CHINA'S POLITICS OF MODERNIZATION

by

David Yuen Yeung

B.A., Simon Fraser University, 1975

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF

THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF ARTS

in the Department of

Political Science

APPROVAL

Name: David Yuen Yeung

Degree: Master of Arts

Title of Thesis: China's Politics of Modernization

Examining Committee:

Chairperson: Maureen Covell

F. Quei/Quo, Senior Supervisor

Ted Cohn

Kenji Okuda, External Examiner
Associate Professor
Department of Economics and Commerce
Simon Fraser University

Aug 20/82
Date Approved

PARTIAL COPYRIGHT LICENSE

I hereby grant to Simon Fraser University the right to lend my thesis or dissertation (the title of which is shown below) to users of the Simon Fraser University Library, and to make partial or single copies only for such users or in response to a request from the library of any other university, or other educational institution, on its own behalf or for one of its users. I further agree that permission for multiple copying of this thesis for scholarly purposes may be granted by me or the Dean of Graduate Studies. It is understood that copying or publication of this thesis for financial gain shall not be allowed without my written permission.

Title of Thesis/Dissertation:

China's politics of modernization

Author:

(signature)

DAVID Y Y CHEUNG

(name)

Aug 30, 82

(date)

ABSTRACT

This thesis is an attempt to examine the modernization efforts of the People's Republic of China under Mao and the post-Mao period. The methodology used is based on David Apter's two models of modernization, namely the Mobilization system and Reconciliation system. The former is a communist oriented model and the latter is libertarian. Using Apter's typology and explanation, various stages of Chinese mobilization systems from 1949 to 1981 are examined in detail to (i) identify the factors behind the failures, (ii) illustrate the oscillating process of policy changes and (iii) explain the transformation into a reconciliation system.

Since modernization effort is not new to China this thesis begins with a historical review of the pre-People's Republic experience in the form of the Self-Strengthening Movement, Sun Yat-sen's Nationalist effort and the May Fourth Movement of the late Nineteenth and the early Twentieth centuries (Chapter One). The experience of the Soviet Model and subsequent debate over the choice of development model are dealt with in subsequent chapters (Chapters Two and Three). The main focus, however, is the current Four Modernizations and their future outlook (Chapters Four and Five).

This study finds that China, like many other developing nations, faced and still faces three basic problems associated with the course of modernization: (i) the problem of balanced development between urban and rural, agricultural and industrial sectors of the society; (ii) the issue of political development versus economic growth, i.e., which one should take

precedence; and (iii) the need for a favorable international environment as indicated by the linkage between the external input and domestic development, be it in the form of foreign investment or technological-aid (Chapter VI).

This study also verifies Apter's assumption that it is difficult for a developing society to emulate Mobilization systems unless one is prepared to pay unlimited human and material sacrifice in the form of a totalitarian system. Finally, Apter's speculation is that Mobilization systems will eventually transform themselves into a more or less Libertarian model, though not necessarily democratic in the western sense. China's current development pattern seems to verify this prediction.

ACKNOWLEDGEMENTS

I would like to express my deep gratitude to Dr. F.Q. Quo who has gone through the original work of this thesis with great patience. Without his painstaking guidance and constant assistance this thesis would not have been possible.

I would also like to thank Dr. T.H. Cohn for agreeing to act as my second supervisor. His assistance is highly appreciated. My appreciation also goes to Dr. Kenji Okuda of the Economics Department for his valuable comments and assistance as an External Examiner.

Finally, I would like to thank Dr. A.H. Somjee, Dr. Edward McWhinney and Dr. Maureen Covell for their friendly assistance and encouragement during my stay at Simon Fraser University.

TABLE OF CONTENTS

LIST OF TABLES

CHAPTER I

INTRODUCTION

A. The Concept of Modernization

B. Historical Efforts

1. Manchu Self-strengthening Movement

2. Modernization Scheme under Dr. Sun Yat Sen

3. Maoism and Modern China

4. A Summary

5. Notes

I. INTRODUCTION

A. The Concept of Modernization

Modernization came about in Europe in the latter part of the nineteenth century as a consequence of industrialization. Today, it has become a goal for many underdeveloped countries. Indeed, modernization is a broad term of which one could devote volumes to the discussions of its meaning. However, in general, modernization is a process based upon the rational utilization of resources and aimed at the establishment of a "modern society".[1] In other words, modernization is a process whereby a society incorporates the new ideas, practices and institutions necessary for the mastery of science, technology and industrial production and a host of similar efforts.[2] Within this framework, this thesis will use David Apter's two models of modernization, expounded earlier by Marion Levy Jr., for the study of the People's Republic of China from 1949 to 1981.

In The Politics of Modernization, David Apter classifies modernization into two main models. The modernizing model that underlines the western concept of democracy is called the Reconciliation System (also known as the Secular Libertarian Model), and the other, the communist-oriented one, the Mobilization System (also known as the Sacred Collectivity Model).[3] According to Apter, the Reconciliation system consists of units that possess two capacities: the ability to reason, and the ability to know self-interest.[4] In other words, it is the classic liberal picture of a political community which advocates individual liberty and a free market society. In contrast, the

Mobilization system, in its broadest sense implies essentially three elements. Behaviorally, it is made up of units whose singular characteristic is potentiality. Individuals, for example, are perceived as nothing but potentials. Structurally, the political community is the means of translating potentiality into some sort of reality. Normatively, the Mobilization system is an ethical or moral unit, for the morality of the individual depends on the morality of the system which embodies the higher purposes of political ideals.[5]

As a modernizing force, the Mobilization system stresses the unity of people, not their diversity. It claims a "higher" form of morality than that of the Reconciliation system because social life is directed toward that of the self. It is more disciplined, because the party is highly organized and unique in fulfilling its objectives.[6] Perhaps the most important characteristic of the Mobilization system is that it stresses the development of a command economy. Under this method, the communist party and the bureaucratic state not only outline procedures and goals for the society, but also create the economic base by exerting coercive controls, building up heavy industry and the military, holding down people's consumption and nationalizing everything under a system of highly centralized planning. Another characteristic of the Mobilization system is the use of hierarchical authority not only to maintain itself, but also to intervene in all aspects of social life.[7] In other words, the use of coercion in the Mobilization system is through centralized power. This kind of coercion indicates the adherence of the members of the system to objectives and forms of conduct laid down by government and insures the conformity of the population to the goals of the state. The Mobilization system also manipulates

ideology in order to achieve support for those goals it regards as necessary, although perhaps unpopular for rapid modernization. In short, in order to accomplish these ends, it [i.e., the Mobilization System] promotes unrealistic industrialization goals and relies heavily on coercion for economic development.

As far as the Reconciliation system is concerned, it accepts society as it is and suggests a framework that will allow modest change over time. According to Apter's interpretation, it contains a set of presuppositions about the way in which representative government of the Reconciliation system operates: 1) there should not be a monopoly or power any more than there should be a monopoly of corporate enterprise, 2) the same rules apply to all; hence as legal personalities, all are equal, 3) preference can be realized within a framework of law in which those exercising power are checked by legal means - by control over the executive and so on. Law, the constitution, and the actual mechanisms of government are seen as a seamless web in which the symbol of authority is the social contract, that is, a contract between the people that lays out the conditions of government.[9] Furthermore, the role of government in a Reconciliation system is not organizational; rather it works to reconcile diverse interests, it mediates, integrates and above all coordinates rather than organizes and mobilizes.[10] Finally, the Reconciliation system is based on relatively high information and relatively low coercion. It provides exceptional opportunities for a scientific and communicating elite to fashion an appropriate polity.[11] In contrast, the Mobilization system tends to be highly coercive with a consequent loss of information.[12] It can be shown that the lack of information causes uncertainty in decision-making, and a limitation on choice tends to bring about political capriciousness.[13]

According to Apter, both the democratic and the soviet solutions are hard to emulate.[14] The democratic solution in the west represents the mutual interaction and growth of both the economy and political democracy. These are mutually reinforcing. In most developing countries, however, this socio-economic synthesis is not possible, and above all, capitalist modes of rapid growth tend to produce severe economic and social inequality. On the opposite pole, the cost of the Stalinist model of development, its rapid industrialization, coercive controls, rigid bureaucracy, the purging of cadres and other human losses are too great and beyond the reach of most developing societies. However, Apter argues that Mobilization systems are the best political forms for converting poor countries into steadily growing economies, but they will also create their own "contradictions", to use Marxian terminology, and as a result tend to move in the direction of a Reconciliation system.[15] The development and emergence of a new scientific elite, social scientists, writers and intellectuals, teachers and students, as a result of economic changes, and the need for more information will also bring about a tendency towards a Reconciliation system.[16]

Indeed, the dynamic aspect of modernization for the study of a polity can be expressed in the general proposition that modernization is a process of increasing complexity in human affairs. It may have negative effects on many under developed countries whose political systems are not democratic enough. For example, old forms of belief and social practices will be undermined; and inequalit between rich and poor will be generated. Bureaucratization, the exercise of coercion by means of excessive rules and regulations will bring about political

inequality. Likewise, the process of modernization will create an exciting sense of new life. People will be given more opportunity and freedom to be creative, to exercise their imagination in the pursuit of a better society, to find alternatives that will help resolve their own contradictions in the pursuit of a modern society.

Using Apter's models, this study intends to analyze and specify the factors behind the breakdown of the Chinese Mobilization System (1949 - 1976), and to demonstrate the emergence of a new system that adopts some capitalist practices in the post Mao period (1976 - 1981).

For example, in the early 1950's, under the policy of "lean to one side", China had to look to the Soviet Union for developing a model. The Chinese leaders saw Russian economic and technological aid as essential for their industrialization program. In fact, at the time, China could hardly expect such aid from capitalist countries, particularly during the cold war years, and assistance provided by a socialist country was seen as more desirable in any event. With Soviet assistance, the Chinese drafted their first Five Year Plan. It called for massive capital and technological infusion into the Chinese economy along the Stalinist line of economic development. The Stalinist model of development was a capital-intensive, urban-oriented strategy. As Apter has pointed out, political leaders who have helped form a Mobilization system tend to gain their political information during the revolutionary period, and planning and other blue-prints for the future generally result from skills formed outside of the new society. According to Apter, Mobilization systems do not create new knowledge. At best they are emulative, copying other systems and their technologies.[17]

Although impressive growth rates were attained during the brief Chinese experiment with the Stalinist model, by the mid 1950's it became increasingly clear to the Chinese leaders that the agricultural sector, the source of investment capital for heavy industries, could not sustain the industrialization speed and the consequences that were created by the first Five Year Plan. This, in turn, sparked a debate within the highest levels of the Chinese Communist party of fundamental questions concerning the strategy and the outcome of a Soviet Model. In 1957, a distinctively Maoist economic theory took shape in response to three major problems that confronted Chinese society as the first Five Year Plan was drawing to a close. First, there was the immediate and pressing problem of growing unemployment in the cities and under-employment in the countryside, which the first Five Year Plan had failed to solve. Second, there was the question of how to raise capital for the building of a modern industrial base on which a future Chinese socialist society would rest. Last, with little prospect of any significant foreign capital investment, the question turned on how to make most efficient use of China's major resource, human labor. According to Apter's interpretation, after the political leaders have succeeded in establishing a Mobilization system, and with increasing lack of information, the economic role of such a Mobilization system tends to lay greater emphasis on social mobilization to compensate for a lack of wealth in natural resources. Therefore, labor is the source of wealth, the basis of savings and the origin of investment.[18]

In 1958 Mao Ze-Dong fought to ensure that the countryside would not be left behind or exploited by launching the famous Great Leap Forward Movement. The movement was also known as China's self-reliant model. According to Mao, the social and political costs of the Soviet model were intolerable and would lead ultimately to peasant rebellion. The attempt of the movement was to develop a Chinese road to socialism; to develop industry and agriculture simultaneously through mobilization of the masses. In other words, in launching the Great Leap Forward, Mao promised both a technical revolution and a socialist revolution, i.e., Mao emphasized the need to use political means to intensify the pace of economic growth and mobilize resources, material and human, for the development of a genuine socialist state.

In fact Mao's approach fits into Apter's argument that because of the need for new information with which to cope with an increasingly complex developmental strategy, a new avenue has to be invented or searched for by a Mobilization system. This suggests that because of the lack of information for development, Mobilization systems tend to convert to a new polity. This change can be in the form of coups d'etat, the transformation of authority or the implementation of a new strategy.[19]

Nevertheless, the slogan of the Great Leap Forward Movement, "reds and experts", left China in economic and social disarray. Coupled with the sudden Soviet withdrawal of aid and severe natural disasters, the Chinese economy fell into a deep depression. Out of the crises caused by the failure of the Great Leap Forward emerged a new national policy for economic recovery. This policy was put forward by Liu Shao-Qi and Deng Xiao-Ping and was supported by most members of the Chinese politburo. From 1960 to

1965 the Chinese new economic policy did not return to the Stalinist model; instead they drafted and implemented a new economic policy that was better suited to China's level of modernization. The new economic policy was committed to agriculture as the top priority in economic development; i.e., agriculture as the base, and industry as the leading sector. Unfortunately, the new economic policy generated negative effects upon the country. Among these were socio-economic inequality between the city and the countryside, and the emergence of technological and bureaucratic elites who enjoyed special privileges and standing above society.

As the new economic plan came into conflict with Mao's ideas of simple administration and socialist values, the Cultural Revolution was set off in 1966 by Mao in the hope of elminating the bureaucratic class who was regarded as synonymous with the "bourgeoisie". Bureaucratic dominance was equated with the dominance of capitalism, and was considered to be the main force leading to a "bourgeois restoration" in China. According to Apter, the only way to prevent the evolution of party bureaucrats, be they technicians or civil servants in the Mobilization system, is by periodic purges. Because purges can easily weaken the solidarity of the party and create factionalism, the Mobilization system is considered to be basically an unstable system, likely to change into another type.[20] The Cultural Revolution, during its most intensive period, 1967-69 and 1975-76, was tantamount to civil war, arguing and fighting in bitter factional confrontation between the Maoists and the Liuists over the policy and future model for China.

With Mao's death in 1976, the virulent controversy between these two groups in the People's Republic intensified. Both of these groups claimed to be "Mao's true heirs", but they presented fundamentally different concepts for the future political and economic development of China. The radical Maoists, known as the Gang of Four advocated "politics in command" (extreme Mobilization system), whereas the moderate technocratically oriented faction led by Deng Xiao-Ping and Hua Guo-Feng advocated "economics in command" (moderate Mobilization system). The overt clashes between them came in late 1976, and with the arrest of the Gang of Four, and the victory of the technocratically oriented forces, the commencement of a new economic policy was possible in 1978.

The new economic programs knowns as the Four Modernizations which include industry, agriculture, military and science and technology were officially unveiled on February 26, 1978 at the Fifth National People's Congress by Hua Guo Feng. The Chinese vowed to achieve them by the end of this century. According to the Chinese, the new programs will produce a China that not only is more industrialized, but also is more centralized, disciplined, stratified and militarily powerful. According to Apter, there are many variations in Mobilization systems; they range from moderate to totalitarian polities. Systems in pursuit of quick and ruthless industrialization will perhaps tend toward the totalitarian form. Systems in pursuit of quick modernization with industrialization only as a possible long range objective will tend rather toward the more liberal and moderate types. And, quite often the first turns into the second simply because the polity cannot mobilize for industrialization and lacks industrial discipline.[21] With the program of Four Modernizations

put forward in 1978, China has begun to inject a few of the ingredients of the Reconciliation Model. For example, the government is stimulating independent economic development or local entrepreneurship. This was done by providing sources of credit for local and private entrepreneurs, by expanding the areas of joint government and private enterprises, such as industrial development corporation and similar projects, and by encouraging foreign investment.

However, as presented in early 1978 by Hua Guo-Feng, the modernization program was indeed too ambitious. The time span was short, and the targets for output were set too high. In the fall of 1978, it became clear to China's policy makers that the plan was over-ambitious, especially in regard to China's ability to pay for and absorb sophisticated western imports and technology. The program was consequently scaled down and started what was known as the period of "readjustment, reform, rectification and improvement of the national economy".

Readjustment, according to the Chinese, means changing the national economic structure and eliminating serious imbalance among various economic sectors. Reform means chiefly reform of the economic system. In fact, China's current economic system was adopted in the early 1950's on the Soviet Model and is considered outdated and faulty with regard to current economic policy.

Finally, due to the urgency of joining the front ranks of the industrially advanced nations by the turn of the century and the implementation of her modernization program, China, for the first time since 1949, is forced to send out thousands of her students to the west and Japan for further studies and research in the areas of science, new

technology and modern economic development. Likewise, Chinese scientific and academic delegations are now travelling extensively in the west, familiarizing themselves with developments in science, economics and business management that have taken place in the advanced capitalist countries over the past decades.

In the following chapters this thesis will attempt to examine the Chinese efforts at modernization from the Manchu Self-strengthening Movement to modern Maoism. The various stages of China's modern developments - the first Five Year Plan (1953-1957), the Great Leap Forward (1958-1960), the New Economic Policy of Liu Shao Qui (1961-1965), the Mao's Great Proletarian Cultural Revolution (1966-1976), the Great Debate over China's Development Strategy in the Post-Mao Period (1977-1978), and the current Four Modernization Programs (1978-1981) will be critically examined by way of:

1. identifying the factors that are behind the breakdown of the Chinese Mobilization system, be it the Soviet or Chinese model;

2. examining the prospects in post-Mao's development strategy, the current Four Modernization programs, and its new developing mode; and

3. applying Apter's typology and explanations that are relevant to the Chinese situation.

B. Historical Efforts

1. Manchu Self-Strengthening Movement

China has been the "Middle Kingdom" for many centuries. In the Eighteenth century, at the height of her power, many dutifully obedient vassal states had to send tribute to Peking. Her civilization was the model for many countries in Asia. Her government, her classical learning, the system of official examinations on which the government was based, and the patriarchal family system which was the fundamental social unit had stood against the test for centuries.

However, by the Nineteenth century, the Chinese empire began to crumble. There were two factors that led to the decline of the empire. Internally, the Manchu rulers had become weaklings, their vitality sapped by palace life and puppet emperors taken from the schoolroom to the throne. The efficiency of the administration had declined and corruption of the official class was rampant. Anti-Manchu feeling grew and minor rebellions in the first years of the century were followed by the Taiping uprising, one of the greatest rebellions in Chinese history.[22] Externally, foreign relations constituted extreme difficulty for the Ching dynasty. The Opium War in 1839-1842 and subsequent disputes related to the ratification of treaties led to a decisive defeat of imperial troops at the hands of "barbarian" foreigners. After each of these conflicts with foreign countries, the Imperial Government was forced to grant treaty rights to foreigners, such as extraterritorial jurisdiction and territorial concessions.

By the turn of the century, China had become a semi-colony of all the international powers. The unequal treaties had given them the right to station land and sea forces in China, and control trading posts, even

directly to control concessions. The foreigners ran China's customs service and controlled the revenue from it, operated the postal system, and controlled most of the modern communication system. Extra-territoriality allowed nationals of the treaty powers to escape the jurisdiction of Chinese courts, and inland rivers were patrolled by foreign gunboats. The Chinese had to rely on foreign shipping to carry much of their products, even in their own waterways. The foreign powers dominated China's banking and financial community; war indemnities and loans to the government led to its subservience in financial matters. Chinese goods were taxed internally while foreign goods were exempted. Protectionist measures were prohibited. After 1895, the foreign powers moved in to build their own modern industries, taking advantage of cheap Chinese labor and raw materials. They began to divide China into spheres of influence, obtaining mines and railway concessions.[23]

It was in response to this crisis of national survival that China's leader began to think of the need for the country to change.

China's disastrous and dramatic defeat by Japan in 1894-1895 for the first time aroused a considerable number of educated Chinese to the realization that China's very existence might depend on the acquisition of occidental methods and institutions which Japan had studied and adopted to such good effects. Among the younger literati, there were signs of unrest and of a desire to rejuvenate China so that she might wipe out the great humiliation of her defeat by diminutive Japan and other foreign powers. Many memorials urging reform were submitted to the Emperor. Among the memorialists was Dr. Sun Yat-Sen, one of the groups of Cantonese radicals who advocated the need for constitutional government. However, his proposal was denounced as treasonable.

Far more conspicuous among the memorialists in 1895, and for many years thereafter, was Kang Yu Wei (1858-1927) who was also known as the "Modern Sage".[24] Kang founded the Literary party and in 1891 opened a school in Canton for the teaching of the new learning, which included in its curriculum four main divisions -- Confucian classics, Buddhist literature, Chinese history and Western learning. Many scholars of eminence enrolled in the school, the best known was Liang Chi-Chao (1873-1929), one of the most voluminous and able of Chinese writers on political topics.[25]

After studying through translation, the history and philosophy of foreign nations, Kang produced a group of books to indicate to the educated class in China the state in which their country would soon be, if she did not awaken, and included examples in western history on which she should model herself.[26]

With regard to Japanese modernization, he wrote two works. The first dealt with the recent literature of Japan, to which Kang was greatly indebted for his knowledge of the west. The second treatise, which dealt with reform in Japan, had greatly augmented Kang's fame and influence in his later years. In it, he predicted that if China remained unawakened, the possession of Liao-tung Peninsula and Formosa would be passed to her neighbor. The fulfillment of this prediction came in 1895 and led to Kang's connection with Weng Tung-Ho, tutor to the Emperor, Kuang Hsu, who in 1898 recommended Kang to his imperial pupil and thus gave the "Modern Sage" his great opportunity.[27]

At the end of the Sino-Japanese War, when the loss of the Liao-tung Peninsula and Formosa became reality, Kang was called in by Emperor Kuang Hsu to draft a grand memorial protesting against the hated Treaty of Shimonoseki and proposing reform measures for the revitalizing of China.[28] The resulting document, submitted early in December, 1895, advocated westernization of the Empire, to be effected at once by imperial decree. The changes to be introduced included: a house cleaning and reform of the official system; the stimulation of patriotic spirit; the promotion of young and energetic officers to improve the morale of the forces; the removal of the Capital to Sian; the encouragement of banks, railways, post offices, machinery, mines, better coinage, and improved methods of agriculture, the establishment of reformatories, a system of poor relief, and patent laws; the development of public libraries, newspapers and magazines, the sending of Chinese abroad to study foreign countries; and, in the political field, the extension of the right to memorialize the throne directly (only officials of high rank could then address the throne without previous censorship of their proposals) and the formation of an advisory council to the throne to be composed of delegates elected by the people, one for every 500,000.

Such was Kang's cure for a powerless China. As a result, the first conspicuous reform came in 1898 when Emperor Kuang Hsu was induced to promulgate Kang's measures. However, for the more conservative of the imperial advisers, and under the influence of the Empress Dowager, Tzu Hsi, Kang's memorial was too radical in tone. The political debate went on for a hundred days and finally Kang's attempt failed when conservatives led by the Empress Dowager, Tzu Hsi, seized state power and imprisoned the Emperor.

In 1900, the Boxer uprising came as the last futile effort on the part of the conservative traditionalists to drive the foreigners out of China. With the situation deteriorated, Tzu Hsi finally came to realize that the foreign powers were strong, and stronger by far than the Chinese Empire, even though in her eyes, they were "barbarous".

With such crises, Tzu Hsi decided to abandon her conservative stance and came forth as the advocate of what was in substance the policy put forward by Kang Hsu Emperor. Under Tzu Hsi, reforms were carried out in the areas of renovating the army, preparation for constitutionalism and the institution of a modernized school system.

However, due to corruption among the Mandarins, indifference and opposition of the conservatives and constant uprising against the Manchu's rule, the reform movement under Imperial auspices failed to save the dynasty which lasted for nearly three centuries. The 1911 Republican Revolution put an end to the Imperial System but started China on the path of chronic unrest for years to come.

In retrospect, the Manchu Self-Strengthening Movement was considered the first genuine Chinese attempt to modernize China, as the result of a century of degradation and western domination. The reform attempt was also the result of a long seepage of western ideas carried into China through missionary activity and commerce. Apter points out that modernization creates a catch-up psychology and a sense of being placed at a disadvantage that generates motivation for change.[29]

However, the Manchus fell and with them their programs of reform. It was their misfortune and indeed China's as well. Western domination generated the necessity for rapid reform, but the Manchus were too weak to effect the needed changes in the Confucian state. The administration had become clogged with diehard conservatives and corruption, the rulers were weak, the wars with foreign countries and the Taiping and Boxing rebellions, all of which had accentuated the decadence and the inability of the Imperial to reform and rule.

2. Modernization Scheme under Dr. Sun Yat-Sen

Dr. Sun Yat-Sen is considered the father of modern China. He was the first to organize and lead the Chinese people under his Nationalist Party (the Kuomintang) to overthrow the Manchu Dynasty in October 1911, and set up the first Republican form of government in Asia.

Dr. Sun's idea for Chinese modernization is known as the People's Three Principles. These principles were formuated before the revolution of 1911 and were redrawn at the end of his life, representing the result of many years of his revolutionary experience as well as the impact of a number of western political thinkers on him.[30]

The People's Three Principles can be freely translated as Nationalism, Democracy and People's Livelihood. To Dr. Sun, Nationalism has two aspects of meaning. Self-emancipation of the Chinese nation and equality of all races within Chinese territory. The first seeks to make China a free and independent nation before and after 1911. This principle was directed against the dictatorship of the Manchus and the foreign powers' partitioning of China. After the Manchus were overthrown, the policy of "divide and rule" of western powers continued to flourish in China, and the Chinese warlords in turn conspired with them. Therefore, in order to quell imperialism, Chinese nationalism should be developed and strengthened; only then can the Chinese achieve real freedom and independence. The second aspect is to uphold the rights of self-determination of all races within China and to promote harmony and equality among them.

The second principle is Democracy. This principle envisages a system of direct popular authority in addition to that of indirect representation. That is to say, the people will enjoy the rights of election, initiative, referendum and recall. The procedure for wielding these powers is elaborated in the five branches of government, namely legislative, judicial, executive, examination and control. These measures are meant to correct the demerits of representative government and possible abuses in election systems. According to Dr. Sun, the modern system of popular government is often a monopoly of the propertied class, to be used as an instrument of oppression, whereas the principle of Democracy is for the masses and not for the few. Furthermore, citizens of the Republic will be allowed to participate in the exercise of the People's political rights, and the party shall see to it that their power will not fall into the hands of those who oppose the Republic, be they individuals or organizations.

The third principle is People's Livelihood. This principle contains two fundamental aspects: equalization of land and regulation of capital. Since land ownership is in the hands of a few, the State should enact a land law for the purpose of controlling its distribution and utilization. For example, a law for the utilization of land, a land expropriation law and a land taxation law should be established.

Private industries whether belonging to Chinese or foreign nationals in the areas of banking, railways and navigation should be taken over (or expropriated) by the State. According to Sun, China is an agricultural country, and the peasants are the class which has suffered most. Therefore, the KMT stands for the policy that those peasants owning no land should be

given land by the State for cultivation. The State shall also undertake to irrigate and develop the waste lands so as to increase productive capacity. Those peasants who have no capital and are compelled to incur heavy indebtedness through borrowing on usurious terms should be supplied with credit by the State - e.g., by the establishment of rural banks, etc. The livelihood of Chinese laborers should be protected and the State should find remedies for the unemployed and enact labor laws to improve their livelihood. Because of the suffering which peasants and workers have undergone and their aspiration for liberation, the success of the national revolution will depend upon their participation. Accordingly, the Kuomintang is now engaged in a determined struggle against imperialism and warlordism, against the classes who are opposed to the interests of peasants and laborers.[31]

However, under Dr. Sun's leadership (1911-24), the Republican revolutionaries found themselves without the organized means, popular base or military support to consolidate their victory. China, during this period, was besieged with warlordism and western imperialism. For instance, at the end of the First World War, of all the foreign powers, Britain and Japan were the most powerful in Chinese affairs. Japan was actively supporting Chang Tso-Lin in Manchuria and Tuan Chi-Jui in North China. With the Yang-Tse basin as her sphere of influence, Britain banked on Wu Pei-Fu. These three men, Chan, Tuan and Wu, each commanding a powerful army of his own, were the most influential warlords of the time. Though the U.S. had always been actuated by a sense of justice and fairness and had opposed the bully tactics of other powers, she nonetheless supported Wu Pei-Fu, owing to British influence.[32]

Due to such dual crisis, and with the Cominters' first-hand advice and assistance, Dr. Sun was forced to reorganize his Kuomintang in 1923 by admitting the Chinese communists into his Nationalist party. Among them were Chen Tu-Hsiu, Li Ta-Chao and Mao Ze-Dong; by strengthening and aligning with various Chinese social strata, particularly peasants and workers, and by establishing a military academy for the training of a Chinese army.[33]

After the reorganization of the Kuomintang, Dr. Sun proposed new plans for the development of China in September 1924. The new plans were known as the Fundamentals of National Reconstruction, consisting of twenty-five articles. The first four articles made explicit the revolutionary doctrine and its contents (the people's three principles). The fifth dealt with the methods and steps of enforcing the doctrine. Articles six and seven pointed out the necessity of military rule, for the eradication of reactionary forces and dissemination of the revolutionary doctrine. Articles eight to eighteen indicated the purpose of political tutelage which was to guide the people into the work of revolutionary reconstruction. Articles nineteen to twenty-five dealt with the prerequisites and procedures for the transformation from political tutelage to constitutional government.

