely denounced the headquarters of Liu Shaoqi and Deng Xiaoping, and made a big restructuring of the leading organs of the CPC Central Committee. Jiang Qing, who was not a member of the Central Committee was not only present at the session as a nonvoting delegate, but also made an authoritative explanation on *Bombard the Headquarters — My First Big-Character Poster* to the members of the Central Committee: There were two headquarters in Beijing; one represented the capitalist class and the other the proletariat. On August 8, when Lin Biao met with the Cultural Revolution Group, he said that this movement should be earthshaking and on a grand and spectacular scale. For half a year, neither the capitalist class nor the proletariat would be able to rest.⁷⁴ Lin Biao was the most important supporter of Mao in the Cultural Revolution. Thus, he became the biggest winner in the struggle between Mao and Liu Shaoqi.

According to the proposal and arrangement of Mao, the Plenary Session extemporaneously added in an agenda item on August 12 to restructure the leading organs of the Party. Zhou Enlai made an explanation for the change of personnel. Actually, it was on August 6 when Zhou Enlai went to Mao's place that they began discussing the restructuring of central leading organs. On August 6, 1966, Zhou Enlai went to Mao's place to have a meeting to discuss the name lists of the current and alternate members of the Politburo Standing Committee, members of the Politburo, alternate members of the Politburo, Secretary, and alternate secretary of the Secretariat. After the meeting, a name list was drafted to be submitted to Mao and Lin Biao. Mao changed the ranks of the members of the Standing Committee and changed the rank of Tao Zhu from the seventh to the fourth.⁷⁵ That showed that the draft list of the central leading organs to be restructured was decided by Mao and Zhou Enlai, both of whom were members of the Politburo Standing Committee, instead of by the collective leadership

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according to relevant stipulations in the *Party Constitution*, such as seven members of the Politburo Standing Committee or all members of the Politburo (members and alternate members) collectively deciding or nominating the organs. In this sense, *Bombard the Headquarters — My First Big-Character Poster* of Mao sentenced Liu Shaoqi and Deng Xiaoping to political death. Later on, the restructuring of the central leading organs was done subtly. Mao first changed the rank positions, and then he subtracted positions to marginalize his opponents. First of all, he made a big adjustment to the Politburo Standing Committee, enlarging it from seven members to eleven. The members of the Politburo Standing Committee elected by the Eleventh Plenary Session of the 8th Central Committee were Mao Zedong, Lin Biao, Zhou Enlai, Tao Zhu, Chen Boda, Deng Xiaoping, Kang Sheng, Liu Shaoqi, Zhu De, Li Fuchun, and Chen Yun. The alternate members of the Politburo were Tao Zhu, Chen Boda, Kang Sheng, Xu Xiangqian, Nie Rongzhen, and Ye Jianying. The supplemented alternate members of the Politburo were Li Xuefeng, Song Renqiong, and Xie Fuzhi. The alternate secretaries of the Central Secretariat were Xie Fuzhi and Liu Ningyi.⁷⁶ Lin Biao officially jumped from the sixth to the second in rank. The vice-chairmanship of Liu Shaoqi, Zhou Enlai, Zhu De, and Chen Yun was not mentioned any longer. They were actually relieved of their positions. Lin Biao became the only Vice-Chairman of the Central Committee and the successor of Mao. Lin Biao was 14 years younger than Mao and 9 years younger than Liu Shaoqi and Zhou Enlai. Though Liu Shaoqi and Deng Xiaoping were still members of the Politburo Standing Committee, Liu's position was lowered from the second to the eighth. Deng Xiaoping's ranking ascended from the seventh to the sixth but the position as the General Secretary of the Central Secretariat was no longer mentioned, so he was in fact expelled from the decision-making circle and was not in charge of the daily work of the Central Committee or the Secretariat of the Party Central Committee. On January 11, 1967, Liu Shaoqi and Deng Xiaoping were disqualified from attending the meeting of the Politburo Standing Committee.⁷⁷ Tao Zhu, Chen Boda, Kang Sheng, and Li Fuchun became members of the Politburo Standing Committee. Before that, Chen Boda and Kang Sheng were alternate members of the Politburo. Because they absolutely supported Mao's Cultural Revolution, and they were the contributors of Mao's theory and the practitioners of the Cultural Revolution, they ascended directly to being members of the Standing Committee of the Politburo and became core members according to the central leaders. At the 9th Congress convened in April 1969, the members of the Standing Committee of the Politburo decreased to five, leaving Mao, Lin Biao, Zhou Enlai, Chen Boda, and Kang Sheng. At this Plenary Session, Xie Fuzhi,

Minister of Public Security was by-elected as alternate member of the Politburo and the secretary of the Central Secretariat, becoming an important member of the diehards of the Cultural Revolution (the Jiang Qing clique).

One year later, an editorial published by *Red Flag* remarked that the greatest achievement of the Eleventh Plenary Session of the 8th Central Committee had been the further establishment of Mao Zedong Thought as the absolute authority, making Lin Biao (who had all along been holding high the banner of Mao Zedong Thought, and who was the most loyal, most resolute at carrying out the Proletariat revolutionary line of Mao) the Vice-Chairman of the whole Party. The session further consolidated the proletariat headquarters with Mao as the leader, and defeated the capitalist headquarters led by the capitalist roaders who were in authority (referring to Liu Shaoqi). This meeting was a significant one concerning the fate of the Party and the country as well as the international communist movement.⁷⁸

Mao ensured that the Cultural Revolution was launched and carried through successfully via political reshufflings. At the closing ceremony of the Eleventh Plenary Session of the 8th Central Committee, Mao said that the organization had changed a bit. There were adjustments to the members and alternate members of the Politburo, the secretary of the Secretariat, and the members of the Standing Committee, which ensured the implementation of the resolution of the Central Committee and the communiqué.⁷⁹

Mao achieved a great personal political victory at the Eleventh Plenary Session of the 8th Central Committee. He established the political line of the Cultural Revolution through the *Decision Concerning the Great Proletarian Cultural Revolution* and obtained the organizational resources to initiate the Cultural Revolution, making him in charge of the whole Party. However, his political triumph was at the cost of the whole Party, i.e. overall political turmoil.

An important task of the Plenary Session was to decide the successor of Mao, and this was the first reshuffling of the political power during the Cultural Revolution. After that, Mao selected his successor himself many times and did a lot of reshufflings until his death in 1976.

After the CPC took office in 1949, especially after Khrushchev came to power in the Soviet Union, Mao had been thinking about proposing to select his own successor. In 1956, Mao, at the First Plenary Session of the 8th Central Committee, said that he was the Chairman and Commander-in-Chief, that the General Secretary was the Deputy Commander-in-Chief, and that Liu Shaoqi was his first successor, followed by Deng Xiaoping.⁸⁰ Ten years later, at the Eleventh Plenary

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Session of the 8th Central Committee, he gave up his former choice and named Lin Biao as his successor. Four years later, after Lin Biao failed completely in the conflict with him, he had to pick Wang Hongwen as his new successor. When he found that Wang Hongwen, Jiang Qing, and others had formed the Gang of Four, he reused Deng Xiaoping. In 1976, he brought down Deng Xiaoping again and designated Hua Guofeng as his successor.

Such a practice in selecting the successor was quite like that of Stalin in choosing Georgi Malenkov as his successor. Such a practice, against the stipulation of the *Party Constitution* that the highest leader of the Party should be elected by the National Party Congress and the plenary session of the Central Committee, was non-institutional, arbitrary, and individualized, always producing the political crisis of the so-called fallacy of the successor owing to the instability and uncertainties of the practice.

At the closing ceremony of this Plenary Session on August 12, Mao proposed to hold the 9th National Congress of the Party at an appropriate time in 1967 and proposed that the Politburo prepare for it.⁸¹ By that time, the tenure of the 8th Central Committee had been 10 years, much longer than the five-year tenure limit stipulated by the *Party Constitution*. And Mao made no explanation for it. Even he himself did not expect that the 9th National Congress of the Party would not be convened until April 1969.

Mao especially mentioned that the things decided by the Eleventh Plenary Session of the 8th Central Committee had to wait and that the future would decide whether they were right or wrong. He also warned that the Party should not think that the Party Committee and all comrades would put written-down things into practice. There would always be somebody who would not want to carry it out.⁸² Obviously, in the Central Committee and the Party organizations at all levels, a lot of people did not understand and were not willing to carry out Mao's decision to launch the Cultural Revolution. Mao knew it perfectly well that there were people who opposed the Cultural Revolution from the very beginning. He prevailed over all dissenting views and proceeded without hesitation. Practice later proved that the decision of the Plenary Session was a historical error. The convocation of the plenary session was the symbol of the all-round launching of the Cultural Revolution.⁸³ It symbolized the formal starting point of an unprecedented political turmoil.

After the Eleventh Plenary Session of the 8th Central Committee, Mao decided to hold an enlarged meeting of the Politburo to be chaired by Lin Biao on August 13. The meeting would have continued to condemn Liu Shaoqi, but Lin Biao, Jiang Qing, and some other people thought that Liu Shaoqi had actually been brought

down already while Deng Xiaoping was the current main threat and the biggest obstacle. Then, the meeting agenda changed to condemning Deng Xiaoping. Lin Biao said Deng Xiaoping's problem was the contradiction between themselves and the enemy. After the meeting, Deng Xiaoping was forced to stop working.⁸⁴ Obviously, it was not in conformity with the relevant provisions of the *Party Constitution* for the Politburo enlarged meeting to condemn Deng Xiaoping, a member of the Politburo Standing Committee, and stop his work.

Lin Biao said at the meeting that we should create a disturbance that would last several months uninterruptedly with great energy to bring down all evil spirits including the representatives of the bourgeoisie and bourgeois academic authorities, during which some people were removed from their posts, some were promoted, and some were protected.⁸⁵ This reflected that from the beginning of the Cultural Revolution, the political objective of Mao and Lin Biao was to create political turmoil, disturbing the Party, the army, and the country. Bringing down Liu Shaoqi and Deng Xiaoping was just the direct political purpose of the Cultural Revolution, and it was only the starting point of this political strife.

From the Initiation of the Red Guards Movement to the October Central Working Conference

"From higher level to lower level" and "From Party members to non-Party members" were Mao's basic approaches to launching various political struggles. After a political consensus was formed among higher levels of the Party at the Eleventh Plenary Session of the 8th Central Committee, Mao needed to directly disseminate the strong political information and give mobilization orders to the whole country, without the involvement of Party organizations at various levels, to reach a social consensus. At the million-person rally in Beijing on August 18, 1966, Mao, in military uniform, received Red Guards for the first time and announced the major changes of high-ranking leaders to the public, shocking the whole country and perhaps even the whole world.

Lin Biao strongly criticized the "four olds." On August 18, 1966, he delivered a speech at Tiananmen Gate:

We firmly support your spirit of the proletarian revolution that dares to break through, work hard, revolt, and rebel.... We have to strike down capitalist-roaders in power and the authority of bourgeois reactionaries. We should strike down all the bourgeoisie royalists, oppose all kinds of

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acts of suppressing the revolution, and fight against evil people of all kinds.... We have to break all the bourgeois old minds, cultures, customs, and habits, and eliminate all pests and stumbling blocks.⁸⁶

Red Guards in Beijing first went on the streets to abolish the “four olds” — old ideologies, culture, customs, and habits — and establish the “four news.” Central mainstream media continuously broadcast the news that the Red Guards in Beijing abolished the four olds and spoke highly of the activity. According to a *Red Flag* commentary on August 21, 1966, millions of Red Guards went onto the streets from schools, forming an irresistible revolutionary torrent. They washed away all the sludge and filth left by the old society that existed for thousands of years. They were new and served as pioneers of the revolution. They called on people to encourage and welcome new things with great inspiration and applause. On August 23, all the nationwide newspapers published the Xinhua News Agency articles “The Proletariat Cultural Revolution Swept through Beijing’s Streets and Lanes,” and “Red Guards Attacked the Customs and Habits of the Capitalists Severely” on the front page. *People’s Daily* simultaneously published two editorials entitled “Well Done” and “Workers-Peasants-Soldiers Should Strongly Support the Revolutionary Students.” On August 29, *People’s Daily* said in an editorial entitled “Salute to Our Red Guards” that the Red Guards were vanguards in the Cultural Revolution.

It has not been a long time since the Red Guards joined the movement, but they really shook the whole country and the old world. They swept away all obstacles. All the old customs and habits of exploiting classes were swept out like rubbish. All the old parasites hidden in corners could not escape the keen eyes of the Red Guards.⁸⁷

Mao received Red Guards across the country eight times, accounting for 13 million people. Mao bypassed the Party and government bodies, made use of the publicity tools directly controlled by him, and rapidly completed the preparation, initiation, and formation of climax. Roderick MacFarquhar believed that:

The Cultural Revolution exposed the...newfound ability to inculcate a national ideology directly from the center...throughout the land by radio, television, and the circulation of millions of “little red books.”

...In the name of Mao and his thought, numberless atrocities could be committed and the country could be brought to the brink of anarchy.⁸⁸

With the public incitement of Lin Biao and the Central Cultural Revolution Group, Red Guards across the country damaged the four olds, raiding schools, cultural organizations, government bodies, and even the whole country. Objects representing China's cultural heritage of thousands of years suffered from unprecedented destruction. The national transportation system saw serious congestion. Piles of goods and materials waited to be shipped. Posts and telecommunications were impeded or interrupted. Factories shut down or reduced production, and production was in chaos. Most organs of the Party and government were attacked and severely interfered with and were therefore unable to operate normally. In no time, China plunged into a great disorder from great order. As Deng Xiaoping pointed out in 1979:

In 1966, the Chinese economy, having gone through a few years of readjustment, was in a position to develop rapidly. But Lin Biao and the Gang of Four did grave damage.⁸⁹

How did the Red Guards impact social order?

Mao Zedong and Lin Biao received Red Guards for the first time on August 18, 1966. That night, Red Guards prepared to burst into the Palace Museum in the aim of getting rid of the "four olds." Under such urgent circumstances, Zhou Enlai made an instruction to shut down the Palace immediately.

On August 24, The Red Guards of Beijing Middle School delivered an ultimatum to the central organs of the democratic parties, asking them to dismiss all their organizations within 24 hours and announce it in the newspaper. Otherwise, the Red Guards would help them dismiss the parties. Lao She, a people's artist, cast himself into Taiping Lake after being humiliated and abused excessively. Li Da, member of the NPC Standing Committee and President of Wuhan University, was persecuted to death.

On August 26, the general station of the Red Guards of colleges and secondary schools in Beijing was set up. In Qingdao, college students raided the municipal Party committee and struck cadres.

On August 27, the Red Guards Headquarters (First Division) of tertiary institutions in the capital was established.

On August 29, a middle school's Red Guard group in Beijing held a large-scale demonstration and a naming meeting with 200,000 people which planned to change the name of Yangwei Street into Fanxiu (anti-revisionism) Street in front of the Soviet Embassy in China. Premier Zhou Enlai made an instruction that people

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should not break into the embassy. On August 29 and 30, there were 400,000 people participating in the demonstrations.

In late August, Red Guards took the Panchen Lama into custody at Minzu University of China. By the end of August, Red Guards raided Lingyin Temple in Hang Zhou, which was a key historical site under state protection. Zhou Enlai instructed the temple authority to temporarily close it.

On September 2, Red Guards in Lanzhou, Xining, and other places raided a top-secret factory affiliated to the Second Machinery Ministry for alignment.

On September 5, the Central Committee and the State Council issued the *Circular on Organizing the Revolutionary College Students, Representatives of the Revolutionary Middle School Students, and Representatives of the Revolutionary Staff in the Provinces to Come to Beijing for Observing the Cultural Revolution*. Students from other places surged to Beijing. On the same day, the Red Guards Headquarters of tertiary institutions in the capital (Second Division) was set up.

On September 6, the Red Guards Revolution and Rebellion Headquarters of tertiary institutions in the capital (Third Division) was set up.

On September 7, over 340,000 students from various places outside Beijing made alignment in Beijing.

On September 24, Red Guards in Beijing who went for alignment in Shanghai prepared to force nearly 200 bourgeois capitalists to parade through the streets as a warning to other people but this was stopped by Zhou Enlai.

On September 26, Red Guards from 34 secondary schools in Beijing and from other provinces prepared to hold a meeting to change the name of Beijing into Dongfanghong City (Red City of the East) on September 27, which was stopped by Zhou Enlai.

On September 27, the Red Guards of the Criminal Reforming Bureau in the Hejiang region of Heilongjiang Province made alignments, holding a meeting of "bombarding the headquarters."

Within 40 days from late August to late September, the results of battle announced by the Red Guards in Beijing were that 33,695 households were searched and their property confiscated, with 1,772 people struck to death.

Before the Central working Conference in October, the country was even more chaotic. A large number of the leadership of industrial and transportation enterprises got paralyzed or semi-paralyzed which caused impotence of production command and stagnation of the economy.

On October 7, a Red Guard telephone operator in Heilongjiang taped the long-distance call from the Provincial Committee and the Provincial Public Security

Department to the Central Committee. On the same day, Xinjiang students went to the Ministry of State Farms to create a disturbance.

On October 18, the Red Guards of Harbin Institute of Technology posted the big-character poster *Knocking Down Liu Shaoqi* at the reviewing stand in front of Tiananmen Square. On the afternoon of the same day, a big-character poster *Bring down Liu Shaoqi the Revisionist* appeared in Tsinghua University.

On October 21, the Geological Institute of Beijing and the Beijing Aviation Institute prepared to hold a meeting of half a million to one million people, with the theme "Swear to Defend Chairman Mao," but this plan was stopped by Zhou Enlai.

On October 26, Zhou Enlai proposed to limit the number of students who went outside Beijing to participate in alignment to about 1,500,000. Chairman Mao did not agree, saying we should make it two million or three million.⁹⁰

On October 28, students of Zhengzhou University broke into Zhongnanhai.

On October 30, two factions had a conflict in the Great Hall of the People; Zhou Enlai went to stop them.

In late October, Red Guards rushed into the office of the Deputy Director of the National Economic Council.

In early November, Tan Qilong, Secretary of the CPC Shandong Provincial Committee, was taken to Beijing by local Red Guards, who prepared to hold a rally with 100,000 people to denounce him at Tiananmen Square, which was stopped by Zhou Enlai.

On November 9, the Revolutionary Rebel Headquarters of Shanghai Workers headed by Wang Hongwen was set up. By the early morning on November 10, they had been on the railway to intercept freight trains in Anting Station on the outskirts of Shanghai for as long as 31 hours.

On November 14, rebels in Anhui province continuously criticized Li Baohua and Li Renzhi, who were leaders of the provincial committee.

On November 28, workers from Chengdu, Sichuan, came to Beijing to present a petition.

On December 3, Zhou Enlai received 12 representatives of mass organizations in Beijing Foreign Languages College.

On December 4, Peng Zhen, Liu Ren, Wan Li, Lin Mohan, Xia Yan, Tian Han, Xu Liqun were taken away by Red Guards.

On December 6, Lin Biao proposed to let the revolution sweep the country at a Politburo enlarged meeting. The revolution would "sweep every field and infiltrate every field." Lin Biao, Kang Sheng, Chen Boda, Jiang Qing, Zhang Chunqiao, and Wang Li criticized Zhou Enlai, Tao Zhu, Li Fuchun, Yu Qiuli, and Gu Mu for

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their *Report Outline* about unfolding the Cultural Revolution in industrial and mining establishments. After the meeting, the CPC Central Committee issued two documents drafted by Chen Boda and others about launching the Cultural Revolution in industry, mining, and the countryside. This reflected the decision that the Cultural Revolution should be carried out in the fields of industry, transportation, finance and trade, agriculture, and scientific research.

In late December, students in Beijing Aviation Institute went to Chengdu to send Peng Dehuai under escort to Beijing following orders from Zhou Enlai.

On December 25, over 5,000 people from Tsinghua University, including Kuai Dafu, had an oath-taking rally in Tiananmen Square, with the theme “completely bringing down the bourgeois reactionary line represented by Liu Shaoqi and Deng Xiaoping.”

On December 27, over 100,000 rebels from colleges and universities in Beijing had a meeting in the Workers Stadium, with the theme of “completely bringing down the bourgeois reactionary line represented by Liu Shaoqi and Deng Xiaoping.”

On December 30, rebels from the State Economic Commission went to Guangzhou to seize and criticize Bo Yibo; Zhou Enlai ordered for him to be protected. On December 31, students in military academies criticized Chen Yi and Ye Jianying; Zhou Enlai opposed the students’ conduct.

On January 1, 1967, students from Beijing University of Iron and Steel Technology went on a hunger strike to call for removing Lü Dong from the position of Minister of the Metallurgical Industry.

On January 3, rebels of the General Office of the CPC Central Committee denounced Liu Shaoqi and Wang Guangmei for the first time.

On January 6, the Red Guards of Jinggangshan Mountain Group in Tsinghua University lied to Wang Guangmei that Liu Shaoqi’s daughter was injured in a car accident. Wang came out of Zhongnanhai, and the Red Guards took her to Tsinghua University to denounce her. Afterwards she was released through the intervention of Zhou Enlai.

On the same day, rebels in colleges and schools in Beijing from the army and Red Guards of Tsinghua University and other universities set up the Liaison Committee to Completely Bring Down the He Long Clique that Attempted to Oppose the Party and Usurp the Army.

From January 7 to 8, approximately 5,000 students besieged Zhongnanhai, requiring the criticism of Liu Shaoqi, Deng Xiaoping, Tao Zhu, and other central leaders such as Tan Zhenlin, Chen Yi, Li Fuchun, Li Xiannian, and others.

For the first 20 days of January, rebels searched the house and confiscated the possessions of Chen Yun, member of the Politburo Standing Committee.

On January 9, Red Guards broke into the home of Marshal He Long, member of the Politburo, requiring the seizure and criticism of He Long.

On January 10, over 10,000 people of Daqing Oilfield left Daqing for Beijing.

On January 12, the Zhongnanhai rebels, incited by Jiang Qing, rushed into the homes of Liu Shaoqi, Deng Xiaoping, and Tao Zhu, criticizing and attacking them.

On January 16, at the work conference of the Central Committee, Mao Zedong praised the leftist masses for their seizing of power. He said it was good that they had assumed control.

In January 1967, leaders of the Party, the government, and the army who died for unnatural causes were: Yan Hongyan, First Secretary of the CPC Yunnan Provincial Party Committee and the First Political Commissar of the Kunming Military Region (January 8); Tao Yong, Navy commander of the East China Sea Fleet (January 21); Zhang Linzhi, Minister of the Coal Industry and Secretary of the Party Committee (January 22); Wei Heng, First Secretary of the Shanxi Provincial Committee and Governor of the Shanxi province (January 29), and others.⁹¹

Facing the Red Guards Movement, two opposing views and practices existed within the CPC Central Committee. The first one was to mobilize the masses for implementing the democratic dictatorship of the proletariat and then encouraging nationwide disorder, which was supported by Mao, Lin Biao, and the Central Cultural Revolution Group.

The other was to maintain social order, stop overly drastic actions by the Red Guards, and preserve the normal production order and prohibit attacking vital organs and the army, supported by Zhou Enlai, Tao Zhu, and other leaders of the State Council and the Central Military Commission. Zhou Enlai, Tao Zhu, and Li Fuchun, members of the Politburo Standing Committee, in the face of sudden social unrest, had taken a series of measures to stop it. Speaking vividly, the former was to set off the spark and then continue fanning the fire while the later was to prevent the fire and put it out. But the fire of the Cultural Revolution grew more and more ferocious, causing more and more serious consequences. In November 1979, when Deng Xiaoping recalled this period of history, he said that actually Lin Biao and the Gang of Four were carrying out anarchism. Under such circumstances, we could not develop the economy.⁹² Harry Harding believed that Mao's second revolution (the Cultural Revolution) was far less successful than his first one (the New-Democratic revolution).

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Mao's second revolution...had no clear guiding vision, and produced no unified organization to implement a new set of programs and policies. It toppled the old regime, but left only chaos and disorder in its place.⁹³

How did Zhou Enlai and others try to maintain social order?

On August 23, 1966, Zhou Enlai and others drafted 10 articles supporting the Cultural Revolution within the State Council. Mao did not approve of them.

We should not have even one, let alone 10, because we already had the 16 Articles.

On August 29, Red Guards broke into Zhang Shizhao's house to search and confiscate his possessions. Zhang Shizhao wrote a letter to Mao about this. On August 30, Mao commented that Zhang Shizhao should be protected. Zhou Enlai listed out people that should be protected, among which was Song Qingling. On August 31, according to Zhou Enlai's instruction, Tao Zhu drafted the *Circular Concerning Two Concrete Problems in the Cultural Revolution*, which pointed out that vital and confidential government departments and bodies of the Party should be protected. Mao commented on the *Circular* but did not publish it.

On September 1, Mao Zedong and Lin Biao received Red Guards for the second time. At the meeting, Lin Biao expressed firm support for the Red Guards to oppose activities that suppressed themselves.

On September 3, Zhou Enlai chaired the Politburo Standing Committee's enlarged meeting, discussing the *Draft Opinions on the Red Guards*. Although Tao Zhu and Chen Yi approved of it, Kang Sheng and Yao Wenyuan opposed it and it was not passed.

On September 7, Mao commented that workers and farmers should not intervene in the student movement.

On September 9, Zhou Enlai had a call with the student representatives of Xi'an Industrial College about a hunger strike, persuading them to stop the hunger strike and encouraging them to go to see doctors immediately.

On September 15, Mao and Lin Biao received Red Guards for the third time. Lin Biao said that the direction of the struggle was always right and that Mao and the Central Committee would firmly support them. Those in power who took the capitalist road, the authority of reactionary bourgeoisie – the so-called “vampires and parasites” – was in a sorry plight because of what they did.

On September 22, due to the fact that many cadres of the Party and government were held in a tight grip, Zhou Enlai said that 36 ministers and vice-ministers were temporarily relieved of their posts for self-examination.⁹⁴

On September 24 and 26, Zhou Enlai and Tao Zhu jointly wrote a letter to Mao and Lin Biao, reporting the facts that Red Guards violated policies continuously in some areas.

In September, Jiang Qing criticized Zhou Enlai for trying to mediate, and for pursuing eclecticism. According to Jiang Qing's advice, *Red Flag* Issue 13, published on October 1, had an editorial entitled "Marching on the Road of Mao Zedong Thought, criticizing eclecticism."

On October 5, according to Lin Biao's proposal, the Central Military Commission and the General Political Department issued the *Emergency Instructions on the Proletariat Cultural Revolution at Military Academies*, asking military academies to carry out the Cultural Revolution like the local schools did. All the stipulations about Party committees leading movements were repealed. On the same day, the Central Committee transmitted that document, thinking that all colleges and middle schools in counties and above should resolutely implement it.

In early October, the CPC Central Committee decided to allow students to make alignment for another month.

On October 9, Zhou Enlai met eight representatives of mass organizations from Tsinghua University, in order to stop Red Guards from denouncing Wang Guangmei, the wife of Liu Shaoqi.

In late October, Zhou Enlai pointed out that several key departments should not be accessible to Red Guards, including the Ministry of National Defense, National Defense Science and Technology Commission, Ministry of Public Security, and others.

On October 31, the CPC Central Committee and the State Council issued the *Urgent Directive Concerning Conducting the Proletarian Cultural Revolution in Military Schools*, reviewed by Zhou Enlai, pointing out that the current railway transportation system was in chaos, and students heading for Beijing for alignment should be organized orderly, and their numbers should be controlled properly, and that intercepting and stopping the operation of trains should be prohibited.

On November 2, the CPC Central Committee and the State Council issued the *Urgent Directive Demanding Revolutionary Teachers, Students, and Red Guards Leave Beijing Orderly*.

On November 4, Zhou Enlai drafted documents on behalf of the Central Committee, pointing out that all departments of dictatorship instruments,

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confidential, sensitive departments, the press, and the broadcasting sector, as well as the Central leading departments of the Central Bureau should not join alignment of the masses.

On November 15, the CPC Central Committee and the State Council issued the *Circular Concerning Revolutionary Teachers and Students Establishing Ties*. It was decided that from November 21, 1966 to Spring 1967, revolutionary teachers and students throughout the country and the Red Guards should temporarily stop going to Beijing or other places to make alignment by taking trains, ships, or buses.

On November 17, Zhou Enlai agreed that the Beijing Military Region would draw 100,000 to 110,000 cadres above squad level and veterans to give military training to about three million Red Guards.

Following Zhou Enlai's instructions, Gu Mu drafted the *Several Provisions on Carrying out the Cultural Revolution in Industrial and Transport Sectors*, which pointed out that production should not stop for the revolution, and factories should not make alignment at factories. That document was rebuked by Chen Boda and the Central Cultural Revolution Group. Mao said that industrial and mining enterprises should carry out the Cultural Revolution by stages and in groups.

On November 20, Zhou Enlai ordered the forwarding of an important announcement issued by the Beijing Municipal Committee which pointed out that factories, mines, schools, organs of government, and other organizations were not allowed to set up houses of detention or courts, nor were they allowed to arrest and torture people secretly. This all went against the law of the country and the discipline of the Party.

In November, Zhejiang, Fujian, Yunnan, Jilin, and Hebei provinces, and the Xinjiang Autonomous Region, saw public security organs, one after another, attacked by local students and civilians, with some police officers wounded. On November 24, Zhou Enlai sent telegrams to the party committees of the Central Bureau, the provinces, municipalities, and autonomous regions, pointing out that public security organs should be capable of performing tasks at any time, and that the masses that entered public security organs should leave immediately.

On November 26, Zhou Enlai instructed the Central Military Commission to retake the stock of weapons of the Dongfanghong Commune and the August 1 Red Flag Brigade of the Chengdu Geology Institute.

On December 1, Zhou Enlai reviewed the *Supplementary Circular Concerning University and High School Revolutionary Teachers and Students Joining Hands for the Revolution* issued by the CPC Central Committee and the State Council, pointing out that teachers and students engaged in alignment in Beijing or other

provinces should return to their habitual residences by December 20.

On December 2, Zhou Enlai wrote a letter to Mao to suggest that they should think twice before publishing the article from Xinhua News Agency entitled “Proletariat Cultural Revolution of the Literary and Art Sector Held in the Capital,” which named names and criticized 15 former leaders of the Beijing Municipal Party Committee and cultural departments, including Peng Zhen and Lu Dingyi. It was passed by the Cultural Revolution Group and approved by Lin Biao. Mao deleted the names after reading the letter.

On December 6, some people from Shanghai reported that a large-scale fight had occurred in Shanghai and caused several deaths. Zhou Enlai had a talk with students from Shanghai.

On December 14, Zhou Enlai talked twice to representatives of the Chengdu Workers Rebel Group, pointing out that all the people should be taken into consideration instead of just individuals.

On January 11, 1967, Zhu De, Ye Jianying, and Xu Xiangqian all stressed the maintenance of military stability in the Politburo meeting moderated by Mao. At the same time, the CPC Central Committee and Central Military Commission of the State Council issued the *Notification on Protecting Banks*, asking for military control for key departments, and that all banks were to be protected by the People’s Liberation Army and the Public Security Department.

On January 13, Zhou Enlai attended the Politburo meeting, passing the *Regulations on Strengthening Public Security during the Great Proletarian Cultural Revolution*, popularly known as the *Six Regulations of Public Security*.

On January 14, with the support of Zhou Enlai, the CPC Central Committee issued the *Circular on Not to Direct a Struggle Against the Army*, stressing that no one or any organization was allowed to damage the People’s Liberation Army.

On January 21, Mao told Lin Biao that the army should be sent to support the Leftist masses. The so-called non-intervention was false; in fact, the army had long been involved.

On January 23, the CPC Central Committee, the State Council, the Central Military Commission, and the Central Cultural Revolution Group jointly issued the *Decision to Provide the Revolutionary Masses of the Left with the Firm Support of the People’s Liberation Army*.

On January 24, Zhou Enlai met with representatives of the military academies who came to Beijing or who were based in Beijing, pointing out that the military academies should not be broken into. However, big-character posters could be sent to them.

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On January 25, Zhou Enlai received rebels from the financial and trading sectors, reiterating that “You could only take power of the Cultural Revolution itself, while for business you mainly supervise it.” Xu Xiangqian wrote to Lin Biao recommending stabilizing the army. Lin Biao, Xu Xiangqian, Chen Boda, Nie Rongzhen, Ye Jianying, and Yang Chengwu drafted orders of the Central Military Commission (seven orders) and submitted them to Mao Zedong.

On January 26, Zhou Enlai received representatives of the Xinjiang rebels. On the same day, he criticized the Tianjin rebels for their abduction of leaders of the Municipal Committee. The State Council and Central Military Commission issued the *Directive for the Civil Aviation Sector to be Taken Over by the Army*.

On January 28, Zhou Enlai moderated a working meeting of the Politburo Standing Committee and the Central Cultural Revolution Group, discussing the draft of the *Eight-Article Order* from the Central Military Commission. The main content of the order was:

- Real proletarian revolutionaries should receive firm support;
- Instructors and staff members must stick to their posts and cannot leave their posts without permission;
- Two types of contradictions should be distinguished from each other,
- No one could arrest people or search people’s houses and confiscate their property without permission;
- No one could attack military leading organs or join series connections;
- Organs above the army level should carry out the Cultural Revolution in steps;
- Cadres, especially high-ranking cadres, should strictly discipline their children.⁹⁵

On January 30, Zhou Enlai asked people who rushed into the Zhejiang Revolution and Rebel Headquarters in the Zhejiang Military Region to leave the military compound.

In January 1967, according to statistics, following the Red Guard Campaign, Zhou Enlai received Red Guards and mass organization representatives from Beijing and other areas more than 160 times.⁹⁶

In late August, permitted by Mao, Zhou Enlai chaired the Politburo Standing Committee’s enlarged meeting, with all members of the Central Cultural Revolution Group present.⁹⁷ Zhou Enlai chaired the working session of the Central Committee on September 6, with Politburo Standing Committee members Tao Zhu, Kang Sheng, and Li Fuchun, Politburo alternate member Xie Fuzhi, Politburo

members Ye Jianying and Chen Yi, and Wang Dongxing and Zhou Rongxin present.⁹⁸ The Central Cultural Revolution Group changed from being under the leadership of the Politburo Standing Committee to being part of the Politburo Standing Committee's enlarged meeting. Liu Shaoqi, Zhu De, Deng Xiaoping, and Chen Yun, the four members of the Politburo Standing Committee, were excluded from the Central Committee's working session, and they were marginalized gradually. Since then, the Central Committee's working session had gradually replaced the functions of the Politburo Standing Committee, indicating that the Central Cultural Revolution Group began to formally participate in the decision-making of the CPC Central Committee. The Central Cultural Revolution Group had always been Mao's loyal political agent, participating in decision-making as well as the implementation of decisions. But, in fact, the Central Committee's working session in itself was a non-institutional arrangement, deviating from the relevant provisions of the *Party Constitution*.

On August 30, the CPC Central Committee issued a notice that Jiang Qing, First deputy head of the Central Cultural Revolution Group, would take the place of Chen Boda, head of the Group, if he was on sick leave or out of Beijing for work. Obviously, the Eleventh Plenary Session of the 8th Central Committee did not give Jiang Qing a leading role within the Party. This notice was just a supplementary procedure that changed Jiang Qing from not being a member of the CPC Central Committee into the political core of the Central Cultural Revolution Group. After that, she was perfectly justified to be the figurative leader of the Cultural Revolution. On April 12, 1967, Jiang Qing said at the Enlarged meeting of the Central Military Commission that she had been Mao's secretary for many years. Since 1966, she had been the Politburo Standing Committee's member and secretary. The Central Cultural Revolution Group was just a secretary team for the Politburo Standing Committee, whose task was to give Mao, Lin Biao, Zhou Enlai, and the Standing Committee of the Central Committee suggestions for reference. She also said that Chen Boda called himself just an ordinary civilian, and herself even less. In fact, during the 10 years of the Cultural Revolution, Jiang Qing had become a special figure of the Communist Party of China, taking advantage of the fact that she was Mao's wife. These were the deliberate arrangements of Mao. Without Jiang Qing, there would be no successful initiation of the Cultural Revolution. Based on these facts and the lessons of history, the 12th National Congress in 1982 passed the Constitution in which Article 16 expressly stipulated that no leader was allowed to take arbitrary personal action or to be greater than the organization.⁹⁹

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On September 10, Liu Shaoqi sent the draft of his self-criticism to Mao. First he made self-criticism on his direction and line mistake since June 1, for which he took the major responsibility. He also criticized himself on principle and line mistakes that he had made, including the mistake at the West Building Meeting in February 1962, supporting Deng Zihui in implementing the contracted field in 1962, and the mistake made at the Central Work Meeting in late 1964.

Liu also pointed out four reasons for those mistakes: The first was a lack of understanding of the Cultural Revolution leading to the worries of chaos, “Great Democracy” (*da minzhu*), the masses revolting against the Party, and counterrevolutionaries taking office. The second mistake was mistakenly estimating the situation of the Cultural Revolution. The third was that his own bourgeois world view had not been corrected fundamentally. The fourth was that he did not learn and master Mao Zedong Thought well, which was the most fundamental mistake. In the draft, Liu Shaoqi went against his own will to say that Lin Biao and many others in the Party were wiser than himself.

On September 14, Mao wrote a letter to Liu Shaoqi, saying that the draft self-criticism outline was quite good and serious, especially the second half (the cause analysis). He also suggested printing and distributing the draft to members of the Politburo, the Secretariat, the Working Group, the Beijing Municipal Party Committee, and the Central Cultural Revolution Group, so that they could have a discussion.

On September 16, Kang Sheng wrote a letter to Mao to frame Liu Shaoqi, saying:

I suspected Liu Shaoqi’s decision to let An Ziwen, Bo Yibo, and others give up themselves to be released from prison.... Some people had attempted to or had already betrayed the Party to protect themselves.

Liu Shaoqi’s decision made these people’s anti-party actions legal.¹⁰⁰

The Central Working Meeting, from October 9 to October 28, was to mainly criticize the bourgeois reactionary line. At this time, Mao criticized Liu Shaoqi not only for the current false line but also for the mistakes some time earlier, the difference was that Liu did not ask him about a lot of things. For example, the Land Reform Meeting (1947), the Tianjin Speech (1949), the Shanxi cooperatives, his lavish praise of Wang Guangmei, and his participation in the meeting in Beijing (1965). Mao also said that Deng Xiaoping was like a deaf person, always sitting far away from him at meetings. He said Deng had never reported to him for six years. Chen Boda made a speech attacking Liu Shaoqi and Deng Xiaoping. He

believed that the false line of Liu Shaoqi and Deng Xiaoping had a certain basis in society, which was the capitalist class. The wrong line was bought by people in the Party because a small number of capitalist roaders who were in power existed in the Party, and there were people whose worldviews were not remolded or which had not been properly remolded. Xie Fuzhi, Politburo alternate member, Vice-Premier of the State Council, and Minister of Public Security, and who used to be a subordinate of Deng Xiaoping, took the lead in exposing Deng Xiaoping. He said that Deng Xiaoping in people's minds was a person who was always correct for three decades and was influential in the Party. Because of this, there was strong resistance for criticizing the bourgeois reactionary line.¹⁰¹

Liu Shaoqi and Deng Xiaoping were forced to make self-criticism at the meeting. At the same time, they hoped the political struggle of the Cultural Revolution would be limited to them and would not be enlarged.¹⁰² During the Central Working Conference, Liu Shaoqi and Deng Xiaoping were forced to make written self-criticism in accordance with the requirements of Mao's *Bombarding the Headquarters*. Even though they had to admit that the working group made a mistake on direction and lines, they insisted that the vast majority of comrades of the working group were good, and should not take major responsibility for the mistake. Liu Shaoqi and Deng Xiaoping believed that they two should take the major responsibility. They said that of all the leading comrades in the Party, only they two represented the bourgeois reactionary line in the Cultural Revolution. They would take all the responsibilities for their line mistakes. Mao explained that the reason for the Cultural Revolution was that he trusted people too much to practice a front line and second line model with Liu Shaoqi and Deng Xiaoping taking charge of the daily work of the Central Committee and he himself was no longer taking charge of it, resulting in the emergence of quite a few independent kingdoms, referring to Liu Shaoqi, Deng Xiaoping, Peng Zhen, and Lu Dingyi, that got in the way of carrying out his opinions in Beijing.

At the very beginning of the Cultural Revolution, people in the Party had different views about the movement, constantly questioning its correctness and legality. For that, Mao convened a Central Working Conference to achieve consensus in the Central Committee. He said the fire of the Cultural Revolution was set by himself. It was very sudden and ferocious.¹⁰³

Lin Biao spoke highly of the Cultural Revolution at the Central Working Conference. He said that the movement set an unprecedented example in fighting against revisionism for the world. He also put forward the theory of the natural reasonableness of the mass movement. Chen Boda said that the Red Guards

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campaign had shocked the whole country and the whole world. The Red Guards campaign had achieved a lot of brilliant results. Compared to the Paris Commune, the October Revolution, and several mass revolutions in Chinese history, the Red Guards campaign was more profound and more of a groundswell of opinion. It marked a higher stage of the international movement of proletarian revolution.¹⁰⁴

On October 13, Zhou Enlai admitted at the Fifth Meeting of the Central Working Conference that:

We have no mental preparation or experience of this Cultural Revolution, but Chairman Mao has a clear vision for the movement's prospects. It does not matter if we cannot foresee the result. We just follow Chairman Mao closely and try not to fall behind.¹⁰⁵

During the Central Working Conference in October, the Red Guards knew of the criticism of Liu Shaoqi within the Party. On October 18, Red Guards from outside Beijing posted the big slogan of "Bring Down Liu Shaoqi!" on the reviewing stand in front of Tiananmen Square. On the afternoon of the same day, the big-character poster *Bring Down Liu Shaoqi the Revisionist!* appeared at Tsinghua University. Even Mao himself was shocked, believing it was excessive. He said on October 25 that "it was not good to put up the big-character poster of Liu Shaoqi and Deng Xiaoping onto the street and we should allow mistakes".¹⁰⁶ By then, the whole country and the whole world knew that the purpose of the Cultural Revolution was to bring down Liu Shaoqi and Deng Xiaoping.

On October 25, Lin Biao criticized the line of Liu Shaoqi and Deng Xiaoping formally at the CPC Central Working Conference. He said that Liu Shaoqi and Deng Xiaoping initiated another line that was opposite to Chairman Mao's. The line was initiated mainly by Liu Shaoqi and Deng Xiaoping.¹⁰⁷ That meant that the two, who were still members of the Politburo Standing Committee, were sentenced to death politically. In 1987, Deng Xiaoping, when looking back to this part of history, deeply believed that the Cultural Revolution was a great disaster. On April 30, 1987, Deng Xiaoping said:

The Cultural Revolution started in 1966 and lasted 10 years. It was a catastrophe that persecuted a lot of veteran cadres including myself. I was labeled the "No. 2 Capitalist Roader," after Liu Shaoqi. Liu Shaoqi was called the Commander-in-Chief and I the Deputy Commander-in-Chief.¹⁰⁸

The Central Working Conference in October was considered an important

turning point of the development and upgrading of the Cultural Revolution, as well as its third initiation. The first initiation was the Politburo's enlarged meeting in May and the second was the Eleventh Plenary Session of the 8th Central Committee in August.¹⁰⁹ Since then, political chaos of the Cultural Revolution was taking place on a large scale. The destruction was not limited to culture, education, leading organs of the Party, and the government but all walks of life relevant to the national economy and the people's livelihoods. Soon it changed from being a political struggle in the Party to a nationwide political revolution, and it caused more severe loss and damage as a result.

Because the meeting successfully dealt with the problem of Liu Shaoqi and Deng Xiaoping, Mao put forward a suggestion of ending the Cultural Revolution early. He admitted that the fire of the Cultural Revolution had been set by himself. It had been burning quickly, but only for several months.¹¹⁰ He said the Cultural Revolution might last 10 months or a little longer.¹¹¹ According to this idea, it could end before the Chinese New Year or late March 1967. However, the Cultural Revolution entered a new peak instead of ending. Even Mao himself did not expect that it would last 10 years.

The initiation and development of the Cultural Revolution had its own logic. The deeper the class struggle, the more class enemies, and the more the need for more class struggle. When the old class enemies were gone, new ones appeared. Such was the cycle and it would never end. That was Mao's logic of class struggle theory as well as the logic of his initiating and leading the Cultural Revolution.

Since late October 1966, although Liu Shaoqi and Deng Xiaoping had kept the positions of Politburo Standing Committee members, they had actually stopped working as political leaders. Article 39 of the *1954 Party Constitution* stipulated that the term of office of the Chairman was four years. Article 45 stipulated that the Chairman and the Vice-Chairman should exercise their functions and powers until the new Chairman and Vice-Chairman are elected by the succeeding NPC People's Congress taking office. Article 46 stipulated that should the Chairman be incapacitated for a prolonged period by reason of health, the functions and powers of the Chairman shall be exercised by the Vice-Chairman.¹¹² In December 1966, the Central Committee decided to set up a special investigation group for the case of Wang Guangmei, headed by Xie Fuzhi. This was obviously directly targeting Liu Shaoqi. Liu Shaoqi, who was still Chairman, could not exert his authority according to relevant articles of the *Party Constitution*. This kind of system of ruling by man was the necessary result of Mao's initiation of the Cultural Revolution as well as the political reason for the Cultural Revolution to have lasted for 10 years.

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Among Party leaders, only Liu Shaoqi was aware of the seriousness of this issue. As he was one of the drafters of the first *Party Constitution* in 1954, he said in the *Report on the Draft Constitution of the People's Republic of China* that the *Party Constitution* was the basic law of China, and all the people and all state organs must observe it.¹¹³ All state organs had a special responsibility in regard to observing and ensuring the implementation of the *Party Constitution*. He knew the serious result if the *Party Constitution* was destroyed. He hoped his resignation could help end the Cultural Revolution as early as possible. He thought the purpose of Mao's launching the Cultural Revolution was only to bring him down.

On January 13, 1967, upon Liu Shaoqi's repeated requests, Mao had a talk with him. Liu Shaoqi voluntarily said he would take the main responsibility, in the hope of setting other cadres free, which could avoid loss as much as possible. At the same time, he resigned his post as Chairman and Politburo Standing Committee member. Liu wished to return to his native place so that the Cultural Revolution could be ended as soon as possible. On January 13, 1967, Mao met with Liu Shaoqi alone in the Great Hall of the People. Liu Shaoqi said that he was responsible for the line error this time. Other cadres were good, especially veteran cadres, who were treasures to the Party. He would take the main responsibility himself, while other cadres should be liberated as soon as possible so that the Party would bear less loss. Second, he would resign as Chairman, Politburo Standing Committee member, and Chief Editor for *Selected Works of Mao Zedong*. He would go back to his hometown or Yan'an to farm with his wife and children so that the Cultural Revolution could be ended as soon as possible and the loss could be minimized for the country.¹¹⁴ From the talk, we can see that Liu Shaoqi endured all the disgrace and insults, and decided to retire at the height of his political career for the benefit of the entire interest of the country. A great man of modern China, Liu Shaoqi sacrificed himself and created an opportunity for Mao to end the Cultural Revolution. However, Mao resolutely rejected Liu Shaoqi's personal request, giving up a chance to correct his mistake in the Cultural Revolution.

From Full-Scale Power Seizures to Striking Back at the February Adverse Current

It was incomprehensible to Liu Shaoqi and other leaders why Mao did not end the Cultural Revolution after he had actually brought down Liu Shaoqi. Before Mao and Liu Shaoqi talked, Mao invited the Central Cultural Revolution Group — including Jiang Qing, Chen Boda, Zhang Chunqiao, Wang Li, Guan Feng, Qi

Benyu, and Yao Wenyuan — to his birthday dinner on December 26, 1966. And then Mao told them his real political intention, and explained why he had launched the Cultural Revolution. The aim was to remove bourgeois representatives in the Party and government departments. These people were leaders of different levels of the Party, highly influential, and they accounted for the majority. Our old fashion was almost like that of capitalism, feudalism, and the Soviet Union. That was the basic judgment he made for China's political conditions, no matter in the past or in the future. He put forward the tentative plan of breaking down and substituting the state machinery. The new state machinery, methods, order, system, and discipline should replace the old ones. He also mentioned that the Cultural Revolution of proletariats was one to fight the bourgeois, especially their agents in the Party. He proposed a toast to offer the best wishes for the waging of full-scale class struggles in the country. On December 26, 1966, Mao's birthday, Mao said that he drafted the *May 16 Notice*, broadcast a big-character poster, and mobilized the Red Guards to establish connections, which mobilized the whole country for the revolution. All the revolutionary movements in China's modern history started from students, and gradually grew to involve workers, farmers, and revolutionary intellectuals. Only by uniting them could the revolution develop as a result. It was an objective law. Both the May 4 Movement and the Cultural Revolution were like that.¹¹⁵ Mao resolved to stir up a full-scale revolt against the bureaucratic class in the Party and the government departments and decided to fight until the very end. After that China saw a new tremendous tide of full-scale power seizures and class struggles in 1967. On January 1, 1967, *People's Daily* and *Red Flag* published a New Year's Day editorial approved by Mao, entitled "Carrying Out the Proletarian Cultural Revolution to the End." The editorial pointed out that:

The year 1967 shall see the unfolding of a comprehensive nationwide class struggle. This year, the proletariat would unite other revolutionary masses to launch a general attack on a small batch of capitalist roaders who were in power in the Party, and evil people of all kinds in society.... This year, we will further denounce the bourgeois reactionary line and clear its influence.... It would be a year of decisive victory of criticizing and denouncing people, and remolding ideology.... All the cultural revolutionary movements in China's modern history were started by students, gradually involving workers, farmers, and revolutionary intellectuals. It was an objective law.... In 1967, the Great Proletarian Cultural Revolution of China will further unfold according to that objective law.¹¹⁶

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On January 4, 1967, Central Cultural Revolution Group members Chen Boda, Kang Sheng, and Jiang Qing trumped up accusations and delivered a speech without discussion to the Politburo Standing Committee. They announced that, Tao Zhu, Politburo Standing Committee member and counselor of the Central Cultural Revolution Group, without authorization, was the biggest royalist in China, and a faithful executor of the bourgeois reactionary line. They brought down Tao Zhu unexpectedly, who was fourth-in-command of the Politburo Standing Committee. Following Tao Zhu, Wang Renzhong, former First Secretary of the Central South Bureau, and Deputy Head of the Central Cultural Revolution Group, Liu Zhijian, head of the PLA Cultural Revolution Group and Deputy Head of the Central Cultural Revolution Group, and Xiao Hua, Director of the PLA General Political Department, were also brought down one after another.¹¹⁷

In January, the January Storm began in Shanghai. With the support and planning of Zhang Chunqiao and Yao Wenyuan, rebels headed by Wang Hongwen brought down the Party Committee in Shanghai. This activity was praised and supported by Mao. He directly required the CPC Central Committee, the State Council, the Central Military Commission, and the Central Cultural Revolution Group to write letters to offer public support of the power seizure in Shanghai. Mao called for usurping power from a handful of people in power within the Party who took the capitalist road. It was a revolution of one class bringing down another under the proletarian dictatorship, namely, a revolution in which the bourgeoisie were wiped out by the proletariat.¹¹⁸ On January 22, *People's Daily* published an editorial entitled "Unite the Proletariat Revolutionaries to Take the Power from Capitalist Roaders in Power,"¹¹⁹ symbolizing that Mao stepped from the phase of mobilizing the masses into mobilizing different regions to seize power, with Party committees and governments replaced by non-institutionalized revolutionary committees which were not recognized by law. The editorial said that seizing power was a great start to launch a comprehensive national class struggle, a great innovation in the international communist movement. It was a new leap forward in the Cultural Revolution. From the start, the Cultural Revolution was a struggle to seize power. Only with such a great mass movement, a comprehensive struggle of the masses to take power, could the masses realize the dictatorship of the proletariat completely.

At that time, except for very few ministries, most central organizations either had their power taken away or were taken over. Mao said that this was inevitable. The government was composed of a small number of cadres sent from above and a majority of personnel retained since liberation, rather than a government seized by

farmers and workers, which was likely to generate feudalism and revisionism.¹²⁰

After the great call of seizing power in an all-around way was made by Mao, rebels in different places across the whole country started power seizures among themselves. This escalated into open violence. Party organs, the army, and the government were raided. A full-scale civil war had been started.

First, Mao broke down the current state machinery at the central government level, that is, to replace the State Council, the NPC, the Central Military Commission, public security organs, procuratorates, courts, and justice departments with the Central Cultural Revolution Group and the Working Session of the Central Cultural Revolution Group. On January 11, the Politburo meeting decided to disqualify Politburo Standing Committee members Liu Shaoqi, Deng Xiaoping, Tao Zhu, and Chen Yun, and He Long, Politburo member, Vice-Premier of the State Council and Vice-Chairman of the Central Military Commission, from attending the Politburo meeting.¹²¹ In fact, it was restructuring the Politburo Standing Committee, cutting it down from 11 people to 7 people. They were the second group of members of the Central Committee peeled off since the initiation of the Cultural Revolution by Mao since he adopted the policy of “peeling off bamboo shoots,” and most people who were “peeled off” were members of the Politburo or its Standing Committee. The practice itself was not in line with Article 16 of the *Party Constitution*.

Since early February, according to Mao’s instructions, Zhou Enlai moderated a work session at Huarentang Hall of Zhongnanhai to discuss the work of the Party and the government. A number of Politburo members, leaders of the Central Military Commission and the State Council, and members of the Central Cultural Revolution Group attended the meeting. The session in Huarentag Hall became an interim decision-making body, combining the Party, the government, and the army.¹²² It replaced the Politburo and its Standing Committee. Both Zhou Enlai and his working session were guided by Mao, making the system of collective leadership a complete failure.

Second, Mao replaced the *Party Constitution* and the laws with the *Regulations on Strengthening Public Security during the Great Proletarian Cultural Revolution*, issued on January 13 by the Central Committee and the State Council. The *Regulations* stipulated that counterrevolutionaries should be punished according to the law. Those who attacked Mao and Lin Biao were to be labeled as active counterrevolutionaries and punished. Violence was strictly prohibited. Counterrevolutionaries were not allowed to make alignment or establish organizations. “Great democracy” (*da minzhu*) should not be used to spread

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reactionary opinions.¹²³ Later, the *Regulations* became an important legal basis to implement the so-called proletarian dictatorship to cadres and civilians in the Cultural Revolution. Confirmed by the investigation of the Special Procuratorate, there were more than 100,000 people arrested or sentenced for vicious attacks because of their dissatisfaction with the Lin Biao and Jiang Qing clique. There were 249,000 unjust, false, or wrong cases in the name of bombarding the Cultural Revolution in Shanghai. Over a million people were involved.¹²⁴

Third, Mao also broke down the bureaucratic administrative system in different regions. During the Cultural Revolution, he actively advocated putting destruction first, for construction would follow automatically. It was easy to break things down, but it was difficult to rebuild them. It took 20 months, from the January power seizures in Shanghai until the mountains and rivers all around the country were “red” in September 1968, to set up revolutionary committees in various places. This period was considered the most chaotic, complicated, and difficult one ever experienced by the Party, the government, and the army since the beginning of the Cultural Revolution.¹²⁵ In order to launch the Cultural Revolution and realize his ideas, Mao did it at all costs. It reflected the changes in his political ideas and behavior.

Besides, as for the large scale chaos in the Cultural Revolution, Mao had to request the army’s intervention. In January 1967, the PLA began with the “three supports, two militaries” (*san zhi liang jun*) tasks — namely, the support of the Left, working class, and agriculture, as well as military training and control. On January 13, 1967, the Central Military Commission issued the *Resolution on Concentrating Support for the Left, Working Class, and Agriculture, As Well As Military Training and Control*, asking the army to intervene at the local level comprehensively, and to work on the “three supports, two militaries” tasks. On January 21, Mao commented:

We should send the army to support people of the left wing. And in the future, when real revolutionaries ask for support and assistance from the army, we should do the same thing. The so-called non-intervention was a lie because the army had already intervened.

On January 23, the CPC Central Committee, the State Council, the Central Military Commission, and the Central Cultural Revolution Group issued the *Decision to Provide the Revolutionary Masses of the Left with the Firm Support of the People’s Liberation Army*. On March 13, Zhou Enlai declared at the meeting of army-level cadres and above that all enterprises and institutions of national

defense, treasury, frontier defense, as well as major coastal constructions (gateways, public transport terminus, and piers), organs of dictatorship, important and confidential departments (such as postal and telecommunications departments, radio stations, newspaper offices, banks, warehouses, and prisons) should be controlled by the army. On March 16, the CPC Central Committee forwarded the announcement to implement military control over factories by the Beijing Garrison Command. A number of key departments of Beijing and state organs in Beijing established military control commissions one after another, and military representatives were sent there. The provinces and autonomous regions of Shaanxi, Xinjiang, Qinghai, Tibet, Yunnan, Guangdong, Guangxi, Fujian, Zhejiang, and Jiangsu were either controlled by the army, or prepared for military control.¹²⁶ In the second half of 1967, the majority of provinces, municipalities, and autonomous regions, and all the ministries and commissions of the central committee, and the State Council, a number of important rail hub sections, large factories and mines, ports, hospitals, and banks were placed under military control.¹²⁷ It was necessary to control and stabilize the national situation with the army. But since the army was involved in the political movement, it had developed two sects which were attacking and criticizing each other. Almost all leading organs of local governments and the Party in different places were paralyzed, owing to power seizures and restructuring. The army controlled almost every state and local government agency, while the vast majority of government leading positions were taken up by military representatives. In China's 29 provinces, cities, and autonomous regions, 22 directors of revolutionary committees or heads of party organizations were military leaders. By the time of the 9th National Party Congress (1969), 47.5% of the 279 members of the Central Committee (consisting of 170 members and 109 alternate members) came from the army.¹²⁸ On July 14, Mao explained to military leaders the reason why he launched the "three supports, two militaries" tasks: The government and the Party then did not work; only the army could solve the problem.¹²⁹ This was a special period during which the Party and the government had been replaced by the army.

Even though Mao refused Liu Shaoqi's request of retiring and returning to his native place in January, history gave him a second chance to correct his wrong line of thinking and end the Cultural Revolution as early as possible. In February, the stable and sound forces within the Party moved forward collectively to start a face-to-face fight against the Central Cultural Revolution Group despite great political risk, in the hope that Mao would correct his mistakes during the Cultural Revolution. This was another political struggle between Mao, Lin Biao, and the

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Central Cultural Revolution Group versus most people in the Politburo. Taking advantage of his special position in the Party, and by allying with the two major political forces of Lin Biao and Jiang Qing, Mao came out a winner once again. His opponents were painfully defeated. Since then, no other forces could balance out Mao's, let alone correct his mistakes and this created path dependence. Mao kept repeating the same mistakes until his death in September 1976.

Actually, the political struggle originated from Mao's dissatisfaction with the chaos from trying to bring down all things. During power struggles, someone put forward the slogan of "fundamentally and radically improving the proletarian dictatorship." Mao thought this was reactionary. He did not approve of anarchism or "suspecting and bringing down all things." Mao proposed to criticize anarchism, opposing the Leftist extremists. Mao criticized that, since correct ideologies had been dominant for 17 years after 1949, that the slogan "fundamentally and radically improving the proletarian dictatorship" would then be reactionary. It was meant to lead to the overthrow of the dictatorship of the proletariat and the establishment of the dictatorship of the bourgeoisie. A correct way to put this was a partial improvement in the proletariat dictatorship. Anarchy was the punishment for opportunism; it was destined to go in the opposite direction.¹³⁰ In early February, Mao held several enlarged meetings of the Politburo Standing Committee, criticizing the Central Cultural Revolution Group, and expressing dissatisfaction with their excessive leftist behavior during the full-scale power seizures. This attitude of Mao's caused a strong reaction among most Politburo members. His attitude and dissatisfaction with the Cultural Revolution Group led to a strong desire among Politburo members to fight against the Jiang Qing clique.¹³¹

On February 11, Zhou Enlai chaired a brief meeting of the Central Committee. Politburo member Ye Jianying said, after the power seizures:

Shanghai was changed into the Shanghai Commune, which was an important issue related to the national system. The name was changed without being discussed within the Politburo. What did you mean by doing such things?

Ye Jianying criticized Chen Boda:

You [the Central Cultural Revolution Group] messed up our Party and our government. What did you mean?

Xu Xiangqian said:

The army was the pillar of the proletarian regime. If you continue to mess up the pillar, do you still want it or not?

Nie Rongzhen scolded:

It was no good idea to struggle against children, implicate family members, and persecute the veteran cadres! It was like adding to the misfortunes of a person who was already misfortunate.¹³²

On February 12, Mao Zedong had a talk with Zhang Chunqiao and Wang Li. He said that we still needed the Party and people's Congress. The State Council still kept its original name and the Shanghai People's Commune should be changed into the Shanghai Revolutionary Committee.¹³³

On February 16, Zhou Enlai held a central working session, during which seven Politburo members and leaders of the Central Military Commission, including Tan Zhenlin, Chen Yi, Ye Jianying, Li Fuchun, Li Xiannian, Xu Xiangqian, and Nie Rongzhen, strongly criticized the wrong approaches of the Cultural Revolution.¹³⁴

Two opposite views were formed at the higher level of the Party, focusing on three major questions: Did the Cultural Revolution need the leadership of the Party? Should the army be stabilized during the Cultural Revolution? Should all senior cadres be brought down? Chen Yi believed that the destruction caused by the Cultural Revolution would not be healed in 10 or 20 years. Tan Zhenlin told Zhang Chunqiao:

Our purpose was to bring down all the senior cadres, one after another until no one was left. This struggle was the cruelest one in the Party's history.

Tan Zhenlin scolded in his letter to Lin Biao:

Jiang Qing and her group were crueler than Wu Zetian, using means more cold-blooded than they had ever seen.¹³⁵

Lin Biao immediately sent the letter to Mao. Tan Zhenlin wrote a letter to Lin Biao on February 17, 1967, saying that:

Her [Jiang Qing's] interests were to strike down senior cadres. Even if you made a small mistake, you would be punished to death. Can they manage the government? Can they be successors? I doubt it.

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Lin Biao attached a letter to this one to Mao, saying that it was so unexpected that Tan Zhenlin's recent thoughts would degenerate into such a muddled state.¹³⁶ The Lin Biao and Jiang Qing cliques established a political alliance, slandering the normal, different opinions of leaders during the February Adverse Current. Zhu De and Chen Yun had also been criticized falsely.¹³⁷ With Jiang Qing's planning, Zhang Chunqiao, Yao Wenyuan, and Wang Li sorted out the *Summary of Huarentang Hall Meeting on February 16*, and Zhang Chunqiao and Yao Wenyuan directly reported to Mao. In the early morning on February 19, Mao held a meeting in which he strongly criticized Tan Zhenlin and others for reversing the previous judgment and staging a restoration. In his opinion, that was an attack on the Central Cultural Revolution Group. He said angrily that there was no chance to deny the Cultural Revolution.¹³⁸ Zhou Enlai tried to persuade Mao not to be so angry and made a self-criticism that he himself did not do very well. Mao said that should the Cultural Revolution fail, he would carry out guerrilla warfare in Jianggangshan with Lin Biao.¹³⁹ Obviously, Mao was determined to carry out the Cultural Revolution until the end. He never allowed other leaders to express different opinions at party meetings.

Mao took the lead in counter-attacking the February Adverse Current, bringing down several senior leaders and replacing the CPC Central Committee with the Central Cultural Revolution Group. On February 19, Mao decided to suspend Politburo members Chen Yi, Tan Zhenlin, and Xu Xiangqian from their posts and made them undergo self-criticism. According to Mao's instructions, from February 25 to March 18, Zhou Enlai chaired democratic meetings of the Politburo, criticizing seven Politburo members: Ye Jianying, Chen Yi, Tan Zhenlin, Li Fuchun, Li Xiannian, Xu Xiangqian, and Nie Rongzhen. Jiang Qing attacked them, saying that their purpose was to reverse the verdict for Liu Shaoqi and Deng Xiaoping, and that protecting senior cadres would mean protecting a small group of traitors and spies. Kang Sheng defined the February Adverse Current as the most serious anti-Party incident since the Eleventh Plenary Session of the 8th Central Committee. It was the rehearsal of a coup, a rehearsal of the restoration of capitalism. Chen Boda stated that that struggle was the continuation of the struggle between two headquarters.¹⁴⁰ It was politically marginalized. It was the third batch of incident peeled off under Mao's policy of peeling bamboo shoots. Without the approval of Central Committee plenum and the National Party Congress, the Politburo's activities were formally suspended. According to Mao's instructions, the name of the Central Brief Meeting was changed into the Central Cultural Revolution brief meeting, still chaired by Zhou Enlai, absorbing members from the Politburo, Vice-

Premiers of the State Council, and leaders of the Central Military Commission. In fact, the Central Cultural Revolution Group replaced the Politburo.¹⁴¹

How did the Central Cultural Revolution Group replace the Politburo, its Standing Committee, and the Central Secretariat?

On May 28, 1966, the CPC Central Committee announced the setting up of the Central Cultural Revolution Group, under the leadership of the Politburo Standing Committee. The Group's core members were Chen Boda, Jiang Qing, Kang Sheng, Zhang Chunqiao, and Yao Wenyuan.

In mid-July, the central office of the Cultural Revolution was set up. The Central Cultural Revolution Group mainly reported on the movement of the Cultural Revolution to the Central Committee, taking charge of relevant affairs in the fields of academia, education, literature and art, the press, and the publishing sector. It had no right to issue instructions.¹⁴²

On July 24, Chen Boda called Jiang Qing the comrade responsible for the work of the Central Committee for the first time when giving a speech at Beijing Broadcasting Institute.

Between August 1 and August 12, all members of the Central Cultural Revolution Group sat in on the Eleventh Plenary Session of the 8th Central Committee. Chen Boda and Kang Sheng became Politburo Standing Committee members.

On August 8, when Lin Biao received the Central Cultural Revolution Group, he pointed out that the Cultural Revolution Group and the Cultural Revolutionary Council would last for a long time, and that they were not temporary things.

On August 18, Mao and other leaders received Red Guards for the first time. The order of the leaders who reported on the report of Xinhua News Agency on the same day was Mao, Lin Biao, Zhou Enlai, and Jiang Qing (who met student representatives in batches). Jiang Qing ranked fourth, followed by other members of the Politburo Standing Committee.

From late August, according to the instructions of Mao, the enlarged brief session of the Politburo Standing Committee should still be chaired by Zhou Enlai, with all members in the Central Cultural Revolution Group present.¹⁴³ Thereafter, all members of the Central Cultural Revolution Group attended Politburo meetings.

In late August, Chen Boda was in the hospital with pneumonia. On August 30, the CPC Central Committee issued a notice, stating that Chen Boda's position as

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the head of the Central Cultural Revolution Group would be taken by Jiang Qing, First Deputy Head during his sick leave or when he was outside of Beijing for work.

On November 28, Chen Boda called Jiang Qing the flag-bearer of the art revolution in the General Assembly of Proletarian Cultural Revolution in the Capital's Art Circles. He said Jiang Qing made a special contribution to indomitable struggle with reactionaries and counterrevolutionary revisionists. On the same day, the CPC Central Military Commission decided to appoint Jiang Qing as the PLA's Cultural Work Counselor.

On January 2, 1967, Zhou Enlai hosted the central brief meeting to discuss affairs in Eastern China and military training for college students and specialized secondary schools students. Jiang Qing, Zhang Chunqiao, Wang Li, and Yao Wenyuan also attended the meeting. From then on, key members of the Central Cultural Revolution Group participated in central brief meetings.

In early January, Tao Zhu, Wang Renzhong, and Liu Zhijian, who were criticized by Jiang Qing and Chen Boda, left the Central Cultural Revolution Group.

On January 11, according to Mao's instructions, a congratulatory message to the Shanghai Revolutionary Rebel Groups was issued in the name of the Central Committee, the State Council, the Central Military Commission, and the Central Cultural Revolution Group for the first time. The credit for the Central Cultural Revolution Group was added by Mao when he reviewed the congratulatory message.¹⁴⁴ It showed that the Central Cultural Revolution Group, under the leadership of the Standing Committee of the Politburo, became formally parallel to the CPC Central Committee that could send documents to the whole party and the whole country in the name of the four bodies above. On the same day, the Central Military Commission issued a notice to restructure the "Cultural Revolution" Group of the army, appointing Xu Xiangqian as the Head and Jiang Qing as the counselor.

During January and February, the Central Cultural Revolution Group set up the Literature and Arts Group headed by Wang Li, replacing the Propaganda Section of the Propaganda Department and the Ministry of Culture.¹⁴⁵

On February 2, Zhou Enlai wrote to Chen Boda, Jiang Qing, and the Cultural Revolution Group, suggesting holding two types of brief meetings. One was the central brief meetings, mainly for the Cultural Revolution. The other one would be attended mainly by four Politburo Standing Committee members, namely Zhou Enlai, Chen Boda, Kang Sheng, and Li Fuchun, with Vice-Premiers Chen Yi, Li Xiannian, Tan Zhenlin, and Xie Fuzhi, and Vice-Chairman of the Central Military Commission Ye Jianying. Jiang Qing and the above-mentioned people should

attend the meeting to discuss Party and government issues. On February 4, Mao commented that these suggestions should not be adopted.

On February 16, Mao told Zhou Enlai through Zhang Chunqiao that they should regard the Central Cultural Revolution Group as the Secretariat. Important issues of the Party and the state should first be discussed in the Cultural Revolution Group.

Early on February 19, after the Politburo enlarged meeting held by Mao, Mao said that the Central Cultural Revolution Group did everything according to the spirit of the Eleventh Plenary Session of the 8th Central Committee, which was 97% right and 3% wrong. He would oppose those who opposed the Central Cultural Revolution Group.

From February 25 to March 18, according to Mao's opinion, seven meetings were held in Huarentang to criticize the Party's political life. After that, the Politburo and the Central Committee Secretariat stopped operations. In fact, the Central Cultural Revolution Group replaced the Politburo and the Central Committee Secretariat. Central brief meetings, which were hosted by Zhou Enlai and attended by the Vice-Premiers and the people concerned to deal with Party and state affairs, were also replaced by the central Cultural Revolution brief meetings. Central Cultural Revolution brief meetings were led by Zhou Enlai in name, but most members came from the Jiang Qing clique; later, Wu Faxian and others were added to the meetings. Since then, the Central Cultural Revolution Group changed from being a subordinate body of the Politburo into a special body above the CPC Central Committee. Jiang Qing, Zhang Chunqiao, and Yao Wenyuan were not yet Central Committee members.

On April 12, Jiang Qing said at the Central Military Commission's enlarged meeting that the Central Cultural Revolution Group was a secretary group, a guard, and an advising body of the Politburo Standing Committee.

In July, 11 people attended a central Cultural Revolution brief meeting, including Zhou Enlai as the moderator, with Chen Boda, Kang Sheng, Jiang Qing, Zhang Chunqiao, Yao Wenyuan, Xie Fuzhi, Yang Chengwu, Wu Faxian, Ye Qun, and Wang Dongxing.

From October 13 to October 31, 1968, members of the Central Cultural Revolution Group attended the Enlarged Meeting of the Twelfth Plenary Session of the 8th Central Committee. Twelve people, including Zhou Enlai the moderator, Xie Fuzhi, Huang Yongsheng, Wu Faxian, Ye Qun, Wang Dongxing, Wen Yucheng, and 5 key members of the Central Cultural Revolution Group, namely Chen Boda, Kang Sheng, Jiang Qing, Zhang Chunqiao, and Yao Wenyuan, attended the

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meeting. Actually, the Central Cultural Revolution Brief Meeting had replaced the Politburo for routine work within the CPC Central Committee. Most members of the brief meeting became Politburo members after the 9th Party Congress.

After the 9th Party Congress in April 1969, two key members of the Central Cultural Revolution Group joined the Politburo Standing Committee, and four key members joined the Politburo. According to Mao's instructions, the Central Cultural Revolution Group was automatically disbanded.¹⁴⁶

The Working Group of the Central Military Commission replaced the collective leadership of the Central Military Commission, and then the army was controlled tightly by Mao and Lin Biao.¹⁴⁷ The Working Group of the Central Military Commission was established in August, which took charge of the routine work of the Military Commission. Wu Faxian, Ye Qun, Qiu Huizuo, and Zhang Xiuchuan were members. In September 1967, according to Zhou Enlai's proposal, the Central Committee appointed Yang Chengwu as the head of the Working Group of the Central Military Commission. On August 1, *People's Daily*, *Red Flag*, and *Liberation Army Daily* released editorials saying that the PLA was founded and led by the great Chairman Mao. Under Lin Biao's direct command, the PLA held high the great red banner of Mao Zedong Thought and maintained close ties with the masses.¹⁴⁸ On August 11, Zhou Enlai clearly instructed that the affairs that did not belong to "three supports and two militaries" or national defense or foreign affairs, including routine administration of the Military Commission, army adjustment, cadre appointment and dismissal, army restructuring and weapons and equipment, should be reported directly to Vice Chairman Lin Biao by the Military Commission and the Chief of the General Staff of PLA, and they did not need to be transferred from Zhou Enlai.¹⁴⁹ This meant that the Working Group of the Central Military Commission replaced the collective leadership of the Central Military Commission Standing Committee, and Lin Biao gained the direct command of army affairs. That was the start of Lin Biao directly commanding the People's Liberation Army.

In March, Mao said he would still nominate Liu Shaoqi as a member of the Central Committee at the 9th Party Congress.¹⁵⁰ Before he finished his sentence, Kang Sheng and Jiang Qing announced that Bo Yibo and another 60 people were part of the traitor clique. This political case of injustice shocked the whole country and became the political bomb which would bring down Liu Shaoqi. In 1936, when Liu Shaoqi was Secretary of the North China Bureau, after receiving permission from the CPC Central Committee, he instructed that 61 people including Bo Yibo could get out of prison following procedures stipulated by the KMT. The CPC had

already made its conclusion of the event.

On April 1, *People's Daily* published a commentary on the allegedly reactionary film *Sorrows of the Forbidden City*, entitled "Patriotism or National Betrayal" and written by Qi Benyu, a member of the Central Cultural Revolution Group. He denounced Liu Shaoqi as not a senior revolutionist, but a fake revolutionist, a counterrevolutionist, and a Khrushchev within the CPC. Mao proclaimed Liu Shaoqi the biggest capitalist roader in power in the Party for the first time, sentencing Liu Shaoqi's political life to death.

On May 8, *People's Daily* and *Red Flag* were approved by Mao to publish an article entitled "The Key Point to Self-Cultivation is to Betray the Dictatorship of the Proletariat." At the beginning of the article, it said that self-cultivation was the representative work of the biggest capitalist roader in power in the Party, and it was a poisonous weed that was against Marxism-Leninism and Mao Zedong Thought.¹⁵¹ On August 6, 1967, Mao's *Bombard the Headquarters* was published. *People's Daily* and *Red Flag* published articles saying that the biggest capitalist roader in power within the Party was a veteran opportunist. He was the representative that infiltrated the Party. In the long-term fight against the biggest capitalist roader in power within the Party, Mao Zedong could detect his wild ambitions, and see that he was a big hidden trouble and a big scourge.¹⁵² Although Liu Shaoqi was still a member of the Central Committee at that time, the Politburo and its Standing Committee, and Chairman, and although his rights were protected by the *Party Constitution* and the *PRC Constitution*, all his rights had been deprived of for a long time, including his right to know about the investigation and his right of defense. The rights of other leaders in the Party were also being deprived. When no Politburo Standing Committee, Politburo Meeting, or Central Committee Plenary Session was held to discuss and vote on the Liu Shaoqi issue, *People's Daily* and the *Red Flag* criticized the Politburo in government-controlled magazines and newspapers publicly, without authorization.

Despite Mao's political victory in his open condemnation and defeat of Liu Shaoqi, the Party and the state institution were severely destroyed, and the *Party Constitution* and the *PRC Constitution* basically failed to perform their roles. It was more of a historical tragedy of the Party and the country than of only Liu Shaoqi himself. The Enlarged Twelfth Plenary Session of the 8th Central Committee of the Party convened on October 31, 1968, came to the decision to expel Liu Shaoqi from the Party and remove him from all his positions in and outside the Party. This was again a non-institutional practice of acting first and reporting afterwards, first defeating Liu Shaoqi politically and then going through the procedures.

From Full-Scale Civil War to the Suppression and Dismissal of the Red Guards

About 32 condemned ministers, deputy ministers, and directors of the CPC Central Committee and the State Council were protected by Zhou Enlai.¹⁵³ In the first half of 1967, the number of major leaders of provinces, cities, and large administrative regions was approximately 20.¹⁵⁴

The Wuhan Incident broke out on July 20. On August 1, an editorial drafted by Wang Li and Guan Feng and published in the 12th issue of *Red Flag* inspired the masses to uncover a small number of capitalist roaders in the military. Worse than all others, Lin Biao and the Jiang Qing clique unscrupulously incited people to overthrow everything and launch a full-scale civil war under the slogan of “attack with reason, defend with force” (*wen gong wu wei*). On August 7, Xie Fuzhi, Politburo Alternate Member, Deputy Premier of the State Council, and Minister of Public Security, proposed to disintegrate all public security organs, procuratorial organs, and people’s courts, resulting in a rapid national escalation of fighting. The three months of July, August, and September 1967 made up the most turbulent period in the Cultural Revolution. Despite this, Mao still believed that the Cultural Revolution was in considerably good progress and the overall situation was better than any in history. Lin Biao agreed that the chaos was normal and necessary. In Mao’s opinion, an important symbol of the excellent situation was the full mobilization of the masses. Some places seemed to be in chaos in a period of time, but that was actually putting the enemies in chaos and training the masses. The whole situation would get even better in a few months. Lin Biao also believed that the seemingly paralyzed Party and local governments, and the disorder were normal and necessary.¹⁵⁵ Composer Jie Fu was instructed by Mao to write songs, which would later be sung across the whole country.¹⁵⁶

From July to September, Mao toured North China, Central South China, and East China to see the effects of the Cultural Revolution. On August 25, Mao listened to the report of Yang Chengwu, Vice-Secretary-General of the Central Military Commission and Deputy Chief of the PLA. After a day’s thinking, he decided to expel Wang Li, Guan Feng, and Qi Benyu from the Central Cultural Revolution Group. Mao said Wang Li, Guan Feng and Qi Benyu had destroyed the Cultural Revolution. They were not good people. He asked Yang Chengwu to tell Zhou Enlai to arrest them. After that, Wang Li and Guan Feng were separately investigated. In January 1968, Qi Benyu was also separately investigated.¹⁵⁷

Mao called on mass organizations in different places to unify and treat cadres

properly in the hope that the country would move from disorder to order. He proposed carrying out the Cultural Revolution for three years: one year to launch it, one year to achieve victory, and one year to wrap things up.¹⁵⁸ The reality was that for Mao it proved easier to launch the Cultural Revolution than end it. The Cultural Revolution was started by Mao, and it grew bigger and bigger until it got out of control. Even Mao, whose words had a great influence, could not keep the chaos under control. He did not foresee that the movement would last as long as a decade — much longer than in his original plan. The decision to launch the movement itself was an ambiguous political gamble featuring information uncertainty and asymmetry. And it lacked rules — even if there were any, they were not observed. All these were forebodings that the movement was bound to fail. Yet an article published in two newspapers and one magazine in November 1967 claimed that Mao had launched and led the first great proletarian Cultural Revolution in the history of humanity.¹⁵⁹

Judging the Cultural Revolution from an enormous amount of historical material, Mao launched the Cultural Revolution with the purpose of defeating Liu Shaoqi and Deng Xiaoping by using the force of the Lin Biao and Jiang Qing cliques. The two groups grew strong rapidly with Mao's support. Once they overthrew Liu Shaoqi and Deng Xiaoping, they became enemies because they no longer had a common enemy. They would use Mao to defeat each other. New political enemies would emerge after every struggle and the struggles would continue. Their struggles grew fiercer and fiercer, and their antagonism became more and more acute.

Harry Harding commented on the Cultural Revolution:

Mao's quest for revolutionary purity led him to exaggerate and misread the political and social problems confronting China in the mid-1960s. His personal authority gave him enough power to unleash potent social forces, but not enough power to control them. And his confidence that the masses, once mobilized, would be the salvation of the country proved woefully misplaced as the mass movement degenerated into violence, factionalism, and chaos. The Cultural Revolution, which Mao hoped would be his most significant and most enduring contribution to China and to Marxism-Leninism, instead became the monumental error of his later years. Because of Mao's ability to move China, what was a tragedy for the man became simultaneously a tragedy for the nation.¹⁶⁰

What was the basic principle for the class struggle engine? After more than

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a year of practice for the Cultural Revolution, Mao felt that it was necessary to establish a theoretical system for the movement to provide legitimacy for it with the power and logic of theories. For that purpose, Mao proposed his theory of continuous revolution under the proletarian dictatorship. He defined the Cultural Revolution as a revolution of one class overthrowing another, as a great proletariat revolution opposing the capitalist class and all other exploiting classes, and the continuation of the long-term struggle between the CPC, the masses under its leadership, and the KMT reactionaries, and as the continuation of struggle between the proletariat and the bourgeois class in a Socialist state. Mao expanded his class struggle theory formed in the revolutionary war period. He had been in office for 18 years since 1949. Despite this, he failed to change from a power-hungry revolutionist to a ruler.

On November 6, *People's Daily*, *Liberation Army Daily*, and *Red Flag* published Mao's theory on continuous revolution under the dictatorship of the proletariat:

- (1) It is necessary to apply the Marxist-Leninist law of the unity of opposites to the study of Socialist society.... In Socialist society, there are "two types of social contradictions — those between ourselves and the enemy and those among the people themselves. The contradictions between us and the enemy are antagonistic contradictions. Within the ranks of the people, the contradictions among the working people are non-antagonistic....
- (2) Socialist society covers a fairly long historical stage. In this stage, classes, class contradictions, and class struggle continue, the struggle between the Socialist road and the capitalist road continues and the danger of capitalist restoration remains.... In order to prevent capitalist restoration and peaceful evolution, it is imperative to carry the Socialist revolution on the political and ideological fronts through to the end.
- (3) The class struggle under the dictatorship of the proletariat is in essence still a matter of political power.... The proletariat must exercise all-round dictatorship over the bourgeoisie in the field of the superstructure, including the various spheres of culture....
- (4) The struggle between the two classes and two roads in society is inevitably reflected within the Party. The few party persons in authority taking the capitalist road are the representatives of the

bourgeoisie within the Party.... We must take great care to see through the persons like Khrushchev who are still nestling beside us, fully expose them, criticize and repudiate them, overthrow them, make it impossible for them ever to rise again....

- (5) It is of the greatest importance for the continuation of the revolution under the dictatorship of the proletariat that the Great Proletarian Cultural Revolution should be carried out.... In other words, this revolution is boldly arousing the masses from below by means of extensive democracy under the dictatorship of the proletariat and, at the same time, is forging the great alliance of the proletarian revolutionaries and the revolutionary three-way alliance of the revolutionary masses, the People's Liberation Army, and the revolutionary cadres.
- (6) "Fight selfishness, denounce revisionism" is the fundamental program of the great proletarian cultural revolution in the ideological field.... Therefore, the Great Proletarian Cultural Revolution is a great revolution that touches people to their very souls and aims to solve the problem of their world outlook.¹⁶¹

The main points of the theory were drafted by Chen Boda and Yao Wenyuan, and approved by Mao, and official magazines and newspapers claimed openly to the world that Mao would finish the great task left unfinished by Marx and Lenin, and make epoch-making progress and greatly contribute to their theory of proletarian dictatorship. The theory was the main symbol representing the development from Marxism-Leninism to Mao Zedong Thought, and it was the third milestone in the development of Marxism. The editorial entitled "Advance Along the Road Opened Up by the October Revolution" claimed:

Comrade Mao Zedong's greatest contribution to the international communist movement is his systematic summing up of the historical experience of the dictatorship of the proletariat in China and of the dictatorship of the proletariat in the world since the October Revolution; he has summed up not only the positive but also the negative experiences, and, in particular, the grave lessons of the all-round restoration of capitalism in the Soviet Union; and he has comprehensively and thoroughly solved the cardinal issue of our time, the issue of carrying on the revolution and preventing capitalist restoration under the dictatorship

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of the proletariat. This is a great epoch-making development of the Marxist-Leninist theory of the dictatorship of the proletariat....

Comrade Mao Zedong has comprehensively inherited, defended, and developed Marxism-Leninism, he has creatively put forward the great theory of the continuation of the revolution under the dictatorship of the proletariat, and he has personally initiated and led the great practice of the first great proletarian Cultural Revolution in the history of mankind....

...This is of epoch-making significance and represents the third great milestone in the history of the development of Marxism.¹⁶²

The theory of continuous revolutions was publicized in the political report to the 9th National Congress, along with extremely high opinions of Mao. Just like Mao's views that all things would go into opposition, the higher his reputation soared, the more he would fail.¹⁶³

The Cultural Revolution became an exterior attack on economic growth, directly causing its fluctuations. The State Development Planning Commission drafted the Third Five-Year Plan (1966–1970) in September 1965, setting goals among which the aggregate value of agricultural and industrial output would grow at an annual average of 9%, grain output would reach 220 to 240 billion kg by 1970, cotton would reach 44 to 48 million piculs, steel would reach 16 million tons, raw coal would reach 280 to 290 million tons, crude oil would reach 18.5 million tons, electricity output would reach 110 billion kWh, and railway freight volume would reach 700 million tons. If that plan had been implemented and the Cultural Revolution had not happened, China's economy would have developed rapidly.¹⁶⁴ The economic situation in 1966 was excellent. During the first half of the year, aggregate value of agricultural and industrial output grew by 20.3% year-on-year, state budgetary investment increased by 21%, gross retail sales grew by 11.6%, fiscal revenue grew by 15.7%, and technical-and-economic indicators for almost all industrial products reached the highest levels since 1949.¹⁶⁵

The outbreak of the Cultural Revolution upset the advancing trend of the Chinese economy, trapping its national economy in an all-around regression.

On October 1, *People's Daily*, *Red Flag*, and *Liberation Army Daily* ran an editorial to publicize Lin Biao's claim that the "greatest, greatest, greatest" victory of the Cultural Revolution had been secured at the "tiniest, tiniest, tiniest" cost... which was actually the biggest political lie at the time.¹⁶⁶

On October 24, the Business Group of the State Council submitted a report to the Central Committee, pointing out that the national economy was severely

affected, so that industrial output plummeted and the originally planned output could not be produced. The report of the Operations Group of the State Council pointed out that industrial production and railway transportation had fallen successively on a large scale since May. By September, daily average output of pig iron and steel fell to 12,000 tons, only some 26% of the nationally planned daily average output; daily average output of raw coal fell to 268,000, only 50% of the nationally planned daily average output; daily average electricity output fell to 160 million KWH, 60% of the national plan; daily average crude oil output fell to 19,000 tons, 40% of the national daily average; the average number of loading of freight wagons in railway transportation fell to 19,000, 46% of the national plan. In the third quarter, the average level of national industrial production reached only some 50% of the original plan. It was estimated that the 1967 total industrial output could achieve only 70% of the original plan.¹⁶⁷

Aggregate value of agricultural and industrial output saw successive negative growth at -10% and -4.2% in 1967 and 1968, respectively, equal to only 87.3% of that of 1966, and output value of major agricultural and industrial products plummeted;¹⁶⁸ economic administrative organs were completely or partially paralyzed; regulations for national economy administration were abolished one after another; national transportation systems were trapped in total disorder, disturbing the normal order of economy and life; a large number of industrial and mining enterprises were completely or partially stopped, and social production capabilities were left idle on a large scale; the number of industrial accidents increased drastically; fiscal revenue dropped sharply and in 1967 it decreased by 25% and in 1968 it decreased by another 14%; market supply was generally tense, and retail supplies of grains, edible vegetable oil, pork, fresh eggs, cotton cloth, bicycles, watches, and other everyday necessities decreased in various degrees. In 1968, urban and rural residents faced rationing of cotton cloth, and each person got only three meters, 1.53 meters less than that in 1967.

In late 1968, the State Development Planning Commission drafted the *1969 National Economy Program Outline* according to Zhou Enlai's instructions, striving to reverse the chaotic situation of the national economy. As the 9th National Congress of the Party was to be convened in 1969, the political situation grew stable and the trend of fighting gradually calmed down, leading to the restoration of social life and production order.¹⁶⁹

In February 1968, most ministers or deputy ministers of the State Council were overthrown or deprived of authority, paralyzing all state organs. According to materials provided by Zhou Enlai, among the 42 organs of the State Council,

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only 90 cadres on the ministerial level were in office, accounting for 32% of the 280 cadres. As for those chief in command (ministers or directors), only three were in office while all others were deprived of authority.¹⁷⁰ Mao, Lin Biao, and the Central Cultural Revolution Group all knew about these.

In late March 1968, the counterrevolutionary cliques of Lin Biao and Jiang Qing jointly fabricated the “Yang Chengwu, Yu Lijin, and Fu Chongbi Incident” with the purpose of framing them. On March 24, 1968, during a military cadre meeting of colonels and the above convened at the Great Hall of the People by Lin Biao, he claimed that Yang Chengwu (Deputy Secretary-General of the Central Military Commission and member of its Standing Committee, Deputy Chief of the General Staff of the People’s Liberation Army) had conspired with Yu Lijin (Political Commissar of the Air Force) to seize the leadership of the air force and overthrow Wu Faxian (Commander for the Air Force), and that Yang Chengwu had colluded with Fu Chongbi (Commander of Beijing Garrison) to overthrow Xie Fuzhi. On the same day, the CPC Central Committee, the State Council, the Central Military Commission, and the Central Cultural Revolution Group issued an order. In accordance with the decision of Chairman Mao and Vice-Chairman Lin, Yang Chengwu, Yu Lijin, and Fu Chongbi were removed from their posts, and Huang Yongsheng was appointed Chief of the General Staff, and Wen Yucheng as Commander of Beijing Garrison. On March 28, Mao, Lin Biao, and Zhou Enlai received Huang Yongsheng, Wu Faxian, and Wen Yucheng. Mao told them that from then on the Working Group of the Military Commission would be led directly by Vice-Chairman Lin. The Central Military Commission was the Working Group, and the meeting of its standing committee would be stopped.¹⁷¹ That was the origin of Lin Biao’s power in directly commanding the PLA and Lin Biao’s direct control of the army through Huang Yongsheng as the Head of the Central Military Commission Working Group. Actually, the Central Military Commission had been replaced by its working group. All decisions were made by Mao, and he again authorized Lin Biao to directly command the PLA. On December 21, 1973, Mao spoke frankly and regretfully that the “Yang, Yu, and Fu Incident” had been fabricated by Lin Biao, and he made errors as he listened to only Lin Biao.¹⁷² On March 28, 1979, the CPC Central Committee issued a formal document to redress the “Yang, Yu, Fu Incident” thoroughly.

On July 27, in accordance with Mao Zedong’s decisions, the Mao Zedong Thought Propaganda Team of Capital Workers was stationed at Tsinghua University, and was attacked by its rebels headed by Kuai Dafu, resulting in five deaths and several hundred injuries. Early the next morning, Mao, Lin Biao,

Zhou Enlai, and members of the Central Cultural Revolution Group urgently summoned the heads of the five rebel organizations of institutions of higher learning in Beijing. They were Nie Yuanzi of Peking University, Kuai Dafu of Tsinghua University, Han Aijing of Beijing Aeronautical Institute, Tan Houlan of Beijing Normal University, and Wang Dabin of the Beijing Institute of Geology. Mao criticized them for their positions of “no struggling, no condemning, and no improvements.” Their struggles were merely fighting. He proposed four methods for handling the Red Guards in institutions of higher learning: military control, separating one into two, struggling, and condemning and walking away; and all workers moved out leaving them to fight. In the end, Mao said that the gravest problem of students was their divorce from peasants, workers, and armies — that was to say, being divorced from the producers.¹⁷³

On July 30, the talk was formally spread nationwide, under the title *Basic Points of Chairman Mao's Directive on the Cessation of Armed Struggle*. On July 31, a circular issued by the CPC Central Committee, the State Council, the Central Military Commission, and the Central Cultural Revolution Group, and revised by Zhou Enlai, described the domestic disorder of the Cultural Revolution:

In a situation of successive victories of the proletarian Cultural Revolution, a handful of counterrevolutionaries produced a series of counterrevolutionary incidents. Their crimes were as follows: damaging railway, aviation, transportation, telecommunication, and postal services; murder, arson, and the poisoning of people; plundering national assets and materials, vehicles, and warehouses; beating and killing PLA officers and men and snatching their armament; provoking and manipulating mass fighting behind the scenes, harming production; snatching state archives and confidential information; establishing private radio stations for illegal broadcasts; organizing underground counterrevolutionary cliques and fighting teams that obstructed production; attacking state jails and penal farms; fabricating counterrevolutionary rumors.¹⁷⁴

By July 1968, the Cultural Revolution had become a real social disorder. It had grown into national chaos launched by leaders, with the Red Guard rebels joining in, and it was supported by the Central Cultural Revolution Group. It went so far that even Mao himself could not tolerate it. On August 25, the CPC Central Committee, the State Council, the Central Military Commission, and the Central Cultural Revolution Group jointly issued the *Circular on Stationing Workers' Propaganda Teams in Schools*. After that, worker publicity teams and

military publicity teams were approved to be stationed in colleges, secondary, and elementary schools, and other educational departments.

Enlarged Twelfth Plenary Session of the 8th Central Committee and the Unjust Case of Liu Shaoqi

Zhou Enlai chaired the Central Cultural Revolution Brief Meeting on September 19 to discuss convening the Enlarged Twelfth Plenary Session of the 8th Central Committee. The main tasks were first, to prepare for the 9th National Party Congress; second, to summarize the experience and lessons of the Cultural Revolution; third, to solve the problem of establishing the Central Revolution Committee actually and organizationally, including the problem of the State Chairman.¹⁷⁵

During the 20 months of full-scale power seizures from January 1967 to September 1968, more than 60 major party or government leaders of 29 provinces, autonomous regions, and municipalities directly under the central government were determined to be part of the contradiction between the enemy and the people. Among the over 190 members of the Central Committee of the 8th National Party Congress (including both members and alternate members), 88 were framed as traitors, spies, people having treasonous relationships with foreign countries, anti-party elements, and counterrevolutionary revisionists,¹⁷⁶ accounting for 46% of the total — much higher than the total number of people removed from the Central Committee before 1966. It was the inevitable result of the “peeling bamboo shoots” policy since Mao’s launching of the Cultural Revolution. As a result, it became impossible to convene a CPC Central Committee plenary session in accordance with the *Party Constitution*.

Mao, Lin Biao, Zhou Enlai, and some others were astonished by the aforesaid news. After the Enlarged Twelfth Plenary Session of the 8th Central Committee, with the approval of Mao, the CPC Central Committee issued a series of documents to stress the policy of less attacking and more education and that of timely release of people who once committed errors.¹⁷⁷ In the list of representatives of the 9th National Party Congress written by Zhou Enlai, there were only Zhu De and some other 20 members or alternate members of the former Central Committee of the 8th National Party Congress, including Zhu De, Chen Yun, Dong Biwu, Deng Zihui, Li Fuchun, Li Xiannian, Liu Bocheng, Chen Yi, Xu Xiangqian, Nie Rongzhen, Ye Jianying, Zhang Dingcheng, Wang Zhen, Hu Yaobang, Tan Qilong, Yang Yong, Fang Yi, Sai Fuding, Fan Wenlan,

and others.¹⁷⁸ This indicated that the immediate political result of the Cultural Revolution was irregular political liquidation, elimination, and rift. Mao began to consider liberating old cadres and ending the Cultural Revolution. On March 16, 1969, Zhou Enlai mentioned in the preparation meeting for the 9th National Party Congress that the Party should liberate some old cadres. Zhou Enlai made the following remarks at the Second Plenary Meeting of the 9th National Party Congress Preparatory Meeting on March 16:

The Cultural Revolution has been underway for almost three years, and we have been always lagging behind in summing up experience and implementing policies. It is more important to release some cadres. In the words of Chairman Mao, even capitalist roaders should be treated in two different ways. Not all of them are incorrigible capitalist roaders, and they should be given chances to correct themselves.¹⁷⁹

Mao chaired the Enlarged Twelfth Plenary Session of the 8th Central Committee in October. It had four agenda items: the principles and methods for selecting the representatives of the 9th National Party Congress; revising the *Party Constitution*; analyzing domestic and international situations; passing the examination report on the special case of Liu Shaoqi. The number of meeting attendees reached 133, including only 59 members or alternate members of the Central Committee of the 8th National Party Congress, which accounted for 44% of the total. Among the 97 members of the Central Committee of the 8th National Party Congress who should attend the Plenary Session, more than half (about 47 people) were condemned or persecuted politically and were deprived of the right to attend the meeting. Article 16 of the *Party Constitution* passed at the 8th National Party Congress provided that:

Any decision to remove a member or alternate member from the Central Committee of the Party, to place him on probation, or to expel him from the Party must be taken by the National Party Congress. In conditions of urgency, such a decision may be taken by a two-thirds majority vote of the Central Committee at its plenary session, but it must be subject to subsequent confirmation by the next session of the National Party Congress.

Ten members died, and only 40 members (46%) of the total attended the meeting, which was not enough for quorum. As a result, 10 alternate members were promoted to be members. In order to reach the quorum of half of the Central

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Committee members, 10 Central Committee alternate members, including Huang Yongsheng, Xu Shiyong, Chen Xilian, Zhang Dazhi, Han Xianchu, Pan Fusheng, Liu Jianxun, Li Dazhang, Wu De, and Liu Zihou were promoted to be members at the opening ceremony of the plenary session, making the number slightly over half of the Central Committee members.¹⁸⁰ According to Deng Xiaoping's explanation made in April 1981, 50 members of the Central Committee attended the session, which complied with the quorum requirements.¹⁸¹ All members of the Central Cultural Revolution Group, people-in-charge of regional revolution committee, and of the military force totaling 74 members attended the session, accounting for 56% of the total.

The session discussed questions such as: Should the Party carry out the Cultural Revolution? Were there more achievements or faults? This indicated that from the beginning of the Cultural Revolution, there was a dispute over it within the CPC Central Committee. Mao was considering whether the movement displayed more disadvantages than advantages. He was quite clear that the question was unavoidable, despite his hope for an affirmative answer. Hence, discussion of those questions became a major task of the session.

Mao delivered a speech at the opening ceremony. He stressed that the proletarian Cultural Revolution was entirely necessary and timely to consolidate the proletarian dictatorship, prevent the capitalist restoration, and build Socialism. He acknowledged that there were errors, but the primary responsibilities lied in the Central Committee and himself, not in the local places or the army.¹⁸² That was the first time that Mao had admitted the errors of the Cultural Revolution at a Plenary Session of the Central Committee, and acknowledged that the main people responsible were the Central Committee and himself. Before that, Mao commented on August 22 that the Cultural Revolution should not be described as unprecedented. The largest cultural revolutions in history had been things like the invention of fire, the invention of the steam engine, and the establishment of Marxism-Leninism, not this Cultural Revolution.¹⁸³ He was no longer in favor of calling the Cultural Revolution a great creation in the history of the Communist movement and a new development of Marxism-Leninism.¹⁸⁴

In January 1979, Hu Yaobang recalled the Twelfth Plenary Session of the 8th Central Committee convened on October 14, 1968.

Chairman Mao, after several remarks, proposed a question to us: Comrades, what do you think about the Cultural Revolution? The hall went quiet as nobody answered.

It was obvious that most members of the Central Committee were not in favor of the Cultural Revolution.

Chairman Mao said that it may be just an episode of history in 50 or 100 years.¹⁸⁵

As proved by later facts, the full-scale overall civil war launched by Mao was really an episode of China's history, but one which came at a tremendous price and cost.

Lin Biao, Jiang Qing, and Kang Sheng condemned the February Adverse Current once again at the plenary session. Chen Yi, Ye Jianying, Li Fuchun, Li Xiannian, Xu Xiangqian, Nie Rongzhen, and some others were attacked. Zhu De and Chen Yun were condemned. Mao thought the February Adverse Current was nothing great and that it could be allowed within the Party. He suggested criticizing senior comrades, then protecting and helping them, and that the 9th National Party Congress should include representatives who were involved in the February Adverse Current.

The plenary session's main task was to approve and pass the *Review Report on the Crime of the Traitor, Quisling, and Scab Liu Shaoqi*, prepared by the Special Case Review Group of the Central Committee headed by Xie Fuzhi, making the decision of expelling Liu Shaoqi from the Party permanent and removing him from all positions in and outside of the Party. The special case was actually completed under the direct control of Jiang Qing. Xie Fuzhi noted on February 26, 1968, that the major work of the case for the traitor Liu Shaoqi was led by Jiang Qing. After that, all important reports and instructions were reported to Jiang Qing directly.¹⁸⁶ On May 8, Mao, Zhou Enlai, and others expressed their doubts over the materials about Liu Shaoqi submitted by the Special Case Group at the Central Cultural Revolution Group Brief Meeting. But owing to having little grasp of the truth, they eventually believed the report, thus it was recognized by the higher level of the Party.¹⁸⁷ It was obvious that the explanation above made no sense, and it was mysterious for both Mao and Zhou Enlai to recognize the report.