Unfortunately, Dr. Sun died in March 1925, leaving behind him plans for the development of China. His death gave rise to a new powerful leadership in the Kuomintang; Chiang Kai-Shek. He was later to lead the most corrupt KMT elements in China in their struggle against the Chinese communists.

To overview, China under Dr. Sun Yat-Sen was beset with internal warlordism and external imperialism. Despite his long-term objectives of building a unified, strong and prosperous China; sweeping out imperialism, eliminating militarism, introducing political democracy, building a modern economic society and evolving a just harmonious society, events had indicated that he could not rule. Without alternatives, Sun was then forced to look to the Comintern for guidance and assistance. As Apter indicates in the idea of modernization that the problem for developing nations at this stage is extremely crucial. They can develop either into the Mobilization or the Reconciliation model. And, because of their demand for total independence from foreign domination as well as the avoidance of the predicaments of modernization due to internal factionalism, some political leaders tend to opt for socialist solutions.[34] Although Sun Yat-Sen was not a believer in communism, internal and external factors had pressured him to enter into the alliance with the Soviet Union. As a result, the Soviet advisors were brought in to drill Nationalist troops, to reorganize the Nationalist party machine and to train its members in the art of political control and propaganda.

3. Maoism and Modern China

Mao Zedong is considered the titanic figure in modern Chinese history. From the time of the founding of the Communist party in China in 1921 to his death in September, 1976, Mao took a special course away from established Marxist-Leninist Orthodoxy into the direction of his Maoist experimentation. Indeed, Chinese Communism made Mao a world figure and Mao turned Chinese Communism into an instrument to build his political power and transform China in accordance with his revolutionary image.

To begin with, Mao's early political thought was influenced by the two leading intellectuals of the May Fourth period[35], Li Ta Chao[36] (1885-1927) and Lu Hsun (1881-1936).[37] Both were returned students from Japan who provided political ideas for the development of the Chinese Revolution. Their writings including those that extended beyond the May Fourth period, greatly influenced the thoughts of an entire generation of Chinese students, including especially the young Mao Zedong. Li Ta-Chao and Lu Hsun's influence on Mao's intellectual and political development was reflected in the major themes and concerns of Mao Zedong, thoughts which called for the adaptation of Marxism and Leninism to the Chinese situation and solution.

Although Maoism did not crystallize into an official ideological Orthodoxy until the early 1940's its historical existence as a distinctively Chinese interpretation of Marxism began two decades earlier. After Mao became a convert to Marxism and Communism in 1919, many of his Marxist ideas had been put to a test by his revolutionary experiences in the 1920's and 1930's. For Mao, the essential factor in determining the course of history was conscious human activity and the most important

ingredients for revolution were how men fought and their willingness to engage in revolutionary action. This implied that revolution in China need not be dependent upon any predetermined levels of social and economic development and that revolutionary action need not be restrained by orthodox Marxist-Leninist formulas.

From the beginning of his Marxist intellectual life, Mao was deeply rooted in nationalistic impulse and was strongly against Imperialism which gave rise to the belief that the Chinese Revolution was more or less synonymous with the World Revolution, and indeed the belief that China had a very special role to play in the world revolutionary process. As early as 1930, Mao predicted that the revolution would certainly move towards an upsurge more quickly in China than in Western Europe.[38] The Nationalist component in Mao's Marxist world view was reflected not only in his long-standing hostility to the Comintern, but also in his conception of the uniqueness of the Chinese revolutionary process. In other words, the Chinese Communists had been able to shape their movement to their own circumstances, take control of their own destiny and develop their own brand of Communism.

Mao Zedong, however unorthodox he was in other areas of Marxist-Leninist theory and practice, adopted the orthodox view that Chinese history followed a universal pattern of historical development, that is, with a capitalist phase of socio-economic development preceding a socialist one and with a corresponding bourgeois political stage preceding a proletarian one.

According to his argument, the Chinese Revolution would be developed from a bourgeois democratic to a proletarian socialist revolution. Because the former was dictated by the fact that China was a "semi-colonial and

semi-feudal society", the main revolutionary thrust was to overthrow the forces of external imperialism and internal feudalism, while the latter (the proletarian socialist revolution) was to eliminate capitalism and abolish private property.[39]

Therefore, when the Chinese Communists established the People's Republic in October, 1949, they promised not one revolution, but two -- a bourgeois revolution and a socialist one. The former, left unfinished by the KMT Regime, was swiftly accomplished by the new Communist regime. In the early 50's the Communists rapidly cemented the land that Dr. Sun Yat Sen once called "a loose sand" into a modern nation state, establishing a powerful centralized government, unifying most of the minorities and instilling the Chinese people with a strong and modern sense of national identity. The long anti-feudal revolution in the countryside was carried out and completed by the end of 1952.

The land reform campaign, during this period, also brought forth the liberation of the great majority of Chinese peasants from the horrendous traditional forms of socio-economic oppression.

In fact, the policies pursued during the first half decade of the People's Republic of China (PRC) essentially followed the program that Dr. Sun Yat Sen had put forward at the beginning of the century -- National unification and integration, land to the tiller and a plan for industrialization.

With the consolidation of the bourgeois democratic revolution in 1953, China officially announced the commencement of the second stage of revolution, the transition to Socialism. Between 1953-1957, the private sector of the urban economy was nationalized and private land ownership in the rural areas was also eliminated. Thus, "the dictatorship of the Proletariat"

had replaced the "people's democratic dictatorship" and the formal ideological description of the nature of the State power in the PRC.

The abolition of private property was accompanied by an intensive drive for industrialization which was modeled after the Soviet Union. However, rapid industrialization facilitated the growth of new and privileged bureaucratic and technological elites; generated socio-economic gaps between the cities and the countryside, and exploited the peasantry for the development of urban industrialization, all of which undermined socialist values and goals.

Mao then sought to avoid such consequences of industrialization by advocating the model of self reliance and innovative experimentation. The aim was to develop an equitable and humane Chinese society. Mao's new economic strategy was known as the Great Leap Forward campaign which began at the end of 1957 and during the early months of 1958, as an intensive drive for increased productivity in both industry and agriculture. The campaign slogan was to produce "more, faster, better and cheaper" products, and the Great Leap was also the time when Maoism emerged as an explicit rejection of the Stalinist orthodoxy that the combination of State ownership as the key means of production with rapid economic development automatically guaranteed the eventual arrival of a communist society. In the Maoist view, by contrast, the promise of a communist future demanded the introduction of communist forms of social organization and the cultivation of a communist consciousness. Nevertheless, the Great Leap Forward campaign which began with such great expectations in 1958, ended in 1960 in an economic disaster for China and a political disaster for Mao himself. As

Apter has indicated, the Mobilization model as a normative standard, based on obedience, command and universalization of political religion, tends to lower efficiency and achievement with great cost and suffering.[40] Likewise, Mao's cultural revolution which took place between 1966-1976 was a total disaster for China. The movement was originally an attempt to counter the bureaucratic class which was equated with capitalist bourgeoisie and reported to have acquired a vested interest in preserving the social order over which it ruled and from which it derived its privileged position and thus was opposed to radical social change and willing to tolerate Capitalist forms of socio-economic relations and ideologies in society at large. However, Mao's cultural revolution did not resolve the fundamental problem of social contradictions; nor the achievement of a self-reliant economic policy. Instead, during its intensive period, 1967-1969 and 1975-1976, the cultural revolution was tantamount to civil war, arguing and fighting in bitter factional confrontation between Maoist and Liuist ideas for the future development of China.

In general, the thinking of Mao Zedong is extremely complex. His ideas have their roots in the Chinese intellectual tradition, particularly in the May Fourth Movement, in the Marxist Leninist tradition and in the revolutionary experiences of Dr. Sun Yat-Sen and the Chinese communist party. Despite his dogmatic Marxist ideas for the development of China, at the end of his life in 1976, the PRC was far from realizing his Marxist goals. But, throughout his life, Mao had attempted to narrow the range of socio-economic inequalities and to fight against bureaucratic elitism. Overall, the thrust of Maoism over the Maoist era has been specifically socialistic but not generally modernistic.

4. A Summary

In retrospect, Chinese modernization is a historical process which grew out of the Chinese response to the impact of western expansionism in the nineteenth century. The long struggle to free China from foreign domination and the search for the way to transform the Chinese nation into a modern one has been protracted and difficult.

In 1898, in the wake of China's defeat in the Sino-Japanese War of 1895, the first genuine reform effort was attempted. The movement was led by Kang Yu Wei, a Confucian reformer who sought to transform the archaic Manchu government into a modern state. However, against the indifference and opposition of conservatism of the gentry, the reform failed.

By the turn of the century, China had become a semi-colony for international powers. Unequal treaties had given them the right to station land and sea forces in China, control of the trading ports, even direct control of concessions. As internal degradation and external Western domination became critical, bitter dissensions and clashes intensified and the different factions and parties were divided regarding how to create a modern centralized nation-state that was capable of forcing back imperialism and advancing the nation's economic, political, cultural and social regeneration. The basic split between the late Ching reformers, the radical reformers and the republican revolutionaries was centered on the question whether China was to have a constitutional monarchy or a republican form of government.

In October 1911, with the assistance of the overseas Chinese and secret societies, Dr. Sun Yat Sen succeeded in overthrowing the Manchu dynasty and established a western style republican government. However, after the 1911 revolution, Dr. Sun and his republican revolutionaries found themselves without the organized means, popular base or military support, to consolidate their victory. They watched helplessly as the republic floundered in the morass of warlord politicians.

The May Fourth Movement of 1919 was a political turning point in Chinese history. It was a reaction by Chinese intellectuals to the Imperialist west and its economic system of exploitation. It represented the search for ways to develop a modern Chinese nation. Programs of the May Fourth Movement included reforms of both the written language and the educational system; introduction of scientific methods; and exploration of political ideologies, including Marxism. There were two influential intellectuals in the May Fourth period. They were Li Ta Chao and Lu Hsun. Li was the first of the May Fourth intellectuals to write on the significance of the Soviet October Revolution and who played a critical role in the early attempts to adapt Marxism to the Chinese revolution. While Lu condemned the influence of the Confucian world view as a fatal national disease which Lu viewed as the opiate of the masses and advocated the creation of a new man and a new system.

In 1921, in view of the bitter confrontation between Chinese warlordism and Dr. Sun's KMT, and the concern for an independent China, the Chinese Communist party was founded in Shanghai by Ch'en Tu Hsiu. Ch'en argued at the time that only the Chinese workers in the large industrial cities

could save China and only they could lead a socialist revolution. However, Mao refuted Ch'en's theory by arguing that the Chinese peasantry would be the main force that would constitute a Chinese socialist revolution. Confronted with a desperate situation of leading a revolutionary struggle against both imperialism and internal feudal oppressors, it was Mao who successfully elaborated the situation of China as a "semi-colonial and semi-feudal" nation and advocated the urgency of overthrowing the Chinese landlord class, the compradors and the forces of imperialism. According to Mao's interpretation, the Chinese revolution would be developed from a bourgeois democratic to a proletarian socialist revolution. To him, the former was dictated by the fact that China was a "semi-colonial and semi-feudal" society and that the main revolutionary thrust was first to overthrow the forces of external imperialism and internal feudalism, while the latter was to eliminate capitalism, abolish private property and lead China to a proletarian socialist revolution.

The following chapters will examine the various stages of China's political and economic development, in the form of China's first Five Year Plan (1953-1957); the Soviet Model and the Consequences; the Great Leap Forward Movement (1958-1960); the Chinese Self-reliant Model and the Consequences; Liu's New Economic Policy (1961-1965); Mao's Great Proletarian Revolution (1966-1969); the Great Debate over China's Development Strategy in the Post Mao Period (1977-1978), and the Current Four Modernization Programs (1978-1981).

The sources of Chinese ideas of modernization, the dilemma over the choice of a proper model of development and the difficulties encountered under Mao and the post-Mao period, will be critically examined along with Apter's typology and explanation which are applicable to the Chinese situation.

5. Notes - Chapter I

1. Marion J. Levy, Jr., Modernization and the Structure of Societies. New Jersey, Princeton University Press (1966), p. 11.

2. David E. Apter, The Politics of Modernization, University Chicago Press (1965), pp. 70-71.

3. Ibid., p. 25

4. Ibid., p. 28

5. Ibid., pp. 31-32

6. Ibid., p. 32

7. Ibid., p. 393

8. Ibid., p. 395

9. Ibid., pp. 33-34

10. Ibid., pp. 398-399

11. Ibid., pp. 459-460

12. Ibid., p. 393

13. Ibid., p. 387

14. David E. Apter, Introduction to Political Analysis. Winthrop Publishers, Inc., Cambridge, Massachusetts (1977), p. 475.

15. David E. Apter, The Politics of Modernization, p. 449.

16. Ibid., pp. 449, 460

17. Ibid., p. 389

18. Ibid., p. 363

19. Ibid., pp. 389-90

20. Ibid., p. 365

21. Ibid., p. 358

22. The Tai Ping Rebellion took place from 1850-64 and took approximately 20 million or more human lives. It was an attempt to attack the Chinese gentry, the traditional feudal land system and Confucian thought. The movement sought modernization for China.

23. For instance, after the Boxer uprising, instead of outright colonization, France got rights at Kwangtung, Kwangsi, and Yunnan in the south; the Russians gained control of the railroads in Manchuria; the Germans captured rails and mines in Shantung; Britain extended its holdings beyond Hong Kong and got development rights in the Yangtze Valley; Portugal in Macao; Japan got trading concessions in Fukien province, in addition to Formosa, and American traders who had no exclusive trading areas, moved gradually inland, assisted by the American Navy's right to patrol the Yangtze River.

24. Kang Yu Wei was born in Canton in 1858. He received a classical education of the approved variety, eventually winning the degree of Chin Shih, or the equivalent of Doctor of Philosophy. At the age of 29, he started a six-year tour of China, and was greatly impressed by the cleanliness, efficiency and good order prevailing at Hong Kong, and in the Shanghai area. His interest thus awakened in Western civilization. Kang lost no time in acquiring further knowledge of the Occident through Japanese works and missionary writings and translations.

25. Tsur "Kang Yu Wei, the Great Reformer" in National Review, July 3, 1915; Reinsch, Intellectuals and Political Currents in the Far East, p. 159. Cited by MeriBeth E. Cameron, The Reform Movement in China 1898-1912, Stanford University Press (1931), p. 25.

26. The books are -- "The Study of Fundamental Principles" in which he essayed to trace the whole course of modern thought. "The Rise and Fall of the Nations of the World" which included a considerable study of European colonization of America and Africa, "The History of the Glory and Downfall of Turkey" -- to Kang, the decline of the Ottoman power had a parallel in the waning of China. Turkey, once so feared by her neighbors, had become the sickman of Europe; China was in a way to become the sickman of the Far East.

27. Kang Yu Wei, "The Reform of China and the Revolution of 1890", in Contemporary Review, August, 1899.

28. An account of this memorial can be found in North China Herald, December 6, 1895.

29. David E. Apter, The Politics of Modernization, University of Chicago Press (1965), p. 46.

30. Among the western political thinkers that had great impact on him were Rousseau, Montesquieu, Henry George and Marx. For details see T. C. Woo, the Kuomintang and the Future of the Chinese Revolution, Hyperion Press, In., (1928), p. 48.

31 See chapter eighteen, Manifesto of the First National Congress of the KMT in Milton J. T. Shieh, Selected Historical Documents, 1894-1969. St. John's University Press, 1970.

32. For details see Chung-Si-Kwei, the Kuomintang-Communist Struggle in China 1922-49, Maritinus Nijhoff, The Hague (1970), Chapter One, pp. 1-13.

33. C. Martin Wilbur and Julie Lian Ying How, Documents on Communism, Nationalism and Soviet Advisers in China, 1918-1927, Columbia University Press (1956), p. 83.

34. David E. Apter, Introduction to Political Analysis, Winthrop Publishers, Inc., Cambridge, Massachusetts (1977), p. 471.

35. The May Fourth Movement took place on May 4, 1919, and was a reaction by Chinese intellectuals to the Imperialist west and its economic system of exploitation. It represented the search for ways to develop a Modern Chinese Nation. Programs of the May Fourth Movement included reforms of both the written language and the educational system; introduction of scientific methods; and exploration of political ideologies, including Marxism.

36. Li Ta Chao was the first of the May Fourth intellectuals to write on the significance of the October Revolution, who played a critical role in the early attempts to adapt Marxism to the Chinese Revolution.

37. Lu believed that the still pervasive influence of the Confucian world view diverted contemporary Chinese from facing up to the stark reality that confronted China.

Lu condemned it as a fatal national disease, especially the old style intellectuals who defended the Chinese cultural heritage at the cost of perpetuating China's intellectual isolation from the world. He believed that this was yet another repressive influence of the backward-looking Confucian historical perspective. In particular, Confucian morality was for Lu Hsun the opiate of the masses, for it led them to identify with their oppressors and to take on their values; it bound them psychologically to a system of oppression that led to their ruin; it numbed their consciousness and rendered them unable to voice their true feelings, thoughts, and sufferings.

The new culture, Lu believed, must define new ethical principles and provide new customs and ideas by which modern Chinese could live their lives. Its aim was to bring about the moral and spiritual regneration of the nationa and ultimately to create a new man.

For reference, see Lu Husn, Selected Works, Foreign Languages Press, Peking (1964).

38. Mao Zedong, "Single Spark can Start a Prairie Fire", in Selected Works (1954) 1:118.

39. Mao Zedong, Selected Works Vol. IV, Foreign Languages Press, Peking (1961), pp. 207-210.

40. David E. Apter, The Politics of Modernization, the University of Chicago (1965), p. 408.

CHAPTER II

MODEL DILEMMA

A. The Soviet Model

1. China's First Five Year Plan: Rapid Industrialization and Its Consequences.

2. The Dilemma: Mao's Agarian Socialism and the Role of Intellectuals.

B. The Self-Reliant Model

1. Mao's New Economic Strategy: the Great Leap Forward Movement (1958-1960).

2. Liu's New Economic Policy (1961-1965): its success and failure.

3. The Great Proletarian Cultural Revolution: Political and Socio-economic Reorientation 1966-1969.

4. Mao versus Lin (1969-1971).

5. The Gang of Four and the Pragmatists (1973-1976).

6. An overall review.

7. Notes

A. The Soviet Model

1. China's first Five Year Plan: Rapid Industrialization and its Consequences.

Under the Chinese communist leadership, the modernizing history of the People's Republic of China commenced in 1953 with emphasis on the drive for rapid industrial development. China's first Five-Year Plan for development of the national economy was based on the general line of the communist party of China (Marxism and Leninism), as put forward by the Central Committee of the party on December 24, 1952.[1]

Theoretically speaking, for Marx and for Lenin as well, socialism demanded industrialization[2] and this theme was constantly emphasized in Chinese Marxist theoretical writings. No one emphasized this more strongly than did Mao Zedong. The development of "a powerful industry with the state-owned enterprises as its main component" was the prerequisite to the collectivization of agriculture whereas the latter was the prerequisite for a "complete and consolidated socialism"[3], as Mao insisted at the time.

Without practical experience, the first Five-Year plan embarked on an intensive drive for rapid urban industrialization, a drive characterized by the blind application of the Soviet Model in terms of Marxist ideological assumptions, and Stalinist methods and techniques.[4]

For the purpose of a better understanding of the nature of China's economic policies, it is of paramount importance to look at the course of the first plan and subsequent developments.

To begin with, the first Chinese economic plan was closely patterned after the Soviet first five-year plan of 1928-32 and it was anticipated that China could achieve similar rates of growth in both industrial output and industrial employment.[5]

While it was anticipated that industrialization would proceed rapidly, the Chinese leaders at the same time held long-term perspectives on the transition to socialism; Mao predicted that it would require three five-year plans to lay minimally necessary economic foundations for a Socialist society and the remainder of the century "to build a powerful country with a high degree of Socialist industrialization".[6]

The first five-year plan assumed that industrialization (and thus the necessary material foundation for a Socialist society) could be most rapidly accomplished in an economically backward land under the centralized direction of a strong Socialist state. In fact, the details of the first five-year plan were not publicly revealed until mid-1955, when Maoists began to question its theoretical premises.[7]

Following the Soviet Model, the State Planning Commission was first established in 1952 to determine production targets and quotas and how these were to be accomplished. Over the following years, it was supplemented by the creation of a variety of more specialized central-government economic ministries and organs of planning and control. The Chinese plan emphasized to an even greater degree than had been the case in the Soviet Union, the development of such heavy industries as steel, machine building, fuel, electric power, metallurgy and basic chemicals. Only 11.2 percent of state capital investment in industry was designated for light industry (consumer goods production) while 80.8 percent went to heavy industry.[8]

The priority was justified both on grounds of national defense and because of the structural imbalance of the imperialist-dominated modern sector of the pre-1949 economy, where industrial backwardness in general was aggravated by the dominance of processing industries dependent on imported raw materials.[9]

It was assumed that the establishment of a heavy industrial base was the prerequisite for both the development of consumer industries and the technological modernization of agriculture. However, the amount of state investment in the rural sector was negligible. Of total state investment for development during the first five-year plan, only eight percent went to agriculture, forestry, and water conservation.[10] While what remained of privately owned urban enterprises were effectively nationalized between 1953 and 1956, the socialization of agriculture was seen as a long-term process dependent on the prior socialist industrialization of the cities.[11]

As intensive efforts were made to develop the heavy industrial base established by the Japanese in the pre-War period in Manchuria, the government emphasized the need to build up a new industrial base as opposed to large treaty port cities like Shanghai and Canton in North, Northwest and Central China. Of the 694 major industrial enterprises to be built during the five year period, 472 were to be located in the interior. The purpose was to correct the geographical imbalance left by the Imperialist heritage, and to build new industries closer to sources of raw materials and to areas of consumption and distribution.[12] The 156 industrial units that the Russians had agreed to supply in accordance with the Treaty of 1950 and the supplementary economic agreements

of 1953 and 1954 were regarded by the Chinese planners as the core of the industrial construction program, and the economic models for the whole first five-year plan.[13] In fact, Mao and other Chinese Communist leaders were as effusive in their praise of Soviet generosity as they later were to be bitter in their condemnation of Russian perfidy. At the time, the fraternal assistance of the Soviet Union was typically described as an expression of the noblest and loftiest spirit of internationalism.[14]

In fact, Russian financial aid was very limited, accounting for only three percent of total Chinese state investment for economic development during the period of the first five-year plan. And, the Russians paid for less than one-third of the cost of even the original 156 industrial units.[15] More significant than Soviet financial assistance was access to their technology and experience in centralized economic planning. The Russians supplied the equipment necessary for the rapid installation of model factories and the personnel (and training of Chinese personnel) necessary for their operation. In addition, the Soviets provided detailed blueprints and technological information for the establishment of a wide variety of other industrial plants and construction projects. Over 12,000 Russians and East European engineers and technicians were sent to China in the 50's, while over 6,000 Chinese students were trained in modern science and technology in Russian universities and some 7,000 Chinese workers were sent to the Soviet Union to acquire experience in modern factories. Thus, the Chinese were not wholly dependent on their own meager technological resources. Nevertheless, during the first five-year plan, 97 percent of the investment for basic development came from

the Chinese people themselves.[16]

Surprisingly, between 1953 and 1956, Chinese industry grew at an even more rapid pace than the ambitious 14.7 percent yearly increase set in the plan.[17] The actual per annum increase was 19.6 percent, according to official statistics, and 16 percent according to more conservative western estimates.[18] Total Chinese industrial output more than doubled, and the growth in key heavy industries was even greater, despite a 1956 revision of the plan which placed a somewhat greater emphasis on light consumer industries. Rolled steel production, for example, increased from 1.31 million metric tons in 1952 to 4.48 million in 1957; cement from 2.86 million to 6.86 million; pig iron from 1.9 million to 5.9 million; coal from 66 million to 130 million; and electric power from 7.26 billion kilowatt hours to 19.34 billion.[19] In addition, China was now, for the first time, producing small but significant numbers of trucks, tractors, jet planes and merchant ships. In all, the Chinese had proved to be excellent students of the Soviet Model, for Chinese industrial production between 1953 and 1956 grew more rapidly than Russian industry during the first Soviet five-year plan of 1928-32.[20]

The first five-year plan provided China with a significant and stable modern industrial base, even though it was still a tiny one compared with the advanced industrial countries. But this success was not achieved without social and economic costs, and the major costs were borne by China's 500,000,000 peasants -- for industrialization of the cities was based largely on the exploitation of the countryside. While the cities were rapidly industrializing, agricultural production was stagnating.

According to the probably inflated official statistics, output of food grain between 1953 and 1956 increased at an annual rate of 4.8 percent;[21] according to foreign estimates, the increase was more in the order of 2.7 percent, barely keeping pace with the 2.2 percent average annual population growth. Nevertheless, the capital for urban industrialization was extracted primarily from the countryside by means of a relatively high state grain tax and high quotas of grains which peasants were forced to sell to government stores at low state-fixed prices.

While the state was taking a great deal out of the rural economy to finance urban industrialization, it was putting very little back; under the first five-year plan, less than 10 percent of state investment for development was to the agrarian sector. Quite apart from the poor harvests of 1953 and 1954, there were many indications of social and economic problems in the countryside. The traditional practice of usury began to reappear; better off and more economically efficient peasants began to lend money to poorer and less efficient ones, and in some cases, debtors were forced to sell their lands to their creditors.[22]

Furthermore, the first five-year plan assumed a 23 percent increase in agricultural output and subsidiary rural production; in 1953 and 1954, however, agricultural production was falling far short of that goal.[23] Since industrialization was dependent on a developing agrarian economy, or more precisely, on extracting from the countryside a sizable surplus for capital investment in the cities, stagnation in the rural economy threatened the industrialization program and created increasing economic hardships among the peasantry. The plight of the peasants was aggravated by a mid-1954 decision probibiting the sale of surplus grain on the

private market; henceforth all grain beyond that consumed by the peasants themselves was to be sold to the Government. While this measure slightly increased what the state was taking out of the countryside, it reduced the income of many peasants.[24]

As food shortages arose in the countryside, peasant income was further reduced (and the program of industrialization was in danger). In fact, the demands of the first five-year plan had imposed grave hardships on the peasantry which was later conceded by Zhou En-Lai in 1954 as he admitted that: "because we did not completely grasp the situation of grain production in the whole country, and purchased a little more grain from the peasants than we should have, discontent arose among a section of the peasants."[25] Another indication of economic difficulties in the countryside was a flood of peasant migrants to the cities. While some went to take jobs in industry, most fled to the cities because of food shortages in the countryside. The result was to intensify already serious problems of urban unemployment and underemployment. During the first five-year plan, the increase in the population of the cities far exceeded the rate of urban employment growth partly because the planners gravely overestimated the capacity of the new industries to absorb a larger workforce.[26] The problem was further aggravated by the demobilization of much of the army in 1954-1955, following the signing of the Korean War Truce.

Indeed, the consequences of the first five-year plan were not only profound on China's peasant population, but on Mao's demand for simplicity of administration and social equality as well. The collective decision of 1952 to adopt the Soviet Model for industrialization also resulted in the development of Soviet-type forms of political organization

and state administration. In fact, centralized economic planning demanded the rapid bureaucratization of both the state and society. And this was against Mao's preference for administrative simplicity.

The Maoist revolutionary ideal was replaced by a technological elite of engineers, scientists and managers necessary for the development and operation of the expanding modern economic sector. These newly emerging social groups tended to become increasingly motivated by professional and vocational ethics, rather than by Marxist goals and communist values, and increasingly separated from the masses of workers and peasants by virtue of status, power and material benefits.

Thus, for the workers, the first Five-Year Plan brought increasingly repressive conditions of life and work. Whether factories were run by professional managers, or by party officials who functioned as managers, the workers were forced to submit to ever greater labor discipline that the drive for increased productivity demanded. They were subjected to increasingly repressive forms of control at the places they worked and through the urban neighborhood resident committees at the places they lived as well. Moreover, inequalities within the ranks of the working class itself grew as larger wage differentials and monetary rewards based on skill and productivity were introduced.[27]

In short, inequality was most glaringly apparent between city and countryside, because the industrialization of the cities was based on the exploitation of the countryside. While material conditions in the cities improved, the rural economy was largely stagnant, thus widening the economic and cultural gap between the modernizing cities and the backward countryside.

Furthermore, the new educational system in the 50's heavily influenced by borrowed Soviet methods and curricula, tended to reinforce tendencies toward social inequality and stratification. The urban population benefited from new educational opportunities far more than did people living in the rural areas. Although officially proclaimed policies gave preference to children of workers and peasants, in practice, the examination requirements for admission to middle schools and universities strongly favored the sons and daughters of the already privileged strata: the old nationalist bourgeoisie, higher party and government officials, intellectuals and technicians. To meet the needs of industrialization, the educational system in general and university education in particular, overwhelmingly emphasized science and technology.

2. The Dilemma: Mao's Agrarian Socialism and the Role of Intellectuals.

When the first Five-Year Plan was launched at the beginning of 1953, the government also had announced the inauguration of "the transition to socialism". While the pursuit of modern economic and industrial development was clear enough, the meaning of socialism became increasingly ambiguous. Chinese society seemed to be moving further away from, rather than closer to the socialist future that the revolution had promised. As serious socio-economic problems arose in the countryside, Mao was soon forced to confront the dilemma of means and ends that the results of the first Five-Year Plan had generated. And, just as the Maoist revolution itself was born and developed in the rural areas through the process of ideological and political mobilization of the poorer peasants, Maoists again were to turn to the countryside to revive the socialist goals and spirit of a revolution that was dying.

In late 1955, Mao Zedong single-handedly and dramatically dissolved the agrarian policy of 1953.[28] With his speech on the Question of Agricultural Cooperation, he thereby launched China on a distinctively Maoist road to "agrarian socialism". As a leading party official later caustically remarked, Mao's speech settled the debate of the past three years regarding the impact of heavy industry upon agarian policy.[29]

Indeed, the debate was settled in a manner unprecedented in the history of the Chinese Communist Party. Mao delivered his speech, not to the Central Committee in which he was in the minority, but rather to a meeting of provincial and regional party secretaries who were in Peking at the time for a session of the National People's Congress. In effect, Mao overrode the Central Committee and appealed to the party at large. It was not until October that the Central Committee convened to formally ratify the new Maoist policies.

What had become the party consensus on agrarian policy was summarized in Li Fu-Chun's report on the first Five-Year Plan. The emphasis was on the need for a stable and productive agrarian economy to serve the needs of industrial development. The establishment of cooperative farms would continue, but in a gradual and systematic fashion and on a voluntary basis. The modest goal announced was to expand the existing 600,000 semi-socialist cooperatives to 1,000,000, encompassing about one-third of peasant households, by the end of 1957. In fact, the whole thrust of the report was to raise agricultural productivity for the purposes of urban industrialization. The peasants were to be led to socialism,

but that would be a gradual transition of unspecified duration, dependent on the mechanization of agriculture and the development of a high level of technology.[30]

In short, the agrarian policies that the Chinese communists had pursued through mid-1955 had been governed by two assumptions. One was that the major purpose of cooperative farming was to increase agricultural production in order to provide the capital necessary for industrialization of the cities. The other was the assumption that the socialization of the peasantry presupposed the industrialization of the cities, for only modern industry could provide technology and the means of mechanization for large scale collective farming. In 1949, Mao had accepted, and indeed had promoted these views; however, by 1955, he had come to reject both assumptions. His July speech on the Question of Agricultural Cooperation implicitly challenged the first and explicitly repudiated the second.[31]

The essence of Mao's agrarian socialism was centered on the rapid socialization of agriculture, which to him was the only means to throw off poverty, social inequality, improve peasants' living standards and withstand natural calamities.[32] In his report, Mao declared the cooperation movement was proceeding too slowly. In place of the goal of 1,000,000 cooperative farms to be established by the end of 1957, Mao demanded an additional 300,000 cooperatives and moved up the timetable to the autumn of 1956. By the spring of 1958, no less than half of China's peasant households were to be organized in semi-socialist cooperatives, and the remaining half were to be drawn in by 1960.[33]

However, the significance of Mao's speech lay not in the accelerated timetable he set forth, but rather in the revival of the spirit of the Yenan principle of the mass line; in particular, the peasant masses, which demanded intimate interrelationships between leaders and masses and which also demanded a process of self-education through revolutionary action.

According to Mao, the mainstay of the leadership in organizing the peasants into cooperatives was to be local cadres in the rural areas, and the socialist transformation of the countryside was not to be a revolution imposed from above by bureaucratic means. Above all, the cadres sent from above were to be only an auxiliary force whose function was to guide and help rather than take everything into their own hands.[34] Mao was bitterly critical of party leaders who covered up their dilatoriness by quoting the experience of the Soviet Union.[35]

Mao's July 31 speech marked not only a departure from existing party policies on the pace of cooperativization and the method to be employed, but also set forth new perspectives on the ends the movement was to serve and on the question of the relationship between economic development and social change. Mao now placed much emphasis on the social and economic benefit that collectivization would bring to the peasants themselves.

Cooperativization proceeded at an extraordinarily rapid pace in the last months of 1955 and the results far exceeded even Mao's most optimistic expectations. By the end of the year, 1,900,000 lower stage cooperatives had been organized, almost 50 percent more than the goal of 1,300,000 Mao had proposed for the following October. The expansion of the size of the cooperative farm also took place. In July, 1955, cooperatives had an

average membership of 26 households; in December, the average was 40 households. Sixty-three percent of the peasantry had now joined cooperatives, more than a fourfold increase since mid-year. The movement had gained momentum and Mao described it as a raging tidal wave that had swept away all the demons and ghosts and attributed its success to a belief that the people were filled with an immense enthusiasm for socialism.[36]

Since the goals Mao had set forth in the summer of 1955 were surpassed within a few months, new targets were announced at the end of December. Semi-socialist cooperativization was to be completed by the end of 1956, and the transition to fully socialist collectives would take place over the next three to four years.[37] However, in late January, 1956, the Politburo accelerated the timetable, calling for full socialist collectivization to be completed in 1958.[38]

The establishment of collectives meant the abolition of private ownership of land and remuneration for peasants in accordance with the socialist principles of "to each according to his labor".

As the collectivization was in force, nearly the whole rural population was drawn into collectives. In January, 1956, the Politburo attempted to resolve the problem of transforming rich peasants and ex-landlords into ordinary peasants. Those who had behaved well and worked well were allowed to join cooperatives as members and changed their status to that of peasants. Others deemed less well behaved were to be subject to various restrictions and means of supervision.[39] In June, virtually all barriers to admission were removed[40] and the vestiges of social class differences in the countryside seemingly were eliminated.

By the end of the summer, some 100,000,000 peasant households (or 90 percent of the peasant population) had joined approximately 485,000 collective farms and virtually all the rest were drawn in before the spring planting of 1957.

Nevertheless, rapid socialization of agriculture also created serious organizational problems. During the most intensive period, the first half of 1956, peasant resistance was minimal. Most upper middle class peasants, who constituted about 20 percent of the rural population, and the smaller number of rich peasants, were no doubt less than enthusiastic about having their properties collectivized. There were scattered reports of slaughter of farm animals and sabotage of the movement by former landlords and rich peasants. Serious manifestations of dissatisfaction among the peasantry did not appear until after the collective farms had come into being. However, this took mostly non-violent forms -- such as the withholding of labor effort, withdrawals from collectives and sometimes spontaneous dibandment of collective farms.

The collectives were much larger organizations than cooperatives, averaging 246 households (or about 1,200 people) as opposed to several dozen households -- and in some cases, collectives included many individual peasant proprietors who had not joined, or who had been excluded from cooperatives. In addition, collectives demanded much more complex fiscal procedures and methods of economic planning. With essentially all land, animals and farms now transferred into collective property, peasants were to be remunerated in accordance with the amount of labor they contributed, mostly in the form of a share

of the crop and partly in the form of small cash payments. Each collective was thus faced with the problem of establishing, on the basis of general state regulation, an equitable system of work norms and wage standards and a fair way of calculating the number of work days and work points accumulated by its members. In addition, the collectives were also confronted with the task of long-term economic planning, determining how much of the crop was to be distributed to the peasants and how much was to be set aside for welfare needs and capital investment after meeting state tax and grain delivery requirements. All of this indeed demanded complex bookkeeping and accounting procedures that most collectives were ill-equipped to undertake.

Because of the lack of a local rural leadership trained in the techniques of large-scale economic planning and management, the first year of collectivized farming was plagued by organizational confusion and uncertainties about how the system was to function. Although party leaders often publicly attributed these economic and organizational problems to sabotage by former landlords and rich peasants who still harbored counter revolutionary hopes, it was soon recognized that the newly collectivized peasants lacked sufficient incentives to increase their productive efforts. In the last months of 1956 and throughout most of 1957, the government moved to stabilize and liberalize regulations governing the functioning of collectives. Mao then predicted that five or more years of work and consolidation would be required to establish collectivization on a sound foundation. In the meantime, policies were oriented to increasing agricultural production by providing greater material incentives for the peasantry. State agricultural taxes and compulsory grain

purchases were reduced to 25 percent of the total output in 1956-1957, and the peasant producers guaranteed no less than 60 percent of the collective harvest. Greater freedom was given to peasants to work on private plots, and sell what they produced on the private market. However, the very measures taken to give the peasant the material means and incentives to raise productivity deprived the state of the surplus required to fulfill the industrial targets of the first Five-Year Plan.

At the beginning of 1956, China, in the eyes of its communist leaders was on the verge of completing "the transition to socialism". Mao had proclaimed in January, 1956 that the outcome of the struggle between socialism and capitalism would be determined and he predicted that by the end of 1956, the victory of socialism would be practically assured.[41] In the same month, Zhou En Lai and others were celebrating the high tide of socialist transformation.[42] A year later, in February, 1957, Mao was to turn his attention to the problem of "Contradictions in a Socialist Society": that Chinese society was now socialist was taken for granted, even though it was acknowledged that the new social system had yet to be fully consolidated.[43]

Whether Chinese society in 1956-57 was truly socialist by any Marxist definition of that term was highly debatable. But if socialism is taken to mean the abolition of private property and control of the means of production by a state in the hands of a socialist party then China was no less socialist than the Soviet Union. By mid-1956, agricultural collectivization largely had been completed and such industrial and commercial enterprises as still remained in private hands were nationalized by the end of the year. Even individual entrepreneurship in handicraft production

had been largely reorganized into socialist cooperatives. Just as the Soviet Union, China by the end of 1956, was essentially a country with a dual system of property; in the urban economy, state property predominated, while collective property prevailed in the rural areas. In both town and countryside, private ownership of property had been abolished and by the prevailing Marxist-Leninist criteria of the time, China was a socialist society. With the assumption that the transition to socialism was completed, the communists began, in early 1956, to chart the future course of socioeconomic development and turned their attention to the problems of rapid socialization of society and the first Five-Year Plan created.

One problem that the arrival of a presumably socialist society had not solved was China's continued economic backwardness. If the communists could hail the successes of the first Five-Year Plan in terms of heavy industrial development, they could not but recognize that China's modern industrial sector was still tiny and fragile. And, if collectivization of agriculture was being accomplished without plunging the country into economic chaos and without driving the peasantry into political opposition, it nevertheless was taking place without any technological revolution in agricultural production. China no doubt remained a poor country and its people impoverished. No one, not even Mao, believed that a socialist society could long maintain itself, much less flourish, amidst conditions of general economic scarcity and backwardness. The question was how to create a modern economic base that could sustain a presumably socialist superstructure. Thus, modern economic development became the topic of critical debate, but it was by no means clear who would issue the order

and how it would be carried out. To the order of a second five-year plan, which was already on the drawing boards at the beginning of 1956, there emerged a radically different Maoist alternative that demanded a complete abandonment of the Soviet Model of development and one that had radically different social implications.

For Mao and Maoists, the question of how to achieve a modern economy was inseparable from the question of how to avoid the bureaucratization of state and society that modern economic development (Soviet Model) had fostered. China's transition to socialism had been accompanied by a transition from a revolutionary form of organization to a bureaucratic form of rule and control. The general institutionalization of the post-revolutionary order, and especially the Soviet-borrowed methods of the first five-year plan, had given rise to the emergence of new political and economic elites. These developments were perhaps inherent and unavoidable in the process of industrialization, but they clashed with socialist goals which industrialization presumably was to serve -- and clashed more directly with the emerging Maoist version of the proper course of socioeconomic development. What came to be known in 1956-57 as the "hundred flowers" campaign (let a hundred flowers bloom, let a hundred schools of thought contend) was intended to serve, at least on the part of Maoists, an anti-bureaucratic purpose, and to create the intellectual forum for debate on the critical questions about the present and future of socialism in China; questions about the relationship between state and society, between leaders and led, and questions involving human and intellectual freedom. In part, the questions were posed by the communist leaders themselves as they reflected on the achievements

of socialization and industrialization -- and the problems which seven years of rapid socioeconomic change had created. In part, the communists were forced to confront issues which were raised from below by those whom they ruled.

In January, 1956, the party's Central Committee convened a special conference to deal with the hundred flower issue. Non-party representatives of academic institutions and organizations were invited to participate and to hear speeches by both Mao Zedong and Zhou En-lai. Zhou's speech was of particular interest, for it reflected the consensus of the party leadership at the time "on the question of intellectuals". The stratification of intellectuals posed difficult ideological problems, for unlike workers, peasants, or the bourgeoisie, their class status could not be defined by the usual Marxist criterion of their relationship to the means of production. However important intellectuals were in the economic, political and cultural life of the country, they remained only a social stratum or element and occupied a most ambiguous place in the four class alliances (workers, peasants, soldiers and the masses) upon which the People's Republic presumably rested. If intellectuals did not constitute a social class as such, they were the carriers of class ideologies, and especially bourgeois class ideology and thus were politically and ideologically suspect. Zhou attempted to remove the suspicion by assigning intellectuals a class status they never had been accorded before. "The overwhelming majority of intellectuals" he announced, "have become government workers in the cause of socialism and are already part of the working class". Thus, the question of intellectuals was no longer mainly a question of their political and ideological reliability, but

rather a technical problem of the scarcity of experts and expertise. "The fundamental question now", Zhou stated, "is that the forces of our intelligentsia are insufficient in number, professional skills and political consciousness to meet the requirements of our rapid socialist construction."[44] The problem could not be resolved through largely technical means. Zhou suggested that through more rational organization and work assignments, intellectuals might be better able to develop their specialized skills to the benefit of the state. And, for that same purpose, they should be provided with better equipment and more books, better housing and higher wages, more reward and rapid promotion, and not be burdened unduly with administrative tasks and political study sessions to the neglect of their professional work. Enrollments in universities were to be increased and long-term programs for the development of scientific and technological knowledge were to be undertaken.

The political problem, Zhou suggested, resided more in the party than among the intellectuals. He complained of "certain unreasonable features in our present employment and treatment of intellectuals, and in particular, certain sectarian attitudes among some of our comrades towards intellectuals outside the party",[44a] of "unnecessary suspicion" to which intellectuals had been subjected, and a proclivity to label loyal intellectuals as counter revolutionaries. This did not mean that the intelligentsia was to be freed from political controls and responsibilities. Intellectuals would still be subjected to established processes of political "re-education and ideological reform"; the small number who remained counter revolutionaries or who were otherwise "bad elements" were to be "weeded out" by the party; bourgeois ideological tendencies were to be combatted, and all intellectuals

were to study Marxism-Leninism and eventually become "red experts". As all this would take time, the party would be tolerant: "if they do not turn against the people in speech and action and even more, if they are prepared to devote their knowledge and energies to serving the people, we must be able to wait for the gradual awakening of their consciousness and help them patiently, while at the same time criticizing their wrong ideology". In the meantime, intellectuals were to be granted a wide realm of professional autonomy within their particular areas of expertise in order to master the scientific knowledge that was essential for China's modern economic development.[44b]

While the party was to retain its political and ideological mastery, the intellectuals were recognized as the masters of science and technology and indeed encouraged to master the universal body of modern scientific knowledge. The party was taking the initiative to end what Zhou called "a certain state of estrangement" that existed between the intellectuals and the state. One manifestation of this new confidence in the intelligentsia was Zhou's call for removing barriers for the recruitment of intellectuals into the party. The result was 50 percent increase in the number of intellectuals in the party in 1957.[45]

In fact, it is hardly likely that Mao Zedong could have found Zhou En Lai's speech to his liking, for the new policy implied the creation of a technological intelligentsia that could effectively separate its professional activities from politics and ideology, at least so long as it was not openly hostile to the state and to Marxism-Leninism. It was a policy that would have accelerated the stratification of professional elites separated from the masses by virtue of their specialized knowledge

and privileged social and economic positions. It was precisely this social result of the Soviet-modeled Five-Year Plan that Mao was already attempting to reverse and against which he was soon openly to rebel.

Mao, to be sure, shared Zhou's desire for modern economic development and the need to master modern science, but he was advocating a very different course of economic development than the party was pursuing at the time. When Zhou En Lai delivered his speech "on the question of intellectuals" in January, 1956, Mao Zedong was pressing the party to adopt more radical social and economic policies; economic development was to proceed in a manner that was "greater, faster, better, and more economical" than it was under the first Five-Year Plan, while the socialist reorganization of society was to be accelerated as well.[46]

At issue in the emerging internal party dispute was not only the pace of socio-economic change but its nature. Whereas most pragmatist communists were still wedded to the Soviet Model of development and thinking in terms of a second five-year plan that was to be basically an extension of the first,[47] Mao was proposing policies that presupposed the abandonment of the Soviet Model.[48]

Instead of proceeding in accordance with the dictates of bureaucratic rationality, urban industrialization, and centralized state control, the new Maoist conception flowed from a generalization of the Yenan model of the "mass line" and more immediately, was inspired by the populist-type upsurge in the countryside that Mao had launched with his July, 1955 speech on agricultural collectivization.[49] The rapid socialist organization of society was to be combined with rapid economic development, and industry was to develop simultaneously with agriculture in decentralized fashion

and through a populist reliance on the initiative of the masses. The emerging Maoist conception posed a threat to existing state and party bureaucracies and was bitterly resisted. The debate on the proper course of socio-economic development raged throughout 1956-1957, and was only resolved in late 1957 when the Maoist conception began to be implemented in the Great Leap Forward campaign.

In retrospect, there were various reasons why China had to look to the Soviet Union for developing a model. For one thing, the Chinese leaders saw Russian economic and technological aid as essential for their industrial development. In fact, at the time, China could hardly expect such aid from the capitalist countries, especially not in the cold war years, and assistance provided by a socialist country was seen as more desirable in any event. With Soviet assistance, the Chinese drafted their first Five-Year Plan. It called for massive capital and technological infusion into the Chinese economy along the Stalinist line of economic development. The Stalinist model of development was a capital-intensive, urban oriented strategy. As Apter points out correctly, political leaders who have helped form a mobilization system tend to gain their political information during the revolutionary period, and planning and other blueprints for future development are generally based upon skills formed outside the new society. According to Apter, mobilization systems therefore do not create new knowledge. At best, they are emulative, copying other systems and their technologies.[50]

However, under the Stalinist mode of development, the state has exerted coercive controls to build up heavy industry and the military, to hold down people's consumption and to nationalize everything under a system of highly

centralized planning known as the Command Economy. Such a system is costly in terms of human resources, but it is also beyond the reach of most societies which lack the material resources to undertake the job. Furthermore, what is significant about the Stalinist model is its use of coercion for mass mobilization. This kind of coercion implies the adherence of the members of the system to objectives and forms of conduct laid down by the government. In other words, a distinctive feature exists in the mobilization system in which sanctions are applied to ensure the conformity of the population to the goals of the state. By the same token, the state, in the course of economic development, will manipulate its Marxist ideology to achieve support for those goals it regards as necessary, although perhaps unpopular, for rapid industrialization. The most coherent theory of this can be found in Lenin's concepts of democratic centralism and the role of a vanguard party.[51] According to Apter, it is this aspect of Leninist ideology that tends to be attractive to the political leaders of modernizing countries seeking radical tranformation of their societies.[52]

Although China had followed the concept of centralized planning and impressive growth rates were attained during the brief Chinese experiment with the Stalinist model, it became increasingly clear to Chinese leaders by the mid-1950's, that the agricultural sector, the source of investment capital for heavy industries, could not sustain the industrialization speed and the consequences that were created by the first Five-Year Plan. This in turn sparked a debate within the highest levels of the Chinese Communist Party of fundamental questions concerning strategy and outcome of the Soviet model. In April 156, Mao proposed a complete abandonment of the Soviet model of development by embarking upon a distinctively Maoist economic strategy, the Great Leap Forward Movement.

B. The Self-Reliant Model

1. Mao's New Economic Strategy: the Great Leap Forward Movement (1958-1959)

A distinctively Maoist economic theory took shape in response to three major problems that confronted Chinese society as the first Five-Year Plan was drawing to a close. First, there was the immediate and pressing problem of growing unemployment in the cities and underemployment in the countryside, chronic problems which the first five-year plan had failed to resolve. Second, there was the question of how to raise capital for the building of a modern industrial base on which a future socialist society presumably would rest. With little prospect of any significant foreign capital investment, the question turned on how to make most efficient use of China's major resource, human labor. Last, the general recognition that China required a "technical revolution" raised the problem of how modern technology and science could be attained without fostering bureaucratism and social inequality, without, in short, permitting the development of a privileged technical intelligentsia. In response to the above critical problems, Mao's "Great Leap" strategy of socio-economic development was unveiled.

Accordingly, the policies of the Great Leap Forward introduced in 1958 did not reject the development of heavy industry, and in fact encouraged its more rapid development -- but not at the expense of agriculture and light industries. In essence, all sectors of the economy were to develop together and develop rapidly through the formula of "simultaneous development", the principal economic notion of the Great Leap Forward Movement. Heavy capital investments in the advanced industrial sector would continue,

but at the same time there would be increased investments in light industry and agriculture and the three would grow together in dynamic fashion, with each stimulating the development of the others. The Maoist argument, simply put, was that the promotion of light industries producing inexpensive consumer goods for peasant consumption was essential to motivate peasants to increase agricultural production, while greater agricultural output, in turn, would further stimulate the development of light industry and was the essential prerequisite for the state to accumulate sufficient capital for heavy industrial development. On the basis of this concept of dynamic interaction among the three economic sectors, Mao had declared as early as 1956 that if you have a strong desire to develop heavy industry, then you will pay attention to the development of light industry and agriculture.[53]

The new Maoist economic strategy also presupposed a radical decentralization of socio-economic life -- and indeed, of political organization as well. A large degree of administrative authority had been passed down from the central government and the economic ministries in Peking to provincial and municipal administrative units. The Maoist policies also implied a wholesale dismantling of centralized bureaucratic structures and economic planning organs, and the transfer of economic decision-making to basic production units.

Furthermore, for Mao and Maoists, economic goals could not be separated from social and political ones. While no one questioned the necessity and desirability of mastering modern science and technology, Maoists were concerned with the question of how they were to be mastered and by whom. Part of the Maoist concern was a widely shared anxiety that

China had become far too dependent on Soviet technology. Indeed, Mao in 1956 had warned that, "we should not become one-sided and copy everything which comes from abroad, and introduce it mechanically."[54]

That "abroad" meant of course the Soviet Union and the point was made more explicitly in 1958. "Learning should be combined with creativity", he then said, and "to import Soviet codes and conventional inflexibility is to lack the creative spirit".[55] He attacked the Soviet-modeled first Five-Year Plan and complained that, "All we could do in our ignorance was to import foreign methods. Our statistical work was practically a copy of Soviet work; in the educational field copying was also pretty bad...we did not even study our own experience of education in the liberated areas. The same applied to our public health work, with the result that I could not have eggs or chicken soup for 3 years, because an article appeared in the Soviet Union which said that one should not eat them...we lacked understanding of the whole economic situation and understood still less the differences between the Soviet Union and China. So all we could do was follow blindly..."[56]

Having embarked upon a radically new and distinctively Chinese strategy of development, Mao was determined to break down China's reliance on Soviet technological assistance. To him, it was not only a matter of the unsuitability of much of Soviet technology to the new Chinese economic policies, especially to his new emphasis on small-scale rural industrialization, but also it was the fear that Chinese economic and technological dependence on Russia implied a degree of political dependence as well.[57]

Moreover, economic and political dependence fostered psychological dependence which, in turn, inhibited the initiative and activism of the masses. According to the Maoist view, foreign borrowing had left the Chinese people mentally fettered and passive, and their full liberation required complete national independence and a spirit of "self reliance".

Thus, the Maoists called for China to develop an independent and indigenous technology. It was a call that foreshadowed one of the principal themes that emerged in the Great Leap Forward era -- the principle of "self-reliance",[58] which since has become a cornerstone of the policies and practices of the People's Republic.

At the beginning of 1958, eight years after the birth of the People's Republic, Mao Zedong was convinced that the transition to socialism had been completed. Mao thus believed that the time was ripe for China to move to a higher stage of social development, a course that was dictated by his theory of permanent revolution which meant revolutions would come one after another. "Our revolutions are like battles" Mao had argued, "after a victory, we must at once put forward a new task".[59] The new task was the transition from socialism to communism.

In launching the Great Leap Forward campaign, Mao promised both a technical revolution and a social revolution, both an economic miracle and a social miracle -- but the latter was not dependent on the prior accomplishment of the former. Instead, it was the revolutionary transformation of social relations and consciousness that would release the latent productive powers of the masses and provide the impetus for the technical revolution and at the same time guarantee that modern economic and technological development would be carried out in a fashion consistent

with the realization of communist social goals. For Mao and Maoists, the term "Great Leap" which meant not only rapid increases in productivity but also the acquisition of a social and economic meaning. It conveyed the expectation of a qualitative transformation of social relationships as well as the expectation of a quantitative leap in economic development. In the Maoist mentality, as it reveals itself in both the theory and practice of the Great Leap, the pursuit of Communist social and ideological goals are inextricably intertwined with the goal of rapidly developing the material forces of production -- and the former are seen as the precondition for the proper development of the latter. From the perspectives of Marxist-Leninist theory, the Great Leap is the time when Maoism emerges as an explicit rejection of the Stalinist orthodoxy that the combination of state ownership of the key means of production with rapid economic development automatically guarantees the eventual arrival of a Communist society. In the Maoist views, by contrast, the promise of a Communist future demands the introduction of Communist forms of social organization and the cultivation of a Communist consciousness.

The Great Leap Forward campaign began at the end of 1957 and during the early months of 1958 as an intensive drive for increased productivity in both industry and agriculture. The campaign was called to produce "more, faster, better and cheaper" in accordance with the new Maoist economic strategy formally adopted by the party in October, 1957. An emphasis on the importance of agriculture and the development of small industries accompanied the raising of production targets in the heavy industrial sector. The centralized bureaucratic economic apparatus was

partially dimantled in favor of relative autonomy and decision-making authority for localities and basic production units.