Liu Shaoqi lost personal freedom for quite a while at that time. He was completely deprived of rights to attend meetings and defend himself. Chen Shaomin refused to give his consent at voting. On the evening of October 17, 1969, Liu Shaoqi, who was very sick, was compelled to be transported to Kaifeng, Henan, where he was put into a special prison. On November 12, 1969, Liu Shaoqi died, uncleared of a false charge, and he was cremated secretly. The case of Liu Shaoqi became the biggest political case of injustice in the history of the PRC, and

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the most typical political case among various political movements since 1949. The political and organizational treatment of Liu Shaoqi by the Twelfth Plenary Session of the 8th Central Committee was entirely wrong and unrealistic. It was the biggest case of injustice in the history of the CPC.¹⁸⁸ It reflected the characteristics of China's politics at that time. State institutions were gravely flawed, if not ruined; even the civil rights and human rights of Party leaders were seriously infringed upon. Mao and Zhou Enlai, who had worked with Liu Shaoqi for more than 40 years, should bear the unshakable political and historical responsibilities for that. Zhou Enlai criticized Liu Shaoqi at the opening ceremony of the Enlarged Twelfth Plenary Session of the 8th Central Committee, and was in favor of the resolution on the Liu Shaoqi issue.¹⁸⁹

As shown in history, Mao's analysis of China's political situation was quite wrong. There existed neither the capitalist headquarters headed by Liu Shaoqi, nor his revisionist path. So Mao's political guiding principle in launching the Cultural Revolution had been extremely wrong.

At that plenary session, Mao proposed that the class purge had to be stable, accurate, and relentless. Meanwhile, he opposed extorting confessions and required people to not readily believe in oral confessions. He thought it was too much for Peking University to seize more than 500 people among more than 10,000 in their class purge. He proposed the principles of "first denounce, then protect," "first condemn, then support," and "first criticize, then put into service" to capitalist academic authorities such as Feng Youlan and Jian Bozan and suggested giving them a way out.¹⁹⁰ After Mao's instructions were conveyed to them, Jian Bozan and his wife committed suicide to protest against the unbearable intimidation from the Special Case Group.¹⁹¹ After knowing that, Mao angrily rebuked Xie Fuzhi, Director of the Revolution Committee of Beijing Municipality.¹⁹²

The main task of the plenary session remained to regard the Cultural Revolution comprehensively as a positive thing. The *Plenary Session Communiqué* issued Mao's top instructions:

The proletarian Cultural Revolution was completely necessary and very timely for consolidating proletarian dictatorship, preventing capitalist restoration, and building Socialism.¹⁹³

Mao did not end it because of the overthrow of Liu Shaoqi; he would continue the revolution under the proletarian dictatorship. Lin Biao stated Mao's basic view concerning the Cultural Revolution in the report of the 9th National Party Congress, that the power usurped by the capitalist roaders could only be seized

back through the Cultural Revolution by open, complete, and bottom-to-top mobilization of the masses to disclose the dark facts. It was essentially a political revolution of one class overthrowing another that should be carried out many times at later dates.¹⁹⁴

If Article 19 of the *Party Constitution* (that any important issue shall be decided collectively) had been observed, then at the Eleventh Plenary Session of the 8th Central Committee convened in August 1966, Mao could not have launched the Cultural Revolution, and even if he had launched it, it could have been stopped at the Twelfth Plenary Session. Yet the *Party Constitution* then existed in name only. At the Plenary Session, as the problem of Liu Shaoqi was thoroughly settled, Mao once again estimated the time that the Cultural Revolution needed, believing that it could be ended in the summer of 1969. He told foreign guests on November 10 that if had taken 22 years to seize power, it would take about three years to complete the Cultural Revolution. He admitted for the first time that within the Party there were political rifts.¹⁹⁵ But it was hard for Mao to acknowledge that after the overthrow of Liu Shaoqi, there was a political conflict between himself and Lin Biao, his political ally and successor, and this led to another rift within the Party and the army. The Cultural Revolution did not end as expected but continued on. Mao's engine of class struggle had once again played its role.

12

Chapter

**The Second Phase
(1969–1973):
Life-and-Death Struggles
between Mao Zedong and
Lin Biao**

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This second phase spanned from the 9th National Party Congress in 1969 to the 10th National Party Congress in August 1973 during which a fierce life-and-death struggle broke out between Mao and Lin Biao.¹

The 9th National Party Congress and Lin Biao's Succession

From March 9 to March 27, 1969, the Central Cultural Revolution Brief Meeting convened the preparatory meeting for the 9th National Party Congress. Altogether 128 people who were in charge of revolution committees in provinces, municipalities, autonomous regions, military regions, and central departments attended the meeting.

Altogether 1,521 representatives attended the 9th National Party Congress convened from April 1 to April 24. As most grassroots party organizations were not restored, many representatives were not elected through normal election procedures. They were either determined by the heads of revolution committees and various rebel organizations, or directly appointed by superior organs.²

Zhou Enlai, as the only political figure accepted by all sides of the Party, played a critical role in the 9th National Party Congress. On April 1, he, together with Mao, prepared a list of executive chairpersons for the 9th National Party Congress. Zhou Enlai wrote to Mao and Lin Biao on April 1, 1969, and, together with Mao, formulated a seating plan. To Mao's left were Lin Biao, Chen Boda, Kang Sheng, Jiang Qing, Zhang Chunqiao, Yao Wenyuan, Xie Fuzhi, Huang Yongsheng, Wu Faxian, Ye Qun, and others. To Mao's right were Zhou Enlai, Dong Biwu, Liu Bocheng, Zhu De, Chen Yun, Li Fuchun, Chen Yi, Li Xiannian, Xu Xiangqian, Nie Rongzhen, Ye Jianying, and others.³ The list laid the foundation for selecting the members of the Politburo and its Standing Committee. It was obvious that those on Mao's left were important members of the Lin Biao and Jiang Qing cliques. These members were stalwarts of the Cultural Revolution despite the power struggles between them. Those sitting to Mao's right were moderates. They formed two irreconcilable political forces. In his opening speech, Mao hoped for a unified and victorious session. He particularly mentioned electing Zhu De and others into the Central Committee on April 11.⁴ On April 15, Zhou Enlai took charge of drafting the election provisions for the 9th Central Committee by the 9th National Party Congress.⁵ On April 20, Zhou Enlai chaired the enlarged meeting of the chairman delegation of the 9th National Party Congress which passed the *Draft Member List of the Central Committee of the 9th National Party Congress*.⁶

Lin Biao delivered the political report on behalf of the CPC Central Committee. Mao suggested on February 7 that the drafting of the report be headed by Lin Biao, initiated by Chen Boda, and joined by Zhang Chunqiao and Yao Wenyuan. Chen Boda worked alone and did not finish the draft on schedule. Mao decided on March 12 that Kang Sheng, Zhang Chunqiao, and Yao Wenyuan should form another drafting group, and the two groups should work independently.⁷ The report, written by Zhang Chunqiao and Yao Wenyuan, was read, examined, and revised many times by Mao before it was finalized.⁸ The report legalized Mao's theory and practice regarding the Cultural Revolution, comprehensively generalized his theory of continuous revolution under the proletarian dictatorship, and wrote it into the general principles of the new *Party Constitution*.

At the 9th National Party Congress, Mao once again explained the reasons why he launched the Cultural Revolution.

It should be carried out from the central committee down to factories, government bodies, and schools. They used to not be controlled by us, but by the KMT and the bourgeois intellectuals, who had supporters.

And he said:

Judging from my observations, I am afraid that in a fairly large majority of factories — I don't mean all or the overwhelming majority — leadership was not in the hands of genuine Marxists and the masses of workers.

Obviously, his observation was arbitrary and lacked factual evidence; but it was used as the basis for launching the Cultural Revolution. Meanwhile, Mao acknowledged that on the one hand there were trends of anarchism and general doubt in the masses and, on the other hand, many people had taken the chance to do bad things, including starting armed fights. But Mao viewed these things as of little significance.⁹

The 9th National Party Congress consolidated the positions of the Lin Biao and Jiang Qing cliques.¹⁰ Mao gave them important positions and relied on the two political cliques to oppose Liu Shaoqi and Deng Xiaoping. The Lin Biao clique represented military force, while the Jiang Qing clique represented ideological means. Lin Biao not only became the only Vice-Chairman of the CPC Central Committee, but he was also appointed as Mao's successor. The sixth paragraph of the general principles in the *Party Constitution* passed at the 9th National Party Congress said:

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Comrade Lin Biao has consistently held high the great red banner of Mao Zedong Thought and has most loyally and resolutely carried out and defended Comrade Mao Zedong's proletarian revolutionary line. Comrade Lin Biao is Comrade Mao Zedong's close comrade-in-arms and successor.¹¹

Jiang Qing and Zhang Chunqiao insisted on writing that into the *Party Constitution* at the Enlarged Twelfth Plenary Session of the 8th Central Committee. Mao said:

Now that most comrades agreed to it, we shall write Lin Biao into the *Party Constitution*.¹²

Zhou Enlai gave an account of the situation of Lin Biao as Mao's successor at the 9th National Party Congress on April 14. He affirmed Lin Biao's historical achievements before and after 1949, especially during the Cultural Revolution.¹³ Zhou Enlai stated that during the Cultural Revolution, Lin Biao followed the Chairman closely all the way. He deserved to be the universally acknowledged second-in-command of the proletariat headquarters headed by the "great commander." In interpreting the meaning of the sixth paragraph of the general principles of the new *1969 Party Constitution*, he said:

This is the most correct conclusion that results naturally from Comrade Lin Biao's more than 40 years of revolutionary struggle. It is totally in accordance with the facts. He has won the enthusiastic support of the whole Party, the whole army, and the revolutionary people of different nationalities in China, and he has also been given the backing of the broad revolutionaries of the whole world. Not only do we feel boundless joy because we have as our great leader the greatest Marxist-Leninist of our era, Chairman Mao, but we also feel great joy because we have Vice-Chairman Lin as Chairman Mao's universally recognized successor. Let the whole party and the entire people...unite under the proletarian headquarters with Chairman Mao as the leader and Vice-Chairman Lin Biao as the deputy leader...

Here Zhou Enlai was complying with Mao's order. Zhou Enlai attended a meeting with Mao on September 24, 1967, and when talking about the convocation of the 9th National Party Congress, Mao said that his successor would, of course, be Lin Biao.¹⁴ Objectively, Zhou Enlai played an important role in making Lin Biao

Mao's successor. In August 1972, he explained that he did not realize Lin Biao was planning a conspiracy, and if he did, he would not have made those remarks.¹⁵

The practice of selecting and appointing successors seriously violated the organizational principle of democratic centralism and the election system since the founding of the CPC in 1921. Party leaders should be elected at the national congress and plenary sessions of the Central Committee. Such an absurd course of action was the largest failure of all versions of the *Party Constitution*. More ironically, only two years later, Lin Biao changed and went from being a "close comrade in arms" and "successor" to "a capitalist careerist and conspirator"¹⁶ who was also accused of trying to murder Mao and launch an armed coup. Mao had to request the early convening of the 10th National Party Congress (1973) to revise the *Party Constitution* by deleting words concerning Lin Biao, and thus making self-negation.

According to the election method proposed by the Secretariat of the Presidium for the 9th National Party Congress, Mao and Lin Biao were the logical candidates, and the number of nominees from the original or alternate members of the Central Committee of the 8th National Party Congress had to be fewer than 53. Through secret ballots, 170 Central Committee members and 109 alternate members were elected, among which 53 were original or alternate members of the Central Committee of the 8th National Party Congress, accounting for 19% of the Central Committee of the 9th National Party Congress and 29% of the 8th National Party Congress.¹⁷ Among the Central Committee members of the 9th National Party Congress, the number of civil servants in the government — mainly, the State Council system — dropped drastically, accounting for approximately one-third of the total; the number of military cadres rose to 124, accounting for 44% of the total while in the 8th National Party Congress in 1956 it only accounted for 19%; the percentage of members representing workers, peasants, and soldiers increased to 19%, leading to a conspicuous falling of the education level of the members of the Central Committee. The percentage of local cadres — mainly provincial cadres — escalated from 38% in 1956 to 67% in 1969. The number of local representatives in the Politburo rose from three to five, three of whom were commanders of large military regions (Chen Xilian, Li Desheng, and Xu Shiyu). The increased proportion of military personnel to Central Committee members reflected that most original state and party organs were paralyzed, so Mao had to depend upon military personnel to fill the political vacuum caused by the overthrowing of everything during the Cultural Revolution. That was a special period of China's military rule.

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The First Plenary Session of the 9th Central Committee elected Mao as Chairman of the Central Committee and Lin Biao as the only Vice-Chairman, and Mao, Lin Biao, Zhou Enlai, Chen Boda, and Kang Sheng as members of the Politburo Standing Committee. One can see that the reshuffling at the Eleventh Plenary Session of the 8th Central Committee in August 1966 was doing addition — increasing the number of members to 11 — while at the 9th Central Committee it was subtraction — reducing the number to 5. At the Eleventh Plenary Session of the 8th Central Committee, six Politburo Standing Committee members were eliminated, three (Liu Shaoqi, Deng Xiaoping, and Tao Zhu) had their positions diminished, and three more (Zhu De, Chen Yun, and Li Fuchun) were removed from the Committee.

The Politburo of the 9th National Party Congress had 25 members. Two-thirds were newly elected from the core members of the Lin Biao and Jiang Qing cliques. Among the 30 members (excluding the three dead members) of the 8th Central Committee's Politburo, only 12 remained as Politburo members, accounting for 40% of the total. There were 21 Politburo members: Mao Zedong (also an 8th Politburo member), Lin Biao (also an 8th Politburo member), Ye Qun, Ye Jianying (also an 8th Politburo member), Liu Bocheng (also an 8th Politburo member), Jiang Qing, Zhu De (also an 8th Politburo member), Xu Shiyu, Chen Boda (also an 8th Politburo member), Chen Xilian, Li Xiannian (also an 8th Politburo member), Li Zuopeng, Wu Faxian, Zhang Chunqiao, Qiu Huizuo, Zhou Enlai (also an 8th Politburo member), Yao Wenyuan, Kang Sheng (also an 8th Politburo member), Huang Yongsheng, Dong Biwu (also an 8th Central Politburo member), and Xie Fuzhi (also an 8th Politburo alternate member). There were 4 alternate members of the Politburo: Ji Dengkui, Li Xuefeng (also an 8th Politburo alternate member), Li Desheng, and Wang Dongxing.¹⁸

Three political forces were formed in the Politburo and its Standing Committee: moderates headed by Zhou Enlai who represented the sound and progressive forces within the Party, seven of whom were Politburo members; and the Lin Biao and Jiang Qing cliques, representing the “evil and destructive” forces within the Party, with seven and five seats, respectively, in the Politburo. The three forces formed an extremely complicated political pattern, directly affecting the later struggles within the Party and the progress of the Cultural Revolution, and they reflected the political characteristics of China. According to Harding:

The composition of the Politburo thereby reflected the divisions among the victims, survivors, and beneficiaries of the Cultural Revolution; between the military and the civilian radicals who had come to power during the movement; between Lin Biao and his rivals in the central military

leadership; and between the central military establishment and the regional commanders.¹⁹

Such strange and various political cliques in the Party were designed carefully by Mao and balanced by him.

On April 28, the Politburo approved the list of Chairman, Vice-Chairmen, and members of the Central Military Commission and Central Military Commission Working Group. The list was suggested by Mao and formulated by Zhou Enlai.²⁰ Mao assumed Chairmanship of the Central Military Commission. Lin Biao, Liu Bocheng, Chen Yi, Xu Xiangqian, Nie Rongzhen, and Ye Jianying were appointed Vice-Chairmen. Huang Yongsheng and Wu Faxian served as Head and Deputy Head of the Central Military Commission Working Group, respectively. Ye Qun, Liu Xianquan, Li Tianyou, Li Zuopeng, Li Desheng, Qiu Huizuo, Wen Yucheng, and Xie Fuzhi were members of the Working Group of the Central Military Commission.²¹

Three political forces were also formed in the Central Military Commission. The Central Military Commission Working Group, responsible for the daily work of the Central Military Commission, was controlled by Lin Biao. Lin Biao controlled the military force, so he had the upper hand. Meanwhile, Mao used five marshals including Ye Jianying to restrict the Lin Biao clique, and the five marshals supported Mao in his crashing the Lin Biao clique in the September 13 Incident. Members of the Jiang Qing clique, such as Xie Fuzhi, were put in minor positions, reflecting that Mao basically did not allow the Jiang Qing clique to interfere in military affairs, and used its members as ideological weapons.

A master of politics, Mao was good at political maneuvering. He was not only able to manipulate various political forces, but was also good at using political struggles for political reshufflings. Having worked with Mao for a long time, Lin Biao knew Mao's practices well. He cautiously and carefully watched Mao and never acted rashly. He came out as the biggest political winner of the 9th National Party Congress and, because of that, he went to the forefront of the Chinese political arena. Thus, his direct confrontation with Mao was inevitable. It was very similar to the conflict between Mao and Liu Shaoqi. However, this conflict was violent and bloody.

At the opening ceremony of the 9th National Party Congress, Mao hoped for a unified and victorious conference leading to a greater victory across the country after the conference.²² He planned that after the 9th National Party Congress, the Cultural Revolution would enter its final period.²³ Yet to Mao and Lin Biao's surprise, conflicts broke out between the two shortly after that.

The *1969 Party Constitution* had only 12 articles, with a length of only one-fifth

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of the *1956 Party Constitution*. According to Article 8:

The National Party Congress shall be convened every five years. Under special circumstances, it may be convened before its due date or postponed.

According to Article 9:

The plenary session of the Central Committee of the Party is convened by the Political Bureau of the Central Committee.

Compared to the *1956 Party Constitution*, it did not stipulate the term of the National Party Congress as being five years but only changed annual meetings once every five years. It did not stipulate clearly how often a plenary session should be convened. It changed the provision that plenary sessions should be convened twice every year. It deleted the section concerning Party members' rights and had no detailed provisions on the procedures of disciplinary actions against Party members. As for the power structure of the Party, it removed the Secretariat of the Central Committee and the Supervision Committee, and it purposefully omitted the relationship between the state and the Party, which was a major point in the *1956 Party Constitution*.

Such practices tremendously weakened various political system arrangements which had been established and formulated by the CPC during the 48 years since its founding. The CPC was at the lowest and weakest point of its institutionalization. Thus, it was unavoidable that Mao's errors would be used by the Lin Biao and Jiang Qing cliques. Harry Harding remarked:

Thus, the organizational structure for the Party that emerged from the 9th Party Congress was significantly more flexible, less institutionalized, and therefore more open to manipulation by elements of the top leadership, than had been the case before the Cultural Revolution.²⁴

Political struggles were at their cruelest and most tense at that time. Just as the resolution of the 1981 Party Central Committee stated, the guidelines of the 9th Congress were wrong on ideological, political, and organizational levels.²⁵ However, at the 10th National Party Congress in 1973, Zhou Enlai's report still gave full confirmation that the political and organizational lines stipulated by the 9th National Party Congress were both correct, despite the smashing of Lin Biao's anti-Party clique. The report was drafted by Zhang Chunqiao, and examined and revised by Mao.

The power of the Lin Biao clique rose rapidly after the 9th National Party Congress. Their main practices were to vigorously advocate the personality cult to gain Mao's trust and form a faction openly within the Party and the military, to take advantage of the Cultural Revolution by excluding dissidents and other cliques or political forces such as cruelly oppressing Marshal He Long, fiercely criticizing Yang Chengwu, Yu Lijin, and Fu Chongbi, and excluding Marshal Nie Rongzhen and other people. The Central Military Commission Working Group established after the 9th National Party Congress actually controlled the daily operations of the Central Military Commission and replaced it as an informal organization. It was led by Huang Yongsheng and Wu Faxian and only took orders from Lin Biao, from which new political struggles could be foreseen. The Jiang Qing clique was the Cultural Revolution's biggest social climber. It first acted in collusion with the Lin Biao clique in striking down and prosecuting Liu Shaoqi, Deng Xiaoping, and others. Then it ran into irreconcilable conflicts with the Lin Biao clique owing to power-seizing. Thus, a greater life-and-death struggle was brewing. Both cliques were striving for Mao's political support. Seizing political power and putting the other side to death were the common characteristics of the two cliques, which also made up a hideous political phenomenon brought about and spread within the Party during the Cultural Revolution.

Mao was in a position of balancing and controlling contradictions and conflicts of the three political forces. He, on several public occasions, appealed for unification instead of rifts within the Party. He required the Central Committee to unite for a greater victory at the First Plenary Session of the 9th Central Committee.²⁶ Yet it was only his wishful thinking as his principle of class struggles was the source of the continuous rifts within the Party.

Mao made another estimate of the length of the Cultural Revolution at the First Plenary Session of the 9th Central Committee. In 1970, he believed that it would take approximately another year to end the Cultural Revolution across the country. If everything went well, it might end by the 20th Founding Anniversary of the PRC in 1969.²⁷ As proved by later facts, his estimate was wrong again.

From the Dispute over the Appointment of a Chairman to the Lushan Conference

In the midst of all this was the dispute between Mao and Lin Biao on whether to set up the post of State Chairman or whether to continue the personality cults, which were struggles of both principle and power.

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Mao decided against setting up the post of Chairman six times.

On March 8, 1970, Mao proposed convening the 4th NPC to establish a new government and amend the *Party Constitution*. Meanwhile, he suggested changing the state system and abolishing the post of State Chairman. He conveyed his suggestion to Zhou Enlai through Wang Dongxing (alternate member of the Politburo and Director of the General Office of the CPC Central Committee). In the evening of the same day, Zhou Enlai presided over a Politburo meeting which unanimously supported Mao's suggestion, and several groups were to be established for preparation work. These groups included: the working group consisting of Zhou Enlai, Zhang Chunqiao, Huang Yongsheng, Xie Fuzhi, and Wang Dongxing, responsible for determining the number of representatives and election affairs of the 4th NPC; the working group consisting of Kang Sheng, Zhang Chunqiao, Wu Faxian, Li Zuopeng, and Ji Dengkui, responsible for amending the *Party Constitution*; Zhou Enlai and Yao Wenyuan, responsible for drafting the government work report.²⁸

The State Chairman System was established by Mao and was aimed at setting up a cushion between the State Council and the NPC Standing Committee. It made the country safer by preventing simultaneous errors in the three organs. Mao revised and approved the *Explanation on the Preliminary Draft of the Party Constitution* at the beginning of March 1954, in which the issue of the State Chairman was particularly mentioned. About the necessity of setting up a State Chairman, Mao explained:

We shall set up a State Chairman [position] to ensure the country's safety. China is a large country. Setting up a State Chairman makes the country safer. As it is rare for the Chairman of the Standing Committee of the National People's Congress, Premier, and State Chairman to make mistakes simultaneously, the country shall be safer. If something goes wrong within the National People's Congress, there is no solution but to wait for four years. The State chairman serves as a cushion between the State Council and the Standing Committee of the National People's Congress.²⁹

The *1954 Constitution* expressly stipulated that the State Chairman System was necessary. The State Chairman exercised powers and authorities endowed by the *Party Constitution*. The *1954 Constitution* provided the functions and power of State Chairman. In Article 42:

The Chairman of the People's Republic of China commands the armed

forces of the state, and is Chairman of the Council of National Defense.

In Article 43:

The Chairman of the People's Republic of China, whenever necessary, convenes a Supreme State Conference and acts as its chairman.... The Chairman of the People's Republic of China submits the views of the Supreme State Conference on important affairs of state to the National People's Congress, its Standing Committee, the State Council, or other bodies concerned for their consideration and decision.

In Article 40:

The Chairman of the People's Republic of China, in pursuance of decisions of the National People's Congress or its Standing Committee, promulgates laws and decrees; appoints and removes the Premier, Vice-Premiers, Ministers, Chairmen of Commissions or the Secretary-General of the State Council.

In Article 41:

The Chairman of the People's Republic of China represents the People's Republic of China in its foreign relations, receives foreign diplomatic representatives and, in pursuance of the decisions of the Standing Committee of the National People's Congress, dispatches and recalls plenipotentiary representatives abroad, and ratifies treaties concluded with foreign states.

The Chairman was both an important symbol of a modern state and an important part of China's state system construction. Mao's proposal of abolishing the post of State Chairman violated the fundamental principle of the *Party Constitution* and removed an important part of the state system.

Why did Mao propose to remove the post of State Chairman? First, the Cultural Revolution was a movement which was destroying instead of constructing the state system, and abolishing the post of State Chairman was only a part of destroying the basic state system. Second, Mao retreated from being State Chairman to the second tier on his own will in 1959 and suggested that the post be assumed by Liu Shaoqi. He did this because he wanted his power to pass into other hands. And now it was improper for him to resume the post, or in his own

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words, he “did not want to be Cao Cao.” Besides, he had learned lessons from Liu Shaoqi’s case, allowing nobody to have the same power or reputation as he had. He was very sensitive to any power distribution, especially the power of State Chairman. He believed that nobody was allowed to challenge and oppose his suggestion. However, Lin Biao, his closest comrade in arms and appointed successor, took the lead in opposing the suggestion and this was unforeseen.

On March 9, the Politburo commenced preparations for amending the *Party Constitution* in accordance with Mao’s wishes. On March 16, the Politburo wrote the *Request for Revising the Constitution* to Mao, proposing the guiding ideology and some principles for amending the *Party Constitution*. On March 17, the CPC Central Committee held a working conference to discuss the issue of convening the 4th NPC and amending the *Party Constitution*.

Lin Biao delivered a proposal to Mao directly by telephone on the State Chairman issue on April 11, believing that the position should be taken by Chairman Mao concurrently, for otherwise it would be going against the people’s will, and that a Vice-Chairman was optional. Lin Biao also stated that it was improper for him to assume the post of Vice-Chairman. The telephone record was sent to the Politburo simultaneously.³⁰

On April 12, Zhou Enlai presided over a Politburo meeting discussing Lin Biao’s opinion. Most Politburo members agreed to it and Zhou Enlai made no different opinions. To most Politburo members including Zhou Enlai, whether to set up the post of State Chairman or not was only an issue of form, for Mao’s top authority was unquestionable and unshakable no matter whether he was State Chairman or not.³¹ They reported the results of the discussion to Mao Zedong.³²

During this period, Mao and Lin Biao did not participate in Politburo meetings. They seldom met with each other for the direct exchange of opinions. Their opinions were conveyed through their representatives, and the discussion results of Politburo meetings were reported to them through written reports or other forms. After the 9th National Party Congress, the Central Committee implemented the Politburo daily work meetings, consisting of 13 people, including three Politburo Standing Committee members (Zhou Enlai, Chen Boda, and Kang Sheng), eight Politburo members (Jiang Qing, Yao Wenyuan, Huang Yongsheng, Wu Faxian, Ye Qun, Xie Fuzhi, Li Zuopeng, and Qiu Huizuo) and two Politburo alternate members (Li Desheng and Ji Dengkui).³³ Usually Zhou Enlai presided over the meetings and reported the results to Mao and Lin Biao, or Zhou Enlai, Kang Sheng, and Chen Boda reported the results to them. Actually, the two ranked higher than the Politburo. They seldom communicated with each other directly, and they suspected and

competed with each other secretly. That was the first important political difference on major issues, though nobody expected the grave political rifts.

It is worth attempting to make an objective analysis of their different opinions: First, Lin Biao would put forward his opinions, including different ones from Mao's; second, Lin Biao would defend Mao's authority and power in all respects, thinking that it might be better for him to propose that Mao assume the post of State Chairman; third, the major issue of whether to set up a post of State Chairman should be determined by the collectivity, and when most Politburo members agreed to Lin Biao's proposal, Mao should obey the decision of the collective leadership.

But Mao negated the collective decision of the Politburo. On April 12, 1970, he wrote an instruction on the Politburo's report concerning Lin Biao's opinions, "I should not be the State Chairman. It is improper." That was the first time that he negated the opinion of the majority of Politburo members. Mao abolished the State Chairman system just because he did not want to assume the position, which reflected his arbitrary attitude toward the basic state system established by the *Party Constitution*.

In early April, Mao put forward for the third time at a Politburo meeting that he would not assume the post of State Chairman and there should be no State Chairman. He explained his political purpose by telling the story of Cao Cao and Sun Quan.

Sun Quan persuaded Cao Cao to become emperor. Actually Sun Quan wanted to roast him on the fire. I shall ask you not to treat me like Cao Cao. Neither should you act as if you were Sun Quan.³⁴

Mao was deeply influenced by traditional Chinese politics, he considered the relationship between himself and other Politburo members neither equal relations nor minority-subordinate-to-majority relationships, but compared them to the relationship between Cao Cao and Sun Quan, which led to inevitable conflicts and contradictions between him and Lin Biao. Lin Biao was a complex man with dual sides; he was at once a loyal and devoted supporter of Mao in all aspects but also a resolute believer in the retention of his own power. On this he would not compromise, not even for Chairman Mao.

Disputes emerged on whether to conduct a personality cult and these disputes were interwoven with the battles of whether to set up the post of State Chairman. Compared with the conflicts between Mao and Liu Shaoqi, conflicts between Mao and Lin Biao broke out at a much faster speed and higher intensity.

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On July 10, Zhou Enlai presided over a meeting of the Politburo, conveying Mao's instructions concerning amending the *Party Constitution*, and established the Constitution Amending Commission of the Central Committee with Mao and Lin Biao as Director and Vice Director.³⁵ From July 17 to 22, Zhou Enlai presided over the plenary session of the Constitution Amending Commission of the Central Committee discussing the issue of amending the *Party Constitution*. Neither Mao nor Lin Biao attended the session. At a group meeting on July 18, Zhou Enlai stated clearly that Mao was the founder of the People's Republic of China and the Communist Party of China was the core political power of the country. Mao was the commander of the Chinese army while Vice-Chairman Lin was the deputy commander. The abolition of the posts of State Chairman and Vice-Chairman might be an option.³⁶ It must be acknowledged that Zhou Enlai showed great political wisdom in skillfully reconciling the political differences between Mao and Lin Biao. Zhou Enlai's proposal deferred to Mao Zedong's personal will while maintaining Lin Biao's corresponding political position. However, at that time Lin Biao's desire for personal power had expanded and his ego had grown prominent. He was unwilling to accept Zhou Enlai's compromising scheme and once again insisted on his own opinion, which meant that he once again openly challenged Mao's authority politically, leading to inevitable political disturbances and conflicts shortly after that.

On July 27, when discussing the issue of revising the August 1 editorial of *People's Daily*, *Liberation Army Daily*, and *Red Flag*, a dispute happened between Chen Boda and Zhang Chunqiao. Chen Boda suggested deleting the words "Chairman Mao and" from the sentence "the People's Liberation Army of China founded and led by the great leader Chairman Mao and directly commanded by Chairman Mao and Vice Chairman Lin," while Zhang Chunqiao firmly opposed the idea. And Mao deleted the three adverbs "brilliantly, creatively, and comprehensively" in front of "Mao Zedong Thought." Zhang Chunqiao drafted documents and received foreign guests many times, so he knew it was the modification of Mao himself.

On the afternoon of August 13, Kang Sheng convened the Working Group Meeting of the Constitution to discuss its draft. At the meeting, a sharp conflict broke out again concerning some adverbs about Mao in the draft.³⁷

At that time, neither Chen Boda nor Zhang Chunqiao was a Politburo member. They were not only skillful writers in the Party, but also loyal spokespersons of Lin Biao and Mao. The theoretical struggle and political conflicts between them were not about who was right or wrong, but about who

had power and decision-making rights. Mao was very sensitive about that. He was determined not to make a concession. A year later, on August 25, 1971, when he talked to Hua Guofeng, First Secretary of the Hunan Provincial Committee of the CPC, about the argument, he said:

They actually opposed me for opposing Zhang Chunqiao. It was me who removed the word “brilliantly” and proposed not to set up the position of State Chairman. I am not a genius.³⁸

Mao and Lin Biao both advocated the personality cult. Mao needed it for increasing his own prestige to strike down Liu Shaoqi. Taking advantage of the personality cult by the whole Party, he made other leaders in the Party obey him unconditionally, which helped him successfully bypass the collective decision-making institution in the Party, and led the struggle into the direction he desired, and towards the result he hoped for. Lin Biao catered to his whims. He did not only take the initiative to excessively admire Mao, but also pushed the personality cult to the extreme.

Mao did have a different opinion from Lin Biao on how to create a personality cult and to what extent it should be grown. However, there was no essential difference in their opinions. When talking about Mao Zedong Thought, Lin Biao used three adverbs “brilliantly, creatively, and comprehensively.” In August 1966, the Eleventh Plenary Session of the 8th Central Committee officially passed the resolution. At that time, Mao did not oppose it, and he raised his hand. He wished Lin Biao would do it so that he could expel or strike down Liu Shaoqi. On August 31, 1966, when Lin Biao received revolutionary teachers and students who came from outside Beijing, he described Mao Zedong as a great guru, a great leader, a great commander, and a great steersman, and “the red sun in his people’s hearts.”³⁹ Mao did not oppose or disapprove but acquiesced. With the political mobilization of Lin Biao and Zhou Enlai, the personality cult became increasingly intense. Yet Mao believed that the personality cult should be more tactical instead of blind adoration. Otherwise, it would be against the basic principles of Marxism. Mao knew about this. When Mao received Edgar Snow, he said that the names he was called were annoying, and that it was too much of a personality cult. And it was unnecessary and they should cool it down. He admitted that it had been necessary to create a personality cult in the previous years in order to oppose Liu Shaoqi.⁴⁰

On August 22, the Politburo Standing Committee discussed preparations for convening the Second Plenary Session of the 9th Central Committee. Lin Biao and Chen Boda proposed again that Mao be the Chairman. Zhou Enlai and

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Kang Sheng agreed, but Mao opposed it resolutely. On the afternoon of August 22, 1970, Mao Zedong convened a meeting of the Standing Committee of the Politburo to discuss the setting up of the post of Chairman of the country. Except for Mao Zedong, four other members of the Standing Committee supported that idea. They believed that according to the wishes and demands of the masses, the Chairman of the Party and the state should be the same person. Zhou Enlai proposed that if the Chairman was established, the Chairman could authorize other people to receive foreign diplomatic envoys, or to take part in other diplomatic ceremonial activities. Kang Sheng, Chen Boda, and Lin Biao also said that the position should be established, and proposed that Mao resume the position. Mao disagreed. He said:

The Chairman was only a form. I proposed to amend the *Party Constitution* and my consideration was not to have a Chairman. If you wish to be the Chairman, then you take the position, not me.⁴¹

Kang Sheng said at a plenary session of the Central Constitution Amending Committee convened in Lushan:

The masses ardently wished Chairman Mao would be Chairman of the country, and Vice-Chairman Lin would be Vice-Chairman. If Chairman Mao and Vice Chairman Lin do not want to become Chairman and a Vice-Chairman, then we do not need a Chairman and a Vice-Chairman. What would happen in the end? It should be decided by Chairman Mao. It is the wish of the whole Party and the people. It is our wish when we drafted it, but we do not dare to go against the will of Chairman Mao. Therefore, we have always been in a contradiction.⁴²

From the perspective of normal decision-making procedures, Mao needed to obey the opinion of the majority of the members of the Politburo Standing Committee; however, he vetoed the opinion of the four members of the Standing Committee. It was the second time that Mao had officially vetoed the opinion of the majority in the Politburo. Inside the Politburo Standing Committee, the dispute between Mao and Lin Biao could not be reconciled and they would not compromise. It went public and became a more acute issue at the Second Plenary Session of the 9th Central Committee.

From August 23 to September 6, the Second Plenary Session of the 9th Central Committee was convened at Lushan. At the opening meeting, Zhou Enlai

announced the agenda of the Session, which was discussing the amendment of the *Party Constitution*, the 4th Five-Year Plan, and strengthening the preparation for wars. Lin Biao said:

I studied this *Party Constitution*. A main point is that Chairman Mao is a great leader, the Chairman, superior commander. Another point is that Mao Zedong Thought has become the guiding thought for all Chinese people.... It would be very good to establish that by the law. Very good.

That was the most important article and the most fundamental experience in the 30 articles of the draft *Party Constitution*.⁴³ He called Mao a genius.

We said Chairman Mao is a genius, an opinion that I still hold.⁴⁴

After Lin Biao delivered the speech, Kang Sheng agreed to and supported his opinion completely. He further pointed out that as for the idea of Mao being the Chairman and Lin Biao the Vice-Chairman, everybody felt the same. If Mao did not want to become Chairman, then Lin Biao should be it. If neither of them wanted to, then the chapter of the Chairman should be deleted.⁴⁵ Chen Boda drafted the articles on the Chairman in the *Party Constitution*. He also complied with Ye Qun's pamphlet called *Quotations of Engels, Lenin, and Chairman Mao on Genius*. Wu Faxian and Zhang Chunqiao had a public debate at the group meeting, reflecting the conflict between the Lin Biao and Jiang Qing cliques. It also indirectly reflected the conflict between Lin Biao and Mao. At the group meetings of the Plenary Session, no one proposed that Lin Biao should be the Chairman.⁴⁶

Mao understood clearly the *Party Constitution's* stipulation about the authority of the Chairman. Therefore, he resolutely opposed setting up the position of Chairman. At that time, his suggestion was to Lin Biao personally, and he had reason to suspect that Lin Biao wanted to be the Chairman. During a southern inspection tour in August 1971, he said:

I have said this six times already. One time probably carries the weight of 10,000 sentences. That would make 60,000 sentences. They still did not listen. It did not even surpass half a sentence. Its impact was practically zero. In the name of asking me to be Chairman, it ended up he actually wanted to take the position.⁴⁷

On August 25, Mao chaired the Enlarged Meeting of the Politburo Standing Committee with the leaders of various groups present. At the meeting, Mao

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seriously criticized Chen Boda and others for their speeches in the group discussion, which violated the guidelines of the 9th National Party Congress. He pointed out that they should unite in accordance with the spirit of the 9th National Party Congress. And they should not separate or seize people. He also warned them against mentioning anything like the post of Chairman. According to his opinion, the meeting decided to adjourn the group discussions. It was decided that the meeting should stop discussing the speech of Lin Biao and revoke the second briefing of the North China Group.⁴⁸

On August 31, Mao published an open letter to the Party entitled *My Advice*, severely criticizing Chen Boda for stirring up troubles by sudden attacks in the hope of disturbing the country, in an attempt to “raze Lushan to the ground or stop the Earth from revolving.” He described Chen Boda as a fake Marxist-Leninist. But he took a tactical move on Lin Biao. He not only distinguished Lin Biao from Chen Boda, but also classified Lin Biao with himself. In the open letter, he wrote:

I exchanged opinions with Lin Biao, and we both agreed on that.⁴⁹

However, Lin Biao did not take Mao’s side on his own initiative. He believed that Mao’s criticism of Chen Boda was actually about him, and he could be the next Peng Dehuai or Liu Shaoqi.

The Plenary Session denounced Chen Boda, and criticized Wu Faxian and others. At the closing meeting of the Plenary Session on September 6, on behalf of the Central Committee, Zhou Enlai announced an investigation of Chen Boda.

From the Condemnation of Chen Boda and the Rectification Movement to the September 13 Incident

On September 22, Zhou Enlai criticized Huang Yongsheng, Wu Faxian, Li Zuopeng, and Qiu Huizuo of the Working Group of the Central Military Commission, asking them to hand in written pieces of self-criticism, to reveal the truth and to completely break from Chen Boda.⁵⁰

On October 14 and 15, Mao commented on the written self-criticism of Wu Faxian and Ye Qun, severely criticizing them. That was no different from criticizing Lin Biao himself.

On November 16, the Central Committee issued the *Circular on Chen Boda’s Betrayal of the Party* and Mao’s *My Advice*. The condemnation of Chen Boda and the Rectification Movement took place within the Party.

In late March 1971, Lin Biao said to Zhou Enlai and others that he completely agreed to the Central Committee's report on condemning Chen Boda and the Rectification Movement, and asked Wu Faxian and Ye Qun to make new self-criticisms. But he avoided his own problems and did not say he would attend the report meeting about condemning Chen Boda and the Rectification Movement. After Zhou Enlai went back to Beijing and reported to Mao, Mao severely criticized and warned Huang Yongsheng on the spot. Mao severely criticized Huang Yongsheng and others:

You are standing on the verge of a cliff! It is your choice to jump down, pull back, or get pushed down. It is up to you.⁵¹

Under the considerable political pressure from Mao, important members of the Lin Biao clique were forced to make self-criticisms at the report meeting on criticizing Chen Boda and rectifying the style of work, held from April 5 to 29, chaired by Zhou Enlai. On April 29, on behalf of the Central Committee, Zhou Enlai pointed out clearly that they had made an error of direction and course politically and a mistake of sectarianism organizationally. The fundamental reason for their mistakes was that they did not follow Chairman Mao's advice, and they took the wrong position and the wrong road.

Obviously, Mao had the initiative of political struggles at the Lushan Conference. He denounced Chen Boda, with the real intention of forcing Lin Biao to admit his mistake and make self-criticism. However, Lin Biao would not make a concession. He knew if he did, he would follow in the footsteps of Chen Boda, his political ally. And more likely, he would follow in the footsteps of Peng Dehuai (1959), Luo Ruiqing (1965), Peng Zhen (1966), Liu Shaoqi (1966), He Long (1966), and Yang Chengwu (1968), all of whom were persecuted by Lin Biao himself. That was the underlying cause for Lin Biao to stubbornly fight against Mao, which led to his own end.

Chen Boda was the titular group leader of the Jiang Qing clique, also known as the Central Cultural Revolution Group, and the actual second-in command. He was also the new political ally of Lin Biao, and the second-in command of the Lin Biao clique. Besides, he had been the ghostwriter for Mao. Chen Boda worked as Mao's political secretary for a long time, and he was known as the best theoretician of the Cultural Revolution. During that period, important manuscripts and directives of Mao were polished carefully by him. He also participated in planning and writing important documents of the Central Committee. He made unparalleled contributions to Mao's theories of class struggle and continuous

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revolution under the dictatorship of the proletariat. He acted both as the ghostwriter and as the spokesperson. Zhang Chunqiao and Yao Wenyuan were his students. Later, the students replaced their master and became the most appreciated and trusted ghostwriters and spokesmen. When Chen Boda was denounced, the two students outdid their master. Jiang Qing, taking advantage of her position as the wife of Mao, became a special person in the Party. From 1966 to 1970, she framed as many as 24 members and alternate members of the 8th Central Committee at different meetings, making them suffer.⁵²

As for those of the era of the Cultural Revolution, whoever they were, and whatever clique they belonged to, they were evil forces growing and developing rapidly inside the Chinese Communist Party in that special period. They ganged together and struggled with each other. They played the dirtiest, ugliest, and cruelest parts on China's political stage, and they arbitrarily committed political slaughter.⁵³

At that time, Mao could not tolerate Chen Boda's betrayal and his falling back on Lin Biao. On September 19, 1970, Wu De, Ji Dengkui, Chen Xianrui, and Wu Zhong went to the Beijing Fengtai Railway Station. In his own special carriage on the train, Mao said Chen Boda was a rat on a ship. When Chen Boda saw that the ship was about to sink, he jumped to another ship. He was referring to the Lin Biao clique.⁵⁴ Chen Boda used to be trusted and put in an important position by Mao Zedong. In May 1966, the Politburo's Enlarged Meeting appointed Chen Boda as Leader of the Central Cultural Revolution Group. In August 1966, the Eleventh Plenary Session of the 8th Central Committee promoted Chen Boda from Politburo alternate member to Politburo member. He was elevated from being the ghostwriter of Mao to one of the core Party leaders. His rank rose from some 20th place during the 8th Central Committee to the fifth. That was the political reward of Mao to him for the theory construction of the Cultural Revolution. However, he then threw himself into the lap of Lin Biao, and Mao Zedong could not tolerate his betrayal.

In *My Advice*, he wrote:

I worked with the genius theoretician Chen Boda for more than 30 years.
We have never agreed, let alone cooperated well.

That obviously did not correspond to the historical facts, which hurt Chen Boda most. At that time, Mao did that for the purpose of the political struggle. He decided to throw away Chen Boda as a stone to give a serious warning to Lin Biao and others. On October 14, 1970, Mao commented on Wu Faxian's self-criticism:

Chen Boda was a suspicious person. I exposed him at the Politburo meeting and told some other comrades individually.

Wu Faxian wrote:

There was struggle inside the Central Committee.

Mao Zedong commented:

Correct. There was serious struggle inside the Central Committee. It is part of life.⁵⁵

Chen Boda was not only an important contributor to Mao's theory of class struggle and continuous revolutions under the dictatorship of the proletariat; he was also a practitioner of those theories. What is more, he was one of the second round of political victims among the diehards of the Cultural Revolution. Before that, Wang Li, Deputy Leader of the Central Cultural Revolution Group, Guan Feng, and Qi Benyu, who were important members of the group, were appreciated and offered important positions by Mao. They were well-known for a time on China's political stage, and adept at Mao's theory of class struggle and line struggle. They also made great contributions to the unfolding of the Cultural Revolution, but they were all sent to their political deaths by Mao.

After the Second Plenary Session of the 9th Central Committee, Mao Zedong decided to use the Jiang Qing clique to check and balance the Lin Biao clique which occupied the front of publicity based on its effective writers. That was Mao Zedong's important magic weapon for winning various political struggles inside the Party. On November 6, with the approval of Mao, the CPC Central Committee issued the *Directive on Establishing the Central Organization and Propaganda Group*. Kang Sheng was appointed as leader, with Jiang Qing, Zhang Chunqiao, Yao Wenyuan, Ji Dengkui, and Li Desheng as group members.⁵⁶ This organization was very similar to the Central Cultural Revolution Group, but with Chen Boda excluded. It was not used against Liu Shaoqi and Deng Xiaoping, but the Lin Biao clique. Later, Ji Dengkui and Li Desheng played important roles in helping Zhou Enlai deal with the September 13 Incident.

Besides, Mao devised two stratagems against the Lin Biao clique. One was "mixing in sand."⁵⁷ He transferred people from the Central Committee and various military regions to military institutions tightly controlled by Lin Biao, such as the Working Group of the Central Military Commission. On April 7, 1971, the Central Committee decided that Ji Dengkui, Zhang Caiqian, and others should join the

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Working Group. The second was “cutting the ground from under the corner of a house.”⁵⁸ He restructured the Beijing Military Region controlled by the Lin Biao clique. On January 24, 1971, following the instructions of Mao and on behalf of the Central Committee, Zhou Enlai announced the decision to restructure the Beijing Military Region. Li Desheng became commander of the Beijing Military Region, Xie Fuzhi became the first political commissar, and Ji Dengkui became the second political commissar.⁵⁹

That reflected that the political struggle of China at that time was complicated, intense, and cruel. In 1970, the Lushan Conference symbolized that a new round of class struggle was inevitable. However, compared with the previous struggles at the top of the Party, especially the Lushan Conference in 1959 and the Eleventh Plenary Session of the 8th Central Committee in 1966, this one was more intense and cruel, which was beyond Mao’s expectations.

Suddenly, the struggle between Mao Zedong and the Lin Biao clique became acute. Lin Biao insisted on not attending the report meeting on criticizing Chen Boda and rectifying the style of work held by the CPC Central Committee, harboring more and more of a grudge against Mao for criticizing Huang Yongsheng and others.⁶⁰ At that time, as the only Vice-Chairman of the Central Committee, Lin Biao virtually did not participate in any meeting of the Central Committee or comment on various documents. He was also a special figure in the Party.

Lin Biao knew very well that by criticizing Chen Boda he was actually criticizing himself. He felt that Mao would deal with his problem at the Third Plenary Session of the 9th Central Committee.⁶¹ Ever since Mao became the Chairman of the Politburo in 1943, everyone did self-criticism in the Party, no matter whether that person was a Politburo Standing Committee member or not. This list included Gao Gang, Peng Dehuai, Peng Zhen, Liu Shaoqi, and Deng Xiaoping, with Lin Biao as the only exception. Mao knew Lin Biao so well, just as Lin Biao knew Mao. Once a conflict happened between them, Lin Biao was sure to fail. Just like in August 1972, when Zhou Enlai had attempted to comment on Lin Biao, one could not criticize him since “if you did, he would be negative.” It would be accidental if Lin fell to his death; however, it was inevitable that he failed.⁶²

At that time, Lin Biao was full of worry. Although he was written into the *Party Constitution* as the successor of Mao, he still did not feel safe politically. The diehard followers of Lin Biao believed that they should put up no fight and allow themselves to be caught or make a reckless move.

Lin Ligu, Lin Biao’s son, and others secretly planned an armed coup in March, 1971, known as the Project 571 Outline. They decided to cut off all means of retreat

and be pre-emptive.⁶³ At that time, Mao and other leaders had no idea of that. The Outline was ferreted out after the September 13 Incident. Lin Biao and Mao used to support each other in the political arena. They guarded themselves against each other. But Mao always did things unexpectedly, forming an aggressive attacking position.

What surprised Lin Biao was that from August to September, the old Mao found Lin Biao and others very suspicious which is known from a lot of revealed materials. He decided to go on an inspection tour to 10 provinces and cities in the south. Mao took the initiative to notify the leaders of local areas and the army, preparing for the Third Session of the 9th Central Committee which would be held before National Day. He talked about the history of line struggles within the Party, and the issue of the Lushan Conference everywhere. He said the struggle between him and the Lin Biao clique was one between the two headquarters. Mao sent a clear signal that he would not compromise in the line struggle between himself and Lin Biao.

It was an important strategy of Mao to notify all the parties and deliver the message in informal and unconventional ways every time he launched a major political struggle. In 1965 and 1966, he employed that strategy when preparing for the political struggle with Liu Shaoqi. It was the second time that he notified people. But his political enemy and the target for struggle changed significantly. Having worked with Mao for a long time, as well as being allied with Mao to oppose Liu Shaoqi, Lin Biao knew well what Mao would do. He was paying close attention to the talk during the inspection tour, anxious to know how Mao notified people.

The intention of Mao's notifying people was to tell local leaders of the Party, government, and the army that he would reconsider the successor, and change the *Party Constitution* amended in the 9th Congress which made Lin Biao his successor. About such a politically sensitive issue, he adopted the strategy of "replacing the old with the new," looking for successors between the ages of 36 and 60, such as Li Desheng, Ji Dengkui, Hua Guofeng, and Wang Hongwen.⁶⁴ At that time, Mao was very sensitive about the power of the army. He said to the people in charge of the Party, the government, and local armies:

Why am I said to be the founder and commander of the PLA? Lin Biao commanded it. The one who established it could not command it? I did not establish the army on my own [but] I am now in charge of the army.... I do not think our army would rebel. Lin Biao and his clique do not have the ability to mobilize the army for bad things.

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Obviously, Mao wanted to vie for the leadership and command of the army with Lin Biao. The army was a tool of political struggle between them, instead of a public tool for national security. In this battle for power, Lin Biao was no rival for Mao. He was a complete loser. Eventually the PLA would only unconditionally obey the command of Mao, and suffer the most serious wound and injury ever. Mao had already decided to marginalize Lin Biao politically; however, he did not want to overthrow Lin Biao immediately.

Unlike the previous nine line struggles in the Party, this one was to protect Vice-Chairman Lin Biao.

Neither Mao nor Lin Biao was an ordinary person. They were both strong-willed enough to not give in easily. Their conflict escalated into a reign of terror.

Mao's talks along his inspection tour were specially delivered by Wang Dongxing to Zhou Enlai, who was in Beijing. The talks were confidential and not disclosed to other members of the Politburo Standing Committee. However, Lin Biao learned about Mao's talks soon thereafter. On September 8, 1971, he personally ordered the assassination of Mao. Lin Biao ordered:

Please act according to the order of Lin Ligu and Zhou Yuchi.⁶⁵

At that time, Mao had no idea, nor did he know about the plan of the Lin Biao clique to initiate an armed coup. But he had a premonition and a lot of inside information. He made a prompt decision of a rapid shift. After noon on September 12, he unexpectedly reached the Beijing Fengtai Railway Station, disturbing the plans of the Lin Biao clique. As Wang Dongxing, who accompanied and guarded Mao, said during the southern tour, Mao learned from his conversations with local leaders that Ye Qun and Lin Ligu were plotting something. On the evening of September 8, Mao realized that there were some people in Hangzhou who were equipping planes. Some people were looking for faults with the Chairman's special train, parked at the Hangzhou Jianqiao Airport, saying that it was obstructive. There were other things that were suspicious. Mao decided to transfer his special train. However, he did not know about the personal order of Lin Biao, nor did he have any idea of the plan of the armed coup by the Lin Biao clique. However, Mao did not tell Wang Dongxing all the emergencies he knew about. Instead, he was playing a waiting game and being unexpected. It was so secretive of Mao's transfer that even Zhou Enlai had no idea of that. Wang Dongxing did not report to Zhou Enlai until Mao reached Zhongnanhai safely. Zhou Enlai asked in surprise:

How did you come back so quietly that even I did not know about that?
Why did you not stop on the way? It was not the original plan.⁶⁶

At half past eleven on the evening of September 12, Zhou Enlai made a call in person to ask about the condition of the plane, planning to take the initiative to meet with Lin Biao at Beidaihe. Ten minutes later, Lin Biao, Ye Qun, and Lin Liguog drove to the Shanhaiguan Airport. In an hour, they fled in a panic, taking off in a special plane. When Mao got the news, he told Zhou Enlai:

Lin Biao is still the Vice-Chairman of the Party Central Committee. It rains when Heaven deems the time has come; a widow remarries when she wants to. Do not stop him. Just let him fly away.

After flying over the border of China and Mongolia, the plane crashed at Ondorhaan, Mongolia, with all on-board dead. Heaven had really done Mao a good favor! On the same day, Zhou Enlai called in person the people in charge of the 11 major military regions and 29 provinces, cities, and autonomous regions, to announce the escape of Lin Biao, and to ask them to follow the instructions of the Central Committee and Chairman Mao. Zhou Enlai announced that the whole country was in a state of emergency.⁶⁷ Immediately, the Lin Biao clique disintegrated. Mao adjusted the leading organizations of the Party, the government, and the army, with Zhou Enlai in charge of the day-to-day work of the Central Committee. The Working Group of the Central Military Commission was abolished, and the Regular Working Conference of the Military Commission was set up. The conference was composed of 10 people (Ye Jianying, Xie Fuzhi, Zhang Chunqiao, Li Xiannian, Li Desheng, Ji Dengkui, Wang Dongxing, Chen Shiju, Zhang Caiqian, and Liu Xianquan), with Ye Jianying taking charge of the day-to-day work of the Central Military Commission. On October 4, Mao clearly instructed that the Central Military Commission, whenever discussing important issues, should ask Premier Zhou to attend the discussion.⁶⁸ Zhou Enlai played the most important role in helping Mao deal with the Lin Biao incident. In 1998, Jiang Zemin highlighted how Zhou Enlai, had been involved in the formulation and implementation of almost all the important decisions back then. From 1970 to 1971, Zhou Enlai had assisted Mao in frustrating the conspiracy of the Lin Biao reactionary clique to seize the highest power.⁶⁹

On September 18, the CPC Central Committee issued the *Circular of the Central Committee on Lin Biao's Treason and Flight*, declaring that Lin Biao had

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fled in a hurry, betrayed the Party and the country, and invited self-destruction.

This was the continuation of class struggles and line struggles since the Second Session of the 9th CPC Central Committee. This was the exposure and bankruptcy of Lin Biao, a capitalist careerist and conspirator.

On November 14, according to the directive of Mao, the CPC Central Committee issued a notice to units at the provincial and army levels that the Project 571 Outline proved that the Lin Biao clique planned beforehand the anti-revolutionary coup.⁷⁰ That was the historic conclusion about the Lin Biao clique.

Mao's False Line and Path Dependency

The September 13 Incident was unexpected, but it fit in with Mao's class struggle theory and his political logic. On November 14, he said:

Who would know that the Lin Biao clique was engaging in anti-revolutionary activities? I did not know that!⁷¹

This was unexpected for Zhou Enlai, too. Zhou said:

We never expected Lin Biao to run away. This happened probably because I investigated his deployment of the plane without permission, which scared him and made him run away.⁷²

While the September 13 Incident shocked the whole Party, army, country, and even the whole world, it posed a question for people to think about. Why, after striking down capitalist roaders who were in power such as Liu Shaoqi, Deng Xiaoping, and many other people, did the successor, close comrade-in-arms, and deputy commander-in-chief oppose him too? In 1981, the CPC Central Committee's resolution pointed out that the Lin Biao anti-party clique had plotted the murder of Mao and the seizure of supreme authority. They instigated an armed reactionary coup which failed. It was the result of the Cultural Revolution subverting a series of basic principles of the Party. Objectively, it represented the failure of the theory and practice of the Cultural Revolution which Mao had initiated.⁷³ In politics, Mao scored a success against the Lin Biao clique; but he paid a great price, too. In mid-September, his health deteriorated and he had a heart attack. Mao was sick, old, and suffering.

After this political conflict, among the seven Politburo Standing Committee members, Mao struck down three (Liu Shaoqi, Deng Xiaoping, and Lin Biao), marginalized one (Chen Yun, who was excluded from the Politburo and became a member of the Central Committee), and half-marginalized one (Zhu De, who was excluded from the Politburo Standing Committee, and became a Politburo member). Then there was left only Zhou Enlai and himself. Among the five Politburo Standing Committee members of the 9th CPC Central Committee, he struck down two (Lin Biao and Chen Boda). That left Zhou Enlai, Kang Sheng, and himself. To prove that his theory of class struggle was correct, Mao did not hesitate to strike down his colleagues and comrades in arms in person, though using different methods for different people. Mao had always been victorious on the political battlefield. Nevertheless, he was alone in the political arena.

After the September 13 Incident, it was the best time for the CPC Central Committee to correct the wrong route of Mao and to end the Cultural Revolution. But once again, the Party missed the chance. At that time, Mao was already 78 and sick. He should have retired at the height of his career, kept his mind on curing his diseases, and spent his remaining years in comfort. However, he could not withdraw from the political arena. Neither could he correct his own mistakes, because the theory and practice of taking class struggles as the central task was of high path dependency.

During the first five years of the Cultural Revolution, especially after the September 13 Incident, Mao faced a dilemma and was in a lot of pain. On one hand, he was dissatisfied about striking down everything and hoped to correct the mistakes of the Cultural Revolution by taking a series of severe measures. He said many times that stability and unity should be maintained. On the other hand, he maintained that it was absolutely necessary and correct to launch the Cultural Revolution. He thought it was necessary to combat and prevent revisionism and consolidate Socialism. He had all along believed that it was the greatest contribution of his life. In February 1972, after meeting with U.S. President Nixon, Mao made an evaluation of his whole life. He believed that he had accomplished two major achievements: driving Chiang Kai-shek to Taiwan and launching the Cultural Revolution.⁷⁴ The most important lesson he had learned from the September 13 Incident was that he should continue his path of taking class struggle as the central task, because the September 13 Incident proved again the correctness of his theory of class struggle. He was determined to struggle for that goal for the rest of his life.

At that time, the Central Committee realized the mistake of Mao, but they did

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not have the ability to correct the major mistake of the highest leader of the Party. What they could do was to make local adjustments within a very limited scope, which was detected by Jiang Qing and Zhang Chunqiao in no time, and negated by Mao.

After the September 13 Incident, Zhou Enlai took charge of the daily work of the Central Committee, and exerted himself by adjusting policies for cadres, the economy, and other aspects. He tried hard to get the Party and organs of the country on normal tracks. He also advocated denouncing ultra-leftism many times, believing that it was a global issue and that China had it too. The ultra-leftist trend in different bodies was being cultivated by Lin Biao. It was empty, extreme, formalistic, and abstract. It was full of loud and empty talk about the proletariat assuming command which violated Mao Zedong Thought.⁷⁵ It was the continuation of the right proposition of many central leaders (Tan Zhenlin and others) requesting to correct mistakes of the Cultural Revolution in February 1967. However, Mao mistakenly believed that the task at that time was still opposing the ultra-rightists.⁷⁶ In fact, the adjustment of Zhou Enlai was preliminary. It did not touch upon the fundamental mistake of the Cultural Revolution, nor was it possible to negate the Cultural Revolution fundamentally. Even so, his attempt to correct Mao on his mistakes ruffled Mao's political sensitivities and caused great discontent.

Zhang Chunqiao and Jiang Qing challenged Zhou Enlai first. On December 1, 1972, targeting Zhou Enlai's viewpoint, Zhang Chunqiao asked:

Is the major problem still the ultra-leftist ideological trend? Is denouncing Lin Biao actually about denouncing the ultra-leftists and anarchism?

On December 2, Jiang Qing commented that the ultra-rightism of the traitor Lin Biao should be criticized. At the same time, the victory of the proletariat Cultural Revolution should be emphasized.⁷⁷

Mao clearly supported Jiang Qing and Zhang Chunqiao. On December 17, when he talked with Zhang Chunqiao and Yao Wenyan, Mao diametrically opposed Zhou Enlai's denunciations of ultra-leftist ideology and anarchism. He said clearly that Lin Biao was not ultra-leftist, but ultra-rightist. It was revisionism, separating the Party, and evil schemes and tricks, betraying the Party and the country.⁷⁸ The content of Mao's talks was forwarded to the whole Party immediately. According to the instructions of Mao, Zhou Enlai had to lead the country to begin the condemnation of Lin Biao and the Rectification Movement which would denounce the ultra-rightist Lin Biao.

Thus, Zhou Enlai's effort in correcting the mistakes of the Cultural Revolution by denouncing the ultra-leftists was seriously frustrated by the political struggle with the Jiang Qing clique. Three years later, when Deng Xiaoping launched the comprehensive overhaul in 1975, he also met with setbacks because of Mao's support in backing the Jiang Qing clique again. The bottom line for Mao was that the Party could not comment on the Cultural Revolution that he launched.

After the Lin Biao clique collapsed, the Politburo faced a temporary political vacuum. However, three political forces quickly rose, combined, and competed, and they were directly controlled and influenced by Mao and his preferences. One force included the diehards of the Cultural Revolution headed by Jiang Qing, including Kang Sheng, Zhang Chunqiao, Yao Wenyuan, and Xie Fuzhi (who died in 1972). They resolutely supported the Cultural Revolution, being loyal supporters and executors of the policy of Mao. Zhang Chunqiao and Yao Wenyuan were especially trusted by Mao Zedong, but they were in the minority which was extremely isolated in the Party. The second were the moderates headed by Zhou Enlai, which also included Li Xiannian, Ye Jianying, Xu Shiyu, Zhu De, Dong Biwu, and Liu Bocheng. But the latter three were too old and sick to play any significant role. Only the first four played a positive role on China's political stage. They disapproved or did not support the continuation of the Cultural Revolution, but they were unable to correct the mistakes of Mao. They formed a solid political base in the Party, representing the mainstream of the CPC. They made a persistent effort and expended all their energies to keep the normal operation of the Party and the country, minimize the loss caused by the Cultural Revolution," and protect a large number of Party and government cadres.⁷⁹ The third were the beneficiaries of the Cultural Revolution, such as Ji Dengkui (Politburo alternate member), Wang Dongxing, (Politburo alternate member), and commanders of great military regions. They were the direct beneficiaries of the Cultural Revolution, loyal to Mao, and important supporters of Mao whom he relied upon. However, they were not like the diehards because they did not have important influence then. Apart from Mao himself, those who were involved in decision-making were only Zhou Enlai, Jiang Qing, Zhang Chunqiao, Yao Wenyuan, Ye Jianying, Li Xiannian, Ji Dengkui, Li Desheng, Wang Dongxing, and Wang Hongwen.⁸⁰ Wang Hongwen was not a Politburo member, but he was involved in the work of the Politburo, which was designated by Mao.

This political structure underwent a major adjustment after the 10th Congress of the Party. For instance, Wang Hongwen rose to power rapidly and became the third-in-command in the Party. Deng Xiaoping entered the Politburo Standing

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Committee again, resuming leadership in the Party. Hua Guofeng and Wu De became Politburo members, and the beneficiaries of the Cultural Revolution were strengthened. However, the basic situation was that the three forces coexisted and gamed with each other.

Mao was anxious to convene the 10th National Party Congress in advance, mainly aiming to amend the *Party Constitution* again and to remove Lin Biao's name as "the close comrade-in-arms and successor of Mao Zedong" in the General Program. Lin Biao had died already, but the *Party Constitution* remained the same, which directly affected Mao's political image. Additionally, Lin Biao and others were members of the Politburo Standing Committee or the Politburo of the 9th National Party Congress. Issuing a central document would not suffice if their positions in the Party were revoked. A plenary session of the Central Committee or a national Party congress was needed to complete legal formalities. At the same time, the political vacuum they left needed to be filled, and China's political structure needed to be readjusted. Mao and the Central Committee decided to convene the 10th Congress of the Party one year in advance. Pang Xianzhi, Jin Chongji, and others believed that according to the *1969 Party Constitution*, the 10th National Party Congress was supposed to be held in 1974. But due to the special circumstance of the Lin Biao Incident, the *1969 Party Constitution* in which Lin Biao was "a close comrade-in-arms and successor of Comrade Mao Zedong" needed to be revised urgently, the Politburo and the Central Committee's members needed to be adjusted urgently, and the Lin Biao Incident needed a formal conclusion from the National Party Congress, so Mao decided to convene the Central Committee 10th National Party Congress in advance.⁸¹ Yet the 9th Congress was put off for eight years from 1961 to 1969.

Ever since 1960, it was not the *Party Constitution* that determined when to convene the National Congress or the plenary session of the Central Committee. This was decided by Mao according to the needs of the political struggle at that time. The Party Congress being the highest authority of the Party and the system arrangement of regularly convening the party congress stipulated by the *Party Constitution* did not work at all. The 10th and 11th National Congress of the Party in 1973 and 1977 adopted two versions of the *Party Constitution*. The stipulations about the Party congress and the Plenary Session of the Central Committee were the same as those in the *1969 Party Constitution*. Deng Xiaoping said the two versions of the *Party Constitution* adopted at the 9th and 10th Congresses were actually not like a *Party Constitution*.⁸² A Party has its own regulations, and a state has its national laws. If a Party did not have a constitution or if the constitution

was not up to par, then it was not a real party. If a party had a constitution, which did not actually work, this party was no advanced party.

In May, the Central Committee convened a working conference, and 246 people attended, including members and alternate members of the Central Committee, and people in charge of provinces, cities, and autonomous regions. Zhou Enlai announced three agenda items: the condemnation of Lin Biao and the Rectification Movement; preparation for the 10th National Congress; and discussion of the *Report on National Economic Work*. According to Mao's suggestion, the conference decided that Zhang Chunqiao, Yao Wenyuan, Wang Hongwen, and others should take charge of drafting the new *Party Constitution* and the political report of the 10th Congress. It decided to liberate 13 people including Tan Zhenlin, Li Jingquan, and Wu Lanfu. It agreed that three members of the Central Committee, namely Wang Hongwen (Secretary of the CPC Municipal Committee of Shanghai and Deputy Director of the Revolution Committee of Shanghai), Hua Guofeng (First Secretary of the CPC Hunan Provincial Committee and Director of the Provincial Revolution Committee), and Wu De (First Secretary of the CPC Municipal Committee of Beijing and Director of the Beijing Revolution Committee), could attend meetings and take part in the work of the Politburo.⁸³

When preparing for the 10th National Congress, Mao reconsidered selecting a new successor. He took a shine to Wang Hongwen, who was only 40 at that time. Mao praised Wang Hongwen:

He was a farmer, a worker, a soldier and the head of rebels of Shanghai workers.

Mao had high hopes for him. Ever since September 1972, Wang Hongwen had been designated to work in the Central Committee in Beijing. Half a year later, he was involved in the preparation of the Central Working Conference of the 10th Congress, and an exception was made for him so that he worked in the Politburo formally as a member of the Central Committee.⁸⁴ This was different from the decision of establishing the Central Cultural Revolution Group at the Enlarged Meeting of the Politburo in May 1966, as the group was an independent one from the Politburo and the Secretariat, which was another Central Committee of the Party. At this time, Wang Hongwen, Hua Guofeng, and Wu De were directly involved in the work of the Politburo to fill in the political vacuum after the September 13 Incident.

Mao selected Wang Hongwen. This was also a slam at Zhou Enlai. On July

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4, Mao talked to Wang Hongwen and Zhang Chunqiao, directly criticizing Zhou Enlai and the Politburo:

They did not discuss major issues, and they discussed minor ones every day. If this doesn't change, revisionism is sure to emerge. Should revisionism emerge in the future, do not say that I did not warn you beforehand.⁸⁵

This was the most serious criticism Mao ever made about Zhou Enlai, and the most serious warning, too. It showed Mao's strong discontent over Zhou Enlai's denouncement of the ultra-leftists in order to indirectly negate the Cultural Revolution. Mao also criticized Guo Moruo's 10 critical essays in his talk:

Mr. Guo resigned just like Liu Zongyuan did, but he was not as good as him. Despite being a member of the Communist Party, he worshiped Confucius.

From then on, Guo Moruo never flattered Mao again. Supported by Jiang Qing, Mao initiated the campaign to criticize Lin Biao and Confucius, directed against Zhou Enlai. This reflected that the focus of the struggle between two political forces in the Cultural Revolution was about whether to affirm or negate the Cultural Revolution.

In early July, Mao approved in principle the draft political report of the 10th Congress and the *Report on Revising the Party Constitution*, prepared by Zhang Chunqiao and Wang Hongwen. Members of the drafting group of the report of the 10th Party Congress were Zhou Enlai, Zhang Chunqiao, Wang Hongwen, Yao Wenyan, Ye Jianying, and Li Xiannian. The report was actually written by Zhang Chunqiao. Members of the draft amendment group of the *Party Constitution* were Kang Sheng, Wang Hongwen, Jiang Qing, Zhang Chunqiao, Yao Wenyan, and others. Wang Hongwen, although not a Politburo member, assumed the position of Director, and Zhou Enlai, Kang Sheng, and Ye Jianying were the Vice Directors of the Election Preparation Committee of the 10th Party Congress, responsible for drafting the list of presidiums of the 10th Party Congress and preselected list of candidates for the 10th Central Committee and the Politburo. Mao trusted Wang Hongwen a lot and put him in an important position.

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Chapter

The Third Phase (1973–1976): The Political Struggle between Deng Xiaoping and Jiang Qing

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The third phase of the Cultural Revolution lasted from the 10th Party Congress in 1973 to October 1976. This period featured the complicated and fierce struggle between the moderates represented by Zhou Enlai and Deng Xiaoping and the Gang of Four represented by Jiang Qing. Mao put Wang Hongwen in an important position, and then criticized Zhou Enlai. Then he reinstated Deng Xiaoping to develop the economy. Later, he could not bear Deng Xiaoping's comprehensive overhaul and correcting of the mistakes of the Cultural Revolution. Persuaded by Mao Yuanxin, Mao turned to support Jiang Qing in launching the campaign to criticize Deng Xiaoping and counter the rehabilitation of Rightist personnel. Jiang Qing became an important political goon. After Mao passed away, Hua Guofeng, Ye Jianying, and others arrested the Gang of Four together and ended the ten-year Cultural Revolution.

From the 10th National Party Congress to the “Criticize Lin, Criticize Confucius” Campaign

The 10th National Party Congress was convened in 1973, when Mao was almost 80. He had become weaker and sicker.

The 10th Party Congress elected Mao as Chairman of the Presidium, Zhou Enlai, Wang Hongwen, Kang Sheng, Ye Jianying, and Li Desheng as Vice-Chairmen, and Zhang Chunqiao as Secretary-General. Zhou Enlai made the political report and Wang Hongwen made the report on the amendments to the *Party Constitution*. The Congress continued down the wrong path of the 9th Congress.¹ The Congress restated the guiding principle of creating great disorder in order to achieve great order, and the proposition of repeatedly launching the Cultural Revolution. When reporting on the amendments to the *Party Constitution*, Zhang Chunqiao deleted the part about Lin Biao in the General Program of the 1969 *Party Constitution*. But he added that the Cultural Revolution should be repeatedly launched, and that Communist Party members had five duties, the most important of which was to swim against the mainstream ideology.

Members and alternate members of the Central Committee elected at the First Plenary Session of the 10th Central Committee were mostly core members of the Jiang Qing clique, who participated in getting rid of the Lin Biao clique. Deng Xiaoping, Wang Jiaxiang, Wu Lanfu, Li Jingquan, Li Baohua, and Liao Chengzhi, who were expelled from central organs during the Cultural Revolution, were reinstated. The Plenary Session elected Mao as Chairman of the Central Committee, and Zhou Enlai, Wang Hongwen, Kang Sheng, Ye Jianying, and Li

Desheng as Vice-Chairmen. Note that at the 9th Congress, Lin Biao was the only Vice-Chairman. The number of Vice-Chairmen was the same as that of the 8th Central Committee. Mao and the five Vice-Chairmen, together with Zhu De, 86, Zhang Chunqiao, and Dong Biwu, 87, formed the Politburo Standing Committee. Back in the 9th Congress, the Politburo Standing Committee was formed by five people. There were 25 members of the Politburo, among which 15 were also the members of the 9th Politburo, and 10 were newly elected, accounting for 40% of the total.²

According to Mao's instructions of picking a group of people directly from the workers and peasants, Wang Hongwen, Chen Yonggui, Wu Guixian, and Ni Zhifu became Politburo members.

Wang Hongwen quickly rose to become third-in-command of the Central Committee, ranking after Mao Zedong and Zhou Enlai. This sent out a strong signal that Wang Hongwen would be Mao's successor. This was deliberately arranged by Mao. Wang Hongwen became the youngest Vice-Chairman of the Central Committee and Politburo Standing Committee member. However, Politburo member Xu Shiyu took the lead in opposing Wang Hongwen being the Vice-Chairman of the Central Committee. In the evening on August 23, Zhou Enlai chaired a meeting of the heads of central and local bodies and the army. He insisted on Wang Hongwen working in the Central Committee.

After the Lin Biao incident, Chairman Mao has repeatedly urged us to prepare Wang Hongwen, who was once a worker, to become a leader of the Central Committee. I should convey Chairman Mao's words, because he has told me that many times. Based on his idea, we should take the selection of our young cadres seriously. Do not look down on them.³

Zhou Enlai had no political ambition. He always voluntarily accepted and completely obeyed Mao's dictatorship. Mao needed Zhou Enlai's obedience and support. Obviously, with only Mao's recommendation, Wang Hongwen could not become Vice-Chairman of the Central Committee. Even if he could, many people would be defiant and disobey him. Zhou Enlai played an important role here. Wang Hongwen, at 42, formally became a political rising star during the Cultural Revolution.

The Jiang Qing clique took advantage of the political vacuum that appeared after the collapse of the Lin Biao clique to quickly move up the Party ranks. Wang Hongwen, Kang Sheng, and Zhang Chunqiao filled three positions in the Politburo Standing Committee. Jiang Qing and Yao Wenyan became Politburo members.

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Jiang Qing, Zhang Chunqiao, Yao Wenyuan, and Wang Hongwen formed the Gang of Four. They supported the Cultural Revolution. The power of the Jiang Qing clique was strengthened.⁴ They and the moderates headed by Zhou Enlai became two major irreconcilable forces. For the Gang of Four, Zhou Enlai was their biggest barrier to supreme power.⁵ Mao wanted to balance the power of the radicals and the moderates, so that they could counter-balance each other. At the same time, he actively supported the beneficiaries of the Cultural Revolution and put them in important positions. Many of them became members or alternate members of the Politburo.

After the 10th Party Congress, Zhou Enlai drafted important reports, which were co-signed by Wang Hongwen and reported to Mao.⁶ Mao overrode the Central Committee. He made an effort to make Wang Hongwen his successor.

Deng Xiaoping later said:

For a leader to pick his successor is a feudal practice.⁷

This practice was arbitrary, variable, and unpredictable, leading to a political crisis over Mao's successor. Soon after that, Mao became dissatisfied with Wang Hongwen. Before he died in 1976, he chose Deng Xiaoping, and then chose Hua Guofeng. So much was changed in a mere three years.

Mao was a contradiction. He used political balancing strategies to govern the Party and the country. The reason why Mao used the highly regarded Jiang Qing clique at the 10th Congress, especially Wang Hongwen, was mainly to ensure that the Cultural Revolution that he had launched and led would continue after his death. In March 1973, at a Politburo meeting, Mao seriously refuted the sentiment prevalent in society that the Cultural Revolution had failed.

How can anyone say that? The Cultural Revolution overthrew the Liu Shaoqi clique and then the Lin Biao clique; these were great victories. Without the revolution, how could Liu Shaoqi and Lin Biao be removed? And how could they be struck down?⁸

Mao needed the Jiang Qing clique badly, although they had differences. At the same time, Mao decided to reinstate Deng Xiaoping, who was sent away to do manual labor in Jiangxi. He wanted to restore the economic order, social order, and people's daily routines with the help of Deng Xiaoping. In March 1973, at a Politburo meeting, Mao called for stability and unity.⁹

I did not know so many old comrades suffered.

In fact, all kinds of political persecutions that so many old cadres endured were reported, orally or in writing, to Mao by Zhou Enlai and others. Mao knew everything very well. At that point, Mao agreed with and supported Zhou Enlai's opinion on implementing the policies of cadres.

Mao did have the intention to end the Cultural Revolution and to start tackling various problems of Chinese society. In June 1973, Moussa Traore, head of state of Mali who visited China, asked Mao when the Cultural Revolution would end. Mao answered that it would end soon.¹⁰ But how should it be ended? Who would clear up the great mess? How could he achieve great order from great disorder? For Mao, Deng Xiaoping could be the perfect person to solve all these problems.

On March 31, 1973, Zhou Enlai said at the meeting of department and ministry heads that if the problems of Lin Biao and Chen Boda were not revealed, and if Lin Biao's anti-party clique was not crushed, the problem of Deng Xiaoping could not be solved.¹¹

The intense and complicated political struggles of China disciplined and eliminated various political figures. Among them, Deng Xiaoping was without a doubt the most outstanding. During the ten-year Cultural Revolution, he was struck down twice and returned to the political arena twice. In October 1969, Deng Xiaoping was sent by Zhou Enlai to work at a tractor repair plant in Xinjian County, Jiangxi Province where he spent three long years. That gave him time and energy to distantly observe the Cultural Revolution and to make an in-depth analysis about Mao's mistakes and their causes. That made him not only more mature politically, but also more visionary. Without a thorough analysis of the past he could not have come up with the ideas or practices for China's economic reform and state-building.

After the Lin Biao Incident, Mao believed that it was necessary to redress fabricated cases and rehabilitate core members of the Central Committee leadership who had been wrongly condemned and overthrown. He decided to restore their reputation and arranged positions for them. From September 28 to October 15, 1971, the CPC Central Committee held nine symposia with a number of old comrades, chaired by Li Fuchun, revealing and denouncing Lin Biao. Zhu De, Liu Bocheng, and some others submitted written speeches. Chen Yi, Nie Rongzhen, Xu Xiangqian, and others delivered speeches at the symposia. In November, Mao redressed the February adverse current in 1967, believing that it was just that the old generals had expressed their opinions at the meeting of the Party, and argument should be allowed.¹² On January 10, 1972, Mao attended the memorial meeting of Marshal Chen Yi. He commended him a lot:

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Comrade Chen Yi implemented the central line and united the people. We had some arguments, but it does not matter. If Lin Biao succeeded in his conspiracy, we old people would have been replaced.¹³

Mao also believed that the problem with Deng Xiaoping was one among the masses. Zhou Enlai was present, and Deng Xiaoping soon knew about Mao's attitude. In August 1972, Deng Xiaoping wrote to Mao and the Central Committee to ask for resumption of his duties. Mao commented on the letter that emphasized that Deng Xiaoping should be treated differently from Liu Shaoqi. Zhou Enlai chaired many Politburo meetings, discussing the return of Deng Xiaoping. However, because of the opposition of Jiang Qing and some other people, it was postponed. In February 1973, Deng Xiaoping said when he received the notice from the Central Committee asking him to return to Beijing:

I can work for another 20 years!

That would be 1993. Among leaders of Mao's generation, Deng Xiaoping was one of those who had his wishes fulfilled, realizing his political ambition. The notice about his return to Beijing marked the start of the Deng Xiaoping Era.

On March 9, the Central Committee submitted the *Decision on Reappointing Deng Xiaoping as Vice-Premier of the State Council*. Mao approved the decision on the same day and it was issued on the next day. Actually, since January 1965, when Deng Xiaoping was appointed as Vice-Premier of the State Council at the First Plenary Session of the 3rd NPC, the NPC never called a meeting, nor did it make any official decision of dismissing or removing Deng Xiaoping from his position. The return of Deng Xiaoping was Mao's personal decision. Three years later, Deng was forced to leave office again, which was also Mao's personal decision.

On April 12, Deng Xiaoping made a public appearance in his capacity as Vice-Premier of the State Council after his return, conveying to the whole country and the world a major message that the second-in-command and capitalist roader who was brought down seven years ago had returned to the political arena. In August 1973, at the 10th Congress of the Party, Deng Xiaoping was elected as member of the Central Committee. In December, according to Mao's proposal, the Central Committee decided that Deng Xiaoping would become a Politburo member and participate in leadership duties. The procedures were completed at the Second Plenary Session of the 10th Central Committee.

At the same time, Chen Yun, another important leader, also resumed work with Mao's permission. Coincidentally, Chen Yun was also transferred to do manual

labor at the Jiangxi Petro-Chemical Machinery Plant. In July 1972, he wrote to Mao and the Central Committee, asking for work within his capabilities. Mao immediately approved it.¹⁴ Soon, with Zhou Enlai's suggestion and arrangement, Chen Yun began to work for the Professional Work Group of the State Council, and he was in charge of the economy, mainly foreign trade. He wrote to Mao earlier than Deng Xiaoping did, and he started working earlier. But Mao never gave him an important position.¹⁵ According to the introduction of Wang Dongxing at a Central Working Conference in March 1977, Mao said that Chen Yun had always been a Rightist and could not be put in an important position. Mao's personal thought influenced Hua Guofeng later. At the 11th National Party Congress in August 1977, Hua Guofeng also obstructed Chen Yun from entering the Politburo.

Chen Yun, just like Deng Xiaoping, became one of the few leaders of Mao's generation who fulfilled their wishes. Five years later, he became an important political ally of Deng Xiaoping, initiating the economic reform in China together with him. Mao probably did not expect that it was because of his decision that Deng Xiaoping and Chen Yun, the younger ones among the first generation of leaders returned to the political arena, should be leading China to reform and opening up.

On December 12, according to Ye Jianying and Deng Xiaoping's suggestion, Mao swapped the commanders of the eight military regions. He criticized the Politburo for not caring about politics, and the Central Military Commission for not caring about military affairs. He proposed that Deng Xiaoping should be a member of the Central Military Commission so that he could participate in the leadership work of the Commission and be Chief of Staff. Later, on behalf of the Central Military Commission, Deng Xiaoping announced the order of swapping the commanders. All commanders were required to report for duty within 10 days.¹⁶ This practice attracted attention at home and abroad. Its political significance was to prevent local princes or high-ranking officials from maintaining an army and defying orders from the central government, and from having subordinates too powerful to control. Later, this became an exchange system of people in charge of the local Party, the government or the army, which is still effective nowadays. This could ensure that government administration throughout the country was unified and prevent local governments from doing what they believe to be correct, and prevent political division. In September 1989, Deng Xiaoping said:

In the latter period of the Cultural Revolution, Chairman Mao shifted the commanders of the eight greater military regions from one region to another. He did so because he knew the art of leading the army, that is, not

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to allow any leading cadre to form a circle and have a sphere of influence. It is a tradition of the army to have its leaders transferred frequently.¹⁷

Deng Xiaoping demonstrated amazing political courage and wisdom.

Mao reinstated Deng Xiaoping, and seriously criticized Zhou Enlai and Ye Jianying for their Rightist mistakes in foreign affairs. In November 1973, according to Mao's opinion, Wang Hongwen chaired a Politburo meeting to criticize Zhou Enlai and Ye Jianying. On December 21, Mao once again stated that everybody should keep an eye out for revisionism in China.¹⁸ On January 1, 1974, *People's Daily*, *Red Flag*, and *Liberation Army Daily* jointly published an editorial which put forward that both Chinese and foreign leading reactionaries and opportunists worshipped Confucius, the denouncement of whom would be a part of the criticism of Lin Biao.¹⁹ Later, Mao endorsed the national issuance of the Central Committee's first document in the new year. Jiang Qing, Wang Hongwen, and a handful of others took the opportunity to launch the "Criticize Lin, Criticize Confucius" Campaign. Nevertheless, Zhou Enlai and the Politburo had no idea about the document *Lin Biao and the Doctrines of Confucius and Mencius*. Jiang Qing described this campaign as a "second Cultural Revolution." The target of this revolution was Zhou Enlai. They were despicable enough to launch a surprise attack on him.

A prominent feature of the Cultural Revolution was the use of the past to allude to the present. Mao regarded the Cultural Revolution as a profound historical reform, which was similar to Legalism that insisted on changes. The "Criticize Lin Biao, Criticize Confucius" Campaign was aimed at the so-called Confucians in the Party who had obstructed social transformation. The intention of the Gang of Four in launching the "Criticize Lin Biao, Criticize Confucius" Campaign was to denounce the denial of oneself to observe the proprieties, or, to put it another way, to denounce the restoration of capitalism.²⁰ In the afternoon of January 25, 1974, instigated by Jiang Qing, the Central Committee and the departments directly under the State Council convened a meeting of the "Criticize Lin Biao, Criticize Confucius" Campaign at the Capital Stadium. Zhou Enlai received news about the meeting in the afternoon on the same day. Taking advantage of the campaign approved by Mao, Jiang Qing launched a surprise attack on Zhou Enlai, Ye Jianying, Guo Moruo, and others. Zhou Enlai was forced to admit:

I was not sensitive enough about the situation of the Cultural Revolution. I was falling behind the situation! Luckily, comrade Jiang Qing was sensitive. I should make a self-criticism on my thoughts.

After the meeting, Jiang Qing was overwhelmed with the success.

I was at the front of the “Criticize Lin Biao, Criticize Confucius” Campaign, breaking the way and commanding the battle. We put Zhou Enlai in an awkward predicament. The giant had to make self-criticism in public on his inability to keep abreast of the situation. He was in no way great; he was yet another defeated opponent of ours.²¹

Later, Mao got to know this and he criticized Jiang Qing at a Politburo meeting for convening the meeting, issuing materials without authorization, and other things.²²

The political cycle was a major cause for China’s economic fluctuations. It was an external factor. The fiercer the political struggles became, the bigger the impact on the economy. The “Criticize Lin Biao, Criticize Confucius” Campaign soon made the national economy deteriorate. In 1974, the gross output value of industry and agriculture grew by only 1% year on year. The output of most industrial products did not reach the goals. The railway was congested, the length of port stay of ships became longer and freight volume declined. The fiscal revenue declined and the financial deficit reappeared. Agricultural products and by-products were in very short supply. General daily necessities were in inadequate supply.²³ This fully reflected that the political movement intensely impacted normal economic development, cutting off the national economy revival that had just begun to appear. In regard to this, on July 1, 1974, the Central Committee issued the *Notice of Promoting Revolution and Production*.

After Mao discovered that Jiang Qing and others usurped power in the name of the “Criticize Lin Biao, Criticize Confucius” Campaign, he made a severe criticism about them, warning them not to form the Gang of Four and pointing out that Jiang Qing wanted to become Chairman of the Central Committee and control the cabinet.²⁴ At a Politburo meeting, he criticized Jiang Qing for stigmatizing other people and for forming the Gang of Four. Mao declared in public that Jiang Qing could not represent him, and that she could only represent herself.²⁵ He demanded Jiang Qing to observe the three don’ts: don’t arbitrarily criticize; don’t create a sensation; and don’t participate in the government’s cabinet. He also suggested that Jiang Qing should make self-criticism.²⁶

From the Return of Deng Xiaoping to the Full-Scale Overhaul

In 1973, Zhou Enlai started to oversee the work of the Central Committee, and

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Wang Hongwen acted for him when he once fell sick. On October 3, 1974, the Politburo was preparing to discuss whether to convene the 4th NPC. In the afternoon, Mao called Wang Hongwen through his secretary, suggesting that Deng Xiaoping be the first Vice-Premier of the State Council. He wanted Wang Hongwen to convey that to the Politburo. Wang Hongwen did not comply; instead, he told Jiang Qing, Zhang Chunqiao, and Yao Wenyuan first about that that night. On October 17, at a Politburo meeting, Jiang Qing, Zhang Chunqiao and Yao Wenyuan used the Fengqing Incident to accuse Deng Xiaoping, who walked off in anger. Jiang Qing told Wang Hongwen to go to Changsha as soon as possible to complain about Deng Xiaoping and Zhou Enlai to Mao, in order to prevent Deng Xiaoping from being the first Vice-Premier of the State Council. On October 18, Wang Hongwen went to Changsha to meet Mao and made a false accusation against Deng Xiaoping and others. Mao seriously criticized him, and told him to keep on good terms with Deng Xiaoping and stay away from Jiang Qing. On October 20, through Wang Hairong and Tang Wensheng of the Ministry of Foreign Affairs, Mao officially conveyed his opinion to the Central Committee that Zhou Enlai should be Premier of the State Council while Deng Xiaoping should be the first Vice-Premier and the Chief of Staff of the PLA, as recommended by Ye Jianying. Later, Mao criticized Jiang Qing for her ambition that she wanted Wang Hongwen to be Chairman of the Committee and herself Chairperson of the Party. He made it clear that Jiang Qing could not form a cabinet, nor could she assume leadership position in the CPC Central Committee or the NPC.²⁷

On January 5, 1975, according to Mao's instructions, the CPC Central Committee issued the first document of the year, deciding that Deng Xiaoping would become Vice-Chairman of the Central Military Commission and the Chief of Staff of the PLA. Zhang Chunqiao was appointed as Director of the General Political Department of the PLA. From January 8 to 10, at the Second Plenary Session of the 10th Central Committee, Deng Xiaoping was subsequently endorsed as a Politburo member, and elected as the Vice-Chairman of the Central Committee, member of the Politburo Standing Committee. The meeting removed Li Desheng from his posts as Vice-Chairman of the Central Committee and Politburo Standing Committee member. From January 13 to 18, at the First Session of the 4th NPC, Deng Xiaoping was appointed as First Vice-Premier of the State Council, and Zhang Chunqiao as Second Vice-Premier. It should be noted that as early as on April 9, 1973, Zhou Enlai disclosed to Deng Xiaoping, that "Zhang Chunqiao was a traitor, but Chairman Mao told us not to say that."²⁸ Obviously, Mao knew that Zhang Chunqiao was a traitor. However, as Zhang was one of the

stalwarts of the Cultural Revolution, Mao put him in an important position to ensure the continuation of the Cultural Revolution. At the same time, the Central Committee issued the notice of dismissing the Working Conference of the Military Commission and establishing the Central Military Commission, which was read, circulated, and endorsed by Mao. The 11 members of the Standing Committee of the Central Military Commission were Ye Jianying, Wang Hongwen, Deng Xiaoping, Zhang Chunqiao, Liu Bocheng, Chen Xilian, Wang Dongxing, Su Zhenhua, Xu Xiangqian, Nie Rongzhen, and Su Yu, with Ye Jianying as Chairman of the Standing Committee of the Central Military Commission.

Two opposing political camps — the moderates headed by Deng Xiaoping and the radicals headed by Jiang Qing — came into being in the party, the government and the army. The former represented the “good” majority in the CPC, while the latter represented the “evil” minority that basically relied on Mao’s support. Obviously, such arrangement was deliberately made by Mao for the purpose of curbing Deng Xiaoping and Ye Jianying through Wang Hongwen and Zhang Chunqiao, and making use of and balancing the two political forces.

Suggested by Zhou Enlai and approved by Mao, Deng Xiaoping presided over the State Council since February 1975 in place of Zhou Enlai, who was unable to work normally due to his illness. Deng Xiaoping was described by Mao as an able person with a rarely seen strong political sense.

Coincidentally, one year later on February 2, 1976, according to the instructions of Mao, the CPC Central Committee issued the year’s first document in which the Politburo unanimously adopted the decision to appoint Hua Guofeng as acting premier, with political decision-making power ultimately controlled by Mao. This reflected the instability and unpredictability of politics in China.

When the Cultural Revolution had continued for almost one decade, Mao was trapped in a dilemma: on one hand, he was no longer willing to see the long-term national disorder, the economy deterioration, the decline in people’s living standard, the general dissatisfaction of the people, and the decline of his political prestige. But on the other hand, he was unwilling to end the Cultural Revolution by himself and did not allow others to negate it. The complexity of his dilemma was the primary reason he used Deng Xiaoping and Zhang Chunqiao simultaneously. Deng was one of those who wanted to settle the Cultural Revolution, while Zhang was a stalwart of the Cultural Revolution. And there existed a group of beneficiaries of the Cultural Revolution between them.

At the same time, Mao also put in important positions those who became Politburo members (such as Hua Guofeng, Ji Dengkui, Chen Xilian, Wu De,

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peasant representative Chen Yonggui, and Wang Dongxing) and alternate members (such as worker representatives Wu Guixian and Ni Zhifu) during the Cultural Revolution. They benefited from the Cultural Revolution, and were different from the Gang of Four. Although they were not outstanding politicians, they advocated and executed Mao's line. After the death of Mao, many of them were neither in favor of the Gang of Four and their misdeeds, which further the Cultural Revolution, nor of Deng Xiaoping's negation of the Cultural Revolution, and his judgment and correction of Mao's mistakes in his later years, including the Cultural Revolution. After the 10th Party Congress, the Politburo formed three different political forces. The alliances and struggles among them constituted the political picture of late 1970s China.

In 1974, due to the impact of the "Criticize Lin Biao, Criticize Confucius" Campaign, the economy continued to deteriorate, which not only caused deep nationwide dissatisfaction, but also caused great concern for Mao. He proposed the well-known "Three Supreme Instructions." Seeing the unstable and disunited political situation, at the closing ceremony of the Second Plenary Session of the 10th Central Committee in January 1975, he decided it was better to stay stable and united.²⁹ Seeing the downturn of the national economy, he proposed pushing the national economy forward.³⁰ Seeing the general dissatisfaction about and weariness of the Cultural Revolution, he proposed pursuing to take class struggles as the core task. This soon became the rectification of Deng Xiaoping's concept of "taking the three instructions as the key link."

The First Session of the 4th NPC was held in January 1975, 10 years after the First Session of the 3rd NPC. During this period, not only had the NPC and its Standing Committee not been convened, but also all levels of local NPC bodies were completely paralyzed. Therefore, this Congress was regarded as an opportunity for economic reconstruction and rebuilding national institutions. Zhou Enlai read the "Government Work Report" which was drafted by Deng Xiaoping and endorsed by Mao Zedong, and then revised and finalized by Mao and Zhou Enlai. The essence of this report was that Zhou Enlai, based on Mao's instructions, reiterated the goal to achieve the "Two-Stage Development Envisioning" of the "Four Modernizations" by the end of the 20th century. According to the "Two-Stage Development Envisioning," in the first stage, by 1980, China would have established an independent and relatively complete industrial and national economy system. In the second stage, by the 20th century, China would have realized the modernization of agriculture, industry, national defense, and science and technology comprehensively, and its economy would catch up

to that of advanced countries.³¹ In addition, Zhu De was elected as the Chairman of the Standing Committee of the new NPC, Zhou Enlai was appointed as the Premier and Deng Xiaoping the First Vice-Premier of the State Council. At the first executive meeting and plenary meeting of the State Council after the 4th NPC, Zhou Enlai conveyed the evaluation of Deng Xiaoping by Mao as an able person with rarely seen strong political sense. He announced that Deng Xiaoping would take charge of the State Council. The decision won the heartfelt support of the whole Party, the army, and the general public, and provided Deng Xiaoping with a good political climate and important opportunities, so that he could overhaul the system comprehensively and correct the mistake of the Cultural Revolution when working in the Central Committee and the State Council.

Deng Xiaoping carried out a full-scale overhaul, held a series of conferences, and delivered important speeches.

The first was to overhaul the railway system. From February 25 to March 8, the Central Committee convened a provincial, municipal, and autonomous regional conference of industrial secretaries to address railway issues. Wang Zhen chaired the conference and Deng Xiaoping gave a speech on boosting the national economy.³² On March 5, the Central Committee issued the *Decision on Improving Railway Work*, drafted by Wan Li and Fan Weizhong. After the conference, Wan Li, Minister of Railways, overhauled the most chaotic Xuzhou Railway Bureau.

The second was to overhaul the steel industry. Due to the impact of the “Criticize Lin Biao, Criticize Confucius” Campaign, the national steel output plummeted to 21.12 million tons in 1974, a decrease of 4.1 million tons compared with the previous year, and it decreased by nearly 5 million tons compared with the plan (26 million tons). On May 29, Deng Xiaoping clearly proposed at the Steel Industry Forum that the steel industry overhaul should solve four problems by building a strong leadership team, resolutely fighting against factionalism, carefully implementing policies, and establishing necessary rules and regulations.³³ On June 4, the Central Committee issued the *Implementation Plan for 1975 Steel and Iron Production*, and the State Council formed the Steel Industry Leading Group headed by Gu Mu to overhaul the steel industry.

The third was to overhaul the financial sector. On January 9, the State Council issued the *Directive on further Strengthening Financial Work and Strictly Inspecting Financial Revenue and Expenditure in 1974*, and new Financial Minister Zhang Jinfu was in charge of the overhaul. According to Li Xiannian’s instructions, the Ministry of Finance drafted the *Report Outline for Financial Issues* on May 18 and the *Issues on Finance Rectification* on October 22.

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The fourth was to overhaul the industry. In July, Deng Xiaoping proposed that the State Development Planning Commission should draft the *Issues on Accelerating Industry Development*. The State Council held a special discussion meeting on August 18 which passed that proposal, and carried out a comprehensive overhaul in various segments of industry.

The fifth was to overhaul the army. According to the statistics of the General Political Department of the PLA in 1974, the PLA cadres numbered 1.53 million, and were overstaffed by 467,000; after personnel streamlining and restructuring, there remained an excess of 100,000 people. The excess cadres were expected to reach 600,000. Meanwhile, leaders at all levels seemed to be overabundant. There were an average of 36 leaders in greater military commands, and the largest number was 44; the average number in provincial military regions was 38, and the largest was 58; the figures for armies, divisions, and regiments of the army reached 20 to 40. The average age was a little too high. Army and division commanders, and political commissars reached the average age of 49, and the figure of regimental commanders and political commissars was 45.³⁴ On January 25, in a speech for the PLA General Staff Department, Deng Xiaoping conveyed for the first time Mao's instructions to overhaul the army.³⁵ From June 24 to July 15, Deng Xiaoping delivered the report entitled *On Army Rectification* at the Enlarged Meeting of the Central Military Commission. He emphasized that the problems of overstaffing, overlapping, undisciplined troops, and wasteful and indolent practices in the army, and weak and lazy leaders, must be solved.³⁶ Ye Jianying said at the meeting that no intervention or conspiracy in the army by careerists should be allowed, and conveyed Mao's criticisms of the Shanghai Gang (the Jiang Qing clique).³⁷ Ye Jianying talked to the leaders of the greater military regions and branches of the army. He said that Mao had mentioned there was a Shanghai Gang, which leaders should watch out for, and that the leaders should stabilize and take good care of the army. Besides, some central leaders conducted movements without authority, which was abnormal. He called for compliance with Chairman Mao's instructions, for leaders had the right to refuse instructions and papers that were not from the Central Military Commission.³⁸

This fully reflected the direct and acute antagonism between the moderates headed by Deng Xiaoping and Ye Jianying and the Cultural Revolution stalwarts headed by Jiang Qing. Jiang Qing and others had Mao's support and protection, so Ye Jianying was unable to take any action against them. If there was no political contest in military overhaul this time, there would be no smashing of the Jiang Qing clique by the joint action of Ye Jianying and Hua Guofeng after Mao's death.

On July 19, the Central Committee transmitted the meeting report written by the Central Military Commission and speeches by Deng Xiaoping and Ye Jianying. The Central Military Commission decided to cut down 1.6 million people from the army in three years, and to assign some 600,000 excess cadres to new positions.

The sixth was to overhaul the national defense industry. In August, the Central Military Commission held a conference of key industry enterprises of national defense, at which Deng Xiaoping delivered a report entitled *On Consolidating National Defense Enterprises*.³⁹

The seventh was to overhaul the field of science and technology. Deng Xiaoping proposed to overhaul the Academy of Sciences and strengthen its leadership. Hu Yaobang, Li Chang, and Wang Guangwei were appointed to the Core Party Member Group of the Academy of Sciences. They drafted the report outline, entitled *Several Problems Concerning Scientific and Technological Work*. On September 26, Deng Xiaoping presided over a meeting of the State Council to discuss the report outline and put forward that scientific research should move forward.

It is worth noting that the *Outline Report of the Chinese Academy of Sciences* quoted Mao's saying that "science and technology are part of the productive forces." It came from the brochure "Chairman Mao on Scientific and Technical Work" published in 1969 by the State Science and Technology Commission. Checked by Hu Qiaomu, the talk was from a transcript on December 16, 1963, when Mao was listening to Nie Rongzhen's report on the science and technology ten-year plan, with Han Guang, Zhang Jinfu, Fan Changjiang, and Yu Guangyuan present. But Mao resolutely denied that he had ever said that. On October 13, 1975, Mao talked to Deng Xiaoping about his opinion on the *Outline Report of the Chinese Academy of Sciences*. On October 14, Deng Xiaoping told Hu Qiaomu about his talk with Mao. He told Hu Qiaomu that Mao denied his notion that "science and technology are part of the productive forces," and disapproved of part of the contents of the *Outline Report of Chinese Academy of Sciences*.⁴⁰ In August 1976, the Gang of Four criticized Deng Xiaoping for tampering with Mao's instructions. Obviously, the notion that "science and technology are part of the productive forces" was absolutely correct, but Mao denied his viewpoint for the reason of political struggles, especially when he decided to criticize Deng Xiaoping and counter the rehabilitation of Rightist personnel. Afterwards, Deng Xiaoping developed that viewpoint into the idea that "science and technology are the primary productive forces." In 1975, Deng Xiaoping said:

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The first point is the necessity of understanding that science and technology are part of the productive forces. The Gang of Four raised a hue and cry over this, confounding right and wrong and sowing much confusion in people's minds. Marxism has consistently treated science and technology as part of the productive forces....