To resume the attack on bureaucracy and to realize the Maoist ideal of "simple administration", administrators and officials from the cities were sent down to the countryside to engage in manual labor on farms and in factories. Ideological exhortations and moral appeals replaced material rewards as the incentive for workers and peasants to work harder and longer, accompanied by the promise that three years of struggle would be followed by a thousand years of Communist happiness. In industry, the Great Leap was marked by the implementation of the policy of walking on two legs, in accordance with which medium and small scale, labor-intensive industries operating on the basis of indigenous technologies were to be developed simultaneously with the modern industrial sector. For workers in modern factories, it was a policy that meant working harder, longer hours with no material incentive, and required meeting higher government productive quotas. The new industrial policy also meant to mobilize tens of millions of people in urban and rural areas in the abortive backyard iron and steel campaign; it was the most publicized and least effective of the new labor intensive local industrial projects.[60] However, other small scale undertakings, especially local chemical and fertilizer factories and local mines in the rural areas proved highly effective in meeting local needs and yielding long-term technological innovations.

Perhaps one of the most radical Maoist policies of the Great Leap Forward era was the formation of the people's communes which subsequently created irreparable divisions within the Communist leadership between Maoists and Liuists.

In the Maoist literature of the Great Leap, it was stressed that communes were not merely productive organizations but units which combined economic, cultural, political and military affairs, and which also combined workers, peasants, merchants, students, and militia men into a single entity.[61] The commune was seen to be the organizer of living as well as organizer of production; it was conceived not only as the means to realize ultimate Communist ends but also an embryonic Communist society that was taking place; an embryo that would grow to become the basic social unit of the future Communist utopia.

The commune was also conceived and popularized by Maoists as both the product and the producer of new Communist men, the ideal of reds and experts who performed a vast variety of social functions and who were the carriers of Communist consciousness upon which the emergence of the new society ultimately was dependent. It also brought both the slogan that everyone would be a mental laborer and at the same time a physical laborer; everyone could be a philosopher, scientist, writer and artist.[62]

Politically, the term was derived from Karl Marx's analysis of the Paris Commune of 1871 and subsequent Marxist identification of the Paris Commune as the historical model of the dictatorship of the proletariat. The term commune in the Marxist tradition conveyed the notion of an entirely new form of organization of political power, that is, an armed community of laboring masses who smashed the existing centralized bureaucratic military state apparatus and replaced it with popular working bodies which restored to society as a whole social powers that had been usurped by the state. In other words, the Marxist description of

the commune, standing army and police are replaced by the armed populace; the state bureaucracy is destroyed in favor of popular organs, which combine executive and legislative functions; such socially necessary administrative functions as remain are performed not by appointed officials but by popularly selected members of the working people who carry out their duties at ordinary working men's wages, without special status or privileges, and are under the constant supervision and control of the masses; and national political organization as a whole is decentralized into a free federation of self-governed local communes in place of those agencies of oppression in a centralized government.[63]

It was with this conception of political power reorganized as the dictatorship of the proletariat that Marx envisioned the transition period that would lead to a classless Communist society and in the process, result in the disappearance of political power itself. It was precisely this conception which was held by Maoists as they undertook to reorganize Chinese society into people's communes.

The first of the communes appeared on an experimental basis in Honan province in April, 1958 and subsequently, the amalgamation of collectives into communes spread rapidly to Honan and Hopei provinces and Manchuria. On July 1, 1958, issue of the newly established party theoretical periodical Red Flag, Chen Pota, a leading Maoist theoretician and Mao's personal secretary first advocated people's commune as the expanded and reorganized collective in Hupei. The Hupei Commune, according to Chen, had succeeded in combining agricultural and industrial production, and it had produced new men who were acquiring scientific and technological knowledge

in the course of working, integrating the technological revolution with the cultural revolution and learning to perform essential administrative functions as well as advanced productive methods. The commune was thus in the process of realizing the Marxist goals of eliminating the distinction between mental and manual labor, between industry and agriculture and between town and countryside -- thereby opening the road on which China could smoothly transform from socialism to communism. Chen attributed these present and future accomplishments to the heroic spirit and creativity of the working masses.[64]

In the lengthy speech delivered in early July 1958 at Peking University to commemorate the thirty-seventh anniversary of the founding of the Chinese Communist Party, Chen Pota further supported the theme of communal development by quoting Mao's comment on communization. "Comrade Mao Zedong said that we should steadily and systematically organize industry, agriculture, commerce, education and soldiers into a big commune, thereby to form the basic units of society.... This conception of the commune is a conclusion drawn by Comrade Mao Zedong from real life".[65]

Despite the grave reservations of many of the highest party leaders concerning the concept of communization, the Politburo met in an enlarged session (a meeting which included provincial and regional party secretaries as well as the entire central committee) at the seaside resort of Peitaiho during August 17-30, 1958 and formally ratified the idea of communization.[66]

However, communization proceeded more rapidly and moved in a far more radical direction than most party leaders anticipated. By the end of September, over 90 percent of peasant households were formally included in the new organizational structures. Before the year was out,

virtually all of the rural population were organized in some 24,000 people's communes which had emerged from the amalgamation of 700,000 collective farms. Much larger than officially proposed, the average commune consisted of 10,000 people. A commune generally corresponded to a township, and if a township was too small, then several townships would be combined to form a commune.[67]

As the goals of Communism grew, so did demands for total abolition of personal possessions and for a general social leveling. The ideological demand was reinforced by the economic logic of the mobilization of labor. With most able-bodied men and women organized in production brigades and working from sunrise to sunset on collective projects, little time or energy was left to tend family plots and animals. Private holdings which accounted for about seven percent of the cultivated land at the beginning of 1958 were virtually eliminated by the end of the year and became communal property, as did hitherto family owned pigs and fowl. In the areas where communization was most radically pursued, everything from homes to cooking utensils, furniture and watches were collectivized and turned over to the communes.

As far as distribution was concerned, the surplus product that remained after state taxes would be distributed in accordance with the Communist principle "from each according to his ability and to each according to his need".

One way in which the Marxian model of the Paris Commune reflected itself in Maoist practice was in the general militarization of work and life. "Our revolutions are like battles", Mao had declared in January, 1958, and by July, peasants on communes were organized in battalions marching off to labor in the fields in step with martial music blaring from

loudspeakers. The slogans of the time called upon the masses not only to collectivize, but also to militarize, combatize and disciplinize.

Although the militarization of work was ideologically oriented, the real purpose was to increase labor efficiency and productivity. The result of such a movement was the physical exhaustion of peasants who were subjected to intolerable physical demands and an increasingly unrealistic extension of working days without material incentive.

The haste of communal development also resulted in organizational chaos. General uncertainties about how the new organizations were to operate were compounded by the lack of skilled personnel to properly manage complex fiscal affairs of the communes and the new forms of communal life and work within them.[68] Peasants from richer collectives resented the economic leveling that came through their amalgamation with peasants from poorer or less efficient collectives, a practice carried out in defiance of official regulations stipulating that lower standards of living were to be raised rather than high ones lowered; they expressed their dissatisfaction by slaughtering and consuming farm animals instead of turning them over to the commune. Peasants, in general, came to resent arbitrary work assignments, inequities in remuneration, inefficient management of mess halls and other communal facilities. The mobilization of peasant labor for industrial irrigation and construction projects often resulted in the neglect of agricultural production, and consequently food shortages. A general breakdown of natural economic planning and coordination led to gross inefficiencies in the production and distribution of goods and materials and shortages of raw materials for industry. The commandism practiced by local cadres produced regimentation of labor rather

than communal labor, and the lengthening of working days to meet unrealistic production quotas resulted in general physical exhaustion of the working population.

Of far greater and longer-lasting significance than the more spectacular social radicalism of the time was the implementation of new policies in industry and education. One was the policy of promoting industrialization of the countryside, and the other was the introduction of a new rural educational system based on the principle of work and study.

Some of the rural industries established at the time proved to be viable, particularly those of manufacturing and repairing agricultural implements, chemical plants that produced fertilizers and insecticides, and local crop processing industries. Relying on local human and material resources, and generally using primitive technologies, they served well the immediate goals they were intended to achieve by assisting agricultural productivity and development, providing peasants with small consumer goods which otherwise would not have been produced, and utilizing surplus rural labor which otherwise would have gone to waste.

The new educational policies were closely related to the new emphasis on industrialization of the countryside. Communization was accompanied by an ambitious effort to establish locally operated educational facilities: red and expert universities, evening schools, spare-time educational programs and a variety of half-work, half-study programs. The guiding principle was the combination of education and production. The main purpose was to provide the peasant masses with minimal technological knowledge in addition to basic literacy skills necessary for the operation of local rural industries as well as to facilitate the future introduction of

modern techniques in agricultural production. In addition to serving immediate productive needs, the new rural oriented school system was seen as a means to realize the Maoist ideal for the masses to make themselves masters of technology, reduce the need for specialized urban universities and schools, forestall the growth of a technological intelligentsia and thus contribute to the realization of,the Marxist goals of abolishing distinctions between town and countryside and mental and manual labor.

As popular dissatisfaction with the communes and the economic chaos that was subsequently created grew, party leaders met at Wuhan on November 28, 1958 in an attempt to restore economic stability that the radical thrust of communization had generated. However, they emerged on December 10 with the resolution that retained much of the Utopian Model for communization which would lead China from socialism to communism,but with new policies that were critical of the social and political radicalism of communization.[69] The policies were approved and implemented over the opposition of Mao, marking the beginning of a bitter political struggle.

A series of other party meetings in the early months of 1959 further moderated the operation of the communes and established stricter centralized controls over them. These meetings, at the Wuhan Plenum of December, were dominated by Liu Shao Chi. Surprisingly, at the Wuhan meeting, Mao had decided to step down as Head of State, presumably acknowledging the failure of his policy on communization. Liu Shao Chi was sworn in as Head of State in April 1959. However, Mao retained the more important post of Chairman of the Party, but he was no longer fully in command of the state apparatus. He was later to complain that after the Wuhan Plenum, he was treated like a dead ancestor.[70]

Despite attempts by the pragmatist leaders to restore centralized planning and political controls, economic conditions continued to deteriorate. Shortages of raw materials and transportation difficulties gravely hampered industrial production, and severe floods and drought in the spring and summer of 1959, held ominous implications for agricultural production and the national economy in general. As the economic situation became more critical, the political struggle between Maoists and Liuists intensified. The struggle evolved around what Maoists later called "the two roads" -- one presumably leading back to capitalism and the other forward to socialism and communism.

Matters reached a climax in early August, when the party Central Committee convened its eighth Plenum at the mountain resort of Lushan in Kiang-Si province. One of the important issues that confronted the leaders of the Chinese Communist Party at the Lushan meeting was the future of the communes and the fate of the Great Leap Forward campaign. In general, the confrontation was between Mao and Peng Te Huai, a veteran revolutionary who had played a major role in the formation and history of the red army since joining Mao at Ching Kang Shan in 1928. In mid-June, 1959, Peng launched an attack on the policies of the Great Leap which culminated a month later in a "letter of opinion" addressed directly to Mao. With a striking lack of subtlety, he condemned communization, the collapse of national planning, the alienation of the party from the masses and oppressive economic conditions, and political practice -- all of which he attributed to the "petty bourgeois fanaticism" of Maoists.[71]

Mao, on the other hand, was ny no means wholly uncritical of his own role in the Great Leap. On July 23, 1959, in one of the conferences preceding the formal opening of the Lushan Plenum, Mao criticized himself for promoting the backyard steel campaign which he described as a great catastrophe and for pushing communization with undue haste. "The chaos caused was on a grand scale and I take responsibility".[72] Because of Mao's political supremacy, and the support of members of the Politburo, Peng Te Huai was condemned for having slandered the Great Leap at the Lushan Plenum and was subsequently dismissed as Minister of Defence, and his supporters were removed from key positions in the army. In September, 1959, he was succeeded by Maoist, Lin Piao.

The official communique that emerged on August 26, 1959 from the Lushan meeting was quite candid in acknowledging the failure of the Great Leap. The communique was particularly critical of the now abandoned backyard steel production campaign and the absence of central planning and direction. It was also admitted that, due to inadequate accounting procedures, the demand for rapid increases in production for 1958 had been grossly overestimated. The officially-announced figure of 375,000,000 tons for grain production was revised downward to 250,000,000 tons.[73]

Nevertheless, the Lushan resolution called for a revival of the Great Leap Forward and reaffirmed the validity and viability of the system of people's communes. The difficulties experienced by the communes now were attributed to "right opportunists who underestimated achievements and overestimated defeats".[74]

The Great Leap Forward era also witnessed the natural calamities of 1959 and 1960 and the complete withdrawal of Soviet aid to China. The year 1960 was known as the most calamitous year in the history of the People's Republic of China. Typhoons caused unprecedented floods in South China and Liaoning; drought afflicted the middle and lower reaches of the Yellow River and pests afflicted wide areas of the countryside. More than 60 percent of the cultivated area suffered from flood or drought and agricultural production plummeted. As famine threatened the land, industrial production was further disrupted by damage to industrial crops; disruptions in the transportation system; the transfer of labor to officially designated disaster areas; and finally by laborers physically exhausted and weakened by increasingly critical food shortages.[75] The economic crisis was further gravely compounded in the summer of 1960 when Khrushchev abruptly recalled the 1,400 Soviet scientists and industrial specialists working in some Chinese enterprises.[76]

Because of the gravity of the economic situation, Mao had come to accept the inevitability of dismantling the Great Leap Forward. By early 1960, Mao quietly withdrew from day to day affairs and Liu Shao Chi, the Pragmatist leader, took over the control of state affairs and organizations.

Indeed, the years of natural calamities, disastrous harvests, the general economic and organizational dislocations produced by the Great Leap and the sudden cancellation of Russian technological assistance dealt a particularly crippling blow to the Chinese economy. The Great Leap Forward campaign which began with such great expectations in 1958, thus

ended in 1960 in an economic disaster for China and a political disaster for Mao Zedong. It also contributed to the breakdown of the Sino-Soviet alliance.

TABLE 1

Indices of Economic Growth
(in millions of tons)

Year	Agricultural Production
1949	53
1950	64
1951	72
1952	84
1953	84
1954	84
1955	94
1956	97
1957	100
1958	107
1959	83
1960	74
1961	78
1962	87
1963	93
1964	98
1965	101
1966	112
1967	118
1968	110
1969	112
1970	126
1971	130
1972	126
1973	142
1974	146
1975	148
1976	148
1977	144
1978	156

CIA, China: A Statistical Compendium (July 1979), 3.
Cited by John L. Scherer in China Facts and Figures Annual,
Volume 3, 1980. Academic International Press, 1980, pp. 77-78.

2. Liu's New Economic Policy (1961-1965): Its Successes and Failures

The Chinese Communist Party from 1961 to 1965 was characterized by economic stability and socio-political order. It was dominated by the reaffirmation of the Leninist principles of the crucial role of the Vanguard Party, discipline, order and organization. The party was considered a highly centralized apparatus which was presided over by a revolutionary leadership possessing a true socialist consciousness and functioning with military-like precision; a disciplined organization in which the party center exercised the appropriate discipline over its cadres, who in turn, disciplined and organized the masses for effective action. This Leninist conception of the nature of the party was naturally creating hostility towards the "spontaneity" of the masses. It was precisely the spontaneity of the masses, the virtue so prized by Maoists, that was seen as having undermined the stability of the post-revolutionary socio-economic order in general, and the organization and authority of the party in particular. By the end of the Great Leap, the organizational structure of the party had been gravely weakened, and much of its membership had become demoralized. The leaders of the party, who now began to look more to the leadership of Liu Shao Chi than Mao Zedong, were first and foremost intent on reestablishing Leninist authority and legitimacy of the party, restoring firm lines of command within it, and restoring its command over society in general.[77] From a prevailing Leninist perspective, this was the immediate and essential prerequisite for dealing with the economic crisis and for restoring social order.

One of their first acts was to blame the disasters of the Great Leap on lower-level party cadres (mostly Maoist inspired rural cadres) who were accused of ideological deficiencies in Marxism and Leninism, and charged with failing to understand and carry out the policies of the party. They were also accused of ignoring the desires, wishes and complaints of the masses who favored order and stability. Many local cadres were dismissed and those who remained were instructed to act strictly in accordance with the directives passed down from high levels of the party hierarchy. New party schools for the training of disciplined cadres were established and party directives stressed more strongly than ever the Leninist virtues of a tightly-knit organizational structure, strict adherence to formal party rules and procedures and the obedience of lower to higher level organs -- and ultimately obedience to the Central Committee and its Politburo which was the highest level of authority.

In short, the transformation of revolutionary cadres into bureaucratic functionaries and administrators, and the development of bureaucratic professionalism and occupational specialization were reemphasized. All had their roots in the pre-Great Leap era.

Shortly after his victory over Peng Te Huai at the Lushan meeting of August, 1959, Mao removed himself from day to day affairs and operations of the party. The withdrawal was perhaps voluntary, or at least graceful but it was certainly motivated by Mao's awareness that Peng's criticism of the Great Leap was widely shared by party leaders, even if they did no share Peng's bluntness, by a recognition that he could not command a majority of the Central Committee to continue the socially radical policies of the Great Leap, and that a collapsing economy and a demoralized

peasantry did not provide favorable circumstances for any attempt to override the Central Committee in the fashion he had followed in the past. Control over the party and its policies therefore fell into the hands of organizing men, the so-called "pragmatists" who were less interested in social change than in social stability, political order and economic efficiency. The most prominent of the pragmatists was Liu Shao Chi -- the formal head of state of the People's Republic, the senior Vice-chairman of the party, Mao's informal heir apparent, and certainly the most orthodox Leninist among Chinese Communist leaders. Another was Teng Hsiao Ping, the Secretary General of the party, who wielded vast power over its organizational apparatus. The ascendency of Liu and Teng was accompanied by the restoration of the authority of party bureaucrats whose power had been eclipsed during the Great Leap era -- such leading party officials as Lu Ting-Yi, Peng Chen, and Lo Jui - Ching; and the economic planners who had been the architects of the first Five-Year Plan, such as Chen Yun, Li Fu Chun, and Poi-Po. All had been critical of the policies of the Great Leap, and they now proceeded to dismantle those policies and to return China to a condition of normalcy.

With Liu Shao Chi's leadership, the economic policies from 1961 to 1965 were in some respects similar to Lenin's new economic policy which was introduced in 1921 in an effort to rehabilitate the Russian economy after the ravages and disruptions of World War I, the Revolution and the ensuing Civil War. This new policy was presented explicitly as a retreat from the radical socialist policies of the period of war communism and involved a widespread reintroduction of capitalist forms of economic activity. The policy was also known as a "mixed economy", i.e., partly

socialist and partly capitalist. For example, while large industrial and other enterprises remained in the hands of the Bolshevik state, private enterprise was permitted in small industries and in commerce. Except for standard forms of agricultural taxation, the countryside was largely left to itself, that is to say, left free for the development of small scale capitalist farming and the normal workings of a free market. The import of foreign capital for industrial development was encouraged -- and eminently capitalist methods of management and the organization of work were adopted even in state-owned industrial enterprises. In short, Lenin's immediate aim was national economic recovery; his long-range expectation was to have a peaceful economic competition and development.

The economic policies adopted by Liu Shao Chi and other Chinese pragmatist leaders forty years later were similar to Lenin's new economic policy of 1921. They constructed a large scale retreat from the radicalism of the Great Leap Forward in an attempt to deal with the grave economic crisis of 1960-61. In agriculture, concessions were made to petty capitalism, primarily permitting private plots to be utilized by individual peasant households. In industry, greater emphasis was placed on the criterion of profitability in the operation of enterprises, and the authority of managers and technocrats was strengthened. In general, wider scope was given to the free play of market forces and prices, and material incentives were highly stressed.

The Chinese version of the new economic policy began as the sharp decline in agricultural production, and a series of crises of widespread food shortages and the threat of famine took place in 1960-61.[78]

Fortunately, under the centralized leadership, famine was avoided primarily through an efficient system of urgent distribution and rationing. Production was soon revived through a combination of the reimposition of centralized party control over the countryside, the virtual removal of communal controls over individual peasant producers and urban assistance to the countryside. Hundreds of thousands of party cadres were sent to the villages, displacing Maoist-inspired local rural cadres. They were reinforced by soldiers, students and millions of unemployed urban dwellers who were directed to the countryside to engage in agricultural work. Small private plots were restored to individual peasant families, free markets in rural areas were reopened, communized personal and household belongings were returned and peasants were permitted to reclaim uncultivated lands and till them on their own. From the cities also came emergency aid in the form of insecticides, chemical fertilizers and small farm tools. By the end of 1962, the agrarian economy was stabilized.

These measures proceeded under the policy of taking agriculture as the foundation of the economy, and industry as the leading sector, formally adopted at the ninth Plenum of the party Central Committee in January, 1961. The slogan reflected a recognition on the part of Communist leaders of the central importance of a viable and developing agricultural economy for the national economy. It meant giving priority to the agrarian sector and accepting a slower rate of industrial development.

However, the policies of the period facilitated the growth of capitalism in the countryside and the appearance of a nascent class of rich peasants. Because of the allowance of family plots, most peasants had naturally devoted more time and energy to their private holdings than to

collective work. By the mid-1960's, private production probably accounted for about one-third of peasant income. Furthermore, complex workpoint systems were introduced to pay peasants according to their individual productivity rather than according to the amount of time or labor they contributed. Both the workpoint system and the new opportunities for sideline production on private plots inevitably benefited those peasants who were more productive, experienced, and enterprising. The result was increasing income differentiations among rural population.

The problem of gowing inequality was also exacerbated by the far greater problem of widespread corruption among rural party cadres. During the early 1960's, the communes were plagued by local leaders who engaged in embezzlement of communal funds and outright theft of resources. Even more widespread was collusion between lower-level team cadres and peasants in the allocation and misallocation of work points, to the economic advantage of both.

As in the rural areas, the new policies in the cities initially took the form of emergency measures to alleviate a critical and rapidly deteriorating economic situation. In 1960 and 1961, some factories were closed due to the withdrawal of Soviet aid and many were operating at reduced capacities for want of adequate raw materials and supplies. A large number of small industrial enterprises and shops hastily established during the Great Leap were grossly inefficient and wasteful of scarce resources. By 1962, industrial production had declined by about 40 percent from the 1958 and 1959 levels.[79] The cities were filled with an enormous number of unemployed and underemployed; their ranks swollen by millions of peasant migrants from the more depressed rural areas. The first step taken by the

government to rationalize production and reestablish a viable urban economy was a stringent policy of financial retrenchment. Thousands of small economically inefficient factories and shops were closed and most of the workers in larger enterprises hired during the Great Leap years were dismissed. A freeze was placed on new employment. In all, the total industrial workforce was cut by half. A second measure was to send the excess, economically redundant urban population to the countryside, a drive that reached its peak in the spring of 1962 in what was called the "return to the village" movement. It was dictated by economic necessity to relieve the strain on a precarious urban food supply as the industrial cutbacks were dictated by a shortage of raw materials and scarcity of state investment capital.

The long-term problem of reviving and developing the modern industrial sector was approached through the reintroduction of centralized economic planning from Peking combined with a degree of economic autonomy to individual enterprises and a consequent reliance on semi-market forces, the strengthening of managerial authority, a renewed emphasis on technological and scientific expertise, and a heavy stress on financial incentives for the workers to spur productivity and raise the quality of what was being produced. Direction over the economy in general was returned to the economic ministries in Peking, and the architects of the first Five-Year Plan were restored to prominence. Managerial authority in individual factories and enterprises, which had virtually disappeared during the Great Leap, was reestablished. Managers and technological experts who were closely linked to district and provincial party organizations regained control over the operations of industrial enterprises. Furthermore,

the traditional distinction between managers and workers re-emerged and the new emphasis clearly was on technical expertise rather than political redness . The industrial workers were once again subjected to the authority of managers, they were compensated through the revival of a system of financial incentives for increased productivity and promises of a better material life. The use of prizes and bonuses to reward workers for their individual productive performances and for contributing technological improvements and incentives were also introduced. While the new industrial policies marked the reappearance of many of the features and tendencies of the first Five-Year Plan, they were by no means a wholesale return to the Stalinist model which subordinated agriculture to the development of heavy industry.

In fact, the policy of taking "agriculture as the foundation" was taken seriously. The policy found concrete expression in a significant shift of capital investment from urban industrial development to agriculture. Important sectors of modern industry were refashioned to increase production of chemical fertilizers and modern farm tools. Scientific institutes were established for the development and application of improved seeds, and a program for rural electrification was undertaken.

Through Liuist policy, agricultural production began to revive in 1962 and increased steadily.[80] According to official reports, grain output rose from a low of 193,000,000 tons in 1961 to 240,000,000 tons in 1965.[81] The nation's food supply was also augmented by large wheat purchases from Canada and Australia.[82] The modern industrial sector was also stabilized by the end of 1962. Between 1963 and 1965, industrial

production grew at an average annual rate of approximately 11 percent; industrial employment 7 percent and labor productivity 5.5. percent.[83]

In late 1962, with the economic situation stabilized, Mao Zedong emerged again from political seclusion to launch what came to be known as the Socialist Education Movement. The new campaign was an attempt to counter the bureaucratization of Chinese political life, reverse socio-economic policies that Maoists condemned as revisionist and believed were creating new forms of capitalism, and revitalize a collectivist spirit and consciousness both within the party and in society at large. It was Mao's urgent attempt to implement his vision of radical social transformation through existing party and state institutions.

The campaign had its origins in the September, 1962 speech for the tenth Plenum of the Central Committee where Mao had set forth the thesis that classes and class struggle necessarily exist in Socialist societies, stressed that the class struggle in China would continue for a prolonged period and raised the spectre that the outcome of the struggle could be a restoration of the reactionary classes. "A country like ours can still move toward its opposite", he warned. To wage the struggle between Chinese Revisionism and Marxism-Leninism, Mao proposed a Yenan style movement based on the model of the rectification campaign of 1942-1944.[84]

While Mao was no longer in control of the state apparatus, he was not without power to influence formal state policies. He was still the Chairman of the powerful party, and commanded enormous personal prestige and no less important, commanded the People's Liberation Army as well.

The Central Committee duly promulgated a resolution officially endorsing the major points made by Mao. It was not until May, 1963, that the "Draft resolution of the Central Committee on problems in current rural work" stated the purposes and methods of the Socialist Education Movement and launched the campaign on a nationwide basis.

The May, 1963 resolution of the "first ten points" as it came to be known, was an eminently Maoist document, written either by Mao or under his direction. The document expressed the two major concerns around which the Socialist Education Movement initially focused. One was the virtual dissolution of the communes and the disintegration of collective farming in general, accompanied by the appearance of quasi-capitalist socio-economic relationships and the resurgence of traditionalist attitudes and practices in the countryside. The second concern was the increasingly bureaucratic character and method of the Communist party, and the widespread corruption which pervaded local rural party organs and cadres. The original aims of the movement were to restore collectivism in the rural areas, reestablish communes as functioning socio-economic units, cleanse the party of corruption, and mitigate bureaucratic elitism.[85] To combat bureaucracy and the growing separation between the leaders and the masses, the resolution stressed the need for officials and cadres to labor in the fields on a regular basis to demonstrate that the cadres were ordinary laborers and not overlords who sat above the heads of the people. To overcome political apathy of both the masses and the cadres, the resolution called for new ideological reeducation campaigns and a renewed emphasis on self-education.[86]

What marked the first ten points as distinctively Maoist was not so much the goals it announced -- for all party leaders shared the concern with the problems of cadre corruption and the growth of spontaneous capitalist tendencies -- but rather the means by which Maoists proposed to restore socialist principles in the countryside. The document was permeated with populist and antibureaucratic impulses phrased in Maoist terms, stressing a far greater reliance on grass-roots organization and initiative of the peasant masses than on the organizational apparatus of the party. Time and again, it was emphasized that the success of the movement was dependent upon a faith in the poor and lower middle peasant masses to judge and rectify the errors of the party.

Although party leaders generally shared Mao's concern over cadre corruption and the retreat from collectivism, they viewed the new Maoist calls for mass mobilization of the peasantry and an intensified class struggle as threats to maintaining agricultural production to the organizational viability of the CCP, and to their own control over the party and state apparatus.

Bureaucratic resistance to carrying out the measures proposed in the "first ten points" was fortified by the appearance of two additional party directives on the Socialist Education Movement. The first came to be called "the second ten points" and was drafted by the party's Secretary General, Teng Hsiao Ping in September, 1963. The second was known as the "revised second ten points", and was issued by Liu Shao Chi in September, 1964.[87]

Both offered detailed instructions in implementing the policies set forth in Mao's original directive of May, 1963. Both borrowed much of the language and phraseology of the latter and duly quoted the writings of Mao.

The real purpose however was to blunt the radical thrust of the movement, limit its scope, and most importantly, keep the movement under the centralized control of the party. The device for accomplishing this was the dispatch of outside cadres known as work-teams to villages and communes to supervise local cadres and the masses. The work-team was an old Communist organizational method, widely employed during the land reform campaign. The method was revived to replace and to negate the Maoist demand that the Socialist Education Movement proceed on the basis of the initiative and mobilization of the peasant masses themselves. Although the original Maoist directive emphasized that the first step was to set the masses in motion, Liu Shao Chi insisted that to launch the Socialist Education Movement at any place required the sending of a work-team from a higher level. The whole movement should be led by the work-team.[88]

Neither version of the "second ten points" made mention of peasant associations that figured so prominently in the "first ten points". It was decreed instead that meetings should first be convened by the party.[89] Rather than the peasants having their own associations, as Mao had proposed, Teng and Liu emphasized the central importance of the organizational structure of the party, with high organs rectifying the errors of local level cadres and then proceeding to lead and educate the masses. "To consolidate over 95 percent of the cadres is a prerequisite to the consolidation of over 95 percent of the masses. When the question of the cadres is properly handled, the question of consolidating the masses will also be solved".[90]

In short, operating from orthodox Leninist perspectives, most party leaders, and most notably, Liu Shao Chi and Teng Hsiao Ping, believed that what was crucial for successful political and economic work was the

organizational and ideological soundness of the CCP and the quality and discipline of its members and cadres.

Mao looked primarily to the peasant masses themselves as the true sources of revolutionary creativity. The Socialist Education Movement, for him, was intended to restore collectivism and to revive a Socialist spirit through the association which comprised a majority of the peasantry, and not on the work-team controlled by higher party organs.

The differences were made explicit in January, 1965, when Mao convened a national work conference and from that forum issued a new directive known as the "twenty-three articles".[91] Beginning with the proposition that the struggle between socialism and capitalism in society at large was reflected within the party, the document redirected the focus of the movement away from cadres in rural localities to those people in positions of authority within the party who took the capitalist road. Some such capitalist roaders remained concealed and were reported to be operating at the highest levels of the party, including the Central Committee itself.[92] It was, in effect, a declaration of political war against the party bureaucracy and its top pragmatist leaders. The war was to be waged through a radical implementation of the principles of the mass line.

In the end, the Socialist Education Movement did little to change socio-economic relationships in the rural areas and reverse the general tendencies that Maoists labelled "revisionist and capitalist". Most of the country remained largely untouched by the movement.

Although the pragmatist policies of Liu Shao Chi from 1961 to 1965 had brought economic recovery and renewed growth, there was a social price to be paid for economic progress. This price was the emergence of new forms of

inequality. The free marketing system and the spontaneous tendencies toward capitalism in the countryside had given rise to a new stratum of rich peasants who, often in cooperation with local cadres and officials, began to develop a vested interest in the new economic policies. In the cities, there also emerged a privileged stratum of more experienced and skilled industrial workers who benefited from the system of incentive bonuses. Measures that encouraged productivity also induced workers to compete with one another and worked against the development of a sense of collective class solidarity. Likewise, the new educational policies of Liu Shao Chi adopted in the early 1960's also served to promote socio-economic inequality.

Although the stated purpose of the new educational system was to serve workers and peasants, the criterion of formal academic achievements for admission to middle schools and universities favored both the old and new privileged groups in Chinese society -- i.e., the sons and daughters of the remnant urban bourgeoisie, higher party and government officials and the technological intelligentsia. Furthermore, educational opportunities were unevenly distributed between cities and rural areas. Universities were located in the cities, urban oriented in curricula, and drew most of their students from urban classes. While children who lived in the cities were afforded the opportunity of at least a primary school education, many rural children were not, or received only a most rudimentary education.

The egalitarian policies of education of the Great Leap Forward movement were reversed in favor of practices and procedures which had prevailed in the early and mid-1950's. Many of the half-study and part-time schools

and programs were either abandoned or discouraged. Primary and middle-schools in the rural areas were removed from communal control and returned to the administration of the Hsien (county). Entrance examinations to middle schools and universities were restored as admission criteria and these in return benefited urban children over the rural youth.[93]

The educational system in the early 1960's was probably more elitist and unequal than the Great Leap era. It also reinforced growing socio-economic differences and fortified new patterns of social stratification. In the medical field, during the early 1960's, tremendous progress was made. It was reported that between 1949 and 1957 over 800 western type hospitals were built, and some 300,000 beds were added to the 90,000 available when the People's Republic was established. The number of doctors trained in modern western medicine increased from 40,000 in 1949 to 150,000 in 1965, supplemented by 170,000 para-medics; by the early 1960's medical schools were graduating about 25,000 new doctors each year.[94]

The achievements were indeed impressive by any standard of judgement, but the benefits were unevenly distributed under Liu Shao Chi's leadership. While urban inhabitants enjoyed access to modern medical services, rural areas were neglected. Regarding the seriousness of this matter, Mao Ze-dong in June of 1965 made the following comments:

> Tell the Ministry of Public Health that it only works for fifteen percent of the total population of the country and that this fifteen percent is mainly composed of gentlemen while the broad masses of the peasants do not get any medical treatment. First they don't have any doctors; second they don't have any medicine. The Ministry of Public Health is not a Ministry of Public Health for the people, so why not change the name to the Ministry of Urban Health, the Ministry of Gentlemen's Health ... The method of medical examination and treatment used by hospitals nowadays are

not at all appropriate for the countryside, and the way doctors are trained is only for the benefit of the cities. And yet in China, over five hundred million of our population are peasants...[95]

The growth of various forms of socio-economic inequality generated by Liu's economic policies was alluded to by Zhou En Lai in his report to the third National People's Congress, which met in Peking in late December of 1964 and re-elected Liu Shao Chi as Chairman of the People's Republic. After lauding the economic success of the previous two years, Zhou observed...

> For quite a long period, the landlord class, the bourgeoisie and other exploiting classes which have been overthrown will remain strong and powerful in our Socialist Society; we must under no circumstances take them lightly. At the same time, new bourgeois elements, new bourgeois intellectuals and other new exploiters will be ceaselessly generated in society, in party and government organs, in economic organizations and in cultural and educational departments. These new bourgeois elements and other exploiters will invariably try to find their protectors and agents in the higher leading organizations. The old and new bourgeois elements and other exploiters will invariably join hands in opposing Socialism and developing Capitalism.[96]

Who were the new bourgeoisie elements to which Zhou referred? Obviously, they were not people distinguished by the ownership of property, but rather those who enjoyed economic privileges, social prestige and political power within the existing Socialist Order, i.e., the party-state bureaucracy itself. They were privileged not by virtue of property but by virtue of function and income.

What Zhou's observation was, was soon made bluntly explicit by Mao who in 1965 began to charge that the bureaucratic class was the oppressor of the masses of workers and peasants. It was this view of bureaucracy as constituting a new exploiting class that Mao expressed his concern about

a sharpening conflict between the bourgeoisie and the proletariat, a growing need for class struggle and the belief that the contest between socialism and capitalism was approaching a decisive stage. For Mao, the economic policies pursued during the post-Great Leap years posed the question as to whether socialist ends could be achieved through non-socialist means, i.e., the means that most party leaders had chosen to emply were seen as incompatible with socialism; instead, they were seen as leading to what Marxists chose to call "the road back to capitalism".

In essence, the economic successes of the early 1960's based on the use of non-Maoist methods and means produced social and political results that were inconsistent with the Maoist vision of China's future. The price for economic progress was bureaucratic and technocratic elitism, the decay of the spirit of Maoist ideological precepts, the emergence of new forms of inequality in both cities and rural areas, and an ever-widening gap within the leadership of the Communist Party of China.

3. The Great Proletarian Cultural Revolution: Political and Socio-economic Reorientation 1966-1969.

The great proletarian cultural revolution was offically unveiled in November 1965, when the Maoist theorist, Yao Wen Yuan published a Critique of the popular play, "Hai Jui Dismissed from Office" which was written five years earlier by the historian, Wu Han who was also Vice-Mayor of Peking. The drama was set in the Ming Dynasty and celebrated the heroism of a virtuous official deposed by a tyrannical emperor for having protested the confiscation of peasant lands by landlords and corrupt bureaucrats. In fact, it took little imagination on the part of the politically informed Chinese reader to know that the tyrannical emperor was Mao Tse Tung, the virtuous official Peng Te Huai and the confiscation of land referred to in the communization campaign, which Peng had so vehemently opposed, resulting in his political downfall in 1959.[97]

According to Yao's charge, not only did Wu Han distort the Ming historical record, but the play's theme of returning the land to the peasants offered contemporary ideological support to those who wanted to demolish people's communes and restore the criminal rule of the landlords and rich peasants, all of which were the focal point of bourgeois opposition to the dictatorship of the proletariat.[98]

Indeed, Mao and Maoists' assumption was that the existing Communist party and state apparatus was leading China on the road back to capitalism. The assumption was based on two propositions. The first was that officials in the upper echelons of the party bureaucracy, by virtue of their power and prestige in the state apparatus, were acquiring material privileges and exploiting society as a whole; in effect, they were becoming a functional

bourgeoisie, albeit one whose privileges derived from political power rather than from property. The attack against the bourgeoisie was of course directed not primarily at the remnants of the old national bourgeoisie who had long been isolated, but rather against what Mao called "the bureaucratic class" who maintained bureaucratic arrogance, bourgeois habits and life styles. The second proposition was that an entrenched bureaucracy had acquired a vested interest in preserving the social order over which it ruled and from which it derived its privileged positions, and thus was opposed to radical social change and willing to tolerate Capitalist forms of socio-economic relations and ideologies in society at large.

Furthermore, the Maoist assumption underlying the cultural revolution was the belief that the existing state and party apparatus was dominated by "bourgeois ideology" and thus was producing and would continue to produce Capitalist type socio-economic relationships. Only by raising the political consciousness of the masses, revitalizing the Socialist spirit and ideals of the revolution, and refashioning a state structure guided by proletarian ideology, could the danger of a regression to Capitalism be forestalled.

With the passing of the "May 16 Directives" by the Central Committee[99] and the establishment of the Central Cultural Revolution Group (headed by Chen Po Ta, Chiang Ching, Kang Sheng, Chang Chun Chiao and Yao Wen Yuan), the cultural revolution set off in earnest and the spontaneous mass movement quickly came into being.

On August 18, 1966, the Red Guards, guided by the thoughts of Mao Zedong and acting in accordance with his personal instructions, were officially sanctioned as the vanguard to stimulate the revolution of the masses against the established institutions of state and party. In the meantime, Lin Piao was described as Mao's closest comrade-in-arms and was anointed his successor.[100] The movement was immediately directed against the entire party apparatus and its highest leaders, especially Liu Shao Chi, now referred to as "the leading person in authority taking the Capitalist road" and "China's Khrushchev", and Teng Hsiao Ping, the party Secretary General now known as "the second leading person in authority taking the Capitalist road".

From the onset of the cultural revolution to the Ninth Congress (1969), under the Central Cultural Revolution Group's leadership, the Red Guards took to the streets in a militant crusade against the "ghost and demons of the past and the present". They did so in a far more indiscriminate fashion than their elders wanted or anticipated. They had gone against the Central Committee's May 16 Directives[101] which called for reasoning to resolve contradictions among the people and to give anti-socialist rightists a chance to start a new leaf.

The May 16 Directives also stipulated that both the cultural revolution and production should be carried out without one hampering the other. Indeed, it was emphasized that one of the aims of the movement was to revolutionize people's consciousness in order to increase production, not disrupt it. But the Red Guards paid little heed to such distinctions and restraints. The red rebels acted blindly from what we then called the invincible thought of Mao Zedong which was to be used to turn the old world upside down, smash it to pieces, pulverize it, create chaos and make a tremendous mess, the bigger the better.[102]

The turbulent years of the cultural revolution had witnessed the catastrophe of the Red Guards who carried portraits of Mao and his little red book and marched through the streets of the cities and traveled over the country in an iconoclastic campaign against the symbols of the feudal past and the bourgeois influences of the present. Museums and homes were ransacked, middle schools and universities were closed down, old books and works of art destroyed, everything from old Confucian texts to recordings of Beethoven were sought out and thrown into dust bins; new revolutionary names were pasted on streets and buildings along with a portrait and the sayings of Chairman Mao. Western style clothes and old Buddhist and Taoist relics were attacked and humiliated; party officials and school administrators were criticized, beaten, arrested and paraded through the streets in dunce caps and forced to confess their crimes at public rallies. Bloody battles frequently ensued when the Red Guards entered factories and communes and were confronted by rival groups of workers and peasants.

In late August, 1967, China seemed to be hovering on the brink of anarchy. Mao was convinced that to continue the cultural revolution as a movement based on the initiative of the masses was to run the risk of plunging the country into a massive and perhaps fatal civil war. He opted for order. On September 5, 1967, the army was instructed to restore order and the masses were ordered to turn in their arms and forbidden to interfere with the mission of the P.L.A. (People's Liberation Army). The Cultural Revolution came to its anti-climatic end, when the C.C.P. opened its Ninth Congress on April 1, 1969. The first held since 1958 and the first to which observers from foreign communist parties were not invited. Lin Piao, now at the height of his political power and

popular prestige, delivered the main political report, generally assessing the cultural revolution and the international situation. The Congress' resolutions stressed the need to study "Mao Zedong thought" as the sole guide for correct revolutionary action; the need to emphasize agriculture in economic development; and especially the need to rebuild the party which was to be restored to its customary vanguard position. Mao added that the party should continue to be rectified by the masses in the process of its reconstruction, and stated that after a few years, "maybe we shall have to carry out another revolution."[103]

In the wake of the cultural revolution, the economic policies of 1961-1965 were condemned for leading China on a retreat from Socialism to Capitalism, and the party leaders, especially Liu Shao Chi, responsible for formulating and implementing those policies were purged as "Capitalist-roaders" who allegedly had exercised a "bourgeois dictatorship" over the "dictatorship of the proletariat".

The industrialization of the countryside was announced as one of the goals of the cultural revolution at the outset of the movement. In fact, the goal was not a new one. Many local rural industries were established during the Great Leap Forward campaign, but most proved unscientific with native methods, and the effort was largely abandoned.[104] However, in the aftermath of the cultural revolution, the program was again revived and had since thrived as one of the principal features of Maoist developmental strategy. Its aims were both social and economic; social, insofar as it served to lessen inequalities between urban and rural areas in the short-term and held the long-term promise of abolishing the distinction between town and countryside, and economic; insofar as it was a program

that utilized local labor and resources that otherwise would go to waste, thus contributing both to rural development and the national economy.[105]

The major purpose of developing small and medium-sized industrial enterprises in the countryside was to promote agricultural production. The purpose was served in many forms; the production and repair of farm machinery and tools; the manufacture of chemical fertilizers; the establishment of local industries for processing locally produced agricultural products for the market; and the establishment of a network of small scientific-technical institutes for the development and improvement of seeds and agricultural techniques. Rural industries also created many small and medium-sized factories which produced cement, pig iron and steel, construction materials, electricity, chemicals, pharmaceuticals and a vast variety of small consumer products. The Maoist approach to rural development was to seek urban assistance which would provide the countryside with the essential technology and technicians for the development of new rural industries. Urban assistance took many forms, such as, the transport of small plants and capital to the countryside; the dispatch of technicians, scientists, and industrial managers from cities to rural areas; the distribution of technical knowledge through books and teachers; and the training of rural people in urban factories and universities. However, rural enterprises were not under the control of the urban political and economic structure, rather they were managed locally by brigades, communes, and Hsien administration that utilized local human and natural resources to the best advantage of the local community.

The cultural revolution also brought significant changes in two initially important areas of Chinese life -- medical care and education. In 1965, Mao Zedong, complaining that doctors were being trained only for the benefit of the cities in a country where the vast majority of the population lived in the rural areas, proposed some radical measures to remedy the situation:

> In medical education, there is no need to accept only higher middle school graduates... It will be enough to give three years of medical training to graduates from higher primary schools. They would then study and raise their standards mainly through practice. If this kind of doctor is sent down to the countryside, even if they haven't much talent, they would be better than quacks and witch doctors, and the villages would be better able to afford to keep them.[106]

Mao also suggested a greater emphasis be put on preventive medicine and on the treatement of frequently occurring and widespread diseases rather than the study of what he called "rare, profound, and difficult diseases at the so-called pinnacle of science'. He concluded, "we should leave behind in the city a few of the less able doctors who graduated one or two years ago and the others should all go into the countryside... in medical and health work, put the emphasis on the countryside".[107]

The policies pursued since 1969 have followed these proposals, by and large. When medical schools resumed normal functioning after the disruption of the cultural revolution, the program of formal study was reduced from six to three years in order to graduate doctors to meet immediate needs. The new classes admitted for study in 1971 included a far greater number of students from rural areas, many of them barefoot doctors,[108] who lacked formal education but possessed a wealth of practical knowledge and experience.

The national health care system was radically decentralized, with urban hospitals and medical schools establishing clinics and local teaching institutes in the rural communes and providing doctors to staff them.[109]

The radical restructuring of the educational system during and after the cultural revolution has benefited the countryside much in the same fashion as the reforms in the realm of health care. The deficiencies and inequalities in the system that prevailed in the years prior to 1966 under Liu Shao Chi's leadership were glaring and growing, i.e., educational resources were concentrated in the urban areas; entrance exams and grading systems were based on formal academic qualifications and achievements, and enforcement of rigid age limits for attendance, and the imposition of tuition fees severely limited educational opportunities for the urban poor and rural youth. Above all, the system and the content of education was oriented to train students for professional and official careers in the cities and apparently served to perpetuate the privileges of urban elites.[110]

Maoist educational reforms did not come about until the cultural revolution had destroyed the established bureaucratic party apparatus that controlled the schools. The most striking feature of those policies was the expansion and development of education in the rural areas. The new policies have placed an absolute priority on the development of primary schools, and since primary education was already universal in the cities, the effect had been to provide at least five years of primary school education in even the more remote rural areas. Whereas prior to the cultural revolution, rural schools were administered by Hsien governments in accordance with standardized national policies, the new policies favored decentralization and a

large measure of local community control. Primary schools were now generally managed by production brigades and middle schools by communes. In addition, tuition fees, entrance examinations and age limits for student attendance were abolished. Many of the spare-time and work-study educational programs introduced during the Great Leap Forward were revived and had become an established feature of rural life. Changes in admissions criteria and curricula in middle schools and universities enhanced opportunities in higher education for rural youths. For admission to universities, entrance examinations were downgraded in favor of a system of recommendations from local production units and selection on the basis of political criteria as well as academic ability, with priority given to poorer peasants, workers, soldiers and lower-level cadres. University students were admitted only after having completed several years of productive labor in industry or agriculture and were expected to return to work in their home areas after graduation.[111] However, due to the catastrophe of the cultural revolution and the downgrading of intellectuals, universities were slower to recover. By the mid-1970's university enrollments were only about one-third of what they were a decade before and the campuses were reported to be devoid of intellectual life and in a state of academic semi-paralysis.[112] In short, the gap between the cities and the countryside in educational opportunities and facilities remains wide, as it does in most other areas of life. What Mao's educational reform did was to ensure that those who are the most deprived get their share.

4. Mao versus Lin (1969-1971)

Between the opening of the Chinese Communist Party's Ninth Congress in April, 1969 and September, 1974, China had been besieged with serious internal and external problems.

Externally, China had experienced bloody battles with Soviet troops on the frozen Ussuri river in Northern Manchuria. At the Ninth Congress, the Chinese Communists for the first time placed Soviet social imperialism on an equal footing with American imperialism, both principal enemies of the oppressed nations, and of China. According to Lin Piao's report, American imperialism was denounced as "the most ferocious enemy of the peoples of the world", and Lin had even harsher words for the Soviet Union. The new Czars, he charged, were establishing colonies on the model of Hitler's new order and were engaged in fascist acts of banditry. But both imperialism and social imperialism, Lin optimistically concluded, would inevitably meet their doom at the hands of popular forces of world revolution.[113]

But for Mao and particularly for Zhou En Lai, merely condemning the Soviets and Americans as equal evil and relying on the world revolution were inadequate for dealing with the peril from the North. Zhou, undoubtedly with the strong support of Mao, was advocating a new global diplomatic strategy based on the rather traditional principles of national sovereignty, peaceful coexistence, and the establishment of friendly relations "between states with different social systems"; it was a strategy that defined the Soviet Union as the principal enemy, and one, correspondingly, that dictated a tactical accommodation with the United States. As it happened, it was a strategy that coincided with American interests and their concern over the war in Vietnam and that soon was to bring Henry Kissinger and Richard Nixon

to Peking both in 1971 and 1972, respectively. This new diplomacy was of course a negation of the spirit of proletarian internationalism and to Lin Piao seemed no less than a betrayal of the principles of the cultural revolution. Because of the question of China's foreign policy and, in particular, the policy of rapprochement with the United States, one of the battle lines was drawn between Mao and his designated successor, Lin Piao.

Internally, another battle line was also drawn, concerning the rebuilding of the Communist party and the reestablishing of its authority. For Mao and especially for Zhou, the rapid restoration of the party was the first and most essential domestic order of business, particularly to correct the anomalous political result of the cultural revolution which had made the army (under Lin Piao) the dominant force in the political life of the nation. More significantly, the growing preoccupation with the Russian menace made more urgent the establishment of a stable internal political order. The Maoist emphasis was on national unity and reconciliation under the leadership of a revived and rebuilt party, and Mao now was openly sanctioning the return of most of the former party leaders and the wholesale rehabilitation of its cadres who had been so harshly attacked and overthrown during the cultural revolution. Indeed, Mao told Edgar Snow in December, 1970, that from the beginning of the cultural revolution, he had disapproved of the maltreatment of party members and pointed to this unhappy legacy as a major factor still impeding the rebuilding of the party.[114]

The issues that divided Mao and Lin, party rebuilding and foreign policy, resulted in an open confrontation between the two, when the Central Committee of the Ninth Congress convened its second Plenum at Lushan in late August,

1970. The conflict was openly revealed to the members of the Central Committee, although the Chinese people were not to be told of the internal struggle until two years later.[115]

According to Mao's later account, Lin Piao and notably Chen Pota and other members of the Politburo carried out a surprise attack at the Lushan meeting. The surprise attack consisted of speeches critical of the foreign and domestic policies of Zhou En Lai, surprising only because their content was not discussed with Mao beforehand and suggestions with regard to billing the post of state-chairman which Mao had personally abolished several months ago.[116]

However, the Central Committee neither appointed a Chairman of the Republic nor disapproved Zhou's new foreign policies. Instead, Lin Piao and Chen Pota were criticized for obstructing the process of party building. The official communique that was issued from the two-week closed door meeting announced that China's foreign policy was based on the principle of "peaceful coexistence between countries with different social systems".[117]

Surprisingly, the Lushan Plenum also marked the downfall of Chen Pota, Mao's longtime personal secretary, confidante, and Maoist theoretician par excellence. The cultural revolution had elevated Chen to the apex of political power as one of the five members of the standing committee of the Politburo, the others being Lin Piao, Zhou En Lai and Keng Sheng. Chen was accused of various ultra leftist deviations, allegedly committed both during and after the cultural revolution.[118]

On September 12, 1971, after failing to generate the coup d'etat and assassination against Mao, Lin Piao fled to the Soviet Union on a jet along with his wife, son and accomplices. But the plane crashed inside the People's Republic of Mongolia killing all aboard.[119]

Shortly after his fall, Lin Piao was charged with conspiracy to establish a military dictatorship, to conduct illicit relations with the Soviet Union, to oppose Mao's policy on the rehabilitation of party cadres and his new foreign policy. Lin and his followers were also accused of having exaggerated the spontaneity of the masses; over-emphasizing the human and spiritual factor in production, and fostering the Mao cult and the memorization of the Chairman's sayings rather than the serious study of his works.[120]

The deradicalization of the cultural revolution accelerated in the years after the fall of Lin Piao and his supporters from the party, army and revolutionary committees. It was a process not only marked by the establishment of the authority and organizational apparatus of the Chinese Communist Party, but also the restoration of the great majority of its old leaders, officials and cadres who were denounced and overthrown as capitalist roaders during the cultural revolution.[121]

5. The Gang of Four and the Pragmatists (1973-1976)

Despite the demise of Lin Piao, at the Tenth National Congress of the Chinese Communist Party held in Peking from August 24-28, 1973, other radical leaders remained true to the spirit and principles of the cultural revolution. They criticized Lin for not adhering to those principles and indeed, for never having represented them. At this Congress, Wang Hung Wen, a former Shanghai factory worker and youthful party activist whom the cultural revolution had helicoptered to a position of national political leadership, delivered one of the major reports to the Congress.[122] The other report was presented by Zhou En Lai.

Zhou took pains to emphasize the correctness of the general political lines, laid out at the Ninth Congress, which linked the present leadership to the cultural revolution. He also emphasized the supremacy and indispensable vanguard role of the party, "We should further strengthen the centralized leadership of the party", and "of the seven sectors -- industry, agriculture, commerce, cultural and education, the army, the government, and the party -- it was the party that exercised overall leadership,"[123] Zhou stressed.

The Tenth Congress also brought the leading radical members of the cultural revolution into the Politburo. Among them were Wang Hung Wen (he was placed second to Mao in the party hierachy), Chang Chun Chao (the political leader from Shanghai), Yao Wen Yuan (Marxist theoretician whose celebrated article had announced the opening of the cultural revolution) and Mao's wife, Chiang Ching, later known as the Gang of Four.

The main thrust of the Congress, in any event, was to sanction the reestablishment of the party in its Orthodox-Leninist form; this full restoration of the system of total party dominance, now fully laid down in theory as well as in fact, required the rewriting of the history of the cultural revolution. Thus, the revised party constitution solemnly declared that the "great victories in the great proletarian cultural revolution had occurred under the leadership of the Chinese Communist Party".[124] And Wang Hung Wen, proclaimed that the cultural revolution had been a "party consolidation movement".[125]

However, debates in the party concerning how to continue the revolution were raised. These debates were reflected in different emphasis given in speeches to the Tenth Party Congress by Premier Zhou En Lai and the newly elected party Vice-Chairman, Wang Hung Wen. Though both professed a commitment to "continuing the revolution under the dictatorship of the proletariat", they drew different practical implications from such a commitment. As Zhou saw it, "continuing the revolution" was a guide for the promotion of unity and stability after the turbulence of the late 1960's.[126] Wang, however, stressed deepening class struggle and strengthening mass supervision as the basis of party leadership.[127] In distinguishing a "revolutionary line" from "revisionist deviation," Zhou argued that equal weight should be given to each of the three elements in Mao's famous slogan: "practice Marxism and not revisionism, unite and don't split, be open and aboveboard and don't intrigue and conspire".[128] Yet, Wang argued that the second and third principles were conditional on the first and thus implied that conspirational activities, carried on to promote the "revolutionary line", were quite permissible.[129]

When it came to Mao's slogan that "to go against the tide was a Marxist-Leninist principle", Zhou restricted its use to a situation where the party had been overwhelmed by counter-revolutionary forces from without.[130] Wang, however, persisted in the heterodox view, which had informed Mao on the eve of the cultural revolution in 1965, that the vanguard of the revolution might be transformed from within and could turn "revisionist". Rejecting the traditional Leninist view of party discipline, Wang held that, if any policy directive was "revisionist", any party cadre had the right to resist it.[131]

The post cultural revolution policies of Zhou En Lai were generally well regarded by moderate supporters and Mao as well. However, they were bitterly opposed by the radical elements within the Politburo headed by Chiang Ching and Wang Hung Wen. In mid-1973, under Chiang Ching's leadership, articles attacking Confucius and Confucianism had begun to appear in Chinese newspapers and magazines. The original aim of the campaign was reported to combat the persistence of traditional ideas and attitudes; yet, the real purpose was to attack the pragmatism of Zhou En Lai.[132] At the end of 1974, the anti-Confucian campaign had faded without any success.