...What has brought about the tremendous advances in the productive forces and the vast increase in labor productivity? Mainly the power of science, the power of technology.⁴¹

The eighth was to overhaul the educational sector. In September, at the National Conference on Learning from Dazhai in Agriculture, Deng Xiaoping said that education needed to be overhauled as well, and the core was to re-establish education as the foundation of the state economic construction and of the realization of Four Modernizations.⁴² On September 26, he said that there was a crisis and it might be in the Ministry of Education.⁴³ According to Deng Xiaoping's instructions, Educational Minister Zhou Rongxin drafted the *Report Outline on Educational Work*, which reiterated Mao's words at the First CPPCC in September 1949:

An upsurge in economic construction is bound to be followed by an upsurge of construction in the cultural sphere. The era in which the Chinese people were regarded as uncivilized is now ended. We shall emerge in the world as a nation with an advanced culture.⁴⁴

Zhou Rongxin also reiterated Mao's belief stated in 1957 that it would take 10 years to educate people.

We should form a contingent of proletarian intellectuals within the next 10 years. We used to say it takes 100 years to rear people; now we shall make it 10. The proletariat cannot build Socialism without its own vast contingent of technicians and theoretical workers.⁴⁵

The *Report Outline* clearly pointed out:

We face a serious problem; if we cannot improve education, it will have a bad effect on other things such as the consolidation of the proletariat dictatorship and the whole process of the Four Modernizations.⁴⁶

The third edition of the *Report Outline* was not finished until November 10. But Zhou Rongxin was criticized by Chi Qun and Xie Jingyi before the *Report*

Outline was issued.

The ninth was to overhaul agriculture. At the Symposium on Agricultural Work, Deng Xiaoping said that both rural areas and agriculture need to be overhauled and agricultural production should be improved.⁴⁷ He especially mentioned that agricultural production should not be exaggerated, and had a face-to-face debate with Jiang Qing. Deng Xiaoping disapproved of boasting. He said that there were counties, communes, and production teams like Dazhai in different areas, but they were very imbalanced. The grain output was not as good as that of the initial post-liberation period in some counties and regions. Jiang Qing chipped in:

You cannot say that! They are exceptions!

Deng Xiaoping argued:

They are worth paying attention to, even if they are exceptions!

He enumerated:

Based on statistics from 23 provinces, municipalities, and autonomous regions, the unit agriculture output value according to the People's Commune's basic accounting was RMB124 per capita, and Guizhou had the lowest number which was only about RMB60. The second lowest number appeared in Sichuan which was some RMB90. Could we just let it be? The provinces which had around RMB100 unit value like Sichuan were quite few. We are now talking about output value, not income of commune members. Some commune members' income was too low, and income of some others was even negative. Could we be happy with the present situation?

Jiang Qing was speechless.⁴⁸

In the 1975 full-scale overhaul, Deng Xiaoping, Ye Jianying, Li Xiannian, and Wang Zhen, who were leaders of the Central Committee and the State Council, were not the only ones who played significant collective leading roles, but also ministers of various ministries under the State Council such as Wan Li, Hu Yaobang, Zhang Jinfu, and Zhou Rongxin. This fully reflected the CPC political mainstream at this special stage, which represented the will of the people and had an open political struggle with the Jiang Qing clique.

In May, the State Council set up the Policy Research Office. The people in charge were Hu Qiaomu, Wu Lengxi, Hu Sheng, Xiong Fu, Yu Guangyuan, Li Xin,

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and Deng Liqun. The Policy Research Office duties were to assist Deng Xiaoping in carrying on the overhaul, write theory articles, conduct research, run theory publications, and organize theory teams. From July to November 1975, Hu Qiaomu reported to Deng Xiaoping 16 times.⁴⁹ Deng Xiaoping assigned Hu Qiaomu tasks directly. The Research Office became Deng Xiaoping's main think-tank and played a significant role in assisting Deng Xiaoping in carrying out the overhaul.

Deng Liqun, who was in charge of the Policy Research Office of the State Council, drafted the article "On the General Program of All Work of the Entire Party and Nation." It quoted Mao's three instructions and his words in "On Coalition Government" written in 1945:

In the last analysis, the impact, good or bad, great or small, of the policy and the practice of any Chinese political party upon the people depends on whether and how much it helps to develop their productive forces, and on whether it fetters or liberates these forces.

He put forward that there should be the standard for differentiating between a correct line and a wrong one, and between true and fake Socialism. This reflected that Deng Xiaoping and other people were using Mao's correct ideas to correct his wrong ideas in his later years and also to criticize the fallacies of the Jiang Qing clique.

After that, Jiang Qing criticized in public the articles "On the General Program of All Work of the Entire Party and Nation," drafted by Deng Liqun, "Some Questions on Accelerating Industrial Development," drafted by Fang Weizhong of the State Development Planning Commission, and the "Academy Work Report Outline," drafted by Hu Yaobang, as the "three large poisonous weeds." She said that "On the General Program of All Work of the Entire Party and Nation" was "a manifesto for capitalist restoration." The nature of these three articles was to correct all erroneous practices of the Cultural Revolution for the first time, overhauling all chaos comprehensively which was caused by the Cultural Revolution, and the first time to bring order out of chaos on a large scale.

After overhauls in all fields, the national economic situation soon took a dramatic upturn and all industries began to get out of the standstill and enter a short rising period. In 1975, the annual industrial and agricultural output value increased by 11.5% over the previous year. The annual industrial output value was up 14.9% and the annual agricultural output value was up 3.7%. There was a decline in financial deficits; and imports and exports hit a new high. This contrasted strikingly with the economic recession caused by the "Criticize Lin Biao, Criticize

Confucius" Campaign in 1974. Deng Xiaoping's overhaul achieved great popularity, and the whole Party, the army, and the people began to really understand and support him. This laid an important foundation for Deng Xiaoping's third return in 1977 and the reform and opening up launched by him in 1978. Without the people's political trust, there would have been no era of Deng Xiaoping.

Politically, Deng Xiaoping was fighting an uphill, and risky, political battle. The first reason was that Mao imposed a series of political restrictions on Deng Xiaoping; the second was that the Jiang Qing clique openly struggled with Deng Xiaoping many times in both political and theoretical aspects.

In October 1974, Mao put forward the theoretical issues of Socialism and dictatorship of the proletariat when he received Danish Prime Minister Poul Hartling. Mao said that, all in all, China was a Socialist country. Before the liberation, it was almost the same as a capitalist country. The PRC practiced an eight-grade wage system and the principle of distribution according to work, which made no difference with the old society. What was different was that the ownership was changed.⁵⁰ On December 26, 1974, on Mao's birthday, he told Zhou Enlai and Wang Hongwen that this problem would become revisionism if answers to those issues were not found. If Lin Biao or people like him took power, it would be easy to restore capitalism. Mao said:

Why did Lenin advocate dictatorship against the capitalist class? If we cannot figure out this one, we would degrade into revisionism. We are now practicing a commodity system; the salary system is not fair, and it has eight grades. It can only be restricted under the proletarian dictatorship. Lenin said that small-scale production constantly, daily, and spontaneously produced capitalism and the capitalist class in scores. It happens in some of the working class and members of the Party. The bourgeois way of life can be seen in the proletariat class and personnel in state administrative organs. Thus, if Lin Biao or people like him take power, it would be easy for the capitalist restoration to happen.⁵¹

This showed that Mao understood China's politics and economy very well and he was visionary about China's future development. However, Mao did not understand exactly what was Socialism and capitalism. And he was deeply influenced by the Moscow consensus.

According to Mao's directions about proletarian dictatorship, Zhang Chunqiao and Yao Wenyuan compiled a book of quotes entitled *Marx, Engels and Lenin on the Dictatorship of the Proletariat*, published by *People's Daily* on Feb 22, 1975.

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According to Mao's order about writing articles, Yao Wenyuan wrote "On the Social Basis of Lin Biao's Anti-Party Clique," published by the *People's Daily* on March 1. On April 1, *Red Flag* published Zhang Chunqiao's article "On Total Dictatorship over the Bourgeois," in which he put forward the idea of sticking to the dictatorship over the bourgeois in all domains throughout the entire revolution. The two articles were approved by Mao to be published in all newspapers and magazines, and were printed in books for nationwide distribution. These articles served as theoretical explanations of Mao's directions on studying proletarian dictatorship theories, and as theoretical support for Mao's launching of the Cultural Revolution. Moreover, they served as the theoretical preparation for opposing Deng Xiaoping's comprehensive overhaul.

From March to April, Jiang Qing, Zhang Chunqiao, and Yao Wenyuan started an insinuating attack against Zhou Enlai and Deng Xiaoping. Zhou and Deng's support for empiricism, they said, would drive China back to capitalism if the two gained power. On March 1, 1975, Zhang Chunqiao warned against the danger of empiricism and the CPSU's lesson, which he called "satellites went up while the red flag fell to the ground."⁵² On the same day, Yao Wenyuan published "On the Social Basis of Lin Biao's Anti-party Clique" in *Red Flag* and abused Mao's words that "the major danger is empiricism," written in 1959. He lied that for more than a decade, the Chairman had on many occasions repeated that opinion. On March 21, *People's Daily* published an editorial saying that empiricism supported revisionism. On April 1, Zhang Chunqiao declared that Lin Biao would drive China back to capitalism if he gained power in his article "On Total Dictatorship over the Bourgeoisie".⁵³ On April 14, Deng Xiaoping fought back and reported Jiang Qing and other people's behavior to Mao, which led to another round of criticism by Mao against Jiang Qing. According to Mao's opinion, at a Politburo meeting on April 27, Deng Xiaoping and Ye Jianying criticized Jiang Qing, and engaged in an intense debate with the Jiang Qing clique. Late on the night of May 3, Mao chaired another Politburo meeting to settle conflicts between the two groups. For a long period, Mao did not chair any Politburo meeting. An attendee of the meeting was Xie Jingyi, Secretary of the Party Committee of Peking University. Although not a Politburo member, she participated in the Politburo's operations.⁵⁴ At the meeting, Mao criticized Jiang Qing again,⁵⁵ and told her not to get involved with the Gang of Four and to unite the Central Committee's more than 200 members. Mao criticized Jiang Qing that she did not have any experience in struggles and she could not write articles. She did not have dogmatism and she was merely an empiricist. In the presence of Politburo members, he told her

not to be arbitrary, to be disciplined and cautious, not to decide and act on her own, to discuss matters with the Politburo when she had opinions, and to print documents of the discussion results and hand them out in the name of the Central Committee, not in the name of Mao or any other individual, for Mao himself had “never handed in any material.” This indicated that the Gang of Four was the very isolated minority both in the CPC and the Central Committee. At last, Mao emphasized three do’s and don’ts.

I do not have much to say, only three sentences. I had three sentences to say at the 9th and the 10th Congress. We want Marxism-Leninism, not revisionism; solidarity, not division; and openness and honesty, not conspiracies or tricks.⁵⁶

It was the last time Mao chaired a Politburo meeting. According to Mao’s instructions, three Politburo meetings were chaired by Deng Xiaoping to criticize the Gang of Four, headed by Jiang Qing. On June 28, Jiang Qing submitted a written self-criticism to Mao and the Politburo.

The three do’s and don’ts were part of Mao’s persistent ideology. Every time Mao demanded his people to comply with them, there would be a significantly irreconcilable political struggle in the Party. This time the conflict occurred between Jiang Qing and Deng Xiaoping, and Mao had to balance the two sides. He became more worried about the possibility of another political crisis in China.

From Criticizing *The Water Margin* to Countering the Rehabilitation of Rightist Personnel

After learning about Mao’s comments on *The Water Margin*, Yao Wenyan took it as a good opportunity to attack his political opponents. On August 14, Mao concluded that *The Water Margin* only opposed malfeasants but not emperors. The main character Song Jiang capitulated to the emperor, and he carried out revisionism.⁵⁷ On August 28, the 9th issue of *Red Flag* published “Attaching Importance to the Comments on The Water Margin” revised by Yao Wenyan, which made public Mao’s directions. The Jiang Qing clique used the criticisms on Song Jiang to allude to and attack Deng Xiaoping. Jiang Qing stated that the key to *The Water Margin* was that Chao Gai, former head before Song Jiang, was made a mere figurehead, and Deng Xiaoping was making Mao a mere figurehead. On September 15, Jiang Qing stated at the National Conference on Learning from

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Dazhai in Agriculture that Mao's comments on *The Water Margin* were to disclose capitulators such as Deng Xiaoping in the Party.⁵⁸ It demonstrated a characteristic of the Cultural Revolution, which was a lack of political openness and institution. Political debates were usually using anecdotes of the past to allude to the present.⁵⁹

One of the major political characteristics of Mao's Era was that there were always great unexpected changes on the political stage. Mao could place anyone on the political stage or remove that person from his position any time according to his opinion. He could at any time let Deng Xiaoping resume his post or remove him from his post. Mao's political principle and bottom line was never allowing anybody, including Deng Xiaoping, to overtly negate the Cultural Revolution which he himself had initiated and led.

Deng Xiaoping chose to remain silent and wait for the optimal opportunity, rather than going against Mao or trying to win. He paid more attention to the political stage behind Mao. The movement to criticize Deng Xiaoping and counter the rehabilitation of Rightist personnel launched by Mao surprisingly accelerated the political transformation.

In September, when the full-scale overhaul led by Deng Xiaoping proceeded for only half a year, the whole world had been reevaluating China. Nevertheless, there appeared huge sudden changes on China's political stage. On September 24, Mao met with Le Duan, the First Secretary of the Communist Party of Vietnam who was visiting China, and acknowledged calmly that there was a leadership crisis in both the CPC and in China.⁶⁰ The situation was almost the same as when Mao told visiting Vietnamese President Ho Chi Minh on June 10, 1966, about the conflicts among high-level Party leaders.

On September 28, Mao's nephew Mao Yuanxin, Secretary of Liaoning Provincial Committee of the CPC, Vice-Director of the Liaoning Revolution Committee, and Political Commissar of the Shenyang Military Area Command, reported to Mao when he passed by Beijing that there was serious disagreement about the Cultural Revolution among high-level Party leaders, and he complained about Deng Xiaoping.

A trend about the Cultural Revolution was even fiercer than that animadverting Leftism in 1972. How do we look at the Cultural Revolution? Is it 70% right or wrong? There are different opinions. Should Liu Shaoqi be animadverted on? Few people talk about that now. And whenever people talk, they would say 'Take the three instructions as the key link.' I don't agree with that. We should take class struggle and line struggle as the key link. The three instructions are actually one, which is

to develop production. I am concerned that the Central Committee would repeat its mistakes.⁶¹

On November 2, Mao Yuanxin complained to Mao Zedong again, stating that Deng Xiaoping wanted to negate the Cultural Revolution. Mao Yuanxin reported to Mao Zedong that, when comrades gathered, there were always complaints about the dark side of the Cultural Revolution. Some believed that the Cultural Revolution was a disaster, especially Deng Xiaoping.⁶² On November 2, according to Mao's opinion that Deng Xiaoping needed help to improve, Mao Yuanxin, although not a Central Committee member, assisted Deng Xiaoping, who was a Politburo Standing Committee member. Mao Yuanxin talked to Deng Xiaoping, Wang Dongxing, and Chen Xilian on behalf of Mao Zedong, and criticized Deng Xiaoping. Deng Xiaoping was forced to refute his criticism and said he was willing to make self-criticism.

According to your [Mao Yuanxin's] description, the Central Committee was carrying out the revisionist line. That is to say that the Central Committee led by Chairman Mao was carrying out revisionism. That was not good to say. I began work on March 9 and was in charge in July. Ever since the No. 9 document was issued, did the situation of the country get better or worse? You can think about that. Practice can prove it.⁶³

On November 3, Wu De conveyed Mao's directions at the Enlarged Meeting of the Party Committee of Tsinghua University, and pointed out that Liu Bing and other people's letters to Mao had impure motives, and those people wanted to bring down Chi Qun and Xie Jingyi, and that the real target was Mao. Deng Xiaoping's forwarding of Liu Bing's letter was to favor and support him.⁶⁴ By then, Mao did not trust Deng Xiaoping any more, and was prepared to overthrow Deng Xiaoping again. Mao would not allow Deng Xiaoping to criticize the Cultural Revolution.

On November 3, Mao conveyed his directions to Politburo members through Mao Yuanxin, his liaison man and nephew by non-institutional and non-organizational means. In late 1975, Mao's health gradually deteriorated, and he had trouble even reading, speaking, or moving. Mao decided to make his nephew Mao Yuanxin his own liaison officer. Mao's opinions were conveyed by his liaison officer, and Politburo meetings were reported to Mao by him. It was hard even for the Vice-Chairman of the Central Committee to meet with Mao.⁶⁵ The new Politburo enlarged from four people — Deng Xiaoping, Wang Dongxing, Chen Xilian, Mao Yuanxin — to eight people with the addition of Li Xiannian, Ji Dengkui, Hua

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Guofeng, and Zhang Chunqiao. On November 20, according to Mao's instructions, the Politburo asked Mao Yuanxin to deliver a message to Deng Xiaoping, which required Deng Xiaoping to chair a Politburo meeting, to form a positive resolution about the Cultural Revolution, and to declare that it was 70% right and 30% wrong. In Mao's opinion, the Cultural Revolution was 70% a success and 30% a failure. The major mistakes were overthrowing everything and starting a full-scale civil war. Mao still thought he was right in overthrowing some people, such as Liu Shaoqi and the Lin Biao clique. Some people were overthrown by him wrongly, like a lot of the senior comrades. But some of them made mistakes, too. It was alright to criticize them. On a large-scale, guns were snatched and distributed to people. It was for training the people. But it was not good to beat people to death and refuse to rescue the injured.⁶⁶ Deng Xiaoping refused indirectly, saying clearly that:

It is inappropriate for me to draft the resolution, because I am not involved in leading it. If I do not know it well, how could I possibly describe it?⁶⁷

His rejection greatly disappointed Mao Zedong, making him determined to criticize Deng Xiaoping.

From late November onwards, Mao decided to terminate Deng Xiaoping's work in the Central Committee and make him responsible for foreign affairs only, without any discussion in the central plenary session or allowing any collective decision. In late November, Mao convened a notification meeting attended by some 130 Party, government, and army leaders to convey his *Main Points of the Notification* without having a central plenary session or a central working conference, bypassing the Central Committee once again.

Mao could not tolerate Deng Xiaoping's systematically correcting mistakes of the Cultural Revolution. He adopted non-institutionalized means to initiate the so-called movement to criticize Deng Xiaoping and counter the rehabilitation of Rightist personnel, and China was trapped in chaos once again. The means included personal instructions, appointing Mao Yuanxin as political liaison officer, holding notification meetings, and sending notification summaries.⁶⁸

It should be noted that Deng Xiaoping's full-scale overhaul in 1975 deliberately acted against the Cultural Revolution, and it set wrong things right for the Cultural Revolution. Deng Xiaoping recalled later:

In fact, we had begun to set things to rights as early as 1975. At that time I was in charge of the work of the Central Committee and the government, and I introduced a series of rectification measures. Before long these

measures produced excellent results in every area, but they ran counter to the Cultural Revolution.⁶⁹

If the Cultural Revolution was an attempt to combat and prevent revisionism, and a rehearsal for the prevention of capitalist restoration in China, then the full-scale overhaul would be the rehearsal for reform and opening up in China.⁷⁰ In 1966, there could be only one “play” on China’s political stage; but in 1975, there were two opposing “plays.” There could be no differentiation without contrast, and there could be no elimination without competition. People were comparing, differentiating, selecting, and eliminating. In that situation, it was impossible for Deng Xiaoping to openly negate the Cultural Revolution. The main strategy he adopted was full-scale overhaul, meaning correcting all kinds of destructive effects caused by the Cultural Revolution. If the overhaul continued, it would inevitably lead to the negation of the Cultural Revolution. Mao would never allow Deng Xiaoping’s political challenge.

At the end of Mao’s political life, he would unswervingly defend the Cultural Revolution. He would not allow anybody to censure the Cultural Revolution, or to reverse its verdict.⁷¹ That was the ultimate principle that he stuck to. But his health was almost collapsing, and he was the victim of his own contradictions that were hard to shake off.⁷² Nevertheless, because he could not free himself from his political logic of class struggle theories, this old, experienced politician was forced to launch a political movement on a larger scale.

On January 8, 1976, according to Mao’s directions, the Politburo criticized and helped Deng Xiaoping, and compiled a central document with Mao’s criticism of Deng Xiaoping, entitled *Important Instructions from Chairman Mao*. The conversations about the movement to criticize Deng Xiaoping and counter the rehabilitation of Rightist personnel lasting from October 1975 to January 1976 were also compiled into the document by Mao Yuanxin. On the same day, Zhou Enlai passed away. When Mao got the bad news, he stared blankly and dejectedly at the ceiling and murmured incoherently to himself, “Gone. He’s gone, too.” After that, he sobbed, and tears dripped down.⁷³ Under such circumstances, Mao was still determined to animadvert on his long-time comrades by countering the rehabilitation of Rightist personnel. At the same time, he was looking for his new successor. Mao often denied himself.

1976 was an eventful year in China. On January 8, Zhou Enlai passed away. Since 1949, Zhou Enlai had been Premier of the State Council for five years and Premier of the State Council for 21 years, altogether 26 years as the Premier. He was the first top leader who passed away in his post. Zhou Enlai had his

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contradictions as well. On one hand, he was one of the political supporters of Mao's Cultural Revolution. On the other hand, he made major contributions in correcting the Cultural Revolution's mistakes. He had to play different political roles. He had to defend Mao's authority and carry out his instructions so as to survive, and to keep his position for protecting people who were affected and persecuted, such as Deng Xiaoping, Chen Yun, Ye Jianying, and Li Xiannian. He passed away in deep anguish. Later, Deng Xiaoping said the people would forgive Zhou Enlai.

He was in an extremely difficult position then, and he said and did many things that he would have wished not to. But the people forgave him because, had he not done and said those things, he himself would not have been able to survive and play the neutralizing role he did, which reduced losses. He succeeded in protecting quite a number of people.⁷⁴

Zhou Enlai's death immediately caused a political vacuum in the Central Committee and the State Council, which forced Mao to accelerate his decision-making process on selecting the successor.

In February, proposed by Mao and passed unanimously by the Politburo, the CPC Central Committee issued a notice to appoint Hua Guofeng as Acting Premier of the State Council to be in charge of the work of the Politburo. The notice also declared that, proposed by Mao and passed unanimously by the Politburo, Chen Xilian was in charge of the Central Military Commission when Ye Jianying was ill.⁷⁵ Mao announced the news at home and abroad, that his successor would not be Deng Xiaoping, the moderate and First Vice-Premier of the State Council, or Wang Hongwen, Second Vice-Chairman of the Central Committee, or Zhang Chunqiao, Politburo Standing Committee member and Third Vice-Premier. Both Wang and Zhang were stalwarts of the Cultural Revolution. Hua Guofeng, a beneficiary of the Cultural Revolution, was designated by Mao personally as his successor. Hua Guofeng was a Politburo member and the Sixth Vice-Premier.

Why did Mao select Hua Guofeng? On January 20, Deng Xiaoping wrote to Mao, proposing again to remove his duty of supervising daily operations. On January 21, Mao told Mao Yuanxin to ask Hua Guofeng to lead and become Acting Premier of the State Council. On January 28, Mao formally proposed that Hua Guofeng be in charge of daily operations of the Central Committee. Mao said Hua Guofeng was plain, steady, modest, and smart. He told everyone to publicize him so that the whole country could get to know him. That was a measure to balance different political forces in the Party. Mao knew very well that the Gang of Four,

especially Jiang Qing, had accumulated rancor and were unpopular among the Party and the people. Had Mao chosen them, there would have been great disorder in China and it would have caused negative effects to himself. Consequently, Mao finally did not choose them at that critical moment for China.

On February 25, people responsible for all provinces, municipalities, autonomous regions and greater military regions were gathered for a meeting, where the *Important Instructions from Chairman Mao* was conveyed. On March 3, the CPC Central Committee issued the *Important Instructions from Chairman Mao* and transmitted Mao's conversations. On the same day, the CPC Central Committee transmitted Hua Guofeng's speech given at the meeting. According to Mao's instructions, Hua Guofeng thoroughly disclosed and criticized Deng Xiaoping's revisionism line error publicly in the Party, which was similar to the nature in which it was determined for Liu Shaoqi and Deng Xiaoping by Mao's *Bombard the Headquarters* big-character poster on August 5, 1966. Hua Guofeng's talk was discussed in the Politburo, and reviewed and approved by Mao. The talk proposed not picking up all the mistakes made by Deng Xiaoping or his agents.

We should follow the instructions of Chairman Mao and follow the guideline of learning from past mistakes to avoid future ones, and help him correct his mistakes. That should be it. We should not completely negate him. Some people should make self-criticism in a certain scope. We should allow for mistakes and allow people to correct them. It would be good if mistakes were corrected. The whole movement should follow the instructions of Chairman Mao and be led by the centralized leadership of the Party committee. There should be no alignment or combat team. We should promote revolution, production, work, and war preparations.⁷⁶

He also put forward certain policies to criticize Deng Xiaoping. Nonetheless, Hua Guofeng's measures were greatly different from Mao's launching of the Cultural Revolution in the second half of 1966.

In his conversation, Mao first angrily rebuked Deng Xiaoping that his words of "never reversing the verdict of the Cultural Revolution" were unreliable. Mao said that Deng Xiaoping said there was a crisis in education. The students did not read books. He himself did not read books. He did not understand Marxism-Leninism, representing the capitalist class. Deng said he would never reverse the verdict, which was unreliable.⁷⁷ Through this, Mao aimed to remove Deng Xiaoping's political credit in the Party. Second, Mao criticized Deng's "black cat and white

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cat" theory which did not take class struggles as the central task. Based on different political philosophies, Mao promoted struggles while Deng Xiaoping advocated construction. Mao said that Deng Xiaoping never paid attention to class struggles or mentioned this guideline. He always emphasized the "black cat and white cat" theory, no matter whether it was imperialism or Marxism.

Was there a class struggle in Socialist countries? What is taking the three instructions as the key link? Do stability and unity mean not to have class struggles? Class struggles were the key link, and other things were less important.⁷⁸

Third, Deng Xiaoping would like to get even with the Cultural Revolution. Mao said that there were two attitudes towards the Cultural Revolution, one was dissatisfaction, and another was to settle with it.⁷⁹ That almost amounted to denying the historical feat of Mao. Fourth, Mao believed that capitalists were in the Party and the capitalist roaders were still walking. Mao said that the people who launched the Socialist revolution did not know where the capitalist class was. They were in the Communist Party and held power. The capitalist roaders who were in power were still walking.⁸⁰ Mao knew Deng Xiaoping very well, he believed that the nature of Deng Xiaoping was still that of a capitalist-roader, and Deng Xiaoping's road was a capitalist road. This showed that the line difference between Liu Shaoqi, Deng Xiaoping, and Mao had been there for quite some time. It had always been two roads, forcing Mao to bring down the capitalist-roaders before he passed away. Objectively speaking, the second time that Mao criticized Deng Xiaoping helped the latter a lot. Except the first one, all the criticisms assisted Deng Xiaoping in promoting Deng Xiaoping Thought. People could not see that then or predict the future outcome, but it sowed the seeds for China's reform and opening up. Soon the single spark started a prairie fire in China.

Consequently, when Deng Xiaoping got back to his position again in 1977, no matter what beneficiaries of the Cultural Revolution, such as Hua Guofeng and Wang Dongxing, did to oppose his return, he made up his mind to comprehensively set wrong things right for the Cultural Revolution, and re-establish Mao's notion of "seeking truth from facts." He was determined to take developing the productive forces as the central task of the Party, abandon class struggles unwaveringly and resolutely, and launch the Reform and Opening Up that would transform Chinese society. It was easy to understand why it was Deng Xiaoping who initiated and started the era of Reform and Opening Up in China, which was a new era, completely different from the Cultural Revolution. Deng

Xiaoping used to tell foreigners that:

Speaking of reform, actually we had already experimented with it in 1974 and 1975.... In 1975 I began to take charge of the day-to-day work of the Central Committee. In those days, the reform was called consolidation, and we emphasized the need to develop the economy...

Before long I was again toppled by the Gang of Four. I was toppled three times and rehabilitated three times.... In 1974 and 1975, the reform had enjoyed popular support and reflected the wishes of the people. After the Gang of Four was defeated, the 11th Central Committee, at its Third Plenary Session, reaffirmed the ideological line of seeking truth from facts and defined the central task for the Party and the country as development of the productive forces. After that, the reform was resumed.⁸¹

When Deng Xiaoping was brought down again, he clearly realized that China needed reform to propel him from his mire. At the same time, he also fully realized that Mao's mistakes were not only his personal ones, but also the result of serious institutional defects. Reforming the leadership and organizational systems had fundamental, widespread, and long-lasting significance.⁸²

From the Tiananmen Incident to Mao's Death

Before Mao passed away, two major events happened in China: the Tiananmen Incident and the Tangshan Earthquake. They intensified political and social conflicts in China to different degrees.

On March 28, incited by the Jiang Qing clique, the *Wen Hui Daily* in Shanghai published an article, describing Zhou Enlai and Deng Xiaoping as "capitalist roaders in the Party who wanted restoration and who were brought down but did not repent and mend their ways." The article made the political conflicts among high-level Party members public, and resulted in demonstrations in Nanjing and other places. People carried banners saying "Defend Zhou Enlai and bring down Zhang Chunqiao." On April 1, the CPC Central Committee phoned to notify different local areas that the Nanjing Incident was a political attempt to break up the Central Committee led by Mao and reverse the trend of criticizing Deng Xiaoping.⁸³

In April, all of China was involved in big mass movements, such as the Tiananmen Incident, to mourn for Zhou Enlai and protest against the Gang of Four. The Tiananmen Incident was considered the most realistic demonstration of public opinions in this special situation. As Deng Xiaoping explained in 1980, the

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incident was a result of the hatred of 97% or 98% of the population towards the Gang of Four's crimes.⁸⁴ The event was meant for supporting Deng Xiaoping and opposing the Gang of Four. It was also the first time that the public specifically and openly opposed absolutism and the personality cult.⁸⁵

In the evening of April 4, Hua Guofeng chaired an emergency meeting of the Politburo. Ye Jianying and Li Xiannian were absent. The meeting defined the Tiananmen Incident as a counter-revolutionary event. The incident incited the masses, opposed the Chairman and the CPC Central Committee, and disturbed and destroyed the direction of struggles.⁸⁶ At Tiananmen Square, people shouted that they would bring down whoever opposed Premier Zhou. Someone yelled, "China is no longer in the ancient times when Qin Shi Huang ruled stupid people in the feudal society." This greatly provoked Mao who was on his sickbed. After hearing Mao Yuanxin's report at 5 am on April 5, he was furious. On April 6, Jiang Qing reported to Mao that Deng Xiaoping was the chief backstage supporter of the Tiananmen Incident, and suggested expelling Deng Xiaoping from the Party. On April 7, Mao Yuanxin reported to Mao twice, and Mao agreed to publish the on-the-spot report about the Tiananmen Incident written by a *People's Daily* reporter and compiled by Yao Wenyuan, declaring that the Tiananmen Incident was a counter-revolutionary attempt to reverse the trend of criticizing Deng Xiaoping and countering the rehabilitation of Rightist personnel.⁸⁷

In the evening on April 7, according to Mao's proposal, the Politburo unanimously passed the resolution that relieved Deng Xiaoping of his duties in all the positions, but his Party membership was kept so that his future performance could be observed. Hua Guofeng was appointed as the First Vice-Chairman of the CPC Central Committee and Premier of the State Council. Mao also said that Hua Guofeng should be appointed as the First Vice-Chairman of the Party and formally as his successor and it should be written in the resolution. According to Article 9 of the *1973 Party Constitution* adopted at the 10th Party Congress, it was for the CPC Plenary Session to decide the members of the Politburo and the Standing Committee, and the Chairman and Vice-Chairman of the Central Committee. Therefore, it was a violation of the *Party Constitution* to relieve Deng Xiaoping of all his posts in the Party and to appoint Hua Guofeng as the First Vice-Chairman without convening a plenary session of the Central Committee. The *Politburo Communiqué* proposed to retroactively recognize the appointment in the next plenary session of the CPC Central Committee. Nevertheless, there was not any plenary session of the CPC Central Committee in 1976. In that year, the Politburo made a series of major decisions, including arresting the Gang of Four

on October 6 and separating them for investigation. It was not until 1981 that a fair conclusion was given to the verdict on Deng Xiaoping and the Tiananmen Incident. The Resolution of the Sixth Plenary Session of the 11th Central Committee in 1981 pointed out:

The Politburo of the Central Committee and Comrade Mao Zedong wrongly assessed the nature of the Tiananmen Incident and dismissed Comrade Deng Xiaoping from all his posts inside and outside the Party.⁸⁸

On April 8, *People's Daily* published an article to define the Tiananmen Incident as a premeditated, planned, and organized counter-revolutionary event. The article indicated that counter-revolutionists carried in public the banner of supporting Deng Xiaoping, promoted Deng Xiaoping like Nagy, the head of counter-revolutionary events in Hungary, and unscrupulously targeted the incident at the great leader Chairman Mao.⁸⁹ On April 18, *People's Daily* published an editorial to define Deng Xiaoping as a representative of the interests of landowners, rich peasants, counter-revolutionaries, bad elements, and Rightists who were not transformed, and new and old capitalists in and outside the Party, and their principal representatives.⁹⁰

As the winner on the Chinese political stage, Mao could never expect that bringing down Deng Xiaoping would be his last political victory, but it laid the groundwork for massive popular support for the subsequent overthrow of the Jiang Qing clique and for Deng Xiaoping's comeback.⁹¹ And Mao himself paid a great price for that.

After addressing the issues of Deng Xiaoping and the Tiananmen Incident, Mao, who was old and sick, was upset again. He was extremely weak, and suffering from severe pain. In the evening on April 30, Mao wrote down three sentences to Hua Guofeng after he received foreign guests and heard the report from him: "Take it slow, do not hurry." And "Do it the way it was done before." And "I trust you."⁹² In early June, a sudden myocardial infarction nearly killed Mao. He escaped death only because of timely treatment. He knew time was limited for him, so he had to use his political will. On June 15, when his illness was aggravated, Mao summoned Hua Guofeng, Jiang Qing, Wang Hongwen, Zhang Chunqiao, Yao Wenyuan, and others to make his will. He realized he was to die soon, and he hoped that when people made final judgment about him at the time of his death, he could have more than just censure. Mao reaffirmed his own evaluation of himself. He believed that he had accomplished two major achievements: driving Chiang Kai-shek to Taiwan and launching the Cultural

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Revolution. He calmly admitted that few people supported the Cultural Revolution and many opposed it. He was worried that later generations would negate the Cultural Revolution, and his political legacy would not remain. Mao predicted that if power could not be handed over peacefully, then it would be done in turbulence.⁹³ If not managed well, the situation could become sanguinary slaughter. This was Mao's last worry about and political explanation to Jiang Qing, and he could not do anything to help. Mao wrote to Jiang Qing on March 20, 1974:

I am very ill and 81 years old, and you are not considerate about that. Now you have special privileges; but after I die, what would you do?⁹⁴

Mao criticized Jiang Qing at a Politburo meeting on July 17, 1974, asking her to pay attention to her behavior.

When other people had different opinions from yours, they did not dare to say it to you face and you had no idea of that. Do not establish two factories, the steel factory and the hat factory. It is not good to put hats on people frequently. You need to be aware of that. It is hard for you to change.⁹⁵

Mao commented on the letter from Jiang Qing on November 22, 1974:

Do not make appearances too often. Do not write instructions on documents. Do not form a cabinet and be a backstage boss. You have too many enemies. Make sure you unite with the majority. This is my sincere advice. It is good for one to have self-knowledge.⁹⁶

On December 24, 1974, Mao talked to Zhou Enlai and Wang Hongwen:

Jiang Qing has ambition. Did you see that? I saw that. I know her better, because we have been together for several decades.

In Late January 1975, Mao criticized Jiang Qing again:

Don't do anything at will. Observe the discipline. Be prudent. Do not make decisions by yourself. If you have any idea, make sure you discuss with the Politburo. One should have self-knowledge.⁹⁷

On December 10, 1975, Mao talked to Mao Yuanxin:

The Political Struggle between Deng Xiaoping and Jiang Qing

Jiang Qing became a Politburo member. She knew nothing but criticized people with a straight face. She was so arrogant and wanted others to be her slaves.⁹⁸

Mao anticipated Jiang Qing's fate. It was sensible, because he clearly knew Jiang Qing's political ambition. She showed her abilities to the full extent and antagonized too many people. There was a lot of deep-rooted animus toward her, and she was alone and single-handed. Without Mao's career assistance and privileges, Jiang Qing could not have survived in the Party, let alone been unruly. Mao knew this very well. Facts proved that this was true. Hua Guofeng arrested the Gang of Four immediately after Mao died.⁹⁹

Although Mao suffered from illness before his death, his will was very strong. He still believed that the general direction of the Cultural Revolution started by him was correct. He, after the ten-year Cultural Revolution, knew clearly that he did not have the support of the Party, the army, and the people. This was a thorn in his heart. Although he removed Deng Xiaoping from his post months ago, he still had a feeling that Deng Xiaoping would return to power. Mao Zedong said to Jiang Qing and others on June 15.

Only Heaven knows what you should do.

These were his last words and political explanation. At that time Mao was very lonely as an old man, and very isolated as a statesman. Over 80, he had to fight in the intense and complicated struggle in the Party and attempted to defeat Deng Xiaoping, who was 11 years younger than him. Mao felt mentally and physically exhausted in the struggle and his health got even worse than before. In July and August, he was in a coma.¹⁰⁰

On July 6, Zhu De, Father of the Red Army and Chairman of the NPC Standing Committee, passed away. He was the Vice-Chairman of the Central People's Government and the Commander-in-Chief of the PLA in 1949. In 1954 he was Vice-Chairman. And in 1956, he was Vice-Chairman of the 8th Central Committee and member of the Politburo Standing Committee. He worked as Chairman of the Standing Committee of the 2nd, 3rd, and 4th National People's Congresses and his office lasted for almost 18 years. He was the second high-level leader who died while in office.

On July 28, a big earthquake rocked Tangshan, Hebei which shocked the whole world. Over 242,000 died and over 164,000 were badly injured. From 1976 to 1980, Tangshan obtained RMB3.37 billion from the government, which

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included RMB1.17 billion of relief funds and RMB2.2 billion of basic construction investment. On August 4, Hua Guofeng inspected the disaster area and sent over 100,000 soldiers and more than 20,000 medical personnel to help the victims. The CPC Central Committee did not release the *Circular on Combating the Earthquake and the Relief Work in Fengnan, Tangshan* until August 18. Only a few high-level leaders were allowed to read it. Mao burst into loud sobs after reading the document. This was the last time he would cry over events.¹⁰¹ What puzzled the people was that the Chinese government refused to release facts about the earthquake, and also refused international humanitarian or economic aid. Hua Guofeng, First Vice-Chairman of the CPC Central Committee and Premier of the State Council, should be responsible for that. This also reflected the serious drawbacks of a centralized political system: only good news was announced; there was an information blockade with zero transparency or openness; and decision-making was done by a few people. This could also be called a recurrence of what happened during the Great Chinese Famine after the failure of the Great Leap Forward from 1959 to 1961.

Although China was facing an unprecedented disaster and a huge number of casualties, *People's Daily* published an editorial on August 23, requiring the whole country to continue to criticize Deng Xiaoping deeply.¹⁰² From August 13 to October 6, articles and news dispatches aiming to criticize him were published by *People's Daily* and there were 110 of them. Copies of the three brochures edited by the criticizing group of Peking University and Tsinghua University and published after August reached tens of millions. In the whole country, there was neither grief at those who died in the disaster, nor compassion and aid for their families, but endless class enmity toward Deng Xiaoping. From 1950 to 1976, China saw dozens of political movements and two massive natural disasters, but political struggles were always overwhelming and foremost, and the machine of class struggles in China never stopped. What kind of power could stop it? When would it stop? We could see that the Party could not end the Cultural Revolution any more, and only the power of natural laws could solve the problem.

On September 9, Mao died in Beijing. He had worked as Chairman of the Central Committee for 33 years since May 1943, among which 27 years was after 1949. He was the third Chinese top leader who died during his term in office.

Coincidentally, Mao, Zhou Enlai and Zhu De, the three top leaders of the Party and the country, died of illnesses in the same year during their terms in office. They were founders of the PRC, great leaders of the Chinese people, and leaders of the Party and the country for the longest time in the PRC's history. This reflected

the features of China's unique centralization policies: The first was life tenure and the second was unlimited terms. These were not their personal faults. It was caused by the serious defects of the political system. Neither the *Party Constitution* nor the *Constitution* stipulated the term in office system or the retirement system of top leaders. Their lifespan decided the length of their political lives. Actually, during the 10th National Party Congress in 1973, Mao proposed to establish the Central Advisory Commission and become its Chairman. Zhou Enlai and others disapproved of it. Mao said:

As you all disapproved the proposition, I will still have to be the Chairman of the Central Committee and tire myself to death.¹⁰³

Because of that, Mao, Zhou Enlai, and Zhu De really tired themselves to death. But from the perspective of system, life tenure was truly an extremely backward system. Life tenure and unlimited terms were later abolished for Party and state leaders by Deng Xiaoping. The *Constitution* stipulated the two terms in office system expressly for leaders of the country in 1982, and the 13th Congress in 1987 abolished the life tenure for Party leaders.

The Political Challenge from and Downfall of Jiang Qing

In a country of high political centralization and despotism, the top leader's death would usually cause a political crisis about the successor. There was an intense combat for power in the Party after Mao's death, which focused on who would replace Mao. In January 1975, Mao predicted that Jiang Qing would fall out with everyone. Even now they were just being perfunctory to her.

Jiang Qing would make trouble after my death.¹⁰⁴

That was true. Jiang Qing requested to continue criticizing Deng Xiaoping at the Politburo's first meeting. She suggested again that the Politburo should remove Deng Xiaoping from the Party to prevent future trouble. She said that if Deng Xiaoping restored capitalism, the achievements of the Cultural Revolution would be lost. The suggestion was immediately rejected by Hua Guofeng and Ye Jianying. At another Politburo meeting on September 29, Jiang Qing asked what would happen to the leadership of the CPC Central Committee after Chairman Mao passed away. Wang Hongwen and Zhang Chunqiao suggested that Jiang Qing

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be the chairperson of the Central Committee, which was resolutely rejected by Ye Jianying, Li Xiannian, and others on the spot.¹⁰⁵ On National Day, Jiang Qing gave a speech at Tsinghua University which censured Deng Xiaoping for persecuting Chairman Mao and requested to remove Deng from the Party. She swore to make herself stronger and continue fighting alongside the others.¹⁰⁶

On October 2, Hua Guofeng and Ye Jianying reached a common understanding: the life-and-death battle against the Gang of Four was extremely antagonistic. It was not Party infighting anymore. They should not take normal measures to solve it; meanwhile, they should try their best to solve it by legal measures to avoid turbulence.¹⁰⁷

On October 4, the first column on the front page of the *Guangming Daily* published an article entitled "Solving Problems with Chairman Mao's Established Policy Forever," which was overtly directed at Hua Guofeng and others. Because of this, the conflict and combat between the majority of Politburo members, such as Hua Guofeng and the Gang of Four, grew even acuter and was about to break out at any moment.¹⁰⁸

Hua Guofeng's suggestion enjoyed support from most members of the Central Committee which was to investigate Jiang Qing, Zhang Chunqiao, Yao Wenyan, and Wang Hongwen separately on October 6.¹⁰⁹ It needs to be explained that according to Article 16 of the *1956 Party Constitution*:

Any decision to remove a member or alternate member from the Central Committee of the Party, to place him on probation, or to exile him from the Party, must be taken by the National Party Congress. In conditions of urgency, such a decision may be taken by a two-thirds majority vote at a plenary session of the Party committee to which the member belongs, but it must be subject to approval by the next high Party committee.¹¹⁰

Obviously, the arrest of the Gang of Four violated the *1956 Party Constitution*.

Hua Guofeng, Ye Jianying, Li Xiannian, Wang Dongxing and others played an important role in this case.¹¹¹ At 10 pm on October 6, Hua Guofeng convened and chaired an emergency meeting of the Politburo. In Beijing, 11 out of 19 members attended the meeting. Ye Jianying announced the process and the meaning of shattering the Gang of Four. With the suggestion of Ye Jianying, all the people agreed that Hua Guofeng would become Chairman of the Central Committee and Chairman of the Central Military Commission. It could be confirmed by the Plenary Session of the Central Committee afterwards. Wang Dongxing informed and asked for opinions by telephone of the four Politburo members who were not

in Beijing. On October 18, the Central Committee issued the No. 16 document, which announced this incident to the whole Party, and the Committee immediately announced the news to the whole country.

The decision which was urgently passed by the Politburo on October 6 reflected what the will of the Party, army, and public.¹¹² Deng Xiaoping explained the political background of the decision in 1980.

Although Chairman Mao had designated his successor, the Gang of Four refused to accept this. After Chairman Mao's death, the Gang took the opportunity to try and get all power into their own hands, and the situation demanded action from us. They were rampant at that time, trying to overthrow the new leadership. Under these circumstances, the great majority of the comrades of the Political Bureau had agreed that measures had to be taken to deal with the Gang.¹¹³

But in terms of organizational procedures, it did not comply with Article 9 of the *1969 Party Constitution*, or it could be said that an exception was made. Article 9 stipulated that:

The plenary session of the Central Committee of the Party elects the Political Bureau of the Central Committee, the Standing Committee of the Political Bureau of the Central Committee and the Chairman and Vice-Chairman of the Central Committee.

The Gang of Four had to pay for their actions after they broke the rules of the Party. Interestingly, the rule was deleted in the *1973 Party Constitution* formulated by Zhang Chunqiao and Wang Hongwen, for the rule made it illegal for the Politburo to remove Deng Xiaoping from his posts in and outside the Party on procedural terms. While others solved the problem of the Gang of Four in abnormal ways, Chen Yun, Central Committee member and Vice-Chairman of the NPC, was the only one of the leading group who pondered about whether the arrest of the Gang of Four was legal. He agreed to take abnormal measures against the Jiang Qing clique but he was worried about breaking the Party's rules. So he said:

Such action can be allowed only this time.¹¹⁴

In July 1977, the Third Plenary Session of the 10th Central Committee passed the *Resolution on Accepting Hua Guofeng as the CPC Central Committee Chairman and the President of the Central Military Commission* and the

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Resolution on the Anti-Party Clique of Wang Hongwen, Zhang Chunqiao, Jiang Qing, and Yao Wenyuan, which decided to remove Wang Hongwen, Zhang Chunqiao, Jiang Qing, and Yao Wenyuan from the Party forever and took all their posts away. Thus the legitimate procedures were completed. The session also adjusted the structure of the central leading organizations. Hua Guofeng, Ye Jianying, and Deng Xiaoping were the only three members of the Politburo Standing Committee. The number of members of the Politburo was 19 — fewer than the 25 members of the 10th Politburo in 1973. There were 5 members in the Politburo Standing Committee, namely Mao Zedong, Zhou Enlai, Zhu De, Kang Sheng, and Dong Biwu who had passed away. Wang Hongwen, Jiang Qing, Zhang Chunqiao, and Yao Wenyuan were arrested. And Deng Xiaoping was added. The 13 members of the Politburo of the Third Plenary Session of the 10th Central Committee were: Hua Guofeng, Ye Jianying, Li Xiannian, Wang Dongxing, Wei Guoqing, Liu Bochong, Xu Shiyu, Ji Dengkui, Wu De, Chen Yonggui, Chen Xilian, Li Desheng, and Deng Xiaoping. The 4 alternate members were Wu Guixian, Su Zhenhua, Ni Zhifu, and Sai Fuding.¹¹⁵

Hua Guofeng was the second top leader after Mao who held three major posts in the Party, the government, and the army. He was Chairman of the CPC Central Committee, Chairman of the Central Military Commission, and Premier of the State Council.

Hua Guofeng was the fourth successor appointed by Mao after Liu Shaoqi, Lin Biao, and Wang Hongwen. He represented the political interest group of direct beneficiaries and resolute supporters of the Cultural Revolution. Although the beneficiaries of the Cultural Revolution occupied half of the seats in the Politburo, they were extremely isolated in the whole Party, army, and country. Hua Guofeng announced the end of the Cultural Revolution at the 11th National Party Congress in 1977, but he still inherited and implemented the path of Mao's Cultural Revolution. It was impossible for him to negate Mao's Cultural Revolution. He became the center of all the conflicts in China when he assumed the three major posts of the Party, the army, and the government. This was indeed like what Mao had said. In 1970, Mao said that there should not be a national Chairman anymore and he would not be the Chairman. He cited a historical example at a Politburo meeting in late April. Sun Quan suggested that Cao Cao be the king. Cao Cao said that Sun Quan was going to roast him on the stove. Mao suggested that others should not be Sun Quan and he himself would not be regarded as Cao Cao.¹¹⁶ He did not have the will or the ability to settle the Cultural Revolution and social conflicts in China, or the foresight and courage to create a new time of reform

and opening up. He was a political figure during a transitional period and was soon replaced by China's real statesman, Deng Xiaoping. Hua Guofeng's flight was different from what was done in the Politburo meeting on April 7, 1976, and the emergency conference of the Politburo on October 6. It was in line with the legal procedures. From November 10 to December 5, 1980, the Politburo meeting believed that it was inappropriate for Hua Guofeng to continue to be in his post. Hua Guofeng requested to resign from his posts. The meeting suggested that the subsequent Sixth Plenary Session of the 11th Central Committee approve Hua Guofeng's resignation as the Chairman of the Central Committee and of the Central Military Commission. The Session approved the suggestion and Hua Guofeng officially resigned. Hu Yaobang was elected as the Chairman of the Central Committee and Deng Xiaoping was elected as the Chairman of the Central Military Commission.¹¹⁷ This was also the first time that the replacement of the highest leader and transition of power had been conducted in peaceful ways. Before that, Hua Guofeng was completely positive about the historical significance of the Cultural Revolution and announced the victory and end of the Cultural Revolution at the Eleventh National Party Congress in August 1977. China soon had real great order and entered its second golden age of development.

Mao passed away. Socialist development in China did not stop but progressed faster. The death of Mao did not only mean the end of the Mao Zedong Era and the Cultural Revolution, but also that China was starting to enter a new era, namely, the Deng Xiaoping Era. But China did not transition immediately from the Mao Zedong era to the Deng Xiaoping era. It experienced a short transitional period with Hua Guofeng as the top leader. Then Deng Xiaoping was finally pushed back onto the stage; he occupied an extremely important position and played an epoch-making role. Under his leadership, China started moving forward again.