The final consecration of the post cultural revolution order came when the Fourth National People's Congress convened in Peking on January 13-17, 1975. Zhou En Lai, dying of cancer, left his hospital bed to deliver the report on the work of government, summing up the accomplishments of the past twenty-five years, and expressing his hopes for the future, for a China that would be a "powerful modern Socialist country by the year 2000". This was the origin of the current policy of "four

modernizations"(industry, agriculture, science and technology, and national defense)[133] -- a general policy with which no one, including the Gang of Four, had any major objection.[134]

When thought was given, however, as to how to translate Zhou's call for modernization into practice, divisions within the party became salient once again and the ensuing campaign to "study the theory of the dictatorship of the proletariat" saw the reoccurrence of old problems. During that campaign two key articles were published which articulated most clearly the Gang's perspective on modernization. These were Yao Wen Yuan's "on the social basis of the Lin Piao anti-party Clique"[135] and Zhang Chunqiao's "on exercising all around dictatorship over the bourgeoisie".[136] It was argued that modernization was not just a question of developing the productive forces. Any program of Socialist transition had simultaneously to pay due attention to the relations of production. Thus, the system of ownership, the nature of the distribution of the social product and the relations between people in the process of production had to be transformed in such a way as to restrict the material conditions for the generation of class struggle. Attention had to be given to the "three major differences (between town and country, worker and peasant, and mental and manual labor) and to the principle of "bourgeois right". This principle rewarded people according to a capacity to labor which was necessarily unequal in the transitional economic structure. Unless restricted, the principle of "bourgeois right" would provide the basis for the generation of new class differences.[137]

The Gang held, therefore, that during Socialist transition the development of the productive forces only had meaning in terms of transformation in the relations of production. It was the latter which dominated the former. Thus, socialism was not a particular configuration of the productive forces, nor even a synonym for state ownership. It was in fact, the whole process whereby capitalism was negated and communism established.[138] In that process, the reflection of class struggle within the party had important implications for the party's vanguard role. The party did not simply carry out dictatorship over "class enemies". Within the party itself, it was necessary for the revolutionary line to exercise dictatorship over the revisionist line. Furthermore, to the extent that the party was not articulating the interests of the proletariat, it must be taking the Capitalist road.[139] Such a state of affairs could only be changed by launching new "cultural revolutions" in the same manner as Mao did in 1966. As far as the dictatorship of the proletariat was concerned, it should be applied to each and every level of society, because all struggle was a reflection of class struggle. According to the Gang's perspective, class struggle was no longer seen as the struggle against remnant landlord and comprador elements, instead, in its new connotation, it was a struggle manifested in the day-to-day conflict among workers, peasants, intellectuals and party and state cadres.[140] Nevertheless, in the spirit of the new course, charted by Zhou En Lai in the early 1970's, the state council issued three documents which called for a reassessment of the policies carried out in the cultural revolution and criticism of the remnants of Lin Piao's "ultra-left line".[141] These documents "on the

general program for all work of the whole party and the whole country"; "some problems in speeding up industrial development" and "several questions concerning the work of science and technology" were to be rejected by the Gang as the "three poisonous weeds designed to restore capitalism".[142] There was, however, little disagreement as to the general goals articulated in the documents. It was planned to implement the modernization proposals in two stages. In the first stage (up to 1980), the aim was to build an "independent and relatively comprehensive industrial and economic system". In the second stage (up to 2000), it was anticipated that the national economy would "advance to the front ranks in the world".[143] Throughout both stages, priority was given to agriculture in the spirit of Mao's seminal policy document of 1956, "on the ten major relationships".[144] Much more contentious, however, was the fact that the modernization strategy was predicated on policies of export-led-growth. Large amounts of oil and coal were to be exported to pay for technological imports (and in particular the import of complete plants). To develop these resources, it was anticipated that China would have to seek foreign credit.[145]

The most spectacular political event of the Fourth Congress was the resurrection of Deng Xiao Ping who was one of the staunchest advocates of the modernization plan of 1975. The former Secretary General of the party had appeared at official banquets in the spring of 1973, but a few years before he had been labeled as the second leading person in authority taking the capitalist road. At the Tenth Party Congress in August, 1973, Deng was re-elected to the Politburo and in the spring of 1974, headed

the Chinese delegation to the special session of the United Nations. At the Fourth Congress, Deng seemingly became Premier Zhou's heir apparent, appointed as the first of twelve new Vice-Premiers and a few weeks later became Chief of Staff of the army as well. However, his tenure was brief. When Zhou En Lai died on January 8, 1976, at the age of 78, he was succeeded as Premier not by Deng, but by Hua Guo-Feng who apparently was appointed by Mao Zedong to level the struggle of power between the ultra-left elements and the moderate faction. Deng Xiao-Ping was again purged and branded "China's second Khrushchev" by the ultra-leftists in the party headed by Jiang Qing. With the removal of Deng Xiao-Ping from all of his posts and the appointment of Hua Guo-Feng as Premier, a campaign was launched to criticize Deng Xiao-Ping. However, it was not wholeheartedly supported by the senior cadres, nor at the grassroots level.

In general, although the Gang had initiated the campaign, it found itself without an organization and prestige to articulate its policy. Furthermore, the deaths of the veteran leaders of the Chinese revolution - Zhou En Lai, Zhu De, and Mao himself - within eight months of each other created an unprecedented situation. Perhaps most important of all, the Gang did not command anything like the same ideological and personal respect enjoyed by Chairman Mao. Just one month after Mao died, on October 6, 1976, the state council guard unit 8341, under the command of Wang Dung-Xing, arrested the Gang and ushered in a new period of Chinese history.[146]

6. An Overall Review

In retrospect, Mao's Great Leap Forward Movement was a response to the three major problems that confronted Chinese society as the result of the first Five-Year Plan. First, there was the immediate and pressing problem of growing unemployment in the cities and underemployment in the countryside, which the first Five-Year Plan had failed to resolve. Second, there was the general recognition that China required a "technical revolution" which raised the problem of how modern technology and science could be attained without fostering bureaucratism and social inequality. Last, there was the question of how to raise capital for the building of a modern industrial base on which a future Chinese socialist society would rest. With little prospect of any significant foreign capital investment, the question turned on how to make most efficient use of China's major resource, human labor. According to Apter's interpretation, after the political leaders have succeeded in establishing a mobilization system, and with an increasing lack of information, the economic role of such mobilization system tends to lay greater emphasis on social mobilization to compensate for a lack of wealth in natural resources. Therefore, labor is the source of wealth, the basis of savings and the origin of investment.[147]

According to Mao, the social and political costs of the Soviet Model were intolerable and would lead ultimately to peasant revolution. The attempt of the movement was to develop a Chinese road to socialism, i.e., to develop industry and agriculture simultaneously through mobilization of the masses. In other words, in launching the Great Leap Forward movement, Mao promised both a technical revolution and a socialist revolution.

For example, Mao emphasized the need to use political means to intensify the pace of economic growth and mobilize the resources, material and human, for the development of a genuine socialist state. In fact, Mao's approach fits Apter's argument that because of the need for information for a developmental strategy, a new avenue has to be invented or searched for by a mobilization system. This suggests that because of the lack of information for development, mobilization systems tend to convert to a new polity. This change can be in the form of a coup d'etat, the transformation of authority or the implementation of a new strategy.[148]

At the peak of the Great Leap Forward Movement, China was in a state of militarization of work and life. The slogan of the time called upon the masses not only to collectivize, but also to militarize, combatize and disciplinize themselves. According to Apter, the case of China shows some of the characteristics of the military oligarchy and perhaps all extreme mobilization systems do. To him the hierarchical structure of administration may create the conditions for militarizing society, for instance, social life becomes militarized. Workers are soldiers of the state and discipline is required of all.[149]

Nevertheless, the self-reliant slogan of the Great Leap Forward Movement, "reds and experts", left China in economic and social disarray. Coupled with the sudden Soviet withdrawal of aid and severe natural disasters, the Chinese economy fell into a deep depression.

Out of the crises caused by the failure of the Great Leap Forward emerged a new national policy for economic recovery. This policy was put forward by Liu Shao Qi and Deng Xiao Ping and was apparently supported by most members of

the Chinese Politburo. From 1961 to 1965, the Chinese new economic policy did not return to the Stalinist model; instead they drafted and implemented a new economic policy that was better suited to China's level of modernization. The new economic policy was committed to agriculture as the top priority in economic development, i.e., agriculture as the base and industry as the leading sector. There was heavy emphasis on central planning. The party and the civil servants were extremely important in this regard. As Apter points out, with modernization, party technicians and civil servants become crucial and tend to fulfill their functional roles rather than serving political coherence.[150]

Unfortunately, the new economic policy generated negative effects. Among these were socio-economic inequality between the city and the countryside and the emergence of bureaucratic and technical classes who were alleged to enjoy special privileges and stand above society.

As Liu's new economic plan came into conflict with Mao's ideas of simple administration and socialist values, the cultural revolution was set off in 1966 by Mao in the hopes of eliminating the bureaucratic class which was regarded as synonymous with the "bourgeoisie" and bureaucratic dominance, was equated with the dominance of capitalism, and considered to be the main force leading to a "bourgeois restoration" in China. According to Apter, the only way to prevent the evolution of party bureaucrats, be they technicians or civil servants in the mobilization system is by periodic purges. Because purges can easily weaken the solidarity of the party and create factionalism, the mobilization system is considered an unstable system, likely to change into another type.[151]

During the Cultural Revolution, the political thought of Mao Zedong was extensively used to mobilize and control the mass movement. According to Apter's interpretation, the mobilization system has the strongest tendency to develop a political religion. This tendency results from a desire on the part of political leaders to transform the prevailing hierarchy of power and prestige rather than merely reallocate old roles. In order to change the hierarchy itself, they must redefine roles according to explicit moral principles. In other words, political religion is the means used because it translates morality into authority.[152]

In general, the early 1960's and the cultural revolution were characterized as a "struggle between two lines", a "proletarian revolutionary line" led by Mao Zedong and a "bourgeois reactionary line" led by Liu Shao Chi and Deng Xiao Ping. This struggle allegedly represented a deep underlying ideological cleavage within the leadership that had repercussions on every aspect of Chinese life, such as strategies of economic development, techniques of leadership and administration, pay scales and living standards, and the pattern of education, medicine and other services.

In short, Liu Shao Chi and most pragmatist party leaders' primary concern was on social order, administrative efficiency, technological progress and centralized economic development (to increase production and income and to achieve a better material life). In contrast, Mao and the Maoists (Gang of Four), were insistent upon permanent revolution, class struggle, and the building of a popular grassroots movement based on the ideological and political mobilization of the poorer peasants in the fight against social inequality and state bureacracy that were generated by the Liuist line.

For Mao, the Chinese revolutionary heritage should be restored with its profound egalitarian spirit and values forged during the bitter struggles of the 1930's and 1940's and its guiding principles of the mass line dictating intimate relationships and common bonds between cadres and the masses, and between leaders and the led.

7. Notes - Chapter II

1. E. Stuart Kirby, ed., Contemporary China, Economic and Social Studies. Documents, bibliography, chronology. Volume I, 1955, Hong Kong University Press, Oxford University Press, 1956, p. 56.

2. For Marx and Lenin the large scale Capitalist Development and Organization of Modern Industry, a high level of specialization in the division of labor based on the complexities of modern technology, and the collectivistic patterns of social labor thereby produced, are the essential prerequisites for socialism, for only these processes create the necessary conditions of economic abundance on which the future socialist society must inevitably rest.

3. Mao Tse Tung, On People's Democratic Dictatorship (Peking: Foreign Languages Press, 1959) p. 14.

4. Stalin's famous thesis on economic planning is as follows:

   1) The primary stress on the development of heavy industry (on different geographical locations).

   2) The basic network of transport.

   3) The concept of industrial regions.

   4) The strengthening of national defence.

   5) The concept of collectivism in agriculture.

   6) The regimentation of labour and the system of incentives. See E. Stuart Kirby, p. 55.

5. According to official statistics, industrial output grew approximately 18 percent per annum in Russia during the first Five-Year Plan while the industrial working class increased from 3,000,000 to 8,000,000.

   For an analysis of why the Chinese believed they could match the Russian performance, see Christopher Howe, Employment and Economic Growth in Urban China 1949-1957, (London University Press, 1971) pp. 102-104.

6. Li Fu-Chun, "Report on the First 5-year plan for Development of the National Economy of the People's Republic of China in 1953-1957", in Robert R. Bowie and John K. Fairbank, Communist China, 1955-1959; Policy Documents with Analysis (Cambridge, Mass., Harvard University Press, 1962) p. 48

7. The general principles of the plan were possibly outlined in a People's Daily Editorial on September 16, 1953. However, the detailed plan, probably revised downward over the following two years, was presented to the second session of the First National People's Congress on July 5-6, 1955 by Li Fu-Chun, then Chairman of the State Planning Commission. For detail see Li's report in Fairbank, ibid., pp. 42-91.

8. Ibid., p. 59.

As calculated by Li Choh-Ming, the actual ratio for the 1953-57 period was 87 percent for heavy industry and 13 percent for light industry. See Li Choh-Ming, "Economic Development", China Quarterly, Jan-March, 1960, p. 40.

9. Ibid., pp. 46-47.

10. Ibid., p. 40.

11. See Li Fu-Chun, pp. 48-49.

12. Ibid., p. 60.

13. Ibid., p. 51.

14. Ibid., p. 44.

15. See Li Choh-Ming, op. cit., p. 38.

16. The aid from Moscow was reported as follows:

1) The granting of long-term credit: 300 million rubles on February 14, 1950; 520 million rubles (equivalent to 130 million, U.S.) on October 12, 1954.

2) Participation in the building of 258 "Large projects"

(a) 141 in May, 1953 (50 old projects and 91 new);

(b) 15 on October 12, 1954 (estimated at 400 million rubles);

(c) 55 on April 7, 1956 (estimated at 2,500 million rubles);

(d) 47 on August 8, 1958 (these 47 projects were probably not fully completed, owing to lack of time).

3) As a reminder, an agreement was signed on February 7, 1959, concerning 78 projects valued at 5,000 million rubles, to be finished within 8 years; however, the withdrawal of Soviet advisers in the summer of 1960 left them incomplete.

The credits and the deliveries of equipment for the Soviet projects were repaid through the channels of trade exchanges (agricultural products, rare minerals, etc.)

On the question of the total amount of Soviet aid, and particularly the many and varied exchange rates, see Feng-Huia Mah, "Foreign Trade", in A. Eckstein, W. Galenson and Ta Chung Liu ed., Economic Trends in Communist China, p. 693.

17. See Li Fu-Chun's Report, pp. 53-61.

18. For Chinese government figures, see Ten Great Years (Peking: Foreign Languages Press, 1960), p. 87. Also see "Decision regarding the historical problems of the Chinese Communist Party, since its founding", Central Committee Resolution June 27, 1981, Joint Publishing Co., (Hong Kong Branch) 1981, p. 14. For the general consensus of Western economists, see Joint Economic Committee of the U.S. Congress, An economic profile of mainland China (Washington, D.C.: Government Printing Office, 1967) 1:273.

19. See Table 7-12 in Barry M. Richman, Industrial Society in Communist China (New York: Random House, 1969) pp. 636-637.

20. Official Soviet statistics claim an 18.5 percent per annum growth rate, but most western estimates give a figure of about 12 percent.

21. See "Decision regarding the historical problem of the Chinese Communist Party, since its founding", p. 14.

22. See Ezra Vogel, Canton under Communism (Cambridge, Mass., Harvard University Press, 1969) p. 142.

23. The plan called for a 17.6 percent increase in food grain production and much greater increases in the production of industrial crops. It was emphasized that, "we cannot industrialize our country without an adequate development of agriculture". See Li Fu-Chun; Report on the first Five-Year Plan in Robert Bowie and John K. Fairbanks Communist China 1955-59, Policy Document with Analysis (Cambridge Mass: Harvard University Press, 1962) p. 62.

24. p. 93 in Fairbank.

25. See Chou En Lai, "Report on the proposals for the second five-year plan for development of the national economy", September 16, 1956, in Fairbank ed., p. 62.

26. Howe, Christopher. Employment and economic growth in urban China, 1949-57, (Cambridge: Cambridge University Press) 1971, p. 14.

27. In the mid-1950's, high level industrial managers and engineers were paid as much as 280 yuan per month while the average worker's salary was 65 yuan. Moreover, the higher members of the technological and managerial elite were provided better housing, paid vacations, and often even with servants.

28. See Li Fu-Chun's report, pp. 65-66.

29. The remark was made by Chen Yi, Foreign Minister of the People's Republic and a member of the Politburo in November, 1955. See James P. Harrison, The Long March to Power, (New York Praeger, 1972) p. 470.

30. See Li Fu-Chun, "Report of the first Five-Year Plan", in Bowie and Fairbank ed., Communist China, pp. 65-66.

31. See Mao Tse Tung "On the Cooperativization of Agriculture", July 31, 1955, in Chao Kuo Chun, Agrarian policies of Mainland China; A Documentary Study (1949-56), Cambridge, Mass: Harvard University Press, 1957, pp. 85-86.

32. See Mao Tse Tung,"The Question of Agricultural Cooperation" in Bowie and Fairbank, Communist China, pp. 94-101.

33. Ibid., pp. 94-105.

34. Ibid., pp. 94-98.

35. Ibid., p. 94 and p. 101.

36. See Mao Tse Tung, Socialist upsurge in China's Countryside (Peking: Foreign Languages Press, 1957) p. 44 and p. 160.

37. Ibid., p. 8.

38. See "The Draft Program for Agricultural Development in the People's Republic of China, 1956-1967", January 23, 1956, in Bowie and Fairbank, Communist China, p. 120.

39. Ibid., p. 114 and p. 121.

40. "Model regulations for higher stage agricultural producer Cooperatives", June 30, 1956, in Chao Kao Chun, Agrarian policies of Mainland China: A Documentary Study (1949-56), Cambridge, Mass: Harvard University Press, 1957, p. 106.

41. See Mao Tse Tung, Socialist Upsurge in China's Countryside (Peking: Foreign Languages Press, 1957), pp. 159-160.

42. See Chou En Lai, "On the Question of Intellectuals", January 14, 1956, in Robert R. Bowie and John K. Fairbank, Communist China, 1955-1959: p. 133.

43. See Mao Tse Tung, On the Correct Handling of Contradictions among the People (Peking: Foreign Languages Press, 1957) p. 24.

44. See Chou En Lai, "On the Question of Intellectuals", January 14, 1956, in Robert R. Bowie and John K. Fairbank, Communist China, 1955-1959: p. 130.

44a. Ibid., p. 131.

44b. Ibid., pp. 128-144.

45. Franz Schurmann, Ideology and Organization in Communist China (University of California Press, 1966), p. 132.

46. See Stuart K. Schram, ed., Mao Tse Tung Unrehearsed: Talks and letters, 1956-71, (Middlesex, England: Penguin, 1974) pp. 61-83.

47. The general thrust of the proposed second five-year plan and the fundamental assumption on which it rested, basically were in accord with the Soviet Model which had guided the first. Priority was still to be given to the development of heavy industry, and accordingly, special emphasis was placed on the rapid training of a modern scientific and technological intelligentsia.

See "Proposals of the Eighth National Congress of the Communist Party of China for the second five-year plan for development of the National Economy", September 27, 1956, in Bowie and Fairbank, Communist China, pp. 204-216.

48. Mao in turn was increasingly critical of the second five-year plan which he felt would only compound the undesirable social, political and ideological consequences that four years of urban industrialization already had produced. It implied a further expansion and proliferation of bureaucracy and the solidification of professional and bureaucratic elites. In April 1956, Mao had offered an alternative proposal to the Politburo; his speech on "the Ten Great Relationships" clearly called for an abandonment of Soviet type five-year plans and outlined a radically different strategy.

For detail see Mao Tse Tung, "On the Ten Great Relationships", in Schram, ed., Mao Tse Tung Unrehearsed, pp. 61-83.

49. Mao Tse Tung, "The Question of Agricultural Cooperation", July 31, 1955, in Bowie and Fairbank ed., Communist China, pp. 94-105.

50. David E. Apter, The Politics of Modernization, The University of Chicago Press, 1965, p. 389.

51. For detail see the discussion of Leninism in Adam B. Ulam's book The Unfinished Revolution (New York: Vintage Books, 1964), pp. 168-195.

52. David E. Apter, The Politics of Modernization, The University of Chicago Press, 1965, p. 395.

53. Mao Tse Tung, "On the Ten Great Relationships", in Schram, ed., Mao Tse Tung unrehearsed, p. 63.

54. Ibid., p. 81.

55. Ibid., p. 82.

56. Mao Tse Tung, "Talks at the Cheng Tu Conference" March, 1958 in Schram, ed., Mao Tse Tung unrehearsed, pp. 96-99.

57. For further detail, see Richard Levy "New Light on Mao", China Quarterly, No. 61, (March 1965) pp. 95-117.

58. The principle of self-reliance thus officially destroyed the second five-year plan which was then approved by the party's Eighth Congress on September 1956. The Eighth Congress was presided over by Liu Shao Chi and Tong Hsiao Ping who was subsequently elected as the General Secretary of the Communist Party.

59. See Mao Tse Tung, "Sixty points on working methods", in Jerome Chen, ed., Mao papers (London: Oxford University Press, 1970) pp. 62-65.

60. As later, the Leninists were accused of condemning the local industrial projects as a "disturbance of balance, and proportional imbalance, and that the native methods were unscientific and had no future", see Chi Wei "Building more local industries" China Reconstructs, Nov. 1971, p. 5. Also see Carl Riskin, "China's rural industries: Self-reliant systems or independent Kingdoms, China Quarterly, No. 73, (March 1978) p. 79.

61. Bowie and Fairbank, ed., p. 454.

62. "The great upsurge in forming people's communes", editorial in Red Flag, Sept. 1, 1958 and see also "hold high the red flag of people's communes and march on", editorial in People's Daily, Sept. 3, 1958.

63. For further detail see Karl Marx, "The Civil War in France" in Marx and Engels, Selected Works (Moscow: Foreign Languages Publishing House, 1950) 1:468-475.

64. See Chen Pota "New Society, New People", Hung Chi, No. 3, July 1, 1958.

65. See Chen Pota "Under the banner of Comrade Mao Tse Tung, Hung Chi, No. 4, July 16, 1958.

66. See "The Resolution of the Central Committee of the Chinese Communist Party on the establishment of people's communes in the rural areas" (Peitaitto Resolution) August 29, 1958, in Bowie and Fairbank, ed., Communist China 1955-59, pp. 454-56.

67. Ibid., p. 461.

68. Peter Stursberg, "Modernization in China", International perspectives, May and June, 1981, p. 4.

69. See "Resolution on Questions Concerning People's Communes", Sixth Plenary Session of the Eighth Central Committee of the C.C.P. (December 10, 1958). New China News Agency, Peking, Dec. 18, 1958.

70. See Mao Tse Tung, "Talk at the report meeting", October 24, 1966, in Stuart R. Schram, ed., Mao Tse Tung unrehearsed; talks and letters, 1957-71 (Middlesex, England: Penguin, 1974) pp. 266-267.

71. Peng Teh Huai "Letter of Opinion", The Case of Peng Teh Huai, 1959-68. (Hong Kong: Union Research Institute, 1968) pp. 7-13.

72. See Mao Tse Tung, "Speech at the Lushan Conference", July 23,1959, in Schram, ed., Mao Tse Tung unrehearsed, pp. 143-146.

73. See "Communique of the Eighth Plenary Session of the Eighth Central Committee of the Chinese Communist Party", issued August, 26, 1959, in Bowie and Fairbank, pp. 533-536.

74. Ibid., p. 535.

75. John L. Scherer, China, Facts and Figures Annual, Academic International Press 1980, Vol. 3, p. 77.

76. Mikhalik, Klochko, "The Sino Soviet Split -- The Withdrawal of the Specialists", International Journal (Toronto) Vol. XXVI, No. 3, (Summer, 1971) p. 556.

77. As Franz Schurmann has noted, it was during the years of Liu Shao Chi's dominance that the writings of Lenin were most widely propagated. See Franz Schurmann, Ideology and Organization in Communist China: (Berkely, University of California Press 1966) p. 520.

78. See Peter Stursberg, "Modernization in China" the International Perspectives, p. 5.

79. See John L. Scherer, China, Facts and Figures Annual, (Academic International Press, 1979) Volume 2, p. 112.

80. Ibid., 112 (Photocopy of the diagram)

81. Also see Chao Kang, Agricultural Production in Communist China, 1959-65 (Madison: University of Wisconsin Press, 1970) pp. 242-60.

82. See Peter Stursberg "Modernization in China", International Perspectives, May-June, 1981, p. 5.

83. Barry Richman, Industrial Society in Communist China (New York: Random House, 1969) p. 615.

84. See Mao Tse Tung, "Speech at the Tenth Plenum of the Eighth Central Committee", in Stuart R. Schram, ed., Mao Tse Tung unrehearsed, talks and letters, 1956-71 (Middlesex, England; Penguin) 1974, pp. 180-196.

The Yenan era was Mao's most productive period as a Marxist Theoretician as well as revolutionary strategist. The bulk of his writings, later known as the "thoughts of Mao Tse Tung" were composed during the Yenan period. Firstly, Mao's writings officially established his place as an Independent Marxist Theoretician, i.e., having achieved defacto political independence from Moscow -- the Chinese Communists claimed to have established their ideological independence as well -- in the form of a body of Chinese Marxist doctrine that was hailed for having applied the "Universal truths" of Marxism-Leninism" to the specific conditions of the Chinese historical situation. Secondly, Mao's treatises on dialectics provided a rudimentary philosophical basis for some of the distinctive features of Chinese Communist theory and practice. Finally, Mao's theoretical writings of the Yenan era were designed to reaffirm the Marxist-Leninist orthodoxy of the Chinese Communist Party and to convey the spirit of constant revolutionary change through the spontaneity of the masses.

For further detail see Stuart K. Schram, The Political Thought of Mao Tse Tung (New York: Praeger 1963).

85. See "Draft Resolution of the Central Committee of the Chinese Communist Party on some problems in current rural work", May 20, 1963. Text translated in Richard Baum and Frederick C. Teiwes, Ssu-Ching, the Socialist Education Movement of 1962-66 (Berkely: University of California Press, 1968) Appendix 13, p. 68.

86. Ibid., pp. 58-71.

87. Both documents were titled "Some concrete policy formulations of the Central Committee of the Chinese Communist Party in the rural Socialist Education Movement" (See Baum and Teiwes, Ssa-Ching, The Socialist Education Movement of 1962-66) Appendixes, C and E, pp. 102-117.

88. Ibid., p. 105.

89. Ibid., p. 91.

90. Ibid., p. 85 and p. 108.

91. Ibid., Appendix F, pp. 118-126.

92. Ibid., p. 118.

93. In 1965, it was reported 30,000,000 primary school-aged children, mostly in the rural areas, were not receiving formal education of any sort. See People's Daily, May 18, 1966.

94. See Victor W. Sidel, "Medicine and Public Health", in Michel Oksenberg, ed., China's Developmental Experience (New York: Praeger, 1973) pp. 110-120.

95. See "Directive on Public Health" June 26, 1965 in Schram, ed., Mao Tse Tung unrehearsed, pp. 232-33.

96. See Zhou En Lai, "Report on the Work of the Government" December 30, 1964, Peking Review, 8, (January 1, 1965) pp. 6-20.

97. Yao Wen Yuan, "On the New Historical Play, Dismissal of Hai Jui", Shanghai, Wen Hui Pao, November 10, 1965. For an English translation see The Case of Peng Te Huai, 1959-1968 (Hong Kong: Union Research Institute, 1968) pp. 235-261.

98. Ibid., p. 251.

99. The Cultural Revolution officially started in May, 1966, after the Central Committee passed the May 16 Directive to dissolve the "Five Man Group", condemning Peng Chen for having obstructed the Cultural Revolution, and charged that representatives of the bourgeoisie had infiltrated the party at all levels, including the Central Committee itself, and warned that such counter-revolutionary revisionists were preparing to seige political power and turn the dictatorship of the proletariat into a dictatorship of the bourgeoisie, "persons like Khrushchev", the document ominously concluded, "are still resting beside us".

For further detail see "The May 16 Circular" Peking Review, 21, 1967, pp. 6-9.

100. "The Constitution of the Communist Party of China" adopted on April 14, 1969, see text in Peking Review, April 30, 1969.

101. The May 16 Directive also known as the 16 points which explicitly defined the purpose of the Movement as the overthrow of those within the party who are in authority and taking the Capitalist road and to destroy and uproot the old fours, i.e., old ideas, culture, customs and habits of the exploiting classes to corrupt the masses, capture their minds and endeavor to stage a comeback.

For detail see "Decision of the Central Committee of the Chinese Communist Party concerning the Great Proletarian Culture Revolution" (Peking: Foreign Languages Press, 1966) pp. 1-13.

102. See "Long live the revolutionary rebel spirit of the Proletariat", Peking Review, September 9, 1966, pp. 20-21.

103. Mao Tse Tung, "Talk at the First Plenum of the Ninth Central Committee of the Chinese Communist Party", April 28, 1969, in Schram, ed., Mao Tse Tung unrehearsed, pp. 282-89.

104. See Carl Riskin, "China's Rural Industries: Self-reliant Systems or Independent Kingdoms?" China Quarterly, March 28, 1979, No. 73, p. 79.

105. The strategy of rural industries aimed primarily at the utilization of the vast surplus labor power of the peasants and the particular raw materials available in local areas. The purpose was to solve the chronic problem of rural underemployment; to transform unemployed peasants into full or part-time industrial workers; to create the purchasing power of the rural inhabitants, and above all to generate new capital for further investments in both rural industry and agriculture.

106. Mao Tse Tung "Directive on Public Health", June 26, 1965, in Stuart R. Schram, ed., Mao Tse Tung unrehearsed: talks and letters, 1956-71, pp. 232-233.

107. Ibid., p. 233.

108. Barefoot doctor is one who receives a six month period of medical training from professional doctors in commune or town hospitals. After the period of training, the barefoot doctor will return to the local community that selects him for training in the first place and will be paid as ordinary peasants, usually supplementing his medical duties with agricultural work.

109. Sidel, Victor W., and Ruth Sidel, Serve the People: Observations on Medicine in the People's Republic of China, (New York: Josiah Macy, 1973).

110. See Price, R.F., Education in Communist China, (London: Routledge and Kegan Paul 1970).

111. According to the press, between 1970 and 1972, a total of 200,000 students were admitted to higher education after having been peasants, workers or soldiers; 153,000 students were admitted under identical conditions in 1973. See Peking Review, No. 31 (August 1, 1969) and also see Peking Review, No. 39 (September 18, 1973).

112. John Gardner and Wilt Idema, "China's Educational Revolution", in Schram, ed., Authority, participation and cultural change, p. 261.

113. Lin Piao, "Report to the Ninth Congress of the Communist Party of China", Collection of important documents of the Great Proletarian Cultural Revolution (Peking: Foreign Languages Press, 1970) pp. 94-107.

114. Edgar Snow, The Long Revolution (New York: Random House, 1972) p. 174.

115. On July 28, 1972, China officially issued the first official account of what is now called "The Tenth Major Struggle between the two lines in the history of the Communist Party of China". Lin Piao, it was said, had plotted a coup d'etat that involved an attempt to assissinate Mao Zedong. When the plot failed, he attempted to flee to the Soviet Union on a jet aircraft along with his wife and son and other accomplices. But the plane crashed in the People's Republic of Mongolia, killing all aboard.

116. Mao Tse Tung, "Summary of Chairman Mao's talks with responsible comrades at various places during his provincial tour" August-September, 1971, in Stuart R. Schram, ed., Mao Tse Tung unrehearsed: talks and letters, 1956-71 (Middlesex, England: Penguin 1974) pp. 292-293.

117. "Communique of the Second Plenary Session of the Ninth Central Committee of the Communist Party of China", Peking Review, September 11, 1970.

118. See the Story of Trials on Lin Piao's anti-party clique and the Gang of Four, Ta Kung Pao, American edition, November 23, 1980, p. 1.

119. Ibid., p. 3.

120. Charles Bettleheim, Cultural Revolution and Industrial Organization in China (New York: Monthly Review Press, 1974) pp. 118-122. Also see William Hinton, Turning Point in China, (New York: Monthly Review Press, 1972) pp. 39-40.

121. Parris H. Chang, "Political Rehabilitation of Cadres in China: A traveller's view", China Quarterly, April-June, 1973, p. 335.

122. See Wang Hong Wen, "Report on the Revision of the Party Constitution", August 24, 1973, in the Tenth National Congress of the Communist Party of China (Documents) (Peking: Foreign Languages Press, 1973) pp. 48-54.

123. Zhou En Lai, "Report to the Tenth National Congress of the Communist Party of China", August 24, 1973, in the Tenth National Congress of the Communist Party of China, (Documents) (Peking: Foreign Languages Press, 1973) p. 34.

124. Ibid., p. 61.

125. Ibid., p. 44.

126. Zhou En Lai (Peking: Foreign Languages Press) pp. 4-7.

127. Wang Hong Wen (Peking: Foreign Languages Press 1973) p. 46.

128. Zhou En Lai, p. 18.

129. Wang Hong Wen, p. 46.

130. Zhou En Lai, pp. 19-20.

131. Wang Hong Wen, p. 54.

132. See "Resolution on certain questions in the history of our party since the founding of the People's Republic of China", Communique of the Sixth Plenary Session of the Eleventh Central Committee of the Chinese Communist Party. Beijing Review No. 27, July 6, 1981, pp. 10-39, also see, same title under Joint Publishing Co., Hong Kong, 1981, p. 76.

133. Zhou En Lai, "Report on the Work of Government" January 13, 1975, Peking Review, January 24, 1975, pp. 21-25.

134. Honggi 1, 1976, p. 54.

135. Yao Len Yuen, Honggi 3, 1975, pp. 16-26, or Peking Review, No. 10, 7 March 1975, pp. 5-10.

136. Zhang Chungiao, Honggi 4, 1975, pp. 2-11, Peking Review, No. 14, 4 April 1976, pp. 5-11.

137. See Zhang Chungiao, Peking Review, No. 14, April 4, 1975, p. 7 and Yao Wen Yuan, Peking Review, No. 10, March 7, 1975, p. 6 and 8.

138. Peking Review, No. 41, October 10, 1975, p. 20 for a general discussion of how the party has viewed the relations of production and the production forces, see Axilrod, E., The Political Economy of the Chinese Revolution, Hong Kong, Union Research Institute, 1972, pp. 381-2.

139. Zhang Chungiao, Peking Review, No. 14, April 4, 1975, pp. 8-9.

140. Honggi 2, 1975, p. 4.

141. Chi Hsin, 1978, pp. 207-8.

142. Ibid., pp. 203-38, 239-76, 277-86. Also see Issues and Studies, Vol. XIII, No. 7, July 1977, pp. 90-113; No. 8, August, 1977, pp. 77-99, No. 9, September 1977, pp. 63-70.

143. Chi Hsin, 1978, p. 203.

144. Ibid., pp. 255-6.

145. Ibid., pp. 263-4.

146. It was alleged that the Gang had sabotaged Socialist construction, had opposed Mao Zedong, Zhou En Lai and large numbers of veteran cadres, and had brought the economy to the brink of collapse.

147. David E. Apter, The Politics of Modernization, The University of Chicago Press (1965) p. 363.

148. Ibid., pp. 389-390.

149. Ibid., p. 406.

150. Ibid., p. 363.

151. Ibid., p. 365.

152. Ibid., pp. 365-366.

CHAPTER III

THE GREAT DEBATE OVER DEVEOPMENT STRATEGY IN THE POST-MAO LEADERSHIP

A. The demise of Gang of Four and the theoretical debate among the post-Mao leadership.

B. The turning point: The Third Plenum of the Eleventh Central Committee of the Chinese Communist Paty December 14-18, 1978.

C. An Overview

D. Notes

A. The demise of Gang of Four and the theoretical debate among the post-Mao leadership.

The arrest of the "Gang of Four" on October 6, 1976 was immediately followed by a torrent of accusations. It was alleged that Wang Hong Wen was a typical "new bourgeois element", Zhang Chun Qiao was a Guomindang agent, Yao Wen Yuan had been brought up in the family of a renegade and Jiang Qing had begun her counter revolutionary career back in the 1930's.[1] It was claimed that the gang had sabotaged socialist construction, had opposed Mao Zedong, Zhou En Lai, and large numbers of veteran cadres and had brought the economy to the brink of collapse.[2]

Faced with internal instability due to the arrest of the Gang of Four, the new party leadership sought to build up the image of the new part Chairman, Hua Guo-Feng, as Mao's lawful successor and the focus of unity.[3] Much also was made of the memory of Zhou En Lai as a rallying point around which the party could focus peoples' emotions.[4]

The appearance of unity, however, masked profound differences in policy. At one extreme stood the former Vice-Chairman of the party, Chen Yun, an advocate of sound planning and management and one of the leading critics of the Great Leap Forward of 1958-59.[5] In early 1977, it is said, Chen demanded the immediate rehabilitation of Deng Xiao Ping, a reversal of the verdict of the Tiananmen demonstration of April 5, 1976 and the posthumous rehabilitation of Peng Dehuai, the major critic of the Great Leap Forward and the symbolic opponent of Mao's development strategy.[6] At the other extreme stood Wu De, the Mayor of Beizing, who had played a major role in the suppression of the Tiananmen demonstrations and the subsequent campaign to criticize Deng Xiao Ping.[7] Between these two

extremes stood the bulk of the party leadership headed by Hua Guo-Feng, Lixiannian and Ye Jian-Ying, who was perhaps the most decisive instrument in keeping the post-Mao leadership together.

At a rally in Tiananmen Square on October 29, 1976, Wu argued that, while denouncing the "Gang of Four", there was a need to "continue to criticize Deng and repulse the right deviationist attempt to reverse correct verdicts"[8] Wu's comments were transmitted to the rest of the world by Peking Review. In December, however, the party's theoretical journal Honggi announced that all of Mao's recent warnings about the danger of "revisionism" had not really been directed against Deng but against the "Gang".[9] Thus, when Wu's October speech was published in the English language publication China Reconstructs in January, 1977, the references to continuing the struggle against Deng were omitted.[10]

In March, 1977, however, Hua succumbed to pressure from the Right and Deng was soon rehabilitated. Hua could only declare that the Gang "attacked and fabricated charges against Comrade Deng Xiao Ping... all the slanders and unfounded charges made by the Gang of Four against Comrade Deng Xiao Ping should be repudiated".[11] In 1978, after the poster campaign against Wu De branding him as an opportunist and bourgeois careerist ,[12] Wu was subsequently removed from office.

The rehabilitation of Deng Xiao Ping in mid-1977 was confirmed at the Eleventh Party Congress in August. Although the importance of "Deng's three poisonous weeds" had enjoyed implicit recognition before the Congress, they were now explicitly referred to as "fragrant flowers" and attempts were made to work out a new economic strategy based on the 1975 documents.[13]

The Congress marked a distinct shift in emphasis in the campaign against the "Gang of Four". Previously, the stress was on criticizing the "Gang's" behaviour and narrowing the focus of attack, especially at the organizational level. Now the focus was widened and the campaign against the Gang extended from a criticism of its behaviour to a denunciation of its line which was now linked to that of Lin Biao.[14]

However, divisions among the leaders of the party on the scope of the campaign to criticize the Gang of Four and the development of the four modernizations must be seen within the context of two approaches, one headed by Hua Guo-Feng and the other by Hu Qiao Mu.

In Hua Guo-Feng's opinion, the "four modernizations" had to be guided by Mao Zedong's thought and in particular his views on "continuing the revolution". What Hua meant by this, however, was not the same as what the Gang meant in 1975. Hua's views were centered on the problem of "uninterrupted revolution" of the mid-1950's.[15] This, it will be remembered, saw the correct handling of social contradictions among the people as the moving force for development rather than class struggle. According to this view, class struggle was the result of remnant influences from the past and was not continually generated in Socialist society. It was predicated upon the notion that there was a distinct social model identified as socialism and an implicit Socialist mode of production.[16] Though Hua talked in language reminiscent of the "Gang" to maintain continuity with the late Chairman Mao, his position was fundamentally different. Returning to Mao's development strategy of the mid-1950's, Hua extolled the Great Leap slogans of "self-reliance" and its subsequent reinterpretation of the importance of the Dazhai and Daging

models of economic development.[17] He upheld Mao's injunction to "grasp revolution and promote production, take steel and grain as the key link" and identified himself with a new ten-year plan.[18] This is similar to Mao's twelve-year plan of the mid-1950's, which promoted the Great Leap Forward movement. Commenting on the plan, which Hua introduced to the first session of the Fifth National People's Congress,[19] various articles in the major newspapers drew explicit parallels between current policies and those of the Great Leap Forward.[20] There was constant reference to the 1958 general line of going all out, aiming high to achieve greater, faster, better and more economic results in building socialism.[21]

The Great Leap atmosphere which accompanied the promulgation of ambitious production targets in early 1978 did not fit easily into the notion of export-led growth, despite Hua's attempts to combine the two in his outline of the national plan. Indeed there seemed to be a fundamental contradiction between Hua's Great Leap scenario and the pragmatists' view. Even though the former had rejected the Gang's position that socialism was to negate capitalism and to adopt a distinct model of socialism, Hua referred to the building of socialism as the policy of political consolidation rather than solving the problem of economic imbalance.[22] The pragmatists, however, insisted on the priority of economic development and lessened the significance of politics in command.

According to Hu Qiao Mu, the President of the Chinese Academy of Social Sciences, and a member of the Secretariat of the Central Committee, the best way to develop productive forces was to promote efficiency, labor discipline, individual responsibility, scientific management, imports

of technology and technical training.[23] This position was presented in a speech to the State Council in July, 1978, entitled "observe economic laws, speed up the four modernizations". Hu argued that the basic political task of the party in the new stage of socialism was to understand the "objective economic laws" of development.[24] According to Hu, economic laws were like objective natural laws which apply independently of human will. Social changes might change the form in which the laws operate, but they never change the laws themselves. The superiority of the Socialist system, therefore, could only be realized if arbitrary administrative methods of economic management were abandoned in favor of observance of these objective laws. In order to understand the laws properly, it was necessary to learn from the "modernized, highly efficient planning and other managerial functions carried out in today's big capitalist Corporation. This was particularly the case with respect to economic results, productivity, quality control and economic accounting. Unified planning had to be based on the Law of Value, so that ... all enterprises make strict economical use of time, constantly strive for the best possible ratio between the expenditure of labor and material and economic results, practise strict business accounting, strive to lower the unit-cost of production and raise labor productivity and the rate of profit on the funds invested".[25]

According to Hu, Socialism was in fact threatened once politics and revolution interfered with the operation of these Laws. Such interference had been experienced in the bitter years after 1957, when "more and more acute political movements came one after another".[26] The fundamental characteristic of socialism, Hu maintained, was planning in accord with the Law of Value which operated in all economies. Socialist "planned and

proportional development" was made possible by the very essence of socialism -- public ownership and socialized mass production.[27]

Hu's view was in fact quite different both from that of the Gang and that of Hua. Thus "imbalances" in the economy did not arise because of the regeneration of class struggle, as Mao in the late 1960's and the Gang in 1975 maintained, nor did they arise because of the necessary existence of social contradictions, as Mao in the 1950's and Hua in 1978 maintained. They occurred when objective economic laws were violated and when people broke the laws.[28]

Hu's view, which was to become more and more influential in late 1978, had been vigorously criticized during the cultural revolution.[29] In fact, Hu's argument can be traced back to that of Chen Yun, who was to emerge at the end of the year as one of China's foremost policy makers.

As in all political movements in China in recent years, cleavages were manifest not only in political tactics and economic policy but also in the realm of philosophy. In September, 1977, an article of Chen Yun appeared in the press entitled, "Keep the Style of Seeking Truth from Facts",[30] though one is not clear whether this article had much impact at the time. A far more important document, "A Fundamental Principle of Marxism", took up the same theme and has since been celebrated as a major statement of Deng Xiao Ping's conception of the relationship of theory and practice. This article reinterpreted one of Mao's most influential essays "On Practice and on Contradiction". It held that a theory was valid, if it worked out in practice and "practice" itself was defined as that which developed the productive forces.[31] The implication here was that the "practice" of Socialist

transition existed independently of any guiding revolutionary theory. The extent of the "practice" criterion cannot be underestimated. One of its primary functions was to justify the position that many of the ideas of the cultural revolution no longer accorded with reality.[32] Indeed, the "practice" criterion became the rallying cry for all those who wished to reject the whole of Mao's post-1957 strategy. This group has been dubbed as the "practice" faction (Shijianpai). Opposed to them was a varied group of leftists who have been labelled by their critics as the "whatever faction (Fanshipai) because of their alleged adherence to whatever Mao Zedong thought or did".

In light of the above discussion, it would be tempting to place Hua Guo-Feng at the head of the "whatever" faction and Deng Xiao Ping at the head of the "practice" faction. Indeed, Hua seemed eager to bring the campaign against the Gang to a close, whereas Deng seemed to symbolize those who wished to "take the lid off the struggle". In their speeches to the National Science Conference in March[33], to the National Education Conference in April[34], and to the Army Political Work Conference in May and June, 1978[35], there are distinct differences in emphasis. Yet there are similarities in the position outlined by Hua at the National Finance and Trade Conference in July and that of the 'practice' faction.[36] When things came to a head at a month and a half long party Work Conference which preceded the Third Plenum of the party Central Committee in December, 1978, neither Hua nor Deng was a major protagonist. The battle, it is said, was between Chen Yun the "practice" faction and Wang Dong Xing the "whatever" faction. With the victory of the practice faction, Hua for the sake of party unity, event went so far as to engage in self criticism for having opposed Deng.[37]

B. The Turning Point: The Third Plenum of the Eleventh Central Committee of the Chinese Communist Party December 14-18, 1978.

The Third Plenum of the Eleventh Central Committee of the Chinese Communist Party in December, 1978, marked a significant change in the policies pursued by Chinese leadership. Policies on economic management, planned and proportional development, agriculture, industry and foreign economic relations were reformulated.[38] Emphasis was given to the role of banks in regulating the economy.[39] The slogan "grasp revolution, promote production" was abandoned.[40] A greater degree of private economic activity was encouraged and discussions were held on 'socialist market relations'.[41] As the position outlined by Hu Qiao Mu on "objective economic laws" became official policy, the Great Leap scenario came to an end.

In fact, the Third Plenum of the Eleventh Central Committee will rank as one of the most significant milestones in the party's history. Its influence appears likely to equal, and perhaps in the long run transcend, other crucial turning points, such as the endorsement of the cultural revolution at the Eleventh Plenum of the Eighth Central Committee in August, 1966. It was the party's Third Plenum that announced the new economic priority away from its former role of promoting and guiding revolutionary change in Chinese society.

The communique of the Third Plenum claimed that socialist modernization is a profound and extensive revolution. It called for changes in those aspects of the relations of production and the superstructure that were not in harmony with the growth of productive forces, and changes in all methods of management, action, and thinking which stood in the way of such growth. Although

there were still class enemies who would oppose socialist modernization, The Communique indicated that the large scale turbulent class stuggles of a mass character had, in the main, come to an end and anything which damaged political stability and unity required for socialist modernization could not be permitted.[42]

Despite that part of the party constitution's general program which asserted that political revolution like the cultural revolution would occur many times in the future, the aftermath of the Third Plenum made it clear that such political activity was to cease. "From now on, so long as there is no large scale invasion by external enemies, modernization is the central task of the whole party. All other work, including the party's political work revolves around and serves this central task. There can be no more 'political movements', and 'class struggles', departing from this central task and harming modernization".[43]

At the Third Plenum, a Central Commission for discipline was also established. It consisted of 100 members and was headed by Chen Yun. Chen's elevation to the position of party Vice-Chairman indicated that the Commission was to be an important body. Also, the second and third secretaries, Deng Ying Chao (Madame Zhou En Lai) and Hu Yao Bang were elected to the Politburo.[44]

As the Third Plenum had announced, the Commission's tasks were to strengthen democracy in party life and the political life of the state, to make explicit the party's political line, and to strengthen the party's leading organs, all of which were necessary for achieving the Four Modernizations.

The Commission saw its role as important to overcome "abnormalities" in the party's life, e.g., in preventing arrogance among party members, and particularly among leading cadres, who put themselves above party organizations and in preventing their estrangement from the masses. Much of the discussion indicated that the Commission was to take over many of the responsibilities normally vested in party organization departments. Thus, it had to carry out education in work style among party members, especially those admitted since the Cultural Revolution,[45] to deal with rehabilitation, and to promote and monitor the proper style of work within the party organization. The Commission was expected to be a channel for dealing with complaints and appeals from the masses, and to uphold people's democratic rights and the Socialist legal system, launch struggles against those who suppressed criticism, retaliated or abused their power and bullied people.

Clearly, one of the main concerns in the strengthening of this control system was the desire to combat party bureaucratism, which was seen as a danger to the realization of Four Modernizations. In this regard, the general guidelines for the new commission show a real awareness of problems besetting earlier forms of control. In particular, the Control Committee before the cultural revolution rather than combatting bureaucratism within the party, had tended itself to become a rigid vertical bureaucracy, with control defined almost completely in top-down terms. The stress on opening channels with the masses suggests an attempt to prevent this from emerging. On the other hand, the Discipline Inspection Committee of the early 1950's,

which was completely subordinate to the Central Committee, was often not treated seriously and rendered ineffective. The increase in the prestige of the Central Commission after the Third Plenum may have been designed to counteract this, without establishing a separate vertical structure of control.

The Third Plenum led to an even greater emphasis on such organizational rules as democratic centralism, collective leadership, criticism and self-criticism. With respect to democratic centralism, the Plenum Communique asserted that strict implementation of rules and regulations was crucial to the realization of modernization, but that this could be achieved only on the basis of full democracy. In the past, the relationship between democracy and centralism was severed, and there was too little democracy.[46] This applied not only within the party, but also among the people. The Renmin Ribao took up this theme, celebrating the Plenum and the Work Conference which preceded it for their restitution of full democracy within the party. This was specifically linked to the party's shift in focus, with the view that for realization of the Four Modernizations, politically, the most urgent task was to strive for a healthy democratic life within the party. In particular, the principle of democracy was supposed to apply to party organizational procedures, such as the system of collective leadership, and party committee secretaries as well.[47]

Moreover, the new emphasis on democracy and collective leadership in the Central Committee was to be applied to the positions of individual leaders. The Plenum announced that people in the party should not address each other by official titles, that no personal view was to be known as an instruction,

and that all should be open to criticism.[48] Chen Yun stated that the practice of applauding leaders should stop.[49] There was stern criticism of the flattery of leaders, let alone deification.[50]

The discussions of Socialist democracy, democratic rights and the legal system from the end of 1978 did, however, suggest a challenge to Mao's conception of the mass line as a method of party leadership. Just as in the discussion of democratic centralism within the party, it was suggested that the promotion of democracy among the people was crucial for realizing the Four Modernizations, since these could be done only by mobilizing the enthusiasm and initiative of all the people.[51] Socialist democracy was seen not as a mere hope but as an objective requirement of the Socialist economic base. The party needed democratic discussion and criticism, so that it was not deceived by falsehoods and carried away by empty talk.[52] This was also explained in terms of the need to learn from mass practice in solving problems encountered in modernization, summing up experience, and discovering people of ability.[53]

While this indicated a continuation of the mass line, although now restricted to economic modernization rather than the broader scope of revolutionary activity, the discussions of democratic rights and the Socialist legal system developed the position that the relationship with the party was not the crucial element concerning mass political participation. This was suggested by the definition of democracy in terms of mass elections of officials at the lower levels and to people's congresses. But a more significant point was that the people's "will" as well as their "rights" should be protected by the constitution, the legal system and the judiciary.[54]

Similarly, the Third Plenum Communique announced: "in order to safeguard people's democracy, it is imperative to strengthen the Socialist legal system, so that democracy is systematized and written into law in such a way as to ensure the stability, continuity, and full authority of this democratic system and these laws".[55] This had the effect of defining mass participation by means of the masses' relations with the codified law and an independent judiciary rather than following the direction provided by party leadership.[56] However, it should be emphasized that the current advocation of an independent judiciary and legal system is a tendency only. Certainly, there is no denial of the continuing need for party leadership of the Mass movement.

Finally, the Third Plenum was highlighted with the rehabilitation of such Cultural Revolution victims as Tao Zhu, Bo yibo and Yang Shangkun. While it was stated that emphasis had to be on concoctions of Lin Biao and the Gang, it also recognized that mistakes made before the Cultural Revolution had to be corrected.[57] In this spirit, the Third Plenum announced the posthumous rehabilitation of Peng De huai.[58] Rehabilitation thus applied even to people who had been dead for years. It extended to family members and other associates of the victims. There were also many people who had come under a political cloud in the Cultural Revolution or whose cases had not been properly resolved. It was now intended that all such cases should be concluded as quickly as possible. One of the most significant aspects of the entire policy was that cadres should be assigned suitable positions as soon as possible, and that those who had been given unsuitable positions should have them readjusted.[59]

C. An Overview

In retrospect, in the period since 1976, there have been major changes in the position of the Chinese Communist Party. Many of these changes have been directed towards remedying the problems which have beset the party since the Cultural Revolution. The most important one was the criticism of Mao's policies since 1957. In fact, the Third Plenum marked a significant change in the policies pursued by the post-Mao leadership. It represented the victory of the "practice" faction. The group articulated a view of socialist development quite different from either the Gang of Four or Hua in 1978. According to Hu Qiao Mu's argument, objective economic laws of development as objective natural laws should apply independently of politics. Apter is quite correct in this regard as he points out that in the industrializing societies it is the economic variable that is independent. The political system is the dependent variable - dependent, that is, on the needs of the economic system and changes in the industrial sphere, rather than in politics itself.[60]

The most significant post-Mao leadership was the restoration of central authority. It was stressed on the party's leadership, on the strengthening of the party's organizational structure and on a new mass line, for the fulfillment of its new economic modernization. As Apter points out, hierarchical authority of the mobilization system is to maintain itself and to intervene in all aspects of social life, and economic development is the real rationale which demand total allegiance.[61]

Although the party's explicit superiority in the area of Marxist-Leninist theory has been reaffirmed, the significance of this superiority has been undermined. Truth has to be verified through practice, and the criterion for successful practice has been defined as growth in economic production. In other words, politics has been redefined in terms of professional proficiency and economic productivity, i.e., the focus of the party's ideological work has become that of persuading people of the need for the Four Modernizations, getting them to accept whatever changes these might entail and encouraging them to work hard for their realization.

Finally, one of the most prominent emphasis of the post-1976 regime was on dealing with perceived injustices and mistakes in the treatment of party members and cadres in earlier political movements. As a result of the process of rehabilitation, most of the old leading members of the Communist Party have been restored to their leading positions in the party.

D. Notes - Chapter III

1. See Remin Ribao, January 2, 1977, and Honggi's 1977.

2. See Remin Ribao, March 25, 1977 and Remin Ribao, March 26, 1977.

3. Remin Ribao, December 11, 1976.

4. Peking Review 3, January 21, 1977, p. 17.

5. Wheelwright, E. and McFarlane, B., The Chinese Road to Socialism, New York, Monthly Review Press 1970, p.76.

6. Issues and Studies, Vol. XV, No. 2, February 1979, p. 88.

7. See Zweig, D. "The peita Debate on Education and the Fall of Teng Hsiao Ping, China Quarterly 73, March 1978, pp. 140-59.

8. Peking Review 44, October 29, 1976, pp. 13-14.

9. Honggi 12, 1976, p. 18.

10. See China Reconstructs, January 1977, p. 13.

11. See Peking Review 31, July 29, 1977, pp. 9-10.

12. Issues and Studies, Vol. XIII, No. 5, May 1977, p. 106.

13. In 1975, Zhou En Lai, with the help of Deng Xiao Ping drew up the policies of Four Modernizations. The State Council at that time issued three documents which called for a reassessment of the policies carried out in the cultural revolution and criticism of the remnants of Lin Biao's ultra-left line. These documents (1. on the General Program for all work of the party and the country; 2. some problems in speeding up industrial development and 3. several questions concerning the work of science and technology), were to be rejected by the Gang as the three poisonous weeds designed to restore Capitalism.