14

Chapter

Economic Background to the Cultural Revolution

Mao's Ideal Society: The “Big Communist School”

For Mao, the Cultural Revolution was a great, unprecedented revolution in the history of humanity. It was not only a vigorous political revolution, but also a wide-ranging economic revolution. His launching of the Cultural Revolution was based on his perception of China's economic and social conditions. Economically, the Cultural Revolution was an attempt to control overpopulation, overcome economic backwardness, eradicate regional imbalance, and to achieve a unique and ideal form of Socialism. Politically, the Cultural Revolution was an attempt to suppress revisionism, prevent capitalist restoration and social differentiation, and to create the purest Socialist regime possible.

As a theorist, Mao was one of the most innovative and ambitious thinkers China had ever seen; but as a politician and ruler, his detachment from the realities resulted in more failures than successes in his later years.

While there is merit in Mao's exploration of his unique Socialist ideals, also noteworthy are his limited knowledge and asymmetry of information. His economic ideas lacked understanding of economics and contemporary economic history, and of China's realities. Ironically, he criticized others for relying more on subjectivity than objectivity, and more on theories than practicality. Although enforced by policies, his ideas seldom yielded favorable results.

In 1958, during the Great Leap Forward and the People's Commune Campaigns, Mao wanted to set up People's Communes in diverse sectors among the rural, scattered population, including industry, agriculture, trade, education, military, forestry, husbandry, fishery, and household sideline production, so that the communes would perform administrative as well as economic functions. The communes formed the basic administrative unit. Mao tried to use the communes as a means to achieve his social ideals.

Mao believed public ownership to be the centerpiece of a Socialist society, and the root of wealth and power. National prosperity, in turn, strengthens Socialist ownership.¹ To become wealthy and powerful, China must adopt Socialism by establishing public ownership. Mao's vision of Socialism was largely influenced by the Moscow Consensus.

Despite the ultimate failure of the Great Leap Forward and the People's Commune Campaigns, Mao did not give up his pursuit of the ideal society.

At the beginning of the Cultural Revolution in the mid-1960s, Mao called for teaching communism to the industrial, agricultural, cultural, and military sectors. He outlined a plan in a letter to Lin Biao, more commonly known as the *May 7 Instructions*:

Our army should be a big school.... In this big school, the army should learn politics, military affairs, and culture, and engage in agricultural production. It can build up its own middle- and small-size workshops to produce goods for its own use and the exchange of other goods of equal value. It can take part in mass work, factory work, and rural [S]ocialist education.... The army should also participate in the revolutionary struggle against capitalist culture....

...Workers should, in addition to their main industrial work, learn military affairs, politics, and culture, and take part in the [S]ocialist educational movement and in criticizing the capitalist class. Under adequate conditions, they should also engage in agricultural production, following the example of the Daqing Oilfield.

The communes do their main agricultural work (including forestry, fishing, animal husbandry, and subsidiary trades), but they must also learn military affairs, politics, and culture. When circumstances allow, they should collectively set up small-scale factories and take part in criticizing the capitalist class.

The students are in a similar position. Their studies are their chief work; they must also learn other things. In other words, they ought to learn industrial, agricultural, and military work in addition to class work. The school years should be shortened, education should be revolutionized, and the domination of our schools by bourgeois intellectuals should by no means be allowed to continue.

Under favourable conditions, people in commerce, service trades, and party and government offices should do likewise.²

On May 15, the Central Committee pointed out that the *May 7 Instructions* was a document of historical significance, and an epoch-making work of Marxism. On August 1, 1966, People's Daily published the *May 7 Instructions* together with a commentary revised and approved by Mao, entitled "The Whole Country Shall Become A Big School of Mao Zedong Thought":

The idea set forth by Comrade Mao Zedong that every field of work should be made into a great school for revolution, where people take part both in industry and agriculture, in military as well as civilian affairs — such is our program.

By acting in accordance with what Comrade Mao Zedong has said, it will be possible to elevate the proletarian ideology of our people very

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considerably, push forward the revolution of people's thinking...

By acting in accordance with what Comrade Mao Zedong has said, it will be possible to promote the step-by-step narrowing of the gap between workers and peasants, town and countryside, and mental and manual labor; to prevent abnormal urban and industrial development; to enable intellectuals to become at the same time manual workers and manual workers at the same time intellectuals...

In this way, the whole country will be a great school of Mao Zedong Thought, a great school of communism.³

The idea evoked spontaneous response from all over the country, and became known as the blueprint of an ideal society. In 1964, Mao called on factory workers to learn from Daqing, farmers to learn from Dazhai, and everyone to learn from the People's Liberation Army. The Daqing and Dazhai models of production and the People's Liberation Army showed an unbelievably strong demonstration effect for every sector of Chinese society. This was a theoretical and empirical exploration, which, although a failure, inspired Deng Xiaoping to be more realistic and progressive.

Now it is time to take a look at Mao's institutional innovations during the Cultural Revolution, and other forced but short-lived institutional changes.

First came a revolution in education. This was identified as a major task in the *Decision of the Central Committee of the Chinese Communist Party Concerning the Great Proletarian Cultural Revolution*, adopted on August 8, 1966, at the Eleventh Plenary Session of the 8th Central Committee. On July 21, 1968, Mao directed that:

It is still necessary to have universities.... However, it is essential to shorten the length of schooling, revolutionize education, put proletarian politics in command and take the road of the Shanghai Machine Tools Plant in training technicians from among the workers. Students should be selected from among workers and peasants with practical experience, and they should return to practical work in production after a few years' study.⁴

In 1970, Peking University and Tsinghua University implemented new recruitment requirements. Factory workers, peasants, and soldiers had to have at least three years of practical experience and complete junior high education. More experienced workers, on the other hand, were admitted regardless of age and education level. The recruitment followed a system whereby students were

recommended by the masses, approved by the authorities, and re-evaluated by the school.⁵ In September 1968, Mao directed that universities should be administered by poor and lower-middle peasants, with help from the staff and students.⁶ In 1970, Mao proposed admitting students from worker, peasant, and soldier backgrounds, who were given a mission to “attend, take over, and revolutionize” universities.⁷ Some of the recommended students had not even finished primary school. Others had finished junior or high school. In response to the changes, university entrance examinations were suspended; high school graduates were unable to receive admittance into universities directly. By 1976, about 565,000 students were enrolled in tertiary institutions, 16% less than the previous year. Over the decade from 1965 to 1976, only 900,000 students were admitted into associate’s or bachelor’s degree programs. Approximately 106 high schools and many specialized high schools were closed down. Universities stopped recruiting post-graduate research students.⁸

Table 14.1 Admissions to junior high and high schools and tertiary institutions in China, 1965–1976

Year	Tertiary institutions (thousands)	Junior high schools (thousands)	Specialized junior high schools (thousands)	Post-graduate schools	Overseas students
1965	—	6,730	208.0	1,456	454
1966	—	2,980	46.0	—	—
1967	—	2,127	8.0	—	—
1968	—	7,133	18.0	—	—
1969	—	11,283	13.0	—	—
1970	72	14,207	54.0	—	—
1971	72	15,775	21.3	—	—
1972	134	17,529	26.8	—	36
1973	150	16,204	20.4	—	259
1974	165	19,189	32.7	—	180
1975	191	24,780	34.4	—	245
1976	217	32,402	34.8	—	277

Source: National Bureau of Statistics of China, *Fifty Years of New China: 1949–1999*, 577, 581.

The rustication movement was a policy instituted between the 1950s and the eve of the Cultural Revolution. Many unemployed secondary and primary graduates left the urban areas to establish farms in remote rural areas, such as the Xinjiang Agricultural Reclamation District, Hainan Island, and Jinggang

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Mountains. These young people believed in Mao's endorsement of their new mission as settling down in "a vast world with much more to be accomplished."

People's Daily ran the following advice from Mao on its frontpage:

The intellectual youth must go to the country, and will be reeducated from living in rural poverty.⁹

The year 1969 recorded the largest number of about 2.6 million graduates assigned to the countryside. By May 1970, more than 5 million educated young people were sent down to the rural areas. From 1968 to 1978, the rusticated educated youth numbered some 16 million. By the late 1970s, about 8.6 million rusticated youth remained in the countryside, 5.4 million of whom returned to employment in the cities by 1982. The rustication movement had come to its end.¹⁰

A major institutional innovation of Mao's during the Cultural Revolution, the movement was created for many reasons. The first was unemployment. Schools were suspended after the Cultural Revolution broke out in 1966. Through the next three years there was a lot of pressure on employment from the 10 million odd junior and senior high school graduates. Operations were partially or fully suspended in various sectors. Workers were left temporarily unemployed, meaning factories had little vacancy to take in fresh graduates. Politically, the movement was Mao's "grand plan of critical and enduring importance" for preventing and combating revisionism, and an essential step to cultivate successors of the proletarian revolution.¹¹ Socially, these unemployed students who had survived the Cultural Revolution posed a threat to social stability. They needed a place in the structures of society.

On July 22, 1968, *People's Daily* called for revolutionary committees to train elite troops and simplify administration. On October 5, the *People's Daily* praised the Heilongjiang Provincial Revolutionary Committee's work in establishing the May 7 Cadre School at Liuhe. The newspaper passed on Mao's directive to mobilize government cadres to participate in manual labor, which the newspaper considered important in preventing and combating revisionism, and in diligently organizing struggle, criticism, and reform. Many May 7 cadre schools were then set up to house the large number of officials who were sent down from the cities. On February 28, 1971, the Central Committee approved a report from the Leading Group for May 7 Cadre Schools, entitled *Report on Improving the May 7 Cadre Schools*. The report recognized the May 7 cadre schools as an important place for nurturing proletarian cadres, and an institution with significant, lasting effects on revolutionizing government organs, promoting the prevention and combating of

revisionism, strengthening the proletarian dictatorship, and building Socialism.¹² Mao's innovations were typical examples of forced institutional changes, motivated by obvious political reasons: he wanted to suppress and combat revisionism, prevent capitalist restoration, and begin a social transition. These innovations, however, turned out to be merely a flash in the pan in the PRC's history.

Mao's Ideals of Chinese Society

Although very unique, Mao's ideals of China's Socialist society strayed from the realities of its progress of Socialist development. China was in the primary stage of Socialism.

First, Mao wanted to transform China into a "big school of communism" by gradually narrowing the gap between workers and peasants, town and countryside, and mental and manual labor, thereby cultivating millions of "new people of communism." This made him fundamentally different from Adam Smith, who believed human beings are selfish in nature. Smith's theory, known as "rational economic man," describes men who act purely for economic self-interest. Mao, on the other hand, wanted selfless, passionate fighters for communism for the Chinese people.¹³ Different experiences of modernization processes show that there are basically three ways to bridge the gap between workers and peasants, town and countryside, and mental and manual labor. The first is by industrialization. This narrows the gap between the productivity of factory workers and farmers. In the 1960s and 1970s, however, the gap not only persisted; but continued to grow even wider.¹⁴ The second is by urbanization. This narrows the gap between the income of urban and rural residents and the public services offered to them. In the 1960s and 1970s, however, urbanization in China was hindered by its very strict household registration system, which limited mass migration from the land to the cities. The rustication movement was a period of anti-urbanization. The third was by investing into human capital. This narrows the gap between knowledge and manual workers. However, the Cultural Revolution wreaked destruction on China's skills and knowledge base, in terms of education and training, science and technology, as well as culture and arts. Industrialization is a labor shift from farms and factories to non-agricultural sectors. Urbanization is a movement of population from villages to the cities.

The section "Mao's Ideals of Chinese Society" is largely based on the study by Dong, *Economic History of the People's Republic of China*, 1:446–51.

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Investment in human capital is a means to enrich the cultural quality of life. The accumulation of social resources — such as R&D input, research papers published home and abroad, patents obtained at home and abroad, libraries and other knowledge-related infrastructure — is essentially the flow and migration of people as the most active productive force, and the enrichment, accumulation, and utilization of human capital. The processes of industrialization, urbanization, and human capital investment complement and support each other. Mao's vision of an ideal society is an opposite from this approach. He knew little about the differences between these processes in developed and developing countries. Over his 27 years of power, Mao only took two official visits, both times to the Soviet Union. His exploration of modernization for China is basically a process of self-study, self-innovation, and self-practice.

Mao's "big school of communism" is essentially a small, self-sufficient, and self-reliant society based on natural economy, composed of self-contained sub-societies of different scale formed by factories, farms, schools, and the army. As a result, the social structure of Maoist China was unique, scattered, and fragmentary. Almost every large and medium-sized state-owned business and military authority had to set up its own nurseries, elementary and junior schools, shops, hospitals, and even universities. Almost every university had to set up its own factories, shops, hospitals, and elementary and junior schools. Every person in society simultaneously adopted the roles of worker, farmer, soldier, and student. Harry Harding observed that Mao was contemptuous of the concepts of specialization and comparative advantage. Instead, he favored the notion that every sector of the society should be engaged in the same set of economic activities as all the others.¹⁵ After the 9th Party Congress — or more precisely, after the Lushan Conference and the September 13 Incident, Mao on several occasions wanted to appoint a Vice-Chairman and Standing Committee member from farmers and factory workers. Mao had a high opinion of Shanghai's worker-rebel Wang Hongwen, who had worked in fields, factories, and the military. Upon Mao's advice, he was transferred to Beijing in September 1972. Mao was in favor of Wang or people like him as his successor. This was against the tendencies of development of a modern society: specialization, labor allocation, and formation of the service industry. Mao's contempt for the concepts of specialization and comparative advantage originated from the formation of independent and isolated states during the civil wars. Under the KMT blockade, those in the communist-controlled areas had to rely on themselves for their livelihoods, resulting in poor labor division and a severely underdeveloped service sector.

Economic Background to the Cultural Revolution

Second, Mao wanted to limit and gradually wipe out the correlation between commodities and currency performance, and thereby create a closed economy. China was historically a traditional agricultural-based community, in which peasants were sufficient, the commodity economy was weak, policies favored agriculture over commerce, and economic activities were controlled by the State. Commodity traders and the private sector were naturally isolated. Mao's ideas more or less stemmed from Marx's belief that the advent of Socialism will mean the end of a commodity economy, and that will put all means of production at society's disposal. As early as during the Great Leap Forward in 1958, Mao thought about abolishing the salary system, restoring a military-centric, communist distribution of resources, and restricting bourgeois rights. After the Great Leap Forward's failure, Mao realized the development needs of commodity production and exchange in China; but nevertheless confused the concept of a commodity economy with capitalism.

China is different from the Soviet Union in the way that its society is dominated by workers and small-scale producers of agricultural and craft goods. Mao liked quoting Lenin's 1920 pamphlet, *Left-wing Communism: an Infantile Disorder*:

Small-scale production engenders capitalism and the bourgeoisie continuously, daily, hourly, spontaneously, and on a mass scale.

This led to Lenin's introduction of War Communism after the victorious October Revolution. In 1922, with 80% of the Soviet population being farmers, Lenin had no choice but to give up War Communism for New Economic Policy (NEP).

The whole significance of the New Economic Policy — which our press still often searches for everywhere except where it should search — the whole purpose of this policy is to find a way of establishing a link between the new economy, which we are creating with such enormous effort, and the peasant economy.

Mao paid little heed to what Lenin said and did.

He believed that the "Three-Freedom and One-Contract" program advocated by Liu Shaoqi and Deng Xiaoping had guided revisionism and encouraged capitalist restoration in China; it made waging of class struggles necessary to deal the two a merciless, harsh blow. During the Cultural Revolution, the individual economy and private sector were nearly wiped out. In 1978, only some 150,000

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(0.16%) of the urban working population remained in the individual economy.¹⁶

Small production would continue to engender capitalism and the bourgeoisie daily and hourly on a large scale even after the basic completion of socialist transformation, and so a series of “Left” economic policies and policies on class struggle in urban and rural areas were formulated; and that all ideological differences inside the Party were reflections of class struggle in society, and so frequent and acute inner-Party struggles were conducted.¹⁷

Third, Mao wanted to revolutionize the system of income distribution according to work performed with an egalitarian system. It worried Mao that the widening income gap would increase inequalities among social classes. His worries proved well-founded, but he lacked knowledge and experience in the use of public finance to adjust income and wealth distribution. His vision of equitable distribution in an ideal society came from his experiences in communist-controlled territories of China during the civil war, and was modeled on a utopian, agricultural society.

Mao did make an effort against unfairness and class differentiation within society. His knowledge, however, was limited to Chinese history. His little knowledge of contemporary world history limited the scope of his exploration of Socialism and communism. In 1958, China was characterized by low per capita income and a fairly large rural population. Mao was imaginative enough to picture that:

In approximately 10 years, production volume will be more than sufficient, the morale of the people will be high, and from the food we eat, to the clothes we wear, and to the homes we live in, we will achieve communism. When the people can eat in public dining halls and not be charged for food, this is communism.

Had he had an idea of China’s economic realities and how the rest of the world lived, he would not have made such rash remarks.

An important aim of the Cultural Revolution was to suppress the legal rights of the capitalists, thereby remove revisionism and capitalism from the economy. Seeing the tremendous changes in the Soviet Union and Eastern Europe after Stalin’s death, he feared China would become the next victim of revisionism and capitalist restoration. On December 26, 1974, at his 81st birthday, the very sick Mao Zedong told Zhou Enlai more of his theories on continuous revolution under

proletarian dictatorship. In 1958, during the Great Leap Forward, Mao kept an eye on discussions about suppressing the legal rights of the bourgeoisie. He saw little difference between the practices of the old society and the systems of currency exchange, salary, as well as distribution according to work performed. These seemingly fair institutions, he said, were cradles of capitalism and revisionism, and should be put under the proletarian dictatorship. Mao then added:

This tendency [by which small-scale production engenders capitalism and the bourgeoisie continuously, daily, hourly, spontaneously, and on a mass scale,] is observed among workers and cadres. There are some people among the proletarian officials who lead a capitalist style of living.... With their legal rights as a capitalist, once in power, people like Lin Biao can easily construct capitalism.¹⁸

Mao feared that the existence of capitalist legal rights, social classes, and currency exchange in China would exacerbate income inequality and social differentiation. Although pay scales remained in existence during the Cultural Revolution, no adjustments were made throughout the entire period. Bonuses were cancelled by the 1970s. Mao advocated egalitarianism and the use of material incentives to stimulate production.¹⁹

He misunderstood or dogmatized certain ideas and arguments of Marx, Engels, Lenin, and Stalin. The *Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China*, adopted by the Sixth Plenary Session of the 11th Central Committee, stated that:

This subjective thinking and practice divorced from reality seemed to have a "theoretical basis" in the writings of Marx, Engels, Lenin and Stalin because certain ideas and arguments set forth in them were misunderstood or dogmatically interpreted. For instance, it was thought that equal rights, which reflects the exchange of equal amounts of labor and is applicable to the distribution of the means of consumption in socialist society, or "bourgeois right" as it was designated by Marx, should be restricted and criticized, and so the principle of "to each according to his work" and that of material interest should be restricted and criticized.²⁰

Zhang Chunqiao's article "On Exercising All-Round Dictatorship Over the Bourgeoisie" was published in *Red Flag* on April 1, 1975. Zhang explained Mao's theories of proletarian dictatorship.

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These people [the Khrushchov-Brezhnev renegade clique] generally have a good class background; almost all of them were brought up under the red flag; they have joined the Communist Party organizationally, received college training and become so-called red experts. However, they are new poisonous weeds engendered by the old soil of capitalism. They have betrayed their own class, usurped Party and state power, restored capitalism, become chieftains of the dictatorship of the bourgeoisie over the proletariat, and accomplished what Hitler had tried to do but failed. Never should we forget this experience of history in which the satellites went up to the sky while the red flag fell to the ground....

We must be soberly aware that there is still a danger of China turning revisionist....

In so far as we have...replaced these five kinds of private ownership with the two kinds of [S]ocialist public ownership, we can proudly declare that the system of ownership in China has changed, that the proletariat and other working people in China have in the main freed themselves from the shackles of private ownership...

However, we must see that with respect to the system of ownership the issue is not yet fully settled...and also that bourgeois right has not been totally abolished in this realm.... Private ownership still exists partially in industry, agriculture and commerce, that [S]ocialist public ownership does not consist entirely of ownership by the whole people but includes two kinds of ownership, and that ownership by the whole people is still rather weak in agriculture, which is the foundation of the national economy. The disappearance of bourgeois right in the realm of the system of ownership in a [S]ocialist society, as conceived by Marx and Lenin, implies the conversion of all the means of production into the common property of the whole of society. Clearly we have not yet reached that stage....

So long as we still have these two kinds of ownership, commodity production, exchange through money and distribution according to work are inevitable. And since "under the dictatorship of the proletariat such things can only be restricted," the growth of capitalist factors in town and country and the emergence of new bourgeois elements are likewise inevitable. If such things are not restricted, capitalism and the bourgeoisie will grow more rapidly...and a bourgeois restoration may still occur if people like Lin Biao come to power.... Persevere in exercising all-round dictatorship over the bourgeoisie in all spheres and at all stages

of development of the revolution...so that it will be impossible for the bourgeoisie and all other exploiting classes to exist or for new ones to arise; we definitely must not call a halt along the path of the transition.²¹

Fourth, Mao wanted to reform the education system so that no school would be ruled by capitalist intellectuals. He had always believed that the education sector was managed by capitalist intellectuals. At a Politburo enlarged meeting in March 1966, he said:

Our policy of taking care of the intellectuals after liberation had advantages as well as disadvantages. At present, the bourgeois intellectuals are holding the real power in the academic and the educational circles. The more penetrating the socialist revolution, the more they resist us, and the more they reveal their opposition to the party and [S]ocialism.

He reiterated that opinion in his letter to Lin Biao on May 7, 1966. On December 18, 1970, Mao Zedong received American journalist Edgar Snow. Mao explained:

We did not have our own university lecturers and secondary and elementary school teachers. Our lecturers and teachers were nationalists. They controlled the universities and schools, where the Cultural Revolution began.²²

The Cultural Revolution began with school closures (June 1966), followed by the rustication movement (early 1967), the dispatch of workers' and PLA propaganda teams into tertiary institutions, the education reform (1968), the admission of worker-peasant armies into universities (1970), and the abolition of university entrance examinations (1974). These events brought the most substantial damages to human capital after 1949.

Mao's governing philosophy is ignorant of the basic concepts of human capital. He lacked the common understanding that human capital is fundamental to modernization. Instead, he looked at everything as a class struggle. His misconception of China's political realities directly affected and limited his understanding of China's economic and human resource realities. China, despite being the most populous nation, was relatively short of human capital. It was necessary that China should see the essentiality of human capital, and place a high priority on policies to invest in and develop human resources.

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The above illustrates Mao's basic concepts of an ideal Socialist society, and what differentiated him from Liu Shaoqi and Deng Xiaoping. Back in the 1950s, the defining difference between Mao and the rest, represented by Liu Shaoqi, lied merely in their understanding of China's realities, its development progress, as well as in their choice between New Democracy and Socialism, between a gradual or sharp transition to Socialism, and of whether to carry out the rash Great Leap Forward. In the 1960s, their different understanding of China's social conflicts and political realities escalated into different sets of governing concepts and strategies. Mao decided that Liu Shaoqi and Deng Xiaoping were advocates of capitalism, and thus an open conflict was inevitable. Mao repeatedly stressed that the goal of the Cultural Revolution was to combat and suppress revisionism and capitalist restoration in China, and to prevent the Chinese people from grinding achievements in science and technology at the cost of the fall of revolution and Socialism, which he believed had happened in the Soviet Union.

A point to bear in mind is that Mao's intentions had been good and sincere, and for the good of the people, in particular workers and peasants. His political and economic priority had always been to eradicate the economic basis of capitalism. The wrongs of his theories and methods of the Cultural Revolution was a historical tragedy.

15

Chapter

Economic Policy and Structural Reforms during the Cultural Revolution

Economic Policies during the Cultural Revolution

Economic policies throughout the Cultural Revolution followed the Maoist ideologies of “taking class struggle as the key link” and “grasping revolution and boosting production.” The “grasping revolution and boosting production” policy was first introduced by the Central Committee and State Council in the *Circular on How Industrial, Transport, and Capital Construction Units Should Carry Out the Cultural Revolution*, dated June 30, 1966. The policy was an action to alter the economy for political purposes. Class struggle, as the key link, would ensure the existence and continuity of the Cultural Revolution.

During the Cultural Revolution, economic policies were shaped for political purposes. The publication of Mao’s works became an important economic policy goal. On January 3, 1969, *People’s Daily* reported that 150 million volumes of *Selected Works of Mao Zedong*, 740 million volumes of *Quotations from Chairman Mao*, 2 billion volumes of multi- and single- volume compilations of Mao’s writings, and more than 96 million volumes of *Poetry of Mao Zedong* had been published over the past three years. Apart from the personality cult, the distribution of Mao’s works was a strategy to spread political education and popularize Maoist ideology.

The *National Economic Plan 1969* required: (1) publishing 20 million copies of the four-volume *Selected Works of Mao Zedong*, 300 million copies of *Quotations from Chairman Mao* and *The Supreme Instructions*, and volumes 5 and 6 of *Selected Works of Mao Zedong*; (2) developing broadcasting; (3) completing ahead of schedule the construction of superpower short-wave broadcasting stations for overseas and middle-wave broadcasting stations for China; (4) mobilizing another four million educated youth to the countryside; (5) increasing industrial support for agricultural development, in terms of 1.6 million tons of steel, compared to 83,000 tons two years earlier; (6) building China’s national defense, core, and inland industries; (7) improving coal transportation from northern to southern China within three to five years; (8) advocating late marriage and family planning; and (9) further improving transportation.

Economic policies throughout the Cultural Revolution were devoted to preparation for wars and natural disasters. In 1972, Mao said in his teachings, “Dig tunnels deep, stock food everywhere, and never seek hegemony.” By giving priority to the development of military industry, China established separate structures of war preparation at the central, regional, and provincial levels. China’s proactive response to security threats — mainly from the Soviet Union — led to a different formulation of national economic policies in the context of war preparation.

As early as in the late 1960s, Mao saw that a world war was inevitable. On August 20, 1968, the Soviet Union took over Czechoslovakia. Premier Zhou Enlai at once condemned the Soviet invasion, stating that the Soviet Union had devolved into a social imperialist power.

In March 1969, armed conflicts broke out between China and the Soviet Union on Zhenbao Island. The Soviet Union stationed a million soldiers along the Chinese-Soviet and Chinese-Mongolian borders. As early as in the early 1960s, the Soviet Union deployed more than 10 combat divisions to the eastern Ural region. By the early 1970s, the number of Soviet divisions there had been increased to 54, and that number was made up of 1.18 million soldiers, about 27% of the total Soviet forces. There were more than 15,000 tanks, 10,000 pieces of artillery, 1,900 combat aircraft, 1,140 defense aircraft, 3,000 air defense missiles, 162 Pacific Fleet combat ships, 345 naval aircraft, 550 intercontinental strategic missiles, and 135 intermediate range ballistic missiles.¹ War was on the verge of breaking out. The Soviet Union posed a serious security threat to China. In April 1969, Mao repeatedly stressed the urgency of war preparations at the 9th CPC Congress. Upon his call, the entire country began preparing for war. In northern, northeastern, and northwestern China, dozens of reserve corps were set up, consisting of independent troops and independent border defense troops. In the north, large-scale entrenchments and a leading response force was set up. In the more critical regions, a frontline headquarters was set up and defensive operational military training was launched. Northern, northeastern, and northwestern China became important strategic regions of China's strategic defense. The defense against Soviet invasion became an important part of China's military strategy.

The Soviets attempted strikes against China's nuclear facilities. In September 1969, at Beijing Airport, Premier Zhou Enlai told Chairman of the USSR Council of Ministers Aleksey Nikolayevich Kosygin that any Soviet invasion would trigger war, and that China would fight to the end.² Lin Biao advocated to "observe, examine, and act from a military perspective," and to develop a comprehensive national defense industry.

In March 1969, the Central Committee, State Council, Central Military Commission, and the Central Cultural Revolution Group issued a circular for the centralized allocation of cotton cloth. Each rural and urban resident was allowed 16.1 *chi*. On May 11, 1969, *People's Daily* announced that the Chinese government was free from debt domestically and abroad. Between 1952 and 1958, China issued six government bonds for a total of RMB3.84 billion. The bonds were paid off in 1986 with interest of 0.98 billion. In early 1965, China paid off the Soviet aid loan of RUB14.06 million, including interest.

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In May 1969, the National Construction Commission set up the Three Lines Region Construction Committee. The committee examined a number of sites for factories scattered and concealed amidst the hillsides. On September 11, 1969, at the Beijing Capital International Airport, Zhou Enlai and Chairman of the USSR Council of Ministers Aleksey Nikolayevich Kosygin reached an agreement to maintain the border status quo, avert armed conflicts, and disengage the armed forces of the Chinese and Soviet sides from the disputed areas. The two sides agreed that future disputes would be referred to and negotiated between their national defense authorities. The danger of a Sino-Soviet war was thus reduced.

On September 30, 1969, *Red Flag* published an article under the name of the Collaborative Group of the Beijing Municipal Revolutionary Committee, entitled "The Road of China's Socialist Industrialization." The article summarized the patterns of China's Socialist industrialization as: (1) self-reliant and unique; (2) proletariat-oriented; (3) masses-oriented; (4) aimed at correctly handling the relations between industry, agriculture, and heavy and light industries; and (5) devoted to preparation for wars and natural disasters and to the Chinese people's welfare. The article also explained the economic policies pursued during the Cultural Revolution.

In February and March 1970, the National Planning Meeting outlined the *4th Five-Year Plan*. Its objectives were to: (1) make another economic leap by taking class struggle as the key link and by focusing on war preparations; (2) concentrate efforts on setting up strategic support networks for northern, northeastern, and northwestern China. The network should consist of a relatively comprehensive architecture of industrial and economic structures, made up of unique, independent yet interacting cooperative zones. Factories should be scattered in larger cities, and concentrated in smaller inland towns. The more specialized and important factories should be situated in caves. China was divided into two economic cooperative zones. In every cooperative zone, industries such as metallurgy, national defense, mechanics, fuel, power, and chemistry should be developed gradually and systematically. Agriculture, light industry, and transportation should be well-developed. Smaller yet comprehensive economic systems should be set up in the provinces of Shandong, Fujian, Jiangxi, and the Xinjiang Autonomous Region.³ In 1970, construction activities in inland regions reached a climax: infrastructure accounted for 67.1% of national gross investment, of which 55.3% was constructed in northern, northeastern, and northwestern China.

Facing critical external threats, Mao rethought China's security strategies. He told Zhou Enlai:

Neither the United States nor China can fight two wars at once.⁴

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In 1969, after the four marshals, including Chen Yi, submitted their preliminary evaluation on the war, Mao decided on a strategy against the Soviet hegemony.⁵ In July 1972, he told Zhou Enlai:

We will pick one of the two hegemonies. We cannot fight two wars at once.⁶

In February 1973, Mao proposed an anti-Soviet alliance in a meeting with U.S. National Security Advisor Henry Kissinger.

We should draw a horizontal line — the U.S., Japan, Pakistan, Iran, Turkey, and Europe. And we can work together to commonly deal with a bastard!⁷

The Soviet Union was an enemy of the U.S. and a major threat to China. China and the U.S. had a common cause against the Soviet Union. Regardless, the U.S. did not respond actively to Mao's proposal; instead, it was more prepared to make peace with the Soviet Union.⁸

In August 1973, Zhou Enlai said in his report to the 10th National Congress:

At present, the Soviet revisionists are making a feint to the east while attacking in the west, and stepping up their contention in Europe and their expansion in the Mediterranean, the Indian Ocean and every place their hands can reach. The U.S.-Soviet contention for hegemony is the cause of world intranquillity....

...Sino-U.S. relations have been improved to some extent.⁹

In 1973, the Central Committee revised the 4th Five-Year Plan. The revised plan outlined more tasks to: (1) set aside war preparations and construction in the north, northeast, and northwest, and instead expand production capability of coastal industrial bases; (2) give high priority to agriculture as a source of economic growth; and (3) pay extreme attention to steel variety and quality.

The Second Economic Reform

Mao's reform of the centralized economy did not succeed. China moved back to a planned economy in the 1970s. The rapid recovery proved the advantages of the centralized model in mobilizing people and resources and in surmounting the economic crisis. On the eve of the reform, the centralization of power reached a peak. As during the previous reform, when power was devolved to lower levels,

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the economy grew by leaps and then plummeted into chaos and depression, leading to no other choice but restructuring and thus a return to centralization. The re-centralization of power in turn created the drive for the devolution of power. The pattern had been apparent during China's planned-economy years, and continued into the reform period. The Chinese government's excessive intervention caused monopoly and market barriers.

In 1965, there were 10,533 government-sponsored enterprises subordinate to various departments of the Central Committee. Their industrial output value accounted for 42.2% of the national industrial output, 39.7% higher than that in 1957. The situation caught Mao's attention. He had long been worried by and dissatisfied with the centralization of government. A brave leader, he attempted a reform, which did not succeed. Later, Deng Xiaoping did not go the radical way, but took a gradual approach. In March 1966, Mao said:

It will not do to have everything concentrated at the central level.

At the Politburo's enlarged meeting, he said:

It is fine to let the central government exercise control in name, but not in fact or only to a slight degree in fact. When the central government takes in too many factories, all those who take over the factories should be told to get out of the central government and go over to the local areas, lock stock, and barrel.

In February 1969, the National Planning Symposium issued three documents concerning fiscal, enterprise, and resource management. In respect of fiscal management, all revenue was required to be transmitted to local authorities, except for those of enterprises directly under central control. All expenditures should be transmitted to local authorities, except for those of the Central Committee. In respect of enterprise management, administrative power over science and research departments, planning units, colleges, and universities subordinate to central authorities was handed to local governments. The administration of production, extension, and reconstruction projects was taken over by lower levels of government. The administration of newly built units, except for key projects, was handed down to lower levels of government as far as possible. In respect of resource management, raw materials and equipment were centrally allocated. Other resources were allocated by local governments. Central and local authorities were asked to collaborate. For the first time, products from local small-scale

industries — such as iron and steel factories, chemical fertilizer plants, cement factories, coal mines, and hydroelectric power plants — were exempted from central allocation. The administrative decentralization was an attempt to reform the excessive and overlapping layers of the central government.

In February 1970, the State Council held a National Planning Work Meeting. The meeting decided to weaken central control over enterprises, and set an agenda to strengthen local control. On March 5, the State Council drafted the *Circular Concerning Devolution of Administrative Power over Industrial and Transportation Enterprises*. A few local enterprises under direct central control were put under dual management by the state and local governments, mainly under local governments. A few large-scale enterprises were put under dual management by the state and local governments, mainly under the central government. On June 22, 1970, the Central Committee stipulated in a report that the power relocation should be completed within the year. By the end of September, of the 3,082 centrally controlled enterprises, 2,237 (73%) became subordinate to local governments. The power relocation of 104 enterprises was cancelled.

In 1970, a massive closing and merging of state organs took place. On June 22, the Central Committee allowed the State Council to make major adjustments to its ministries, committees, and their subordinate organs. The 90 departments under the State Council were merged into 27. The number of officials was reduced by 82%. In 1973, the number of organs under the State Council was increased to 52.

The number of types of resources under central control was reduced from 579 in 1966 to 217 in 1962. In 1973, the number was increased to 617, close to the pre-Cultural Revolution level. The separate management structures for economic planning, resources, and enterprises caused formidable contradictions. As a result, the responsibility system of resources was not thoroughly carried out. In November 1975, according to the State Council's decision, the State General Administration for Resources was founded based on the State Planning Committee for Resources. The State General Administration for Resources was directly under the State Council. The policies for resources management basically resembled those before the Cultural Revolution. The State Planning Committee was responsible for the balanced distribution of the centrally controlled resources. The State General Administration for Resources was responsible for implementation work. Administrative power over colleges and universities directly under governmental control was shifted to local governments.

Mao said:

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China is unified, but its economy is developing slowly. Europe is not unified, but its economy is developing rapidly.

He decided to allow more flexibility to the powers of local governments and enterprises.¹⁰ In June 1975, the State Council decided to solve the contradictions between government agencies and local governments by “focusing on the larger ones and putting the smaller ones under local governments.” As for economic difficulties, the State Council decided to focus on adjustments and centralization. Railways, postal services, power networks, shipping, civil aviation, oil pipelines, scientific research, oil fields, key enterprises, and key construction projects were managed by the Central Committee.¹¹

Seven adjustments to the state’s fiscal structure were made during the Cultural Revolution decade. This reflected the conflicts between central and local governments. In 1968, in order to ensure sufficient funds for the expenditure of local governments, all fiscal revenue within the budget was submitted to and controlled by the central government. In 1969, production began to grow. Local governments were allowed to use any surplus funds. Local governments which were short of funds would receive subsidies from the central government. Things changed in 1970. The Central Committee began to delegate more power to local enterprises and governments, and formed a three-level administrative system consisting of the central, provincial, and county governments. In 1971, provincial, township, and autonomous regional governments adopted fiscal measures to define contract responsibilities for revenue and expenditure, and to ensure surpluses or subsidies. Fiscal targets were revised annually. Budgets of local governments were reviewed by the central committee before implementation. Contracted amount of surplus had to be submitted to the central government where revenue exceeded expenditure. Subsidies were granted where expenditure exceeded revenue. During implementation, any surplus would be used by local governments, and deficits were not subsidized. In 1973, fiscal policies were once again revised. A measure of retaining profits on a fixed proportion of state revenue was tested on a trial basis only in northern and northeastern China, as well as in Jiangsu Province. The proportion of surplus was fixed in another way and expenditure was contracted according to fiscal targets. Unfortunately, the measure was not extended to other regions as expected. In 1976, the Financial Department decided to try out a measure to define contract responsibilities for revenue and expenditure, and to ensure surpluses or subsidies. Fiscal targets were revised annually. This measure, to a certain extent, combined the fiscal power and responsibilities of local governments. The measure had the effect of encouraging

local governments to increase their revenue and reduce spending.

With good intentions, Mao had tried his best to hold his opinion against the majority and carry out a comprehensive and revolutionary reform on China's economic system which, however, was not successful. As a result, the Chinese economy sank into recession.

Economic reforms during the Cultural Revolution were a process of decentralization which continued from 1958, and a counter-reaction to the power relocation in the 1960s. By the end of the Cultural Revolution, China had become decentralized. In the 1950s, when its planned economy was established, the proportion of fiscal revenue and expenditure in GDP increased significantly. The central government controlled the majority of fiscal power. The central authorities' revenue and expenditure accounted for 80% and 70% of the gross national revenue and expenditure, respectively.

In 1957, when the first reform was introduced to devolve central power to local bodies, the proportion of central fiscal revenue in gross national revenue decreased from 80.4% in 1958 to 24.4% in 1959. The proportion of central fiscal expenditure in national expenditure decreased from 71% in 1957 to 44.3% in 1958. After 1961, the proportion of central revenue and expenditure in the national total slightly increased. In the early 1970s, the policy of decentralization was adopted again. In 1975, central revenue only accounted for 11.8% of the national total, which was the lowest since 1949. Central expenditure accounted for 49.9% of the national total. China's planned economy was hardly a typical one; it was a planned economy put under local administration. Deng Xiaoping's later reforms followed the Maoist ideologies of decentralization, but were more open towards marketization.

16

Chapter

Official Verdict on the Maoist Era

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The Maoist era from 1949 to 1976 was the first phase of China's modernization drive, as well as an important episode in the PRC's history. Mao's industrialization, urbanization, and modernization programs brought rapid economic growth and tremendous changes, but also caused two terrible events: the Great Leap Forward and the Cultural Revolution.

Mao's reign laid down the political, resource, and human capital foundations of China's second phase of modernization: the Reform and Opening Up era. During this time, not only did China's economic growth stay at the same pace as in its first golden age (1949–1957), but its society began a sustained, robust process of opening up. That process is still running its course and will continue into 2020.

One should look at the period of Mao's leadership from both historical and global perspectives, for the two are interrelated and mutually reinforcing. Internationally, China's economy in 1949 suffered its worst collapse since 1820. Its share in global economic products (in 1990 Geary-Khamis dollars) dropped from 33% to 5%.¹ China at that time was among the world's poorest countries. China held less than 25% of the world's population, yet was responsible for 40% of the world's poverty. The average life expectancy was only 35. The average schooling was a year. Only 0.03% of the Chinese population had tertiary education. China was economically and socially unprepared for modernization.

It was under such circumstances that the Mao-led Communist leadership initiated programs of nationwide industrialization, urbanization, and modernization. The topics to be discussed here are: What achievements were made during Mao's rule? How did modernization change China? How did modernization help lay the foundation for China's social transition and economic development? What experience and lessons can be learned from the many policy mistakes? How did the scars from the Cultural Revolution pave the way for Deng Xiaoping to launch the Reform and Opening Up? How did Mao's failure contribute to Deng's success?

When Mao acted in accord with the natural current of modernization, the process was accelerated; when things went the opposite way, the process was hindered, but it could not be undone.

How Should Mao and His Leadership be Viewed?

Mao was a complicated and controversial figure. Surprisingly, the way Mao saw himself and the way Deng Xiaoping saw him had a lot in common.

On May 24, 1977, Deng Xiaoping revealed to two of his fellow leaders:

Comrade Mao Zedong said that he too had made mistakes and that there had never been a person whose statements were all correct or who was always absolutely right. He said that if one's work was rated as consisting of 70% of achievements and 30% of mistakes, that would be quite all right, and that he himself would be very happy and satisfied if future generations could give him this "70-30" rating after his death.²

After the failure of the Great Leap Forward, Mao told his guards in 1961:

I am satisfied enough to be 70% right and 30% wrong. Being the person I am, I do not conceal my views. I am not a sage.³

In his interview with Oriana Fallaci in August 1980, Deng explained his stance on Mao's actions:

We will make an objective assessment of Chairman Mao's contributions and his mistakes. We will reaffirm that his contributions are primary and his mistakes secondary.... That is why we will forever keep Chairman Mao's portrait on Tiananmen Gate as a symbol of our country, and we will always remember him as a founder of our Party and state.⁴

Deng commented differently on the early, middle, and later years of Mao's regime:

For most of his life, Chairman Mao did very good things. Many times he saved the Party and the state from crises. Without him the Chinese people would, at the very least, have spent much more time groping in the dark. Chairman Mao's greatest contribution was that he applied the principles of Marxism-Leninism to the concrete practice of the Chinese revolution, pointing the way to victory. It should be said that before the 1960s or the late 1950s many of his ideas brought us victories, and the fundamental principles he advanced were quite correct. He creatively applied Marxism-Leninism to every aspect of the Chinese revolution, and he had creative views on philosophy, political science, military science, literature and art, and so on. Unfortunately, in the evening of his life, particularly during the Cultural Revolution, he made mistakes — and they were not minor ones — which brought many misfortunes upon our Party, our state and our people....

Mistakes began to occur in the late 1950s — the Great Leap Forward, for instance. But that wasn't solely Chairman Mao's fault either.... We acted

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in direct contravention of objective laws, attempting to boost the economy all at once. As our subjective wishes went against objective laws, losses were inevitable. Still, it is Chairman Mao who should be held primarily responsible for the Great Leap Forward. But it didn't take him long — just a few months — to recognize his mistake, and he did so before the rest of us and proposed corrections. And in 1962, when because of some other factors those corrections had not been fully carried out, he made a self-criticism.... So far as Chairman Mao's own hopes were concerned, he initiated the Cultural Revolution in order to avert the restoration of capitalism, but he had made an erroneous assessment of China's actual situation.⁵

Mao occupies a prominent place in history. He has influenced, is influencing, and will continue to influence China.

Some of his ideas proved correct both in theory and in practice. His New Democracy was a proven fit for China's economic climate and beneficial to its society. In some cases, his notions were wrong both in theory and in practice. His theory of continuous revolution under the proletarian dictatorship deviated from China's social and political realities. The Cultural Revolution brought catastrophe. In other cases, his ideas were right, but his methods were wrong. In his article "On the Correct Handling of Contradictions Among the People," he advocated criticism and self-criticism as a means to achieve unity. The idea was correct; but its implementation escalated conflicts within the party into class struggles, and destroyed China's legal system and the human rights of China's citizens.

Sometimes he was right both at a given time and in the bigger historical picture. For example, he believed the Communist rule would, in the long term, result in bureaucracy or a bureaucratic class alienated from the masses. Sometimes he was wrong both at the time and in the context of history. An example is his theory of the transition between chaos and order. Sometimes he was right both at a given time but wrong in the context of history. An example is the rustication movement, which pitted the nation against the course of modernization. Sometimes, he seemed wrong at his time but right in the context of history. An example is the rural collectivization.

Sometimes he did more good than bad, and sometimes it was the other way round.

Sometimes the responsibility lay with him and sometimes with the entire Party. Sometimes it was solely his responsibility. Sometimes he had more to do with the failure than the Party, and sometimes the Party had more to answer for than him.

Resultant and component forces

The Maoist era lasted from 1949 to 1976. During his leadership, Mao might have exerted great personal influence over China, yet he did not have the power to shape the fundamental factors in China's development. Here the author will borrow Engels' characterization of history as an innumerable series of parallelograms of forces:

History is made in such a way that the final result always arises from conflicts between many individual wills, of which each in turn has been made what it is by a host of particular conditions of life. Thus there are innumerable intersecting forces, an infinite series of parallelograms of forces which give rise to one resultant — the historical event. This may again itself be viewed as the product of a power which works as a whole unconsciously and without volition.⁶

The Maoist era was one of industrialization and modernization, and was shaped by the interplay of social, economic, and cultural forces. Despite his prominent historical role, Mao could not replace the other component forces of his time; instead, they worked together to drive the history of China.

Since the PRC's founding in 1949, tremendous changes happened one after another. These changes included:

- Industrialization of agriculture;
- Urbanization;
- Reduction in birth and death rates;
- Decrease in the number of children per family and average family size;
- Emergence of technology;
- Shift from traditional to modern technology;
- Shift from domestic and imported technology;
- Shift from imitation to innovation;
- Opening up of China's economy;
- Modernization of China's dictated, segregated society; and
- Increased deforestation, reclamation of lakes, and pollution.

These multifarious, interrelated, and mutually dependent changes were the primary driving forces of social development during Mao's rule.

As illustrated by China's development from 1949 to 1976, when Mao acted in accord with the natural current of modernization, the process was accelerated;

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when things went the opposite way, the process was hindered, but it could not be undone. Between 1949 and 1956, Mao acted in accord with the natural current of modernization, effectively leading to the first golden age of economic growth at an overall rate of 9.2%. Between 1957 and 1966, Mao acted against the natural current of modernization. His negative influences outweighed the positive, resulting in economic growth dropping to 5.4%, the lowest level since 1949. Between 1966 and 1976, his negative influences were dominant enough to create a decade-long turmoil, during which economic growth remained at a mere 6.1%. Angus Maddison observed that:

Self-inflicted wounds brought the economic and political system close to collapse during the Great Leap Forward (1958–60) and again in the Cultural Revolution (1966–76) when education and the political system were deeply shaken. Nevertheless, economic performance was a great improvement over the past. GDP trebled, per capita real product rose 82% and labor productivity by 58% from 1952 to 1978. The economic structure was transformed. In 1952, industry's share of GDP was one-seventh of that in agriculture. By 1978, it was nearly equal to the agricultural share.⁷

Modernization in the Maoist Era

In 1949, the Mao-led Communist leadership set forth two goals for the nation, namely industrialization and modernization, and Socialist revolution.

Accomplishments of China's industrialization

From 1952 to 1978, China basically fulfilled its targets set in the 1950s and 1960s, and completed primitive accumulation for industrialization. National capital deposits reached a new high with a 16-fold increase. In 1952, the value of fixed assets held by state-owned enterprises reached RMB24.06 billion (at 1952 prices, the same hereafter). Together with those of private enterprises and other institutions, the value of China's fixed assets was estimated at between RMB40 and RMB50 billion. The value of fixed assets held by state-owned industrial enterprises was RMB14.92 billion, occupying 62% of the national total. In 1978, national capital deposit was estimated to have grown annually by 11.3% to RMB643 billion, of which 80% belonged to state-owned enterprises and 54.1% to state-owned industrial enterprises (see Table 16.1). According to the Chinese Ministry of Finance (MOF), the net value of fixed assets held by state-owned enterprises grew from 10.08 billion in 1952 to 222.57 billion in 1978 at a yearly rate of 12.6%.

Table 16.1 National and state-owned capital deposits, 1952–1978 (in 1952 prices)

	National total	Held by state-owned enterprises	Held by state-owned industrial enterprises
1952 Capital deposits (hundred million RMB)	400 (100%)	240.6 (60.2%)	149.2 (37.3%)
1978 Capital deposits (hundred million RMB)	6,430 (100%)	5,144 (80.0%)	3,478 (54.1%)
Average annual growth rate from 1952 to 1978 (%)	11.3	12.5	12.9

Note: $K_t = K_{t-1} \times (1 - r_1) + I_t$, where K_t refers to the national capital deposit during a given period t , r_1 refers to the depreciation rate of national capital deposit, I_t refers to the total capital deposit during a given period t .

Source: Hu Angang and Liu Taoxiong, *Changes in National Defense Capabilities from the Perspective of the Proportion of National Defense Capital Stock in National Total (1952–2001)*.

These numbers indicate that the Chinese model of industrialization is a typical state-led industrialization. The state controlled a dominant share of investment, national economy, and fiscal revenue. In 1978, the non-public sector began progressing at a rapid pace. The private and other sectors gradually assumed a larger role in China's industrialization, in terms of investment, industrial share, and fiscal revenue. A comparison of various indices of capital input at comparable prices indicates that, between 1952 and 1978, loans enjoyed the fastest growth (10.7%), closely followed by fixed capital formation (9.6%); the slowest was infrastructure investment (6.3%). Table 16.2 shows the rapid increase in capital input. Mark Selden noted that, in the three decades prior to Mao's death, substantial increases in the rate of accumulation and investment led to rapid and sustained industrial growth, and laid further foundations for heavy industry.⁸

Table 16.2 Growth in various forms of capital input, 1952–1978

	Total capital formation	Fixed capital formation	Infrastructure investment	Loans
1952 Capital input (hundred million RMB)	153.7	80.7	90.4 (1953)	108.0
1978 Capital input (hundred million RMB)	1,377.9	1073.9	501.0	1850.0
Average annual growth rate from 1952 to 1978 (%), at nominal prices	8.8	10.5	7.1	11.5
Average annual growth rate from 1952 to 1978 (%), at 1952 prices	8.0	9.6	6.3	10.7

Source: National Bureau of Statistics of China, National Economic Balance Statistics Division, *A Compilation of Statistics for 50 Years*, 6, 7, 20, 66.

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In less than 40 years, China has set up an independent and fairly comprehensive industrial base and economic system which covers all provinces except Tibet. National defense has been gradually built up. Much has been done in terms of natural resources.⁹ All that work built an important foundation for China's economic take-off in the 1980s, and, in the 1990s and effectively attracted foreign direct investment to help make China one of the world's biggest manufacturers. Compared to other large developing countries, such as India and Indonesia, China was better prepared for industrialization and more competitive in terms of specialization and coordination of production.

China made tremendous progress in railway and highway construction, water and air transport, post and telecommunications, urban infrastructure, and energy production (see Table 16.3).

Significant improvements were achieved in irrigation systems. From 1952 to 1978, the scale of irrigated land doubled from 300 million to 670 million *mu*. Based on Perkin's estimates, China's irrigated area decreased from 21.7 million hectares in 1820 to 20 million hectares in 1952, but then the proportion irrigated rebounded from 18.5% in 1952 to 45.2% in 1978 (see Table 16.4). Maddison noted that the irrigated proportion in China was very much higher than in India and Europe. In India only about 3.5% of the cultivated area was irrigated in 1850. In the United States about 10% of cropland was irrigated in 1995.¹⁰

Table 16.3 Infrastructures, 1952–1978

	1952	1978	Annual growth rate (%)
Irrigated area (1,000 ha)	19,959	44,965	3.2
Railway mileage (10,000 km)	2.29	5.16	3.2
Highway mileage (10,000 km)	12.67	89.02	7.8
River mileage (10,000 km)	9.50	13.60	1.4
Airline mileage (10,000 km)	1.31	14.89	9.8
Length of pipeline network (10,000 km)	0.02 (1958)	0.83	20.5
Length of water supply network (10,000 km)	0.81	3.60	5.9
Length of urban pipeline network (10,000 km)	1.23	2.70	3.1
Length of sewage system (10,000 km)	0.9	2.25	3.6
Electricity production (1 hundred million kw/h)	92	2566	13.7
Hydroelectric energy production (1 hundred million kw/h)	13	446	14.6
Postal service length (10,000 km)	128.97	486.33	5.2

Source: National Bureau of Statistics of China, National Economic Balance Statistics Division, *A Compilation of Statistics for 50 Years*, 26, 29, 41, 44, 54.

Table 16.4 Irrigated area, 1400–1995

	Irrigated land (million ha)	Total cultivated area (million ha)	Proportion irrigated (%)
1400	7.5	24.7	30.3
1820	21.7	73.7	29.4
1952	20.0	107.9	18.5
1995	49.3	94.9	51.9

Source: Maddison, *Chinese Economic Performance in the Long Run*, 34.

Historically, China has been frequently ravaged by droughts and floods. Contemporarily, China has been suffering from ceaseless wars, floods, and droughts. In 1949, the Chinese government set goals for water control. Billions were invested to alleviate flooding at the main rivers and watercourses. Approximately 86,000km of reservoirs and dams were constructed. By 1978, there were 82,000 hydropower stations with a combined capacity of 2.28 million KW. As Maddison stated, “Chinese irrigation involved huge labor inputs, both in constructing major works and in constant maintenance.”¹¹

Irrigation developments reduced impacts from floods and droughts, and effectively boosted farmers’ yields. However, the improvements were also a main source of pollution. The most obvious example was the Sanmenxia Hydropower Station.

According to the National Bureau of Statistics’ estimates, China’s GDP at constant prices grew at an average annual rate of 6% from 1952 to 1978. In 26 years China quadrupled its economic aggregate. Per capita GDP grew at an average annual rate of 4%, a 2.8-fold increase from 1952 to 1978. Madison estimated an average annual increase of 2.3% in per capita GDP, and a 1.8-fold increase in economic aggregate. The economic growth from 1952 to 1978 was greater than any before it. Perkins estimated that, from World War I to 1933, China’s GDP at 1957 constant price grew by 28% at an average annual rate between 1.2% and 1.7%. Per capita GDP grew by 9.6% at an average annual rate between 0.5% and 0.6%.¹² Maddison estimated that, from 1929 to 1936, the economy grew at an average annual rate of 1.5% and per capita GDP at 0.9%.¹³ Yet the economic growth was happening only in a few more developed cities, including Shanghai, Guangzhou, Wuhan, and Chongqing. The rural economy was largely agricultural. By 1933, the modern sector (manufacturing, mining, electricity production, transport, and communications) had risen to 5.3% of GDP.¹⁴ That small amount of growth in the modern sector was not so robust as to pull up the rural economy covering more than 90% of the country, or the traditional sectors (agriculture and crafts) making up 95% of the economy.

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Both Maddison and the Chinese government found that China's economic growth was slower than that of Taiwan (9.2%), Japan (7.8%), and South Korea (8.6%). The Taiwanese, Japanese, and Korean economies took off in the 1950s and 1960s. According to China, its GDP per capita was growing faster than those of the Soviet Union, India, Indonesia, and Pakistan. Whereas according to Maddison, China's GDP growth was higher than that of India, about the same level as the Soviet Union and Indonesia, and lower than Pakistan's. Per capita GDP was lower than that of the Soviet Union, but higher than India's, and about the same level as Indonesia and Pakistan (see Table 16.5). Between 1952 and 1978, China's economy grew at the same pace as nearby developing countries (faster than India). China's GDP per capita in 1952 was estimated at 538 1990 Geary-Khamis dollars, 12% lower than that of India (609 1990 Geary-Khamis dollars). In 1978, China's per capita GDP (979 1990 Geary-Khamis dollars) had outgrown India's (972 1990 Geary-Khamis dollars).¹⁵

Table 16.5 Rates of economic growth in China and other major parts of the world economy, 1952–1978

	GDP growth (%)	Per capita GDP growth (%)
China	4.4 (6.1)	2.3 (4.0)
Taiwan	9.2	6.6
India	4.0	1.8
Indonesia	4.5	2.3
Pakistan	4.9	2.2
Korea	8.6	6.2
Japan	7.8	6.7
USSR	4.5	3.1
United States	3.5	6.7
World	4.5	3.1

Source: Maddison, *Chinese Economic Performance in the Long Run*, 44; The figures in brackets come from National Bureau of Statistics of China, National Economic Balance Statistics Division, *A Compilation of Statistics for 50 Years*, 4.

China fed more than one-fifth of the world's population with only 7% and 6.5% of the Earth's arable land and water resources. In 1978, China's production of grain, peanut, rapeseed, and tea in China ranked second, while that of poultry, cotton, and soybeans ranked third. China became the second largest agricultural producer after the United States. Despite the rapid growth of its population, China managed to keep its billion-plus people fed and clothed.¹⁶ Per capita food grain production and nutrient availability peaked in 1955 to 1956, then dropped sharply after 1958. This was principally the result of the Great Leap Forward, compounded

by flood, drought, and cold weather. Despite substantial famine-induced deaths beginning in 1959 and continuing for three years, per capita food production did not regain pre-collectivization levels until the mid-1970s, and it was not until 1978 that nutrient availability slightly surpassed mid-1950s' levels.¹⁷

China became one of the world's largest industrial powers. Data from the World Bank showed that, in real purchasing power terms, China's industrial value accounted for 3.4% of the world's 1975 total. Production of coal, cement, chemical fertilizer, and steel in 1980 made up 16.6%, 10.5%, 10.4%, and 5% of the world's total.¹⁸

Industrialization in China basically followed the Soviet Union's model of giving priority to heavy industry. Between 1928 and 1940, the Soviet gross industrial output increased by 5.5 times, while heavy industry increased by 9 times. At the outbreak of World War II, the Soviet industrial output accounted for 84% of its GDP.¹⁹ Between 1952 and 1978, China's gross industrial output grew by 16 times at an average annual rate of 11.3%. Heavy industrial production increased by 28 times at an average rate of 13.7%. The share of industrial output in national revenue increased from 19.5% in 1952 to 46.8% in 1978.²⁰ Labor productivity increased by 2 to 3 times. The number of jobs doubled. According to the National Bureau of Statistics, the average growth of labor productivity was 3.5%. From 1954 to 1978, labor productivity increased by 4.5%. 200 million new jobs were created. The working population doubled from 207 million in 1952 to 402 million in 1978. Urban employment increased by 2.8 times at an average annual rate as high as 4.1%. On the other hand, rural employment grew by 68% at an annual average rate of 2%. The elasticity coefficient of growth in urban employment was 0.43, meaning that each percent of GDP growth was accompanied by 0.43% of employment growth. Radical changes were visible in the structure of the economy. By 1933, the modern sector had risen to 5.3% of GDP, compared with 0.7% in 1890, and by 1949 it had reached 10.4%. The annual increase was 0.3%.²¹ From 1949 onwards the share of the modern sector rose annually by 1.9%, and reached 67% in 1978.

Accomplishments of China's modernization

Between 1949 and 1978, China accomplished remarkable achievements in terms of various indicators of human development.

First, China made the transition to reduced birth and mortality rates. From 1952 to 1978, birth and mortality rates plummeted from 37% and 17% to 18.25% and 6.25%. Natural population growth significantly decreased from 20% to 12% (see Table 16.6).

Table 16.6 Population size, birth and mortality rates, and natural population growth, 1952–1978

	Population size (million)	Birth rate (%)	Mortality rate (%)	Natural population growth (%)
1952	574.82	3.70	1.70	2.00
1955	614.65	3.26	1.23	2.03
1960	662.07	2.09	2.54	-0.46
1965	725.38	3.79	0.95	2.84
1970	829.92	3.34	0.76	2.58
1975	924.20	2.30	0.73	1.57
1978	962.59	1.83	0.63	1.20

Source: National Bureau of Statistics, Office of Population Statistics, ed., *China Population Statistics Yearbook 2003* (Beijing: China Statistics Press, 2003); Ministry of Health, *China Health Statistics Yearbook 2003* (Beijing: Peking Union Medical College Press, 2003).

Second, human capital expanded rapidly. Pre-1950 China was largely an illiterate nation. In the 1970s, the enrollment rate of school-age children increased from 49.2% in 1952 to 95.9% in 1978. Meanwhile, the adult illiteracy rate plummeted from 80% in 1949 to 25% in 1978 and further to 22.5% in 1982. The average education of the population over 15 was estimated at 1 to 1.5 years in 1950, and 4.6 years in 1982. In 1949, China had only 185,000 university graduates, and the number reached 6.1 million in 1982. The number of higher education graduates of China in 1949 was only 120,000, and by 1978 that number had risen to 870,000. The students made significant contributions during the Reform and Opening Up period.

According to Maddison’s observations of 10 countries and regions, Taiwan and South Korea enjoyed the largest increase in average education level of the population aged 15 to 64, followed by Japan and the United States. The average education level in China was higher and growing faster than in India.

China’s human capital — total population between the ages 15 to 64 multiplied by the average education level of those aged 15 and above — accounted for 17.5% of the world’s total, and almost double that of India (7.3%).²²

Third, health in both rural and urban communities had been greatly improved, accompanied by longer life expectancies and significantly reduced death rates among infants and mothers during childbirth. According to the World Bank, in 1960, China’s mortality rate for those under the age of 5 stood at 22.5. By 1980, the figure had been reduced to 6.4%. Maternal mortality rates decreased from 1.5% in 1950 to 0.1% in 1980. This spectacular achievement occurred despite the slow economic growth over the period from 1960 to 1979 (China’s per capita income grew at just 4% per year between 1960 and 1979).²³

Table 16.7 Years of education per person aged 15–64, ten countries, 1950–1973

	1950	1973	Increase from 1950 to 1973
France	9.58	11.69	2.11
Germany	10.40	11.55	1.15
United Kingdom	10.84	11.66	0.82
United States	11.27	14.58	3.31
Spain	5.13	6.29	1.16
China	1.60	4.09	2.49
India	1.35	2.60	1.25
Japan	9.11	12.09	2.98
Korea	3.36	6.82	3.46
Taiwan	3.62	7.35	3.73

Note: Primary education was given a weight of 1, secondary 1.4 and higher 2.

Source: Maddison, *Chinese Economic Performance in the Long Run*, 66.

Prior to 1949, the average life expectancy in China was about 35 years, lower than the world average of 49. By 1980, the figure had been increased by 32 years to reach 66.8 years, higher than the world average of 62.6 and the average for middle-income countries of 65.6 years (see Table 16.8).

Table 16.8 Life expectancy, 1950–1980

	1950	1960	1970	1980	Increase from 1950 to 1980
China	35.00	36.32	61.74	66.84	31.84
United States	68.00	69.77	70.81	73.66	5.66
United Kingdom	—	70.76	71.67	73.78	—
France	65.00	70.24	72.01	74.18	9.18
Germany	67.00	69.54	70.46	72.63	5.63
Japan	61.00	67.67	71.95	76.09	15.09
South Korea	—	54.15	59.93	66.84	—
India	32.00	44.33	49.37	54.18	22.18
Middle-income countries	—	45.72	61.20	65.64	—
High-income countries	—	68.92	70.86	73.76	—
World	49.00	50.24	58.63	62.57	13.57

Source: World Bank, *World Development Indicators: 2004*; 1950 figures from Maddison, *World Economy: A Millennial Perspective*, 30; China's figures from the National Bureau of Statistics.

It took 130 years for western European countries to increase their life expectancies from 36 years in 1820 to 67 years in 1950, for the United States from 39 to 68 years, and for Japan from 36 to 67 years. Yet it only took 30 years for China to go from an average life expectancy of 35 in 1950 to 67 in 1980 (see Table 16.8). From 1950 to

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1980, China's life expectancy had outgrown the world's average and the average for developed countries. This indicated a catching-up process in health indicators.

Fourth, China made remarkable progress in terms of various indicators of human development. In 1950, China's level of human development was merely 0.225, slightly lower than India's and much lower than that of developed countries. By 1970, China, despite still ranking among the countries with the lowest levels of human development, had become obviously more developed than India (see Table 16.9). From 1950 to 1975, China achieved a significant increase in its human development index, narrowing its gap with developed countries. This indicated catching-up progress. The gap in human development level between China and developed countries was obviously narrower than the economic gap measured in 1990 Geary-Khamis dollars.

Table 16.9 Human development index, 1950–1975

	1950	1975	Change from 1950 to 1975
China	0.23	0.52	0.29
India	0.25	0.41	0.16
Japan	0.61	0.85	0.24
United States	0.87	0.86	-0.01

Source: 1950 figures from Nicholas Crafts, "The Human Development Index, 1870–1999: Some Revised Estimates," *European Review of Economic History* 6(2002): 495–505; 1975 figures from United Nations Development Programme, *Human Development Report 2002* (Oxford University Press, 2002), 153–54.

Fifth, striking changes had taken place in China's social structure: (1) the urban population had grown at a faster pace than the rural and total population, resulting in a continuously increasing urbanization rate. (2) The urban and non-farming working populations grew at a faster pace than the rural and total working populations (see Table 16.10), leading to employment density being increased in urban areas and reduced in the countryside. (3) Employment rate increased from 36.1% in 1952 to 41.7% in 1978. Much of the increase came from more women entering the workforce. The proportion of women at work increased from 20% in the 1930s — mainly in farming — to 45% in 1978. (4) Labor and human capital input maintained a high growth momentum. Between 1952 and 1978, labor input increased by 2.6%, human capital by 4.1%, and total human capital by 6.7%. The number of technical workers also saw a rapid increase. It is estimated that in 1949, China had only 50,000 scientists and technicians, and the number reached 2.5 million in 1966, and then further increased to 5 million by 1979, 99% of whom were cultivated and trained after 1949.²⁴

Table 16.10 Growth in population and workforce, 1952–1978 (%)

	Increase from 1952 to 1978
Total population	2.00
Urban population	3.31
Rural population	1.69
Working age population	2.56
Workforce	2.58
Urban workforce	5.30
Rural workforce	2.01
Primary industry workforce	1.91
Secondary industry workforce	5.99
Tertiary industry workforce	3.74

Source: National Bureau of Statistics of China, National Economic Balance Statistics Division, *A Compilation of Statistics for 50 Years*, 2; National Bureau of Statistics of China, *China Statistical Yearbook 2004* (Beijing: China Statistics Press, 2004), 95, 120, 122.

Lastly, during the 27 years from 1949 to 1976, China's most important social achievement was the creation of a society more equal than at any time in the past, largely dominated by farmers and the working class. When the World Bank made its economic report on China in the 1980s, it recognized that China's past strategy and present system had created, on the whole, an extraordinarily equal society. Inequality of urban incomes was uniquely low in China, with virtually no extreme poverty in urban areas. There was, however, a large gap — comparable to that in other developing countries — between average urban and rural incomes, which in terms of living standards was magnified, as in some other countries, by the concentration of social services for urban residents. A large minority of the population had extremely low incomes. These people, however, had a much higher standard of living than their counterparts in most other developing countries. Agricultural collectivization had prevented the emergence of a class of impoverished landless laborers; the state guaranteed a minimum food supply; primary school enrollment was high; and basic medical care and family planning services were available to most people. As a result, the hunger, disease, high birth and infant death rates, general illiteracy, and constant fear of destitution and starvation that had haunted very poor people in other countries had been more or less banished from China. Life expectancy, whose dependence on many other economic and social variables makes it probably the best single indicator of the extent of real poverty, was on average in China outstandingly high (67 years in 1980²⁵) for a low-income country; even in the poorest province, it was not far below the average for middle-income countries. Rural household data showed that the Gini coefficient in 1979 was 0.26. This means that rural income inequality

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in China was significantly less than in other South Asian countries (with Gini coefficients of 0.30–0.35).²⁶ Mark Selden summarized the important developmental and social achievements in the Maoist era: elimination of all major property-based inequalities and substantial reductions in intra-village and intra-urban inequality; gains for the industrial working class including lifetime job security, generous pension and welfare benefits, heightened social status, and modest gains in per capita household incomes; significant national gains in nutrition and life expectancy; and rising basic levels of education and healthcare.²⁷

China's international status

In the 1970s, China resumed its seat on the United Nations Security Council, where it held veto power, and regained its place among the world's five major powers (United States, Russia, China, United Kingdom, and France). China became a global power in terms of politics, military capabilities, and overall strength. China was one of the four nuclear armed states along with the United States, Russia, and France. From October 16, 1964 to September, 1976, China carried out 19 nuclear tests and many missile tests, and launched 6 satellites.²⁸ China had 4.7% of the world's overall strength, ranking 4th after the United States (22.5%), Russia, and Japan (6%), and it was stronger than India (3.4%).²⁹ In June 1980, Deng Xiaoping remarked that China's rise in the international community came only after the founding of the PRC.

Under Mao's leadership, China's modernization achieved unprecedented success that was hardly equaled by any other country in the modern world. More importantly, the success laid a firm foundation for Deng Xiaoping's further modernization efforts.

Consequences of Mao's Mistakes

Every good and bad decision can be quantitatively assessed by scientific methods. In this section, the damages caused by Mao's very big but wrong decisions will be quantitatively and qualitatively assessed in terms of economic growth, human capital accumulation, as well as influences on systems of governance and political movements in post-1949 China. Without the Great Leap Forward and Cultural Revolution, China would have had higher economic growth and more human capital in 1978.

Economic losses

The assessment of economic losses will be made by comparing the growth rates of the potential and actual levels of China's long-term economic output. The potential level reflects the joint effects of various factors affecting economic growth, whereas the actual level reflects the economic reality; their difference indicates the loss caused by Mao's mistakes.

China's potential long-term economic growth was estimated at 9%. Post-1949 data was higher at the ends and lower in the middle. Real GDP was growing at 9.2% from 1952 to 1957, and at 9.3% from 1978 to 2003; while from 1957 to 1978 the growth was 4% lower at 5.4%.

Based on these figures, the potential long-term economic growth between 1957 and 1978 was estimated at 7.5% to 9% (see Table 16.11). The Great Leap Forward and Cultural Revolution had caused real GDP growth to drop to merely 5.4%. Actual GDP growth from 1952 to 1978 was 6.1% (see Table 16.11) — 2% to 3% lower than the potential levels. The estimated loss caused by Mao made up one-fourth to one-third of the potential economic growth. After 1978, due to fewer mistakes, the actual economic growth came close to or even surpassed the potential level (9%).

Table 16.11 Economic performance, 1952–1978 (%)

	GDP growth	Population growth	Per capita GDP growth	Employment growth	Productivity growth
Actual level					
1952–1957	9.2	2.4	6.8	2.8	6.4
1957–1978	5.4	1.9	3.5	2.5	2.9
1952–1978	6.1	2.0	4.0	2.6	3.5
Potential level					
Assuming economic growth at 9%					
1957–1978	9.0	9.0	7.1	2.5	6.5
1952–1978	7.5	7.5	5.6	2.5	5.0
Assuming economic growth at 7.5%					
1957–1978	9.0	2.0	7.0	2.6	6.4
1952–1978	7.9	2.0	5.9	2.6	5.3

Note: Actual figures are based on data from National Bureau of Statistics of China, National Economic Balance Statistics Division, *A Compilation of Statistics for 50 Years*, 1–4. Simulated figures are net of the impacts of the Great Leap Forward and Cultural Revolution.

The actual 1978 GDP was 4.7 times that in 1952, while the simulated 1978 GDP was 7.2 to 9.5 times that in 1952. Mao's bad decisions were estimated to have cost one-third to half of the simulated 1978 GDP. A study by Y. Kwan and

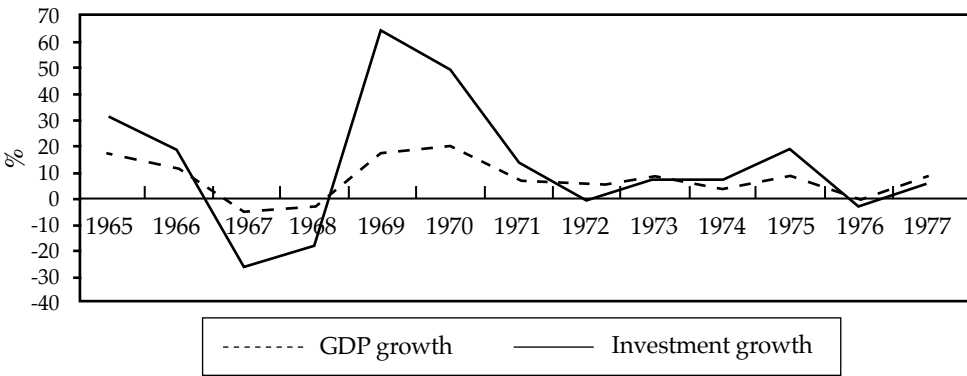
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Zou Zhizhuang found similar results, which showed that productivity in 1993 would have been 2.7 times higher without the Great Leap Forward and Cultural Revolution having occurred.³⁰ Comparing their findings based on the same scale and assuming that all other factors remain unchanged, the actual per capita GDP and productivity growth were lower than the simulated levels (see Table 16.11).

If there had not been the Great Leap Forward and the Cultural Revolution, China's economic growth would have been much higher than that of its neighboring developing countries, and around the same level as Japan, Korea, and Taiwan. China's post-1978 economic growth indicated a considerable potential close to the 1952-to-1957 level of 9.3% to 9.5%. This suggested that the damage caused by Mao was between 3% to 4%.

Second, the economy saw significant fluctuations. Four economic growth peaks were noticeable in 1965, 1970, 1973, and 1975; and four economic troughs were seen in 1967, 1972, 1974, and 1976 (see Fig. 16.1). Political conflicts were the main cause of economic fluctuations. These fluctuations coincided with investment movements. Investment showed negative growth in 1967 (-26.3%), 1968 (-19.3%), and 1974 (-1.1%). Prices, however, were under strict control. Inflation remained stable.

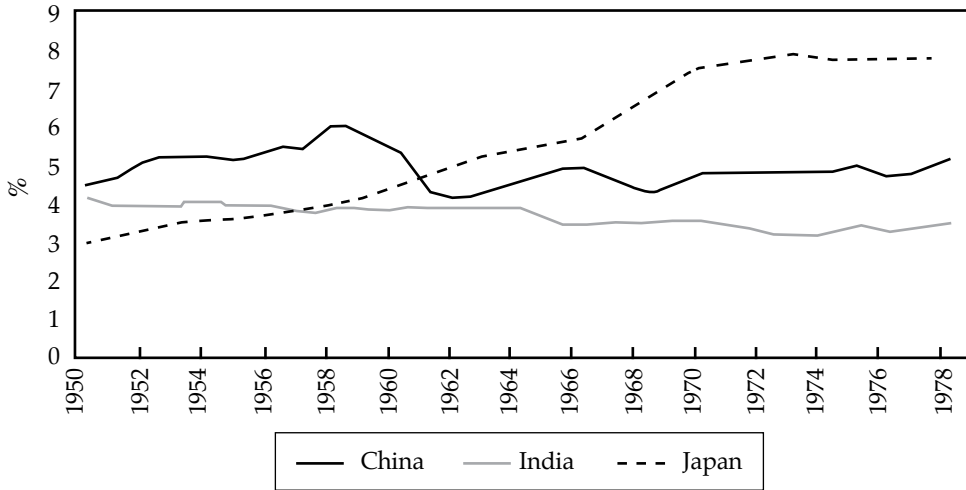
Fig. 16.1 Economic fluctuation, 1965–1977



Source: National Bureau of Statistics of China, National Economic Balance Statistics Division, *A Compilation of Statistics for 50 Years*, 5, 7.

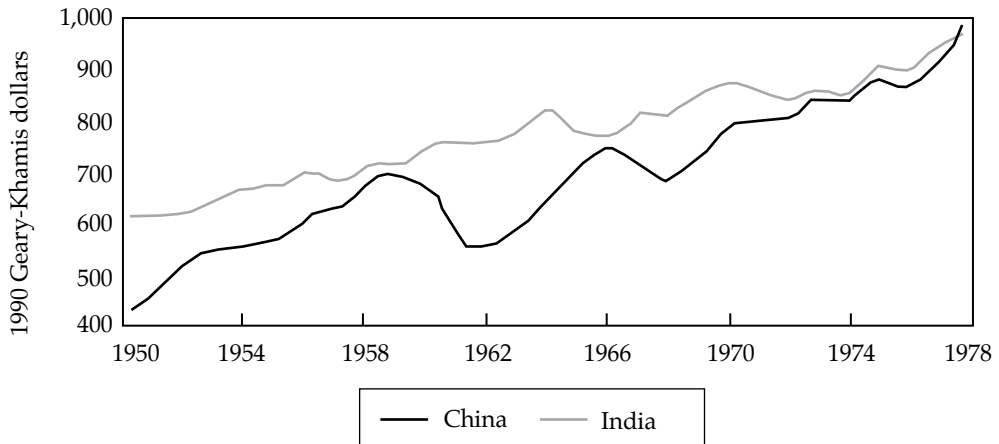
The fluctuation coefficients for GDP growth from 1953 to 1978 was 126%, with the highest being 19.4% (1970) and the lowest being -5.75 (1967), and the difference being 25.1%. This is the second largest scale of fluctuation the PRC has seen. The largest scale of fluctuation took place from 1956 to 1966, with the fluctuation coefficient for GDP growth being 245% and that for investment growth in fixed capital being 242%.

Fig. 16.2 Share of world GDP, 1950–1978



Source: Maddison, *The World Economy: Historical Statistics*.

Fig. 16.3 Per capita GDP, 1950–1978



Source: Maddison, *The World Economy: Historical Statistics*.

During the Great Leap Forward and Cultural Revolution, China had a larger share in world GDP; this indicated its economic take-off started earlier than India and Japan. Between 1950 and 1978, India's share in world GDP slowly declined, while that of Japan rose rapidly from 3% in 1950 to 7.8% in 1973, and then remained fairly stable. China's share in world GDP, on the other hand, saw many ups and downs. In 1949, the Chinese economy experienced a golden age. Its share in world GDP rose from 4.5% to 5.9%, close to that of Japan. The Great Leap

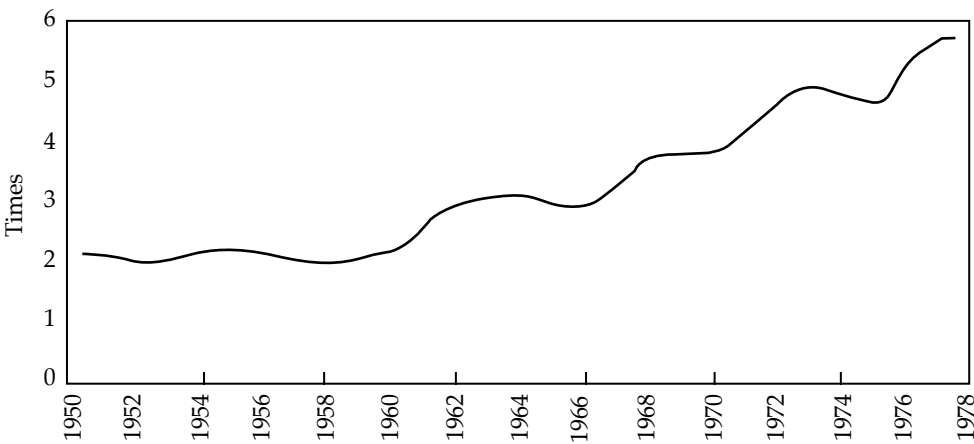
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Forward tremendously hurt the economy. Its share in world GDP fell dramatically to around 4% in 1962, while Japan's share continued to increase and surpassed China's from 1961 onwards. Between 1962 and 1966, China re-gained a higher proportion in world GDP, and then in 1966 it went down again and remained at between 4.5% and 5%.

The trend can also be observed from the changes in per capita GDP. In the 1950s, China began rapidly catching up with India, and by 1958 had reached a similar level. The increase, however, was then slowed down by the Great Leap Forward and Cultural Revolution. There were two obvious downturns in 1962 and 1968. As a result, China did not surpass India until 1978. Had Mao in 1966 noticed the changes in China's and Japan's share of world GDP, the Cultural Revolution would have caused less damage.

From 1957 to 1978, the absolute and relative gap in per capita GDP widened between China and Taiwan. The relative difference indicated the obvious impacts of the Great Leap Forward and Cultural Revolution on China's income level. From 1950 to 1958, Taiwan's per capita GDP was two times that of China. The three-year Great Leap Forward caused the ratio to widen to three times. Between 1962 and 1966, the relative gap remained static. However, the Cultural Revolution resulted in the gap growing from three to five times what it was (see Fig. 16.4). Mao had failed to notice Taiwan's economic miracle and the rapidly widening income gap.

Fig. 16.4 Relative gap in per capita GDP between China and Taiwan, 1950–1978



Source: Maddison, *The World Economy: Historical Statistics*.

Stagnancy in a competitive economy means regression, and bad strategic decisions create calamity. Collective decision-making can prevent major faults

in the Party's decision, and set up a basis for stable and sustainable economic development. When democracy fails, bad decisions become inevitable and can cause major economic setbacks.

Losses in human capital accumulation

The Cultural Revolution affected not only economic growth, but also interrupted and caused long-term impacts on human capital accumulation. In July 1978, Deng Xiaoping described this as the greatest damage done by the Cultural Revolution:

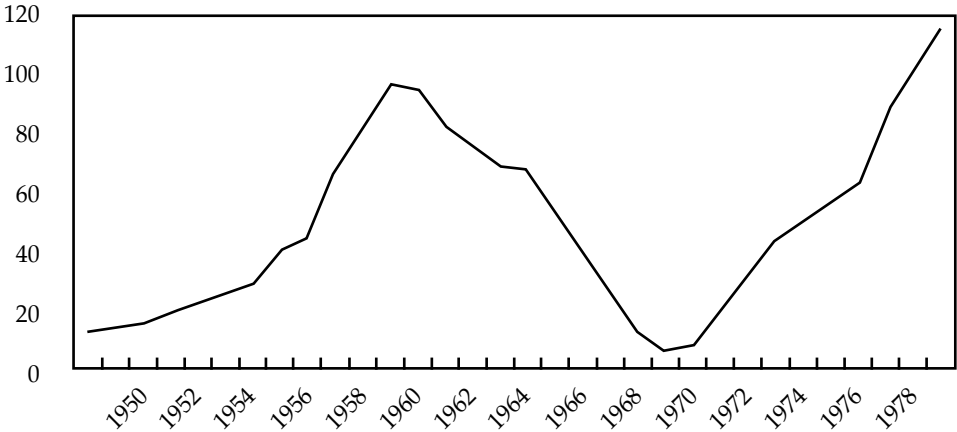
The Cultural Revolution had casualties from every sector and industry of the economy. Science and education — in particular education — suffered the most. For almost a decade no new talents were cultivated. The talents of an entire generation of people were wasted. Our gap with developed countries was widened. There is a relatively easy way to make up for our losses in industry and agriculture, but it will take much more time to make up for the losses in science, technology, and education.³¹

Investment and accumulation in human capital were concentrated in formal and informal education. The education revolution was essentially a deadly blow to all forms of education. In summer 1966, all colleges and middle schools were suspended. In spring 1967, a number of middle schools were resumed. On the other hand, the suspension of colleges and universities lasted for three to four years. Admission was suspended and this led to a reduction in the number of students. Due to the influential size of the school-age (7 to 23) population, the casualties in the education sector were more than that in any other. The number of college and university students dropped in an unexpected way (see Fig. 16.5). During the Cultural Revolution, the number of college graduates dropped by a million and the number of secondary graduates declined by two million.³² Admission of postgraduate students was suspended. The Cultural Revolution caused a reduction not only in the number of graduates, but also in their quality. According to the *Report on Pilot Tutoring Program for High Schools* released by the Science and Education Group of the Beijing Revolutionary Committee on May 8, 1972, of the worker-peasant-soldier students admitted to the 11 tertiary institutions, 20% had completed beyond lower secondary education, 60% had completed lower secondary school, and 20% had only completed primary school. It took them half a year to catch up on basic knowledge.³³ Cai Fang and Du Yang's study concluded that the reduction of secondary and primary education from 12 years to 9 or 10

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years, together with curriculum changes and the suspension of colleges, specialized secondary schools, and vocational schools, had caused changes in human capital deposit. For the population aged 15 and above, the average education level was 4.8 years, or 5.6 years net of the impacts of the Cultural Revolution. In other words, the Cultural Revolution had destroyed 14.3% of potential human capital deposit. The Cultural Revolution dealt a severe blow to the laid-off urban workers, who became low-income or poverty-stricken in their retired years.

Fig. 16.5 Number of college students in 10 thousands, 1949–1978



China’s scientific and technological capabilities were hugely destroyed by the Cultural Revolution. Research institutes were shut down. The Chinese Academy of Sciences, China’s most prestigious research center, originally had more than a hundred projects running but in 1973 only 53 remained in operation. The number of its research staff and workers dropped from 60,000 to 28,000.

Works of culture and art were destroyed. Most traditional arts had been stopped. Many cultural workers and art practitioners were sent to the May 7 Cadre School. Art was devoted to serving the cult of Mao and the Cultural Revolution. In 1965, China published 20,143 books, 790 magazines, and 343 newspapers. Yet in 1968, China published only 3,469 books, 22 magazines, and 42 newspapers, merely 18.3%, 2.8%, and 12.2% of those in 1965.³⁴

Cultural monuments and relics were destroyed in unprecedented ways. During the Destruction of the Four Olds campaign in the second half of 1966, antiquities and archaeological artifacts, ancient texts, temples, churches, mosques, monasteries, cemeteries, and monuments were looted and destroyed by Red Guards. They had shamed the Chinese people and dishonored its ancestors.

Damages to governance and civil rights

In April 1975, Zhang Chunqiao, Politburo Standing Committee member and Vice-Premier of the State Council, published an article entitled “On Exercising All-Round Dictatorship Over the Bourgeoisie.”

Exercise all-round dictatorship over the bourgeoisie in all spheres and at all stages of development of the revolution...so that it will be impossible for the bourgeoisie and all other exploiting classes to exist or for new ones to arise; we definitely must not call a halt along the path of the transition.³⁵

Clearly, the Cultural Revolution was an unprecedented, all-round dictatorship over the CPC, the democratic bloc, and the masses. Later, the Lin Biao and Jiang Qing cliques ran a decade-long all-round dictatorship. During a Special Court trial, Jiang Qing boldly confessed to having no respect for law and authority, whereas Chen Boda admitted that the Cultural Revolution was a decade of mad and lawless turmoil.³⁶

No matter what good intentions may have been behind the Cultural Revolution, it heavily disrupted the state structures and apparatuses established in 1949. In 1967, 1971, 1972, and 1976, plenary sessions of the Central Committee were not convened once or twice a year as stipulated. The Secretariat stopped operations and was later rescinded. The Cultural Revolutionary Leading Group imposed a single-party system whereby it replaced the functions of the Central Committee, as well as the Politburo and its Standing Committee.

On July 3, 1969, a streamlining program was introduced. The Cultural Revolution Group was retained as an institution for the remainder of the Cultural Revolution decade. Also retained were the General Office, Organizational Department, and International Liaison Group. On the other hand, a number of government agencies were removed, merged, or replaced by lower divisions, including the Minister for Publicity, Investigate Department, and Supervision Committee. The 62 departments under the State Council were merged into 21; 210,000 executive officials were transferred to lower levels.

State structures provided in the Constitution were heavily destroyed. Regular meetings of the NPC and its Standing Committee, the CPPCC, and the State Council (including the Supreme State Conference) were abolished. The People's Courts, Supreme People's Procuratorate, and other judicial authorities were shut down. Democratic parties stopped operations. On March 30, 1968, Mao described the revolutionary committees as a coalition of three social groups:

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They have representatives of revolutionary cadres, representatives of the armed forces and representatives of the revolutionary masses. This forms a revolutionary three-in-one combination. The revolutionary committee should exercise unified leadership, do away with redundant or overlapping administrative structures, have better troops and simpler administration and organize a revolutionized leading group which is linked with the masses.³⁷

In 1967, during what was to become known as the January Storm, rebel factions in the whole country followed Shanghai's example to seize power. Party and government organizations at all levels were paralyzed to different degrees. On February 19, 1967, the Central Committee issued a circular for the formation of a revolutionary committee. From January 1967 to September 1968, revolutionary committees were established at provinces, cities and, autonomous regions. There was no legal basis or democratic legitimacy for such moves. At some provincial organs, the number of staff was reduced to 5% or perhaps 3%. The revolutionary committees adopted a system combining party authority with administrative and judicial power. Despite being described as a "great creation by the proletarian power seizure," the committees did not serve any governing function.³⁸

A significant number of leaders of the CPC and democratic parties were wrongly prosecuted. Liu Shaoqi said:

How you treated me is of no consequence. But I am the Chairman of the People's Republic of China and must be given the respect due to a chairman. Who can remove the Chairman? I must be tried and the decision must be passed by the National People's Congress. Acting as you do insults our country.... The Constitution guarantees the inviolability of a citizen's personal right and a person who undermines the Constitution is to be severely punished by law.

Liu Shaoqi's case led to 28,000 people being wrongly prosecuted in 26,000 cases.³⁹ The judgment of the Special Court under the Supreme People's Court provided authoritative information on the events of December 1968. Jiang Qing, Kang Sheng, and Xie Fuzhi rigged up a case of a "Chinese Communist Party (Marxist-Leninist)" with four lists of names. On these four lists, 103 (71%) members and alternate members of the 8th Central Committee were falsely charged, including 22 members and alternate members of the Politburo, the

General Secretary, and 13 members and alternate members of the Secretariat. Politburo member Peng Dehuai and Standing Committee member Liu Shaoqi were tormented to death. Of the 115 Standing Committee members of the 4th NPC, 52 members, the Chairman, and 8 Vice-Chairmen were framed; 12 vice-premiers of the State Council were framed; 6 Vice-Chairmen of the Military Commission were framed and persecuted, and one of them, He Long, was tormented to death; 76 Standing Committee members of the 4th CPPCC were framed (some of them were leaders of democratic parties); 11 other leaders of democratic parties were framed; and 40 well-known figures were persecuted to death. In the PLA, over 80,000 were framed and persecuted, of whom 1,169 died while being persecuted. In the Beijing municipal leadership, 13 were framed and persecuted, and 4 were persecuted to death. In the Shanghai municipal leadership, 12 were framed and persecuted, and 2 were persecuted to death. In public security organs, the people's procuratorates, and people's courts at various levels, 1,565 were hounded to death.⁴⁰

NPC conferences were suspended from 1966 to 1975. Its Standing Committee was controlled and administrated by the military. It stopped functioning as the supreme organ of state power endowed on it by the *1954 Constitution*; its powers once included legislative authority, the right to appoint and dismiss members of state organs, decision-making authority on major national issues, and authority to supervise the implementation of the Constitution and the work of other state organs. Constitutional amendments in 1975 and 1978 violated the following provision in the *1954 Constitution*:

Amendments to the Constitution require a two-thirds majority vote of all the deputies to the National People's Congress.

The *1954 Constitution* also stipulated that NPC decisions would be announced by the Chairman. However, this provision was not observed after 1967. Rights were enjoyed by representatives of the NPC and its Standing Committee, such as the right of inquiry, legislative immunity, and parliamentary privileges. Local people's congresses were also forced to suspend operations.

According to the *1954 Constitution*, the highest power in the state was shared between the Chairman and the NPC Standing Committee. This was a combination of collective and individual decision-making. In August 1966, Liu Shaoqi was politically prosecuted, removed from office, and lost his power over the military, the Supreme State Conference, the passing of laws and resolutions, and appointment and dismissal of State Council members. Dong Biwu took over the responsibility for foreign affairs.

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The State Council's daily operations were severely hampered. By late 1965, the State Council had 49 ministries, 22 directly subordinate agencies, 7 offices, and an office of secretaries, altogether 79 organs with 41,000 staff members. After 1967, the State Council was controlled by the military, its major posts occupied by army representatives. By late 1970, the State Council had only 32 organs and 10,000 staff members. The majority were sent away to study in the May 7 Cadre School.

Great changes took place in the military. According to the *1954 Constitution*, the Chairman of the People's Republic of China commanded the armed forces of the state, and was the Chairman of the Council of National Defense. The Council was an advisory body, not a military body. The Council stopped operations during the Cultural Revolution because Liu Shaoqi was Chairman. The 1975 and 1978 Constitutions abolished the military structure as well as the National Defense Council. The state's military power became held by the Chairman of the Central Military Committee.

The judicial system was severely hampered. China's judicial structure consisted of systems of trials, procuratorates, investigations, executions, notary services, arbitrations, and lawyers. In 1967, the people's courts and procuratorates at all levels suspended operations. The Police, Ministry of Public Security, people's procuratorates, people's courts, Ministry of Justice, notary and arbitration agencies, and law firms were basically paralyzed or disintegrated. Penalties and sentences were imposed by the Central Examination Group for Special Cases. The Chairman and State Council members appointed by the NPC, NPC members, as well as Party and government officials at all levels, could be arrested without any legal procedure.⁴¹

Civic rights were severely curtailed. According to the *1954 Constitution*, all Chinese citizens were equal before the law. All Chinese citizens enjoyed freedom of speech, press, assembly, association, procession, demonstration, and residence. Personal freedom and residences were inviolable, and privacy of correspondence was protected by law. Civil rights were protected by the state.⁴² Yet during the Cultural Revolution, personal freedom and other rights were severely curtailed. The state could provide no protection; this was a typical failure of the state system. 700,000 cadres and commoners were cruelly wronged and persecuted, and 34,000 of them died. A million were framed in false cases and persecuted.⁴³

The Cultural Revolution brought havoc rather than improvements to the state's basic institutions. As concluded by the judgment of the Special Court under the Supreme People's Court:

During the Cultural Revolution, the political life of the state became extremely abnormal, and the Socialist legal system was seriously undermined. Taking advantage of their positions and power at that time and resorting to every possible means, overt and covert, by pen and by gun, the Lin Biao and Jiang Qing counter-revolutionary cliques framed and persecuted state leaders and leaders of the Chinese Communist Party and the democratic parties in a premeditated way, conspired to overthrow the government and sabotage the army, suppressed and persecuted large numbers of cadres, intellectuals, and ordinary people from various social strata, poisoned the minds of large numbers of young people, and endangered the life and property and right of autonomy of the people of various national minorities.⁴⁴

Political movements from 1949 to 1976

The biggest difference between China and other developing countries lies in its capacity for political mobilization. During its modernization, China had mobilized its troops, government staff, workers, as well as scattered peasants and the masses. It had mobilized people from both central and local areas and from different social groups. The politically mobilized masses, however, could also mean rampant destruction in the context of political movements and struggles.

In 1949, China started its industrialization and modernization, as well as class struggles and political movements. After the Communists took over, they started various political campaigns. Mao did not rule by effective governing, but by organizing political movements to exercise complete social control.

Statistics showed that, between 1949 and 1976, China had launched 67 political movements of different scales, an average of 2.5 per year. The movements climaxed in the 1950s — 31 movements were launched in the decade, an average of 3 per year. The Party and Mao himself inspired every movement. These movements came one after another. Mao went to the extent of saying that class struggles should be talked about every year, every month, and every day.

These movements were launched on the orders of the Party or the Central Committee. The land reform was an exception — it was based on the Land Law. The prohibition of tobacco and drugs was decided by the Government Administration Council.

Despite differences in scope and scale, these movements caused harm to various sectors to a different degree. Some were launched in the Party, government, or

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army but most were nationwide. In every movement, political figures were publicly criticized, and in almost every movement, political grievances were redressed.

To prevent and suppress bureaucratism and capitalism, Mao carried out regular political rectification through frequent political movements. Despite his good intentions, his campaigns resulted in misjudgment of Party cadres, government and military officials, landowners, rich peasants, counter-revolutionaries, rightists, common criminals, and their families. This explained their descendants' negative sentiments towards Mao — a political price he had to pay — which did not die out even after Mao's death and the end of the Cultural Revolution. The anti-Mao sentiments also impaired China's long-term stability and prosperity. This was why the Third Plenary Session of the 11th Central Committee decided to put an end to class struggles and start a new era of economic construction.

In April 1956, Mao warned against repeating Stalin's mistakes:

Leaders of Communist Parties and socialist states in various fields are duty bound to do their utmost to reduce mistakes, avoid serious ones, endeavor to learn lessons from isolated, local, and temporary mistakes and make every effort to prevent them from developing into mistakes of a nationwide or prolonged nature.⁴⁵

The pity was that not only did Mao repeat Stalin's mistakes, but he also made mistakes of a "nationwide or prolonged nature," namely the Great Leap Forward and the Cultural Revolution. How did Mao's subjective goals deviate from reality? What led to and allowed for the mistakes in his later years?

Institutional Reasons for Mao's Bad Decisions in His Later Years

Lenin wrote in *Left-Wing Communism: an Infantile Disorder*:

Frankly acknowledging a mistake, ascertaining the reasons for it, analyzing the conditions that have led up to it, and thrashing out the means of its rectification — that is the hallmark of a serious party; that is how it should perform its duties, and how it should educate and train its class, and then the masses.⁴⁶

After Mao's death, the CPC honored his contributions while seeking to take a different approach from his radicalism and dictatorship. The Great Leap Forward

and Cultural Revolution seemed to be Mao's fault. The blame is, undoubtedly, mainly his; but on a deeper level, there was an institutional root to his mistakes.

Life tenure for the Chairman

Mao's successes and failures were closely related to the length of his rule. The longer he ruled, the more bad decisions he made than good ones, and the bad decisions snowballed over time into a huge mistake.

Stalin and Former Yugoslavian President Tito made the same mistakes too. Despite claiming to have learned from Stalin's lesson at the 8th National Congress (1958), Mao later repeated the Soviet mistake of setting up an Honorary Chairman of the Central Committee in the *Party Constitution*.

Mao was Chairman of the Central Committee for 33 years, from March 1943 until his death in September 1976. His term in office was longer than Stalin's as Secretary-General of the Soviet Communist Party. As the Party's supreme leader, Mao ruled for 27 years, longer than any Socialist ruler. Neither did the 8th to 10th Party Congresses, nor the 1st to 4th National Congresses fix a tenure for the Party Chairman in the *Party Constitution*. As a matter of fact, Mao's lifelong tenure did not violate the *Party Constitution*. But that was a very backward policy.

In summer 1956, at the Beidaihe meeting, Mao suggested a fixed tenure for Party and state leaders. He also suggested limiting a leader's tenure to a maximum of two terms, and that his tenure should come to an end when his current term expired.⁴⁷ He said he had planned to resign as a politician, and become a theorist and thinker — which indeed would have suited him better. A theorist or thinker can look beyond reality and history, but a politician's innovations are constrained by reality.

On September 13, 1956, before the 8th National Party Congress, Mao asked for the position of Honorary Chairman after his retirement at a discussion on setting up central leading bodies.⁴⁸ As provided for in Article 37 of the *1956 Constitution*, the Central Committee may, when it deems necessary, appoint an Honorary Chairman. This provision was intended as a way to please Mao, but at the same time to prevent him from having life tenure. It was a pity that Deng Xiaoping did not give clearer definition to the provision in 1956 amendments to the *Party Constitution*. Who decides when an Honorary Chairman is necessary? Given the provision's ambiguity, it was merely an empty formality.

In April 1957, Mao offered to resign at a proper time. His suggestion, however, was never formally discussed by the Central Committee. The provision in Article 37 of the *Party Constitution* became an empty promise. Despite being written in

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black and white, an ineffective institution could perform no restraining function.

In 1981, Hu Yaobang explained in his speech at the celebration of the 60th anniversary of the CPC's founding:

One of the fundamental reasons why the grievous errors of the Cultural Revolution remained unrectified for so long is that the regular political life of our Party, inner-Party democratic centralism, and the collective leadership of the Central Committee in particular, had been disrupted.⁴⁹

Failure of inner-party democracy

The Party's incapability of restraining, reducing, and removing Mao's power led to the snowballing of his mistakes. His style of governance violated and destroyed state institutions. As early as at the 7th Party Congress, the *Party Constitution* had been established as an institution that made all citizens equal. No one leader should be privileged. In his report at the congress Liu Shaoqi said:

However, the Constitution — that is to say the rules and regulations of our Party — not only defines the fundamental principles governing the Party but also lays down, in line with these principles, the methods of practical action for the Party organization and the rules governing the organizational forms of Party structure and inner-Party life....

He criticized some members:

Party rules and resolutions, in their opinion, are written for rank-and-file Party members but not for leaders. This is an anti-democratic, autocratic tendency in the Party and a reflection of the ideology characteristic of a privileged social class.⁵⁰

From 1949 to 1954, Mao strictly observed inner-Party rules and maintained a relatively equal status with other Party leaders. He advocated democracy, respected others' opinions, and developed a democratic atmosphere within the Party. It was relatively easy to achieve consensus. Socialist construction progressed smoothly. After 1957, he had less respect for rules and became increasingly dictatorial. The more rules he broke, the more dictatorial he became, the less democratic the Party. The less advice he was willing to accept, the more mistakes he made, and the more the country suffered. Over time, he shifted from democracy to autocracy. The Central Committee's 1981 resolution said:

Feudalism in China has had a very long history. Our Party fought in the firmest and most thoroughgoing way against it, and particularly against the feudal system of land ownership and the landlords and local tyrants, and fostered a fine tradition of democracy in the anti-feudal struggle. But it remains difficult to eliminate the evil ideological and political influence of centuries of feudal autocracy. And for various historical reasons, we failed to institutionalize and legalize inner-Party democracy and democracy in the political and social life of the country, or we drew up the relevant laws but they lacked due authority. This meant that conditions were present for the over-concentration of Party power in individuals and for the development of arbitrary individual rule and the personality cult in the Party. Thus, it was hard for the Party and state to prevent the initiation of the Cultural Revolution or to check its development.⁵¹

The *1945 Party Constitution* contained many provisions to promote democracy in the Party. Liu Shaoqi, on behalf of the Central Committee, explained in his report:

No leading comrade in the Party, including members of the Central Committee, should publicize their views on issues of a national character without the Central Committee's approval.⁵²

He criticized:

They issued orders and ruled arbitrarily within the Party. They perused a policy of obscurantism. They encouraged blind obedience on the part of Party members, carried on merciless inner-Party struggles and engaged in punitive acts. They punished, expelled or purged Party members wholesale.... It is quite obvious that such a line could destroy our Party...⁵³

During the prolonged and brutal wars, the CPC had many setbacks and failures, not only due to the enemies being too strong, but also due to bad decisions. These were the roots of democratic centralism in the CPC. In August 1948, the Central Committee released a report on strengthening the party committee System:

The party committee system is an important party institution for ensuring collective leadership and preventing any individual from monopolizing the conduct of affairs.... All important problems...must be submitted to the committee for discussion, and the committee members present should

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express their views fully and reach definite decisions which should then be carried out by the members concerned.... Furthermore, we must take care that neither collective leadership nor personal responsibility is overemphasized to the neglect of the other.

This decision was put into practice throughout the Party.⁵⁴ The party committee system, as the Party's core institution, helped make the CPC stronger and eventually the well-supported, rightful ruling party in China.

For a long time the CPC's revolutions had been based in the countryside. Eventually, circumstances started to change in 1949. The KMT's mistakes had given the CPC a chance to win. Despite the CPC's mistakes after 1949, no party had the power to challenge, let alone replace the Communist rulers.

For a period after the Communists gained power, the Supreme Leader was fairly modest and prudent, allowing exchanges of different views within the party and listening to advice even from outside the Party. During this period, democratic centralism in the Party was upheld and improved upon. Deng Xiaoping reiterated the importance of collective leadership and individual responsibility. Article 19 of the *1956 Party Constitution* provided that:

Party organizations of the various levels shall put into effect the principle of combining collective leadership and individual responsibility.

Deng noticed many defects in the application of the system of collective leadership in the Party. Notable among the defects was the exercise of exclusive personal control, which he firmly opposed. He suggested that all questions submitted to the meeting be discussed and that differences of opinion be permitted. If, in the course of discussion, a serious difference of opinion arises, the discussion should be suitably prolonged and conducted between individuals so as to reach real agreement among the great majority, provided this would not affect an urgent matter that needed to be settled immediately.⁵⁵ Based on experiences and past lessons, Deng concluded that personal decisions on important issues were prohibited by the *Party Constitution* and would lead to inevitable failures.⁵⁶ He demanded that Party Congresses at the various levels be held at regular intervals and that they play their part to the full. He believed that cadres' conferences could not legally replace the holding of Party Congresses. He suggested that the National Party's Congress and the congresses at provincial and county levels be fixed for a term and sessions be held annually. The greatest merit of a system of fixed terms for the congresses was that it would make the

congresses the Party's highest policy-making and supervisory organs. Under the new system the Party's most important decisions could all be brought before the congresses for discussion.⁵⁷

Deng Xiaoping was one of the few CPC leaders who realized the importance of democracy and collective decision-making, and contributed a lot to their refinement. Had the Party had the same priorities, the Great Leap Forward and Cultural Revolution would have been avoided or would have been crushed before they had started.

Before the 8th National Party's Congress, something happened and strengthened Mao's autocracy: he was given authority to approve documents of the Central Committee. On May 19, 1953, Mao wrote a letter to criticize Liu Shaoqi and Yang Shangqun (Director of the General Office of the Central Committee) for issuing documents on behalf of the Central Committee. He then laid down the rule that documents and telegrams issued under the name of the Central Committee should be approved by him before release.

After the 8th National Party's Congress, Mao further strengthened his power. His mistakes could be attributed to his violation of democracy, collective decision-making, and statutory formalities. In May 1966, he replaced the Central Committee Standing Committee, the Politburo, and the Secretariat with the Cultural Revolutionary Leading Group and its working sessions. In June 1966, he invited representatives from non-governmental organizations to the Eleventh Plenary Session of the 8th Central Committee. On August 5, 1966, he issued his first big-character poster, "Bombard the Headquarters," without any discussion by the Central Committee. On October 4, 1974, his secretary Zhang Yufeng conveyed Mao's suggestion of appointing Deng Xiaoping as First Deputy Premier. In October 1975, Mao made Mao Yuanxin his informal liaison with the Politburo, thereby replacing the Politburo's regular meetings and resolutions. In November 1975, on Mao's order, the plenary sessions of the Central Committee were replaced by "notification meetings," and resolutions passed by the Central Plenary Session were replaced by oral instructions. On April 8, 1976, upon Mao's suggestion unanimously agreed upon by the Politburo, Deng Xiaoping was removed from all his posts.

Defects in the application of Party and state institutions facilitated Mao's dictatorship. His divorce from reality and the masses in his later years could be attributed to his deteriorating health and the fact that other leaders were safeguarding the rules and norms. Mao had been troubled by this and had tried to manipulate his way out of the problem.⁵⁸ However, after the Lin Biao Incident in

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1971, more information was kept from him. He had no idea that there were several hundred million people starving in the countryside, or that there were protests on his doorstep in the Tiananmen Incident.

Differing opinions escalating into class struggles

Mao never gave in on matters of principle. In most cases, he criticized or even excoriated Liu Shaoqi, while Liu would agree with or obey Mao. In July 1951, Mao criticized Liu and the North China Bureau for shaking the private nature of mutual aid organizations. Liu and Bo Yibo immediately gave up their opinions.⁵⁹ In February 1953, Mao criticized the proposal of creating a New Democratic order, which involved not only Liu Shaoqi, but also Zhou Enlai and Deng Xiaoping. The proposal was removed from the finalized report.⁶⁰

Stalin's political influence

Mao's mistakes in his later years were the fault of himself, of Party and state institutions, and of history. Stalin left a deep influence in many Socialist countries. Lu Nanquan gave a general characterization of Stalin's policies:

- Single-party system;
- Proletarian dictatorship;
- Centralism where inner-party democracy was non-existent and powers were concentrated in Stalin's hands; and
- Strict control over culture, ideology, and interpretations of Marxism-Leninism.

This highly centralized form of government led to the centralism and despotism of Stalin.⁶¹ China's political system during 1957 to 1976 generally resembled the Stalinist practices. Even if Mao did not make mistakes, another person would have taken his place. Mao's deviation from the collective leadership and China's realities was a repetition of Stalin's mistakes under similar political practices. Mao had noticed Stalin's mistakes in 1955; not long after Khrushchev's secret report slipped out, Mao told Hu Qiaomu:

Stalin's autocratic rule, as revealed by the Soviets, is no less than that of the most autocratic despot in history.

He believed China should choose a better path than the Soviet one.⁶² In the

article "On the Historical Experience of the Dictatorship of the Proletariat," published on April 5, 1956, he provided an in-depth analysis over the reasons behind and lessons of Stalin's mistakes in his later years:

But when any leader of the Party or the state places himself over and above the Party and the masses instead of in their midst, when he alienates himself from the masses, he ceases to have an all-round, penetrating insight into the affairs of the state. As long as this was the case, even so outstanding a personality as Stalin could not avoid making unrealistic and erroneous decisions on certain important matters.... During the latter part of his life, Stalin took more and more pleasure in this cult of the individual, and violated the Party's system of democratic centralism and the principle of combining collective leadership with individual responsibility. As a result he made some serious mistakes.... On these issues, Stalin fell victim to subjectivism and one-sidedness, and divorced himself from objective reality and from the masses.

...The cult of the individual is just one such force of habit of millions and tens of millions. Since this force of habit still exists in society, it can influence many government functionaries, and even such a leader as Stalin was also affected by it. The cult of the individual is a reflection in man's mind of a social phenomenon, and when leaders of the Party and state, such as Stalin, succumb to the influence of this backward ideology, they will in turn influence society, bringing losses to the cause and hampering the initiative and creativeness of the masses of the people.

...And if any leader of the Party or state isolates himself from collective leadership, from the masses of the people and from real life, he will inevitably fall into rigid ways of thinking and consequently make grave mistakes. What we must guard against is that some people, because the Party and the state have achieved many successes in work and won the great trust of the masses, may take advantage of this trust to abuse their authority and so commit some mistakes.

Each of them, whether it is the Soviet Union, or China or any other People's Democracy, has its own experience of success as well as its own experience of mistakes. We must keep on summing up such experience. We must be alive to the possibility that we may still commit mistakes in the future; the important lesson to learn is that the leading organs of our Party should limit errors to those of an isolated, local, temporary nature,

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and permit no isolated, local, initial mistakes to develop into mistakes of a nation-wide or prolonged nature.⁶³

Nobody, not Mao, nor other leaders, could foresee Mao repeating Stalin's mistakes and the Cultural Revolution.

Chief responsibility for the grave "Left" error of the Cultural Revolution, an error comprehensive in magnitude and protracted in duration, does indeed lie with Comrade Mao Zedong....

Comrade Mao Zedong's prestige reached a peak.... He gradually divorced himself from practice and from the masses, acted more and more arbitrarily and subjectively, and increasingly put himself above the Central Committee of the Party. The result was a steady weakening and even undermining of the principle of collective leadership and democratic centralism in the political life of the Party and the country. This state of affairs took shape only gradually and the Central Committee of the Party should be held partly responsible.⁶⁴

In August 1980, Deng Xiaoping said:

In his twilight years... he did not readily listen to differing opinions.... Democratic centralism was impaired, and so was collective leadership. Otherwise, it would be hard to explain how the Cultural Revolution broke out.⁶⁵

Deng Xiaoping's painful lesson

Given the amount of time he had worked with Mao, Deng knew much about the emergence, escalation, and culmination of Mao's mistakes. A victim of Mao, Deng's pain brought him to ponder the institutional reasons behind Mao's mistakes. In June 1980 he said:

Criticizing Comrade Mao's personal mistakes alone will not solve problems. What is most important is the question of systems and institutions.⁶⁶

Deng's contributions to the *1956 Party Constitution* helped establish democracy in the Party. His institutional designs were intended to prevent autocracy in the Party; yet they were destroyed by Mao. After the Cultural Revolution, Deng took the initiative to analyze the institutional reasons behind Mao's mistakes and learn some lessons:

It is true that the errors we made in the past were partly attributable to the way of thinking and style of work of some leaders. But they were even more attributable to the problems in our organizational and working systems. If these systems are sound, they can place restraints on the actions of bad people; if they are unsound, they may hamper the efforts of good people or indeed, in certain cases, may push them in the wrong direction. Even so great a man as Comrade Mao Zedong was influenced to a serious degree by certain unsound systems and institutions, which resulted in grave misfortunes for the Party, the state, and himself. If even now we still don't improve the way our socialist system functions, people will ask why it cannot solve some problems which the capitalist system can. Such comparisons may be one-sided, but we must not just dismiss them on that account. Stalin gravely damaged socialist legality, doing things which Comrade Mao Zedong once said would have been impossible in Western countries like Britain, France, and the United States. Yet although Comrade Mao was aware of this, he did not in practice solve the problems in our system of leadership. Together with other factors, this led to the decade of catastrophe known as the "Cultural Revolution." There is a most profound lesson to be learned from this. I do not mean that the individuals concerned should not bear their share of responsibility, but rather that the problems in the leadership and organizational systems are more fundamental, widespread, and long-lasting, and that they have a greater effect on the overall interests of our country. This is a question that has a close bearing on whether our Party and state will change political color and should therefore command the attention of the entire Party.⁶⁷

Mao was a founder and leader of the Communist Party, but at the same time a destroyer of democracy. He was also a victim of his own mistakes.

Mao's failures inspired Deng's later success

Mao said:

Failure is the mother of success. If there is nothing good about failure, how can it be the mother of success? When too many mistakes are made, there is bound to be a turn-about.⁶⁸

Mao's successes and failures, no matter right or wrong, shall inspire later generations.

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Mao was a great politician and a prophet. At the 8th National Party Congress, he foretold China's later prosperity:

China's future hinges upon Socialism. It will take fifty or even one hundred years to turn China into a wealthy and powerful country.... How it will change in the future depends on how China develops. China may make mistakes or become corrupt; the current good situation may take a bad turn and, then, the bad situation may take a good turn. There can be little doubt, though, that even if China's situation takes a bad turn, it may not become as decadent a society as that of Chiang Kai-shek's. This anticipation is based on dialectics. Affirmation, negation, and, then, negation of negation. The path in the future is bound to be tortuous.⁶⁹

Mao did not define the good and bad situations, nor did he explain how the turns would work. He believed in dialectics. His predictions were later proved correct. China took a bad turn in 1957 when Mao negated the Party's correct stand in the PRC's early years. In 1978, China took a good turn when Deng Xiaoping restored the Maoist style of "seeking truth from facts." The successes between 1949 and 1956 resulted in failures between 1957 and 1976, which eventually led to successes after 1978.

The Cultural Revolution inspired Deng's Reform and Opening Up policies, and brought political and social stability after 1978. These are the greatest contributions of the Cultural Revolution.⁷⁰ Deng Xiaoping said:

Although we thoroughly condemn the Cultural Revolution, we recognize that it was useful to the extent that it taught us a lesson. Without that lesson, we would have been unable to formulate the policies and the ideological, political, and organizational lines that we have worked out since the Third Plenary Session of the 11th CPC Central Committee. At that session it was decided that the focus of our work should be shifted from class struggle to developing the productive forces and modernizing the country. That policy decision won universal support from Party members and the people. Why? Because we had before us the alternative example of the Cultural Revolution. So the Cultural Revolution has turned out to be valuable.⁷¹

Deng Xiaoping could turn political and economic crisis into opportunities for China's reform and opening up. He said in answer to American journalist Mike Wallace:

That episode looks bad, but in the final analysis, it was also a good thing. Because it set people thinking and helped to identify our failings. Chairman Mao often said that bad things could be turned into good things. If we draw the right lessons from the Cultural Revolution, we can institute measures of reform to change the face of China politically and economically. Thus bad things can be turned into good things.⁷²

Mao was a great theorist. His theories were innovative, visionary, and sustainable. Mao had noticed Socialism is a new, complicated construct not well understood by many, which took him a lot of hard effort to explore. At the Second Plenary Session of the 7th Central Committee, he warned that this learning process would require the Party to leave behind what they were familiar with in the countryside to encounter new and unfamiliar tasks in the cities. In many respects of Mao's theories there was substantial continuity, but there were also startling ruptures and reversals.⁷³

Mao had a concern to adapt Marxism, or Marxism-Leninism, to the economic and social reality of a backward agrarian country, and to the heritage of the Chinese past.⁷⁴

Marxism, or Marxism-Leninism, originated in Western industrialized countries as a response to challenges in a capitalist society. Marx and Lenin provided no solution to the problems faced by the populous, ancient, economically backward, and lopsidedly developed China, nor any theory, framework, or experience for institutional construction. Marxist discussions on the early contradictions and problems in capitalist societies are based on Western circumstances. Lenin gave answers to the basic questions of Socialist construction in Russia; but the conditions in China were quite different.

The plan formulated by Mao at the 8th National Party Congress (1956) was in line with China's realities. Unfortunately, Mao later gave up his plan which resulted in the end of its first golden age of modernization and setbacks in the overall modernization process. Deng Xiaoping said:

Comrade Mao Zedong's mistakes consisted in violations of his own correct ideas.⁷⁵

Looking back on the 8th Party Congress, Deng Xiaoping said:

Its line was correct. However, because the Party was still inadequately prepared ideologically for all-round Socialist construction that line

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and the many correct views put forward at the congress were not fully implemented. After the 8th Congress we achieved many successes in socialist construction, but we also suffered grave setbacks.⁷⁶

Mao's and Deng's different understanding of and responses to the challenges in China's development led to their different models of Socialist construction. Mao was more idealistic and radical, while Deng was more realistic and progressive. However, Deng would not have succeeded without Mao's failed attempts. China would not have achieved its stability and prosperity without the chaos of the Cultural Revolution.

Why was it that our country could remain stable after the June 4 Incident? It was precisely because we had carried out the reform and the open policy, which have promoted economic growth and raised living standards.⁷⁷

Harry Harding wrote:

As of the late 1980s, in fact, it appeared that, paradoxically, the chaos of the Cultural Revolution had been an important condition for the reforms of the post-Mao era.... In short, had there been no Cultural Revolution, it is unlikely that reform in the post-Mao period would have gone as far or as fast.⁷⁸

When Deng Xiaoping became the second generation of the central core of leadership, not only did he avoid repeating Mao's mistakes, but he also rectified small mistakes before they could spread. He acted in accord with socioeconomic trends. Through the Reform and Opening Up, China stepped up its pace of entering into the global wave of modernization and so entered into its second golden age of modernization.

In addition to his failures, Mao's philosophy also inspired Deng's success. Deng restored, upheld, and refined Mao's philosophy of "seeking truth from facts" to its true essence. To explore a model for Socialist modernization suited to China's realities, one needs to continuously strive for a better understanding of China and the objective laws of social development. In his speech at the commemoration of the 100th anniversary of Deng Xiaoping, former Chinese President Hu Jintao said:

Deng Xiaoping repeatedly stressed that he sought truth from facts. He emphasized practice as the sole criterion for testing truth.⁷⁹

Deng had also said:

Only by following Mao Zedong Thought did the Chinese revolution achieve success. We cannot abandon the banner of Mao Zedong Thought. We will continue to hold high the banner of Mao Zedong Thought, not only today but in the future as well. If we do not pursue Mao Zedong Thought we will be guilty of a grave historical error. Our central aim is to confirm Comrade Mao's historical position, as well as to maintain and develop Mao Zedong Thought.⁸⁰

The success of China's Reform and Opening Up symbolizes the success of Maoism.

Postscript from the Original Chinese Edition

This book, titled *The Political and Economic History of China (1949–1976)*, has now finally been published by Tsinghua University Press after four years of writing and revising by me. The book's publication coincides with the 40th anniversary of the start and the 30th anniversary of the end of the Cultural Revolution, historically seen as a special development period after the founding of New China and an era which left an extremely profound historical mark on the future generations. I have experienced both the Cultural Revolution and the later new period of Reform and Opening Up. We need to learn from history, including both successes and failures, to make the historic treasures of future generations.

To Western historians, Chinese civilization is more extensive and complicated than Western civilization.¹ China's modernization is the most magnificent event of its kind in human history, and it has provided the most abundant and profound experiences and lessons.² As our knowledge and understanding about China's modernization is superficial, we need to treat our history in a more rational manner so as to create a society which is richer because of the experiences, lessons, knowledge, and wisdom of our history.

History is both a "great school without walls" and a genuine "great tutor." This book attempts to provide understanding, as well as review, evaluate, and sum up history. This history is the history of China's modernization after 1949.

It has been more than just a challenging academic research project. History has always been like an exciting novel, a contemplative poem, and a vivid picture that requires one's complete and wholehearted understanding.

Second, I wrote this book for reality. I have been calling the study of China's national conditions (which is called *China Studies* abroad) as like reading an obscure book — a great work that can be never finished and which makes one fascinated and excited and which serves to drive me to be a pioneer in this new field. The second purpose for my writing this book was to recognize, understand, analyze, and interpret China from a historical perspective.

The writing of this book dated from 2000 with the first draft serialized in *Report on National Conditions* published by the Center of China Study in 2004 and this report caused intense repercussions among the leaders. This indicated

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that history is closely related to reality. By reviewing history, one can learn from experience and go through history to explore new knowledge.

Third, I wrote this book for students. As a university teacher, it is both my basic obligation and long-term investment in the future which makes me want to teach and educate students. Tsinghua University plays an important role in cultivating a large number of modern talents in terms of not only intellectual and scientific elites, but also political and executive administration elite for modern China. This is the outcome of constant investment in human capital. The mission of Tsinghua University is to cultivate academic masters and great statesmen. Therefore, the School of Public Policy and Management was established in 2000 and I joined it later as a teacher and academic researcher. One of the main reasons for writing this book was to meet the need of presenting a required course for postgraduates and MPA students titled *The Theory and Practice of Socialism*. After going through almost all the related textbooks and reference books, I decided to update the textbook-and-lecture style in the hopes that students could understand and comprehend the history of the modernization development of contemporary China systematically and, though still learning, they would know something, obtain something, think about something, and eventually achieve something.

Fourth, I wrote this book for readers. It is a pleasant thing to write for readers. A writer does not know who will read his book and how the readers will evaluate his book. But readers are the best judge for the writer. Here, I would like to mention two unexpected stories which happened during my visit abroad. In May 2005, when I introduced China's economic development at the Rockefeller Foundation, I met some people who were impressed by *Survival and Development*, the book I wrote in 1989. When in the same month I met with American guests at the Metropolitan Club in New York, a guest told me that after reading my essay on China's economy in *China Press* in 1992, he decided to study China's economic development. Writing for readers is to exchange and share knowledge with readers. I sincerely hope that readers would enjoy this work, and through this book understand China's economy and politics and obtain some experiences and draw some lessons from history.

This book analyzed in detail and elaborated from a historical perspective the road to Socialist modernization with Chinese characteristics broken by the old generation of the Chinese Communist Party since the founding of the People's Republic of China, which I call "the Road of China." It is a period of the Chinese Communist Party establishing, creating, and developing an industrialized and modernized Socialist country, showing how the Chinese Communist Party

changed this populous, time-honored, backward and diverse big power in the Orient into a prosperous and powerful modernized country.

How to realize industrialization, urbanization, and modernization? How to materialize the constant multiple social transitions? And how to build a strong country with rich people? Several generations of Chinese leaders, from Mao Zedong to Deng Xiaoping, Jiang Zemin and Hu Jintao, have been exploring the theme of how to innovate and observe on Socialism with Chinese characteristics against China's national conditions and global economic integration. This is the greatest social experiment with the largest number of people participating ever. China's practice proved to the world that social treasures of human beings (including material and spiritual treasures) could be created constantly, that poverty afflicting humans could be reduced on a large scale, and that the economically backward underdeveloped countries could catch up with the developed countries, so it is a great contribution to the world, especially to developing countries. But only a few countries are capable of making such apparently-simple changes. Some scholars in the world used to debate on the "American Miracle" or the "Japanese Miracle" or the "East Asian Miracle" and now they will turn to the "Chinese Miracle." Has China witnessed a miracle? How did this miracle occur? What influence would this miracle have on other countries and even on humanity? I shall answer these questions one at a time in the serialization of *The Political and Economic History of China*. This book is the first part of that serialization which concentrated on the period from 1949 to 1976.

In my attempt to discuss the macro background for China's development of socialism, I started from a historical perspective by comparing China's own development vertically over 250 years and from an international perspective by comparing the rise-and-falls of great powers horizontally to interpret the lagging behind of China in the world's industrialization and modernization movement during 1750 to 1950 and its rise again after 1950. To understand the starting point, process, logic and characteristics of "China's Road" historically, we need to know more about the historical point and conditions when China began its modern development and to make an international comparison concerning China's national conditions at that time.

This book elaborated the trajectory and drives of China's modernization since the founding of New China from political and economic development. China — a latecomer to modernization — adopted a catching-up strategy which took different forms successively (the first generation development strategy was represented by Mao Zedong, the second generation development strategy

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was represented by Deng Xiaoping and Jiang Zemin, and the third generation development strategy is represented by Hu Jintao). New China has seen its economic preparation period (1949 to 1978) and economic take-off period (1978 to at least 2020) enhance its position in the world economy and trade and narrow its economic and social gap with developed countries successfully.

It is therefore necessary for us to look at historical figures including historical giants like Mao Zedong and Deng Xiaoping. We should read their works, understand the background of their decisions and evaluate their successes, failures, and the consequences of their actions.

I enjoy, appreciate, and love reading history. It helps lead to an understanding of the ever-changing reality of China. What is more important is that it adds a sense of history to my understanding of many contemporary issues. I had never thought to write an academic work on the history of China's politics and economy as writing history requires more knowledge accumulation and a deeper understanding of the essence and drives of history — the critical factors that determine the direction and process and history — than reading history.

The content of this book is a significant part of my long-term study on the national condition of China which is an exciting and challenging subject. I analyze and discuss China's politics and economy with the principle and attitude of being responsible for history, for the people, and for the readers. Although this historical great change is far from being finished and China's rise is still ongoing or being confronted with greater challenges and more uncertainties, I do my best to record this historical process, unearth the direct and indirect momentum of this great change, and grasp its development line and historical evolutionary logic. This book not only provides readers with valuable analysis and discussion, but also poses and leaves some issues more controversial to be pondered upon.

This book is written in a simple manner by posing questions first and then analyzing and answering them, usually putting forward the major or relevant questions at the beginning of every chapter or section, then analyzing them one by one and finally giving a conclusion or comments at the end of each chapter or section. This book brings forward hundreds of interesting questions on the politics and economy of contemporary China — interrelated and interacted questions outlining a series of clues and scenes of major historical transitions, events and characters of contemporary China.

History is a mirror to the present era. We could obtain a deeper understanding of today's China if only starting from a depth-point of China.³ It is equally important and complementary to understand history and reality since historical

development is like a river that would never stop nor end but extend from the past to the present and then to the future.

The politics and economy of contemporary China present us with an unprecedentedly complicated historical scene stemming from and then transcending its history. I named this book *The Political and Economic History of China (1949–1976)*, which in the first part mainly concentrated on the era of Mao Zedong. I am writing the second part which concentrates on the era of Deng Xiaoping (1977–1992). It is my belief that the two eras are different but derived from the same origin. Mao Zedong and Deng Xiaoping were both great figures who played extremely important and special roles in the great social changes of China and who made different contributions to history. Both of their achievements and mistakes are great. They, born into the greatest countries in the world and in the greatest era of China's history, led the greatest social revolutions. There were lots of differences between the two, which showed different features and situations of the two eras.

Mao Zedong, the leader of the political revolution, was good at economic revolution and construction. He launched a political revolution (such as the Cultural Revolution) at the costs of economic development. Deng Xiaoping, with his abundant experiences in political revolutions, was also the leader of a Chinese economic revolution. He changed the role of the leader in accordance with the times and launched the well-known Chinese economic revolution successfully.

Mao Zedong, taking struggle as his philosophy and class struggle as the key line, was better at destroying an old world than “building a new one” despite his eagerness for a new one. Many of his efforts failed, among which were “the People's Commune” which he advocated in 1956, the “Big School of Communism” that gathered workers, peasants, students, and soldiers together (see the *May 7 Instructions*) which he advocated in 1966 and new things such as cadres going to the May 7 Cadre School and “educated youth going to the countryside to be reeducated by the poor and lower-middle peasants” which he advocated in 1968. Deng Xiaoping emphasized construction and believed that development was of overriding importance. Better at constructing a new world, he created a new era not only of economic construction, but also of nation building.

Mao Zedong, the founder of new China, made it an independent world power. Deng Xiaoping, pioneer of China's reform and opening up, made China develop rapidly, grow stronger, and truly enrich its people.

As Mao Zedong and Deng Xiaoping were in different historical eras, they took on different historical missions. Deng Xiaoping advanced China's modernization

by connecting the past and the future together with a spirit of keeping pace with the times.

It is an important part of this book to analyze and recognize historical errors and the reasons for them including Mao Zedong's in his old age. Just as Hu Yaobang said, "China shall succeed if only we could avoid all-round and long-term mistakes and avoid recommitting serious mistakes that we had made before."⁴ Mistakes generate rightness and failures beget success.

People might ask what is the most significant and distinctive conclusion in this book? My answer is that the failure of Mao Zedong in his old age was the source of the success of Deng Xiaoping. And a relevant question worthy of discussion is why Deng Xiaoping achieved more success than Mao Zedong in his old age? It is a continuous process for leaders' practice and studies. In contrast with the successor, the predecessor shall make more mistakes and pay higher learning costs while the successor can learn with higher speed and efficiency or we may even say that the failures of the predecessors are very often the mother of the successor's success.

It is still those basic economic and social variables that determine China's modernization tendency, among which including industrialization, urbanization, demographic change, employment changes, technological advancement and application, sanitary revolution, information revolution, economic globalization, regional integration, and changes in ecosystem. When individual forces of Chinese leaders were in accordance with the historical tendency of modernization, China's modernization will be accelerated; otherwise, China's modernization suffered grave setbacks and even delays, but nothing could change this process. As Mao Zedong said, the earth keeps rotating regardless of anyone. Historically, those serious mistakes and setbacks were only an ephemeral phenomenon in the process of China's modernization.

What new inspiration can we get through reviewing history? China's path, as pursued by all Chinese people, is a road to bring prosperity to the nation, to strengthen the country, and enrich the people, and to make significant contributions to the development of human beings. The Chinese nation, whether of its own accord or being forced, shall definitely advance towards brightness. The Chinese nation has been constantly striving to get stronger despite countless setbacks for hundreds of years. And today, she shall demonstrate her huge vitality and marvelous self-renewal and courage. History tells us that in contrast with the winding path, the future is bright.

I used to focus on and specialize in the problems of reality concerning China's economic development, but this book is dedicated to the analysis of its history of

economic and political development. I attempted to interpret how the gigantic historical changes are taking place in China from an angle of political economy by starting from abundant facts of history. Different from my other works on national conditions, this book is of another type (the type on economy and politics — the two types are interrelated but different from each other). It is my hope to provide a historically clearer guidance and briefer summary for the broad readers to understand the tremendous changes in contemporary China.

The appearance of tremendous materials on China's politics, society and economy enable us to make use of the extremely broad materials of history and economic data to analyze and elucidate how China was modernized and changed in the past 50 years based on theories of social sciences.

I fully studied, absorbed, and utilized domestic and foreign research results of the politics and economy of contemporary China for the benefit of writing this book. First, I read the works of Mao Zedong and Deng Xiaoping and others repeatedly. From their works, one could get an in-depth understanding of their opinions on China's politics and economy and study different opinions at the same issue. We should understand what they thought and what they did, and even understand their self-evaluation and the historical evaluation of the issues and people.

Second, I went through and carefully cited major research results of authoritative sources to ensure the materials in this book are true, authoritative, and objective. The first source is documents or compiled records officially published by the Central Committee of the Communist Party of China and the State Council. The second are the memoirs of Bo Yibo, Hu Qiaomu, and others, and what needs special mention is *Memories of Important Decisions and Events* which provides us with lots of historical material rarely known to people. The third are the important research results of authoritative organizations like CPC Literature Research Center, Party History Research Center of the CPC Central Committee and the Party School of CPC Central Committee, among are *A Biography of Mao Zedong, 1949–1976* edited by Pang Xianzhi and Jin Chongji in 2003, *The Era of Mao Zedong* edited by the Party History Research Center of the CPC Central Committee in 2003, and *Mao Zedong's Theories and Practices in His Later Years, 1956–1966* edited by Xu Quanxing of the Party School of CPC Central Committee in 1995. The last sources are academic works and treatises on the history of the People's Republic of China by domestic and foreign scholars. I have tried my best to give comments and explanation in the book. Therefore, through reading this work, readers could take in both my research results and other scholars' research

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results. As it should be, books and documents on the history of the People's Republic of China are so voluminous that it is difficult to gather them all together, not to mention to go through them all. So I selected only materials that I believe are representative, true, and authoritative.

I put more emphasis on historical analysis, comparison, and evaluation. Historical analysis includes historical facts of different periods and their logical relations of causes and effects. Historical comparison means to compare Chinese and foreign historical events and facts and figures vertically as well as historical events and facts and figures of China in different periods horizontally. Better judgment can be achieved only through comparison. Historical evaluation includes both self-evaluation and evaluation by others, for which I have given explanations and comments. I also presented my evaluation, both qualitatively and quantitatively. In this sense, I consider this book as a combination of history and comments with history as the basis of comments and comments as the conclusion of history.

This book was not finished at once. The draft was published in a series in the *Report on National Conditions* by the Center of China Study in 2004, and it was given to related leaders as a reference work. It aroused concerns and interest from many sides. I consider writing as studying, thinking about, and summing up history. This book is my impression of my learning of history that I would like to write down, publish, and disseminate to society.

The Political and Economic History of China (1977–1992), the continuation of this book, was a great era that I experienced firsthand. It is my aim to record its causes and effects as well as sum up its experiences and lessons. I hope this book will be formally published in the near future for the readers.

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Policy and Management (the third term of the cooperative program of the John F. Kennedy School of Government and Chinese Development Foundation under the Development Research Center of the State Council) and the undergraduate students of Tsinghua University, together with more than 500 persons in attendance from whom I had received beneficial information and opinions. After the completion of the manuscript, I went to the Institute of East Asia of Columbia University as a visiting scholar at the invitation of Professor Lü Xiaobo, professor of political sciences and head of the Institute. I made use of this chance of academic exchange and the abundant data in the library of Columbia University to further enrich this book. Professor Carl Riskin and Thomas P. Bernstein gave valuable comments and pieces of advice for my book. Here I express my thanks to them.

And finally, I give special thanks to my wife Zhao Yining. She takes good care of me and keeps me in a pleasant and sound mood and gives me a happy environment for my writing despite my long-term diabetes and great working pressure. Therefore, I can think deeply, write quietly, and make continuous revisions. She is also an important assistant to me, not only for sharing my thoughts, views, and opinions, but also for discussing with me the writing plan and revisions. What needs special mention is that our fathers (Hu Zhaosen and Zhao Hu) read the draft of this book and presented many revising opinions as they attended the socialist construction of this period and had their own thoughts and views over the experiences and lessons of this period. Here I express my thanks to their support and encouragement.

Hu Angang

May, 2007

In Tsinghua University

Notes

Chapter 9

1. Lenin, “‘Left-Wing’ Childishness and the Petty-Bourgeois Mentality,” in *Lenin Selected Works*, ed. Central Marx-Engels-Lenin-Stalin Compilation and Translation Bureau, 4:213.
2. Zheng and Zhang, *China in Mao Zedong’s Era, 1949–1976*, 127.
3. Adopted on October 31, 1968.
4. Lin Biao, “Report to the Ninth National Congress of the Communist Party of China (Delivered on April 1 and adopted on April 14, 1969),” *People’s Daily*, April 28, 1969. See also Zheng and Zhang, *China in Mao Zedong’s Era, 1949–1976*, 130.
5. Zhou Enlai, “Report to the Tenth National Congress of the Communist Party of China (Delivered on August 24 and adopted on August 28, 1973),” *People’s Daily*, September 1, 1973.
6. Central Committee of the Communist Party of China, *Compilation of Documents of the 11th National Party Congress*, 51–52.
7. Deng Xiaoping, “Conversation with Leading Comrades of the Drafting Group on the Resolution on Certain Questions in the History of Our Party since the Founding of the People’s Republic of China (March 18, 1981),” in *Selected Works of Deng Xiaoping*, Deng, 2:302–03.
8. Deng Xiaoping, “We Shall Draw on Historical Experience and Guard Against Wrong Tendencies (April 30, 1987),” in *Selected Works of Deng Xiaoping*, Deng, 3:227.
9. Deng Xiaoping, “Circumstances Obliges us to Deepen the Reform and Open Wider to the Outside World (June 22, 1988),” in *Selected Works of Deng Xiaoping*, Deng, 3:269.
10. “Resolution on Certain Questions in the History of Our Party since the Founding of the People’s Republic of China (Adopted on June 27, 1981 at the Sixth Plenary Session of the 11th CPC Central Committee),” in *Compilation of Important Documents since the Third Plenary Session of the 11th CPC Central Committee*, Party History Research Center of the CPC Central Committee, 2:808–11.
11. *Ibid.*, 2:808.
12. Mao Zedong, *Mao Zedong’s Manuscripts since the Founding of the People’s Republic of China*, vols. 12–13.
13. Roderick MacFarquhar and John King Fairbank, preface to *The Cambridge History of China: Volume 15, The People’s Republic, Part 2: Revolutions within the Chinese Revolution, 1966–1982* (Cambridge: Cambridge University Press, 1991), xxi.

Chapter 10

1. Bo, *Memories of Important Decisions and Events*, 2:1138–39.
2. *Ibid.*, 1140.
3. *Ibid.*, 1140–43.
4. *Ibid.*, 1144.
5. “Statement In Support of the Panamanian People’s Just Patriotic Struggle Against U.S. Imperialism (January 12, 1964),” in *Mao Zedong’s Manuscripts since the Founding of the People’s Republic of China*, Mao Zedong, 11:7.
6. Chen Jin, *Reading Notes of Mao Zedong*, 2:1410–11.
7. “Communiqué of the Third Plenary Session of the 11th Central Committee of the Communist Party

- of China" (adopted on December 22, 1978)," in *Compilation of Important Documents since the Third Plenary Session of the 11th CPC Central Committee*, Party History Research Center of the CPC Central Committee, 1:13.
8. "Answers to Italian Journalist Oriana Fallaci (August 21, 23, 1980)," in *Selected Works of Deng Xiaoping*, Deng, 2:346.
9. In the Chinese Communist lexicon, bureaucracy referred to the tendency of personalistic cadres to concentrate power in their own hands, sectarianism referred to the tendency among Communist officials to alienate themselves from, or look down on, non-Party officials, and subjectivism referred to the tendency to analyze political situations and make decisions from subjective rather than Party considerations.—Ed.
10. Refers to an extension of plots for private use and of free markets, an increase in the number of small enterprises with sole responsibility for their own profits and losses, and fixing quotas on a household basis.
11. The document would later be known as the "Former Ten Articles."
12. From the title of Mao's short article "Bombard the headquarters — my big-character poster." This was a figurative call on the masses to crush the so-called bourgeois headquarters inside the Party bureaucracy, headed by Liu Shaoqi and Deng Xiaoping.
13. The proportion of family income that is spent on food.—Ed.
14. National Bureau of Statistics of China, *A Compilation of Statistics for 50 Years*, 22.
15. "Comments Regarding the Promulgation of Four Documents at the Politburo Enlarged Meeting (June 15, 1960)," in *Mao Zedong's Manuscripts since the Founding of the People's Republic of China*, Mao Zedong, 9:210.
16. "Resolution Concerning the Political Report of the 8th National People's Congress of the Communist Party of China (Adopted on September 27, 1956 by the 8th National People's Congress)," in *Compilation of Important Documents since the Founding of the People's Republic of China*, Party History Research Center of the CPC Central Committee, 9:341.
17. "Resolution on Certain Questions in the History of Our Party since the Founding of the People's Republic of China (Adopted on June 27, 1981 at the Sixth Plenary Session of the 11th CPC Central Committee)," in *Compilation of Important Documents since the Third Plenary Session of the 11th CPC Central Committee*, Party History Research Center of the CPC Central Committee, 2:802.
18. Bo, *Memories of Important Decisions and Events*, 2:629.
19. Pang and Jin, eds., *A Biography of Mao Zedong, 1949–1976*, 1:722.
20. "To Guo Moruo," in *Mao Zedong's Manuscripts since the Founding of the People's Republic of China*, Mao Zedong, 9:602.
21. "Winter Clouds," in *Mao Zedong's Manuscripts since the Founding of the People's Republic of China*, Mao Zedong, 10:227.
22. Censure and demotion of cadres expressing individualism and various accusingly "unhealthy" ideas.—Ed.
23. Bo, *Memories of Important Decisions and Events*, 2:1099.
24. *Ibid.*, 2:1114–15.
25. "We are Undertaking An Entirely New Endeavor (October 13, 1987)," in *Selected Works of Deng Xiaoping*, Deng, 3:253–54.
26. "Resolution on Certain Questions in the History of Our Party since the Founding of the People's Republic of China (Adopted on June 27, 1981 at the Sixth Plenary Session of the 11th CPC Central Committee)," in *Compilation of Important Documents since the Third Plenary Session of the 11th CPC Central Committee*, Party History Research Center of the CPC Central Committee, 2:807.
27. "Directive on Organizing Propaganda Teams within the Party to Carry Out Through to the End the Socialist Education Movement of the Entire Party and the Entire People (March 22, 1964)," in *Mao Zedong's Manuscripts since the Founding of the People's Republic of China*, Mao Zedong, 11:102.

28. Bo, *Memories of Important Decisions and Events*, 2:1105.
29. *Ibid.*, 2:1120, 1127.
30. Jin Chunming et al., eds., *A Review of the Cambridge History of China* (Wuhan: Hubei People's Publishing House, 2001), 377–78.
31. “Letter to Jiang Qing,” in *Mao Zedong's Manuscripts since the Founding of the People's Republic of China*, Mao Zedong, 12:72.
32. Xie Yixian et al., eds., *China's Contemporary Diplomatic History, 1949–1995* (Beijing: China Youth Press), 246.
33. Xu Quanxing, *Mao Zedong's Theories and Practices in His Later Years, 1956–1966*, 386.
34. *Ibid.*, 348.
35. *Ibid.*, 384.
36. “The Constitution of the Communist Party of China (Adopted on September 26, 1956, by the Eighth National People's Congress of the People's Republic of China),” in *Compilation of Important Documents since the Founding of the People's Republic of China*, Party History Research Center of the CPC Central Committee, 9:329–30.
37. Lu Nanquan et al., eds., *Historical Analyses of the Rise and Fall of the Soviet Union*, 200, 478–79.
38. “On Appointing a Vice-Chairman and a General Secretary (September 13, 1956),” in *Selected Works of Mao Zedong*, Mao Zedong (Beijing: People's Publishing House, 1999), 7:111.
39. “The Constitution of the Communist Party of China (Adopted on September 26, 1956, by the Eighth National People's Congress of the People's Republic of China),” in *Compilation of Important Documents since the Founding of the People's Republic of China*, Party History Research Center of the CPC Central Committee, 9: 331.
40. “Talk at an Enlarged Working Conference Convened by the Central Committee of the Communist Party of China (30 January 1962),” in *Selected Works of Mao Zedong*, Mao Zedong (Beijing: People's Publishing House, 1999), 8:294.
41. Zhang Suhua, *An Account of the Seven-Thousand Cadres Conference*, 169.
42. Central Marx-Engels-Lenin-Stalin Compilation and Translation Bureau, *Selected Works of Stalin*, 7:328.
43. See note 6.
44. “Report on the Revision of the Constitution of the Communist Party of China (September 16, 1956),” in *Selected Works of Deng Xiaoping*, Deng, 1:229.
45. “On the Reform of the System of Party and State Leadership (August 18, 1980),” in *Selected Works of Deng Xiaoping*, Deng, 2:330.
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47. *People's Daily*, January 1, 1967.
48. Chen Pixian, *The Memoirs of Chen Pixian: In the Center of the “January Storm”* (Shanghai: Shanghai People's Publishing House, 2005).
49. Bo, *Memories of Important Decisions and Events*, 2:1221.
50. “Remarks at the Spring Festival (13 February 1964),” in *Mao Zedong's Manuscripts since the Founding of the People's Republic of China*, Mao Zedong, 11:22–23.
51. Chen Jin, ed., *Reading Notes of Mao Zedong*, 2:115.
52. “Comments on Lin Biao's Remarks on Work in Literature and Art in the Armed Forces (June 4, 1964),” in *Mao's Manuscripts since the Founding of the People's Republic of China*, Mao Zedong, 11:81.
53. “Remarks on Jiang Qing's Speech At the Performance for Fellow Artists of the Peking Opera's Modern Drama (June 26, 1964),” in *Mao's Manuscripts since the Founding of the People's Republic of China*, Mao Zedong, 11:89.

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57. Gao, ed., *Mao Zedong, A Historical Giant*, 2:448.
58. Bo, *Memories of Important Decisions and Events*, 2:1227.
59. "On Various Issues of Study and Discussion (September 23, 1965)," in Peng Zhen, *Selected Works of Peng Zhen* (Beijing: People's Publishing House, 1991), 355–57.
60. Xiao, ed., *The Mystery of the Cultural Revolution*, 5.
61. This article was co-written by Jiang Qing and Zhang Chunqiao, revised by Yao Wenyuan nine times, and approved by Mao Zedong.
62. Wu Lengxi, *Remembering Chairman Mao: Fragments of My Personal Experience of Certain Important Historical Events*, 150.
63. Xiao, ed., *The Mystery of the Cultural Revolution*, 28.
64. Ma Shanlong, *Evolution of Soviet Culture* (Beijing: China Social Sciences Press, 1966), 180, quoted in *Historical Analyses of the Rise and Fall of the Soviet Union*, eds. Lu Nanquan et al., 200, 485.
65. This article was compiled by the editorial board of *People's Daily* based on discussions at a Politburo enlarged meeting.
66. "On the Historical Experience of the Dictatorship of the Proletariat (April 5, 1956)," in *Compilation of Important Documents since the Third Plenary Session of the 11th CPC Central Committee*, Party History Research Center of the CPC Central Committee, 8:238.
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68. "Report on the Revision of the Constitution of the Communist Party of China (September 16, 1956)," in *Selected Works of Deng Xiaoping*, Deng, 1:235.
69. Xiao, ed., *The Mystery of the Cultural Revolution*, 153–54.
70. *Ibid.*, 155–56.
71. Jin Chunming et al., eds., *A Review of the Cambridge History of China* (Wuhan: Hubei People's Publishing House, 2001), 382.

Chapter 11

1. "Resolution on Certain Questions in the History of Our Party since the Founding of the People's Republic of China (Adopted on June 27, 1981 at the Sixth Plenary Session of the 11th CPC Central Committee)," in *Compilation of Important Documents since the Third Plenary Session of the 11th CPC Central Committee*, Party History Research Center of the CPC Central Committee, 2:811–12.
2. "Should We Should Take a Capitalist or a Socialist Road?" *Red Flag*, 13 (1967): 12.
3. "Summary of the Forum on the Work in Literature and Art in the Armed Forces with which Comrade Lin Biao Entrusted Comrade Jiang Qing," in *The Chronicle of Zhou Enlai, 1949–1976*, Party History Research Center of the CPC Central Committee, 3:9.
4. *Make New Contributions to the People: Comrade Jiang Qing's Speech at the Enlarged Meeting of the Central Military Committee on April 12, 1967* (Beijing: People's Publishing House, 1967).

5. Jin Chunming et al., eds., *A Review of the Cambridge History of China* (Wuhan: Hubei People's Publishing House, 2001), 392.
6. *People's Daily*, August 13, 1966.
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8. "Conversation between Mao Zedong, Kang Sheng, and Zhang Chunqiao (March, 20, 1966)," and "Diary of Wang Renzhong (May 11, 1966)," in *A Biography of Mao Zedong, 1949–1976*, eds. Pang and Jin, 2:1406.
9. Zheng and Zhang, *China in Mao Zedong's Era, 1949–1976*, 27.
10. "Comments of Mao Zedong on the Report Concerning the Prominent Political Performance of the 55th Army Division in Preparing for Urgent Wars by the Party Committee of Lanzhou Military District (December 2, 1965)," quoted in *A Biography of Mao Zedong, 1949–1976*, eds. Pang and Jin, 2:1400.
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14. Pang and Jin, eds., *A Biography of Mao Zedong, 1949–1976*, 2:1407–08.
15. Jin Chongji, ed., *Biography of Zhou Enlai*, 4:1839–41.
16. Zheng and Zhang, *China in Mao Zedong's Era, 1949–1976*, 29.
17. *Ibid.*, 31–32.
18. Pang and Jin, eds., *A Biography of Mao Zedong, 1949–1976*, 2:1410.
19. Zheng and Zhang, *China in Mao Zedong's Era, 1949–1976*, 32.
20. Party History Research Center of the CPC Central Committee, *The Chronicle of Zhou Enlai, 1949–1976*, 3:31–33.
21. "Resolution on Certain Questions in the History of Our Party since the Founding of the People's Republic of China (Adopted on June 27, 1981 at the Sixth Plenary Session of the 11th CPC Central Committee)," in *Compilation of Important Documents since the Third Plenary Session of the 11th CPC Central Committee*, Party History Research Center of the CPC Central Committee, 2:818.
22. "Conversation between Liu Shaoqi, Zhou Enlai, Deng Xiaoping, and Ho Chi Minh (May 18, 1966)," quoted in *Biography of Zhou Enlai*, ed. Jin Chongji, 4:1841.
23. Referring to the *May 16 Notice*.
24. Party Literature Research Center, *The Chronicle of Liu Shaoqi, 1898–1969* (Beijing: Central Archival Press, 1996), 2: 656.
25. *Red Flag*, 13 (1967): 12.
26. *Ibid.*, 16.
27. Leaders of the Cultural Revolution Group were: Chen Boda as Group Leader, Kang Sheng as Counselor, Jiang Qing as First Deputy Leader, Wang Renzhong (First Secretary of the Central South Bureau of the CPC Central Committee and First Secretary of the Hubei Provincial Committee), Liu Zhijian (Deputy Director of the General Political Department), and Zhang Chunqiao as Deputy Leader. The group members were: Xie Tangzhong, Yin Da, Wang Li, Guan Feng, Qi Benyu, Mu Xin (Editor-in-Chief of the *Guangming Daily* and *Red Flag*), Yao Wenxuan, and others. Four other members joined the group afterwards: Guo Yingqiu,

- representing the North China Bureau, Zheng Jiqiao, representing the Northeast Bureau, Yang Zhilin, representing the Northwest Bureau, Liu Wenzhen, representing the Southwest Bureau, and representatives of the Central South Bureau and East China Bureau were Wang Renzhong and Zhang Chunqiao. See *Records of the People's Republic of China* (Beijing: China Renmin University Press, 1992), 691. In mid-July, the Office of the Cultural Revolution Group was established, with Mu Xin, Qi Benyu, Cao Yiou (wife of Kang Sheng) in charge, among whom Mu Xin was the convener. On August 2, the Central Committee issued a notice, appointing Tao Zhu as Counselor of the Central Cultural Revolution Group. He was in that position until January 4, 1967, when he was brought down. See Yin Jiamin, "Mao Zedong and the Establishment of the Central Cultural Revolution Group," *General Review of the Communist Party of China* 1 (2006).
28. "Resolution on Certain Questions in the History of Our Party since the Founding of the People's Republic of China (Adopted on June 27, 1981 at the Sixth Plenary Session of the 11th CPC Central Committee)," in *Compilation of Important Documents since the Third Plenary Session of the 11th CPC Central Committee*, Party History Research Center of the CPC Central Committee, 2:812.
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 33. "Speech at a Central Committee Work Conference (October 25, 1966)," quoted in *A Biography of Mao Zedong, 1949–1976*, eds. Pang and Jin, 2:1417.
 34. Party History Research Center of the CPC Central Committee, *The Chronicle of Zhou Enlai, 1949–1976*, 3:35.
 35. "Diary of Wang Renzhong (June 11, 1966)," quoted in *A Biography of Mao Zedong, 1949–1976*, eds. Pang and Jin, 2:1417.
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 38. *Collected Poems of Mao Zedong* (Beijing: Central Archival Press, 1996), quoted in *China in Mao Zedong's Era, 1949–1976*, Zheng and Zhang, 41.
 39. "Mao's Remarks on the Report from Liu Shaoqi and Others (June 12, 1966)," quoted in *A Biography of Mao Zedong, 1949–1976*, eds. Pang and Jin, 2:1422.
 40. *Mao Zedong Returns to Hunan, 1953–1975* (Changsha: Hunan People's Publishing House, 1993), 165.
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57. Borrowed from the construction industry, the metaphor literally refers to the practice of adding sand to cement paste to produce firm concrete blocks. The idea was to appoint manual workers and peasants to

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Chapter 13

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Chapter 14

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