    Peking Review 33, August 12, 1977, pp. 28-32; Peking Review 42, October 14, 1977, pp. 5-13; Peking Review 44, October 28, 1977, pp. 5-8.

14. For detail regarding the relationship between the Gang of Four and Lin Biao anti-party clique, see Ta Kung Pao (American edition) November 23, 1980, pp. 1-3.

15. See Hua Guo-Feng, Peking Review 19, May 6, 1977, p. 16, also see Peking Review 27, July 1, 1977, p. 6.

16. Peking Review 36, September 8, 1978, p. 11.

17. Peking Review 1, January 1, 1977, pp. 32-41; Peking Review 21, May 20, 1977, pp. 7-14.

18. Peking Review 10, March 10, 1978, pp. 14, 20, 22 and 24; Peking Review 9, March 3, 1978, pp. 13-14.

19. The Fifth National People's Congress that convened in Peking on February 26 - March 5, 1978 touched upon the major dimensions of the modernization effort.

20. Hon qi 6, 1977; Peking Review 27, July 1, 1977, p. 10.

21. Howe, C., and Walker, K. "The economist", in Wilson, D. ed., Mao Zedong in the Scales of History, Cambridge University Press, 1977, p. 195-6.

22. Peking Review 27, July 1, 1977, pp. 6-7.

23. Remin Ribao, October 4, 1978.

24. Hu Qiao Mu is a member of the Secretariat of the Central Committee and also the President of the Academy of Social Sciences. For his arguments, see RM RB October 6, 1978, PR 46, November 17, 1978, pp. 15-23, PR 47, November 24, 1978, pp. 13-21.

25. PK 46, November 17, 1978, p. 18.

26. RM RB March 9, 1979.

27. PR 45, November 10, 1978, p. 9.

28. PK 52, December 29, 1979, p. 11.

29. PR 44, October, 28, 1965, p. 35.

30. PK 49, December 2, 1977, pp. 9-13.

31. PR 28, July 14, 1978, p. 12.

32. PR 29, July 21, 1978, p. 12.

33. Hua Guo-Feng, PR 13, March 31, 1978, p. 8
Deng Xiao Ping, PR 12, March 24, 1978, p. 16.

34. Deng Xiao Ping, PR 18, May 5, 1978, p. 7.

35. Hua Guo-Feng, PR 24, June 16, 1978, p. 10,
Deng Xiao Ping, PR 25, June 23, 1978, p. 15.

36. Hua Guo-FEng, PR 30, July 28, 1978, pp. 14-15.

37. See Kyodo, February 2, 1979 and Kyodo, February 3, 1979.

38. Fraser, J. "And the walls came tumbling down", The Christian Science Monitor, 18 June, 1979, p. 11.

39. Gu Mu NC NA 11, April, 1979.
Gu Mu NC NA 28, March, 1979.

40. RM RB, March 9, 1979.

41. RM RB, April 8, 1979.
RM RB, March 9, 1979.

42. PR 52, December 29, 1978, p. 11.

43. RM RB, December 25, 1978, p. 4.

44. PR 52, December 29, 1978, pp. 7-16.

45. The magnitude of this problem is shown by the figures quoted by Ye Jan Ying at the Eleventh Congress; nearly half of the more than 35 million members of the party had been recruited since the cultural revolution and more than 7 million since the Tenth Congress in 1973.

See PR 36, September 2, 1977, p. 36.

46. PR 52, December 29, 1978, p. 14.

47. RM RB, February 1, 1979, pp. 1-2.

48. PR 52, December 29, 1978, p. 16.

49. PR 6, February 9, 1979, p. 6.

50. RM RB, February 1, 1979, pp. 1-2. This has also been argued that defending the status of the leader and his revolutionary authority was a major part of every two line struggle.

51. See Ye's report on the revision of the state constitution, PR 11, March 17, 1978, pp. 18-20.

52. RM RB, November 13, 1978, p. 3.

53. RM RB, December 26, 1978, p. 2,
RM RB, January 3, 1979, p. 1.

54. RM RB, November 13, 1978, p. 3.

55. PR 52, December 29, 1978, p. 14.

56. The conception of Mao's mass line had insisted that popular will had to be mediated through the party organization where it could be integrated with the broader strategy and objectives of the revolutionary movement i.e., "uniting the general with the particular, derived from the party's role as vanguard".

57. RM RB, November 15, 1978, p. 1.

58. PR 52, December 29, 1978, p. 14.

59. Honggi 6, 1978, p. 2.

60. David E. Apter, The Politics of Modernization, The University of Chicago Press (1965), p. 460.

61. Ibid., p. 417.

CHAPTER IV

THE FOUR MODERNIZATIONS

A. The program of Four Modernizations and political liberalization.

B. The rationale behind the process of readjustment in industry and agriculture.

C. The imbalance between beavy industry and light industry and agriculture.

D. The reform and rectification of the current economic system.

E. Educational modernization

F. Military modernization.

G. An overview

H. Notes

A. The program of Four Modernizations and political liberalization.

The virulent controversy between two political groups in the Chinese People's Republic came to a head after the death of Mao Zedong in 1976. Both of these groups claimed to be "Mao's true heirs", but they presented fundamentally different concepts for the future political and economic development of the country. The Gang of Four on the one hand was advocating Mao's policy of continuing revolution with extensive class struggle, while the technocratically oriented element around Deng Xiao Ping was emphasizing economic development.

When the struggle for the direction of Chinese policy ended in 1977 with the victory of the technocratically oriented forces under the leadership of Hua Guo-Feng and Deng Xiao Ping, the inception of a new economic policy became possible. Deng Xiao Ping was officially reinstated at the Third Plenary Session of the Tenth Central Committee of the Chinese Communist Party in July, 1977. The significance of Deng's restoration is extremely important, for Deng's comeback meant the restoration of the "Chou-Deng pragmatic line".

The new economic program known as the Four Modernizations, industry, agriculture, military and science and technology, was officially adopted on February 26, 1978 at the Fifth National People's Congress under the leadership of Hua Guo-Feng and Deng Xiao Ping.[1] The Chinese vowed to achieve the goals set in the Four Modernizations by the end of this century. Accordingly, the new programs will produce a China that not only is more industrialized, but also more centralized, disciplined, stratified and militarily powerful.

In order to achieve this ambitious objective, according to Hua Guo-Feng, the acceleration and intensification of economic development are to be given unqualified priority by the party, the government, and the population in their future activities.[2]

At the Fifth National People's Congress, Hua Guo-Feng also stressed that China should join the front ranks of the industrially advanced nations by the turn of the century. He also set production targets to be materialized by 1985. The main targets set were: 1) doubling of steel production per annum to 60 million tons, and 2) increasing grain output per annum to 400 million tons.[3] The overall strategy of development was based on the policy of agriculture as the foundation and industry as the leading sector. With regard to industry, the key stress remained upon steel and the familiar areas of power, fuel, raw materials, transport and communications.

Though Hua's report to the Congress repeated the long standing commitment to simultaneous development of large, medium, and small scale plants, he made it clear that the needs of large enterprises should be guaranteed. In addition, Hua also drew attention to a theme which was to gain increasing importance throughout 1978; the call for greater reliance on financial and monetary methods of managing the economy. As he says: "The Law of Value must be consciously applied under the guidance of the unified state plan... we must fully utilize finance, banking and credit in promoting and supervising economic undertakings, pay due attention to economic results and accumulate more capital for the state."[4]

The Four Modernizations have been proclaimed as the concept which supplies the essential lever for the speeding up of economic development. The technological level and efficiency of agriculture, industry, armaments, science and technical equipment are to be raised as quickly and extensively as possible, because these are regarded as an essential guarantee of the desired great power development. Modernization of the major sectors of the economy is to enable China by the end of this century, for example, "to reach or exceed the world level in regard to the per-hectare yields of the principal agricultural products and to approach, match or surpass the level of the most advanced Capitalist countries in regard to the principal industrial products."[5]

Furthermore, the development of science and technology at a forced pace is regarded as "the key to the four modernizations".[6] Apart from its structural weaknesses, this sector suffered greatly from the campaign against intellectuals during the cultural revolution and through activities of the Gang of Four in recent years, with the result that, as has been correctly noted, "the distance between the scientific and technical level of China and that of the advanced countries which had already narrowed has once more widened".[7] Considerable importance must therefore be attached to the training and advancement of native scientists and technologists who are "politically reliable and experts on their subjects"[8] as well as to increase adoption of developed technologies from the more highly developed countries. The new policy also offers greater material incentives to factory and office workers in accordance with the slogan of "from each according to his abilities, to each according to his performance".[9]

However, such ambitious aims can be achieved or stand a chance of realization only if internal political consolidation of the country is achieved, and its foreign policy is consistent with their objective.

In the domestic sphere, since the downfall of the "Gang of Four" in 1976, and their subsequent trials in 1980, their followers have been systematically removed from all levels of Government and party apparatus. While depriving the Gang of Four of its power, the new leadership made increased efforts to attract the support of sections of the population which did not belong to the traditional base of the Communist party. Among such steps were the reactivation of previously permitted political parties, fresh support for mass organizations, including especially trade unions which had almost disappeared, and as the culmination of these efforts, the convening of the "Political Consultative Conference of the Chinese People", a popular front organization which had not met for thirteen years.[10]

All these activities by means of which institutions and organizations of the fities and sixties are being revived are aimed at maximum mobilization of the people in support of the new political and economic strategy. The Fifth People's Congress held from late February to March 5, 1978 also officially confirmed and strengthened the new political leadership around Hua and Deng. The new economic course was at the same time sanctioned. Internal development towards gradual liberalization was carried forward by the adoption of an amended constitution[11] and a new Civil and Criminal Code.[12]

The People's Republic also developed increased activities in its foreign policy. The western industrialized countries which offered special attractions for China's economic development were of particular interest. The desire for increased adoption of western technolgies to improve China's productivity and speed its economic development provided the essential motive for an extension of relations with countries of Western Europe in particular.

The political justification for this orientation is the modified Maoist theory of the "trichotomy of the world", which divides the countries of the world not, "according to their social systems, but according to the state of economic development",[13] and regards the super powers, the USA and the USSR, as the first world, Western Europe, Japan, Eastern Europe and Canada as the second world, and China with the developing countries as the third world. The concept allows for at least a partial alliance of the second world and the third world as a possibility and necessity in order to avoid their oppression by the super powers and especially by the particularly aggressive "Soviet Socialist Imperialism".[14]

Thus, there exists a fundamental ideological justification for the extension of China's relations with western Europe and with Japan, which is extremely useful for the unimpeded development of external economic relations. The development of relations with the USSR is still the subject of harsh debate even though the Soviet proposal calls for a rearrangement of Soviet-Chinese relations.[15]

The appointment of the East European specialist, Djang Hai Feng, as Deputy Foreign Minister in May, 1978 suggested a gradual change in Chinese relations with the intention of at least avoiding further confrontation with the USSR which would be disadvantageous to China's economic development. These adjustments in the direction of domestic and foreign policy are crucial for the future economic and political development of the country.

The Chinese leadership under Hua and Deng believed that there had to be greater centralization in planning than hitherto in order to reach the ambitious long-term growth targets in industry and agriculture and also to counter tendencies towards independence of the regions which had existed under the impact of the Cultural Revolution. Deng Xiao Ping was regarded as the father of centralization aspirations and indeed of most of the current reform measures. He was the author, together with the party's finance and planning expert, Li Xiannien, of the so-called "outline report", in 1975 which called for the speeding up of the economic, and more especially, the industrial development of the country. This report contained the demand for uniform central planning of investment and production while decentralized decision-making units were to continue only on a very limited scale.[16]

As far as the people's communes are concerned, the new economic course will not jeopardize those which have been established since 1958, but neither is this form of production and distribution organization which comes near to the social objectives of Communism to be strengthened. Accordingly, under such a system, all private farm holdings were to be eliminated and the people's communes were created as the sole form of public

ownership of the means of agricultural production. Under the new Chinese Economic Policy, five percent of agricultural acreage was allowed to private peasants, and incentives were offered to independent peasants, especially in the field of animal production.

In his speech to the Fifth People's Congress, Hua reaffirmed this policy, "which allows individual members of the communes to cultivate small plots of land for their private use and to engage in small scale subsidiary activities -- and in livestock raising areas to hold a limited stock of animals for private use -- provided that the absolute priority of collective farming is assured".[17] Furthermore, the peasants are also urged to carry on with their private market dealings.

B. The rationale behind the process of readjustment in industry and agriculture.

As presented in 1978 by Hua Guo-Feng, the modernization program was indeed too ambitious. The targets for output were set too high. Improvement in the use of inputs was to be marked; the volume and implied cost of imports were astronomical; and the time span in which modernization was to be accomplished was short -- "initial" modernization was to be reached by 1985, and "full" modernization (i.e., achievement of world front rank status) by the year 2000.

In the fall of 1978, it became clear to China's policy makers that the plan as originally conceived was over-ambitious, especially in regard to China's ability to pay for and absorb the projected volume of technologically sophisticated imports. The program was scaled down and attention was focused on the priority of agriculture and light industry which was known as the period of "readjustment, reform, rectification, and improvement of the national economy".[18] Readjustment according to the Chinese meant changing the national economic structure and eliminating serious imbalance of ratios. It does not mean retrogression; rather its aim is to enable the economy to make better progress.

Before examining the rationale behind the process of economic readjustment, it is of paramount importance to examine the Chinese economic system and its problems. China's current economic system was established in the early 1950's on the Soviet Model. This type of economic system is highly centralized. In the early period of national construction and under difficult economic conditions, this system centralized the nation's material, financial, and labor resources to ensure that economic construction centered on key projects to be completed.[19]

With such an economic policy and within a short period of time, China had succeeded in laying a preliminary foundation for her industrialization and indeed made a significant contribution to her economy. However, as economic construction developed, the defects of this type of system were gradually revealed. In 1956, Mao Zedong had already raised questions about it in his "On the Ten Great Relationships".[20]

Under such an economic system, the state determines the national economic plan, details of which are then passed down to the enterprises in a series of steps. What the enterprise produces and how much it produces have already been decided at higher levels, and the enterprise does not have the authority to adjust its production to the changing needs of society. The market cannot be used to regulate production and this often means that production is out of line with demand, and long periods of time elapse without solutions to this problem. Products needed by society are often in short supply, while those unwanted by society may be plentiful.

In this system of planning, based on top-to-bottom directives, the enterprise lacks the power to decide on the use of financial, material and labor resources. Such powers are concentrated in the hands of the state. Production materials are subject to distribution by the state and enterprises are unable to purchase them in accordance with the changing needs of society and changing production conditions. Output is then subject to unified purchasing and marketing by the materials and commerce departments; whether these products serve a need, or whether they are saleable, are questions which enterprises are not allowed to raise. The capital for the

enterprise is supplied interest-free by the state, and almost its entire income is submitted to the finance departments; the enterprise has no say in, and bears no responsibility for, the use of the capital. If it is profitable, the workers do not derive any benefits; if it makes a loss, the workers do not lose anything. Furthermore, the labor force is under unified state control and allocation, and wages are also determined by the state. A worker's performance bears no relationship to job security nor his income. In short, these conditions stifle the development of workers' incentives and bring about a great deal of waste in the utilization of financial, material and labor resources.

Under this system, bureaucratic administrators and non-specialists are often used to conduct economic activities. The regulating function of the market in terms of prices, fiscal measures, and up-dating improvement of products are neglected. In conducting its affairs, an enterprise has to obtain approval from above through various bureaucratic steps, and this leads to the creation of an unwieldy and duplicative administrative mechanism in which bureaucracy and departmentalism flourish. Efficiency is thus low and economic activity sluggish.

Under such circumstances, as Apter points out, opportunism, corruption, error and incompetency grow. Society becomes a bureaucratic conspiracy in which each individual tries to avoid his responsibility. According to him, since no one wants to be held accountable for failure, accountability groups are negligible. Consent groups are non-existent. Junior leaders are afraid of making decisions. Instead, they defer them or "push them upstairs".[21]

Several attempts at economic reforms are reported to have been made since 1958 to readjust the relationship between the enter and the localities. However, the results have been poor.[22] The reasons are, that at times power rested with the localities and at other times reverted to the center. Local initiative was strengthened when localities had power, but poor organization and management at the same time created chaos in economic activities and disproportions in the national economy. When power reverted to the center, the old symptoms of sluggish economic circulation, low efficiency, wastage and so forth all reappeared. These attempts at economic reform all failed to resolve the relationship between the state and the enterprise; they did not deal with the highly centralized command-type planning system, nor with the powerless status of the enterprise.

C. The imbalance between heavy industry, light industry and agriculture.

There are many imbalances within the Chinese economy, however, two of them are considered most important. First, there is the imbalance between heavy industry on the one hand and light industry and agriculture on the other. Between 1949 and 1978, the gross output value of heavy industry increased 90.6 times, whereas that of light industry and agriculture increased by only 19.8 and 2.4 times, respectively,[23] a very great disparity. The excessive stress on the development of heavy industry, with agriculture and light industry being left behind, also reflects internal structural imbalances within heavy industry. The structure of heavy industry evolved, in the main, to serve the needs of heavy industry itself, not the needs of the technical transformation of agriculture or the development of light industry.

Second, the rate of accumulation (investment) is too high and this means an imbalance in the accumulation-consumption ratio. There is an imbalance in the distribution of investment among the various sectors, an excessive amount being used for the development of heavy industry, especially in the iron and steel and machine building sectors.

There are obvious interrelationships between these two principal sets of imbalances. Heavy industry is capital-intensive and is a sector requiring a great amount of investment; to give too much priority to the development of heavy industry will naturally require a large investement, and this in turn leads to an excessively high rate of accumulation. These two major sets of imbalances have led to a series of problems in the Chinese

economy. For example, the development of light industry and agriculture has lagged further and further behind people's needs, deepening the contradiction between supply and demand in consumer goods. For long periods, China has been unable to raise the living standards of its people, and the amount of consumption per person for many items remains very low even at present. Because of the pressures of grain shortage and because of poor work, the internal structure of agriculture has tended to develop increasingly lopsidedly with emphasis largely on grain production, while the development of economic crops, animal husbandry, forestry, sideline production (poultry, vegetable, fruit, etc.) and so forth has been neglected. Furthermore, the scale of investment in basic construction has been too great while its results too poor.

These problems have also existed for a long time, but have become even more serious in recent years. There are many projects under construction, requiring far more material, financial and labor resources than the national economy is able to supply. Cement, steel and timber for basic construction are 10 percent to 30 percent below requirements.[24] Some projects are proceeding in a stop and start fashion, and cannot be completed on schedule. At present many large and medium-sized construction projects have a construction period more than twice as long as in the first five-year plan period, and this results in increases in construction costs and lower returns on investment. This means not only that it is impossible to add new productive capacity on schedule, but also that large amounts of materials, capital and labor are tied up and this obstructs normal production during the period concerned.

The excessive scale of basic construction is mainly due to excessive productive construction. Since 1976, it was reported that, about 85 percent of investment in basic construction has been used for productive construction (material production), and the remaining 15 percent or so for non-productive construction (education, health, administrative and research expenses, urban construction, housing and so on). Of the amount invested in productive construction, some 65 percent was used in the heavy industry sector and the amount invested in agriculture and light industry was very small.[25] This disproportion in the allocation of basic construction investment also had a retarding effect on the rate at which people's livelihoods could improve. Finally, the insufficiency of resources to meet requirements, the inadequacy of communications and transportation and so forth are also related in one way or another to the undue priority given to the development of heavy industry, and the excessive rate of accumulation.

D. The reform and rectification of the current economic system.

In order to rectify the present economic system, action has been taken by the Chinese Government in 1979 at two levels; that of theory and that of practice.

On the theoretical level, an effort is being made to rebuild and develop a science of Socialist economics, learn the use of various modern techniques of physical planning (input-output analysis, linear programming), study the role and functioning of prices under the condition of a planned economy, and look at alternative models of socialism. It is now understood that imbalances like those troubling the Chinese economy are not accidental events to be solved by random action. The foundations of Chinese planning have been theoretically deficient. Two principles are to guide the theoretical renaissance. First, truth is to be sought from facts (practice is the sole criterion of truth) second, the point of departure and aim of production is to be the satisfaction of people's consumer needs, rather than production itself. A necessary condition of the second principle is that the consumer needs have to be determined by market demand, rather than by hierarchical and bureaucratic command.

On the practical level, some steps have been taken to readjust the ratio between heavy industry, light industry and agriculture and to accelerate the development of light industry and agriculture. The state has, for the first time arranged to give agriculture and light industry priority in the areas of resources, energy capital, transport, foreign exchange and the introduction of advanced technology.

The annual rate of growth of agricultural output during 1978-1980 was to be raised to around 4 percent. State investment in agriculture was to rise from 10.7 percent ot total state investment in 1978 to 14 percent in 1979 (roughly 5 billion yuan). Total state funds for agriculture, including aid and agricultural loans were to amount, in 1979, to 17.4 billion yuan (43.5 percent of the entire agricultural investment).[26] In other words, in 1979, relief for rural areas together with state agricultural loans were to account for 71 percent of total state investments in agriculture.

Since the second half of 1979, the development of light industry including textiles has been accelerated, with the annual rate of growth reaching 9.6 percent, higher than that of heavy industry (7.7 percent). In agriculture, aside from the implementation of new rural economic policies, purchase prices for 18 major agricultural and sideline products were increased in 1979 by an average of 25 percent as compared with the previous year.[27] The state has either reduced or eliminated agricultural taxes on low-income rural communes and brigades; at the same time, the state has also reduced or eliminated industrial and commercial taxes for poorer commune and brigade-run enterprises.

The increase in prices of agricultural products alone increased peasant's income by 108 hundred million (i.e., 10 billion eight hundred million yuan) in 1979.[28] The state budget and local finance departments have allocated large amounts of capital for construction investment in agriculture and agricultural operating expenses. As a result the basic

foundation of agriculture is being strengthened and farming, forestry, animal husbandry, sideline production and fisheries are moving towards overall development.

To readjust the ratio between heavy industry and light industry and agriculture, the state has also begun to reform the internal structure of heavy industry. Rates of development of some sectors of heavy industry such as metallurgy and machine-building have been reduced, and efforts have been directed towards increasing quality and product variety and a reduction in use of raw materials.

The reduction and control of the scale of basic construction investment, cutting down the number of construction projects, readjustment of investment ratios and the increase in investment returns are the key links in the present readjustment of the economy. If the scale of basic construction is not reduced, it will not be possible to bring down the rate of accumulation and ease the overall strained situation in the national economy, nor will it be possible to find a fundamental resolution for serious economic imbalances. These are difficult tasks. Not only is it difficult to terminate projects which are already under construction, as this will entail losses, but the bringing about of any radical change in the situation of serious imbalances will itself require a large amount of investment.

In 1979, over 300 large and medium-sized construction projects were reported either curtailed or slowed down, and investment was concentrated on developing weaker sectors and urgent projects. In the same year, the

share of agricultural investment in national basic construction increased from 10.7 percent in the preceding year to 14 percent.[29]

Investment in urban dwelling construction increased by 83.7 percent compared with the previous year. In the whole of 1979, newly built residential areas in municipalities, town and mining districts totalled more than 62 million square metres -- an increase of 50 percent over the previous year and equal to one-tenth of total new residential construction in the past 30 years.

As far as the readjustment of existing enterprises is concerned, those factories which developed bad reputations, lost money consistently, lacked guaranteed sources of raw materials and turned out unsaleable and inferior products were required to change to other products, merge with other factories or cease production altogether. According to incomplete statistics, in 1979 nearly 2,400 enterprises underwent such changes and this process was reported to be continuing.[30]

A new series of experimental reform measures also took place in the area of enterprises in 1979.[31] These allowed the enterprise to become an independent economic management unit, have independent economic accounting, and be responsible for its own profits and losses. In other words, to increase the powers of the enterprise in production planning and marketing of products, and in the use of capital to introduce a profit retention scheme and to increase earnings and raise workers' wages.

On July 8, 1979, China officially promulgated the "Law on joint-venture enterprises of the People's Republic of China"[32] encouraging foreigners to invest in China on the principle of equality and mutual

benefit; and providing joint enterprises with legal protection of the status and rights of these enterprises. Experimental economic zones in Shen Zhen, Zhuhai, and Shantou in Guang dong province and in Xia Men, FuJian province were also set up, each with relatively relaxed management regulations to welcome foreign countries to invest in various types of joint ventures and other enterprises.[33]

In economic cooperation with western industrialized nations, the new Chinese leadership expects that they will give her access to western capital, modern technologies and management methods. The aim is to raise the productivity in all sectors of Chinese economy and to provide additional production capacity at an increased rate in order to earn the foreign exchange needed to pay for additional imports.

Likewise, the engagement of western enterprises in China are actively supported by their governments. Their most important motives are probably the desire to safeguard raw materials, supplies, cheap labor; to increase the sales opportunities for their own industries, to open up the Chinese market and chances to sell products not only in the neighboring countries in Asia but throughout the world as well.

In implementing the reform of the economic system, over the past three years, China has signed loan agreements with Japan (110 billion), France (7 billion), U.K. (5 billion), Canada (1.7 billion), Italy (1 billion), Sweden (350 million), Belgium (200 million), and Australia (50 million), Norway (100 million), Brazil (100 million), Argentina (300 million) and U.S.A. (57 million)[34] (see Table 2). Private banks throughout the world

have also extended credit to China from 1979 to 1981 in the amount of U.S.$ 10.6 billion (see Table 3). In addition, China has also signed preferential tariff trade agreements with the European Community, Australia, New Zealand, Norway, Sweden and other countries. The U.S. Congress has also passed a Sino-American trade agreement with both countries enjoying most-favored-nation status.[35] On April 17, 1980, the International Monetary Fund's (IMF) Executive Board approved China's membership and on May 5, 1980, the Executive Council of the World Bank also formally decided to restore China's membership to the People's Republic in the World Bank and the IDA (International Development Agency).[36]

Table 2 World Extension of Export Credit to China

Country and date of extension	Amount extended	Terms, etc.
U. K. (March 1979)	US$5 billion	Extended up to March 1985. Guaranteed by Export Credit Guarantee Department (ECGD). 1. For contracts worth up to US$20 million: 7.25% interest rate for 5 years 2. For contracts worth US$20–100 million: 7.5% interest rate for 8 years 3. For contracts worth over US$100 million: 7.5% interest rate for 10 years
Australia (April 1979)	US$45 million	Extended by EFIC.
Italy (May 1979)	US$1 billion	Consortium of four special financial institutions, Instituto Mobiliare Italiano (IMI), Mediobanca, Efibanka and ICIPU, for extending US$250 million in each of four stages. 7.5% interest rate, 8.5 year repayment period (1 installment each half year). Guaranteed by Mediocredito Centrale.
France (May 1979) - Fr. F60 billion (approx. US$14 billion) in two-way trade in 7 years (until 1985) - Imports and exports in 1985 to be Fr. F12 billion (approx. US$2.8 billion)	Fr. F30 billion (approx. US$7 billion)	Consortium of 18 banks, including Banque Francaise du Commerce Exterieur. Guaranteed by Exterieur (COFACE). 7.25% interest rate for 7 years, 7.5% thereafter. Repayment period as follows: 1. Fr. F200 million to Fr. F800 million: 5 years 2. Fr. F806 million to Fr. F1 billion: 7 years 3. Over Fr. F1 billion: 10 years
Japan (May 1979)	¥220 billion (approx. US$1 billion)	Supplier's credit for deferred payment for exports of 7 plants of Nippon Steel contracted for Shanghai Baoshan Steel Complex. 7.25% interest rate for 5 years. Extended.
Sweden (July 1979)	US$350 million	7.25% interest rate for 2 to 5 years, 7.5% for 5 to 10 years.
Canada (August 1979)	US$1.73 billion	Extended by Export Development Corporation (EDC). Probably 5-year term.
Belgium (November 1979)	Bel. F 5 billion (US$170 million)	Extended by Bank of Belgium. 7.5 interest rate for 5 years.
Norway (February 1980)	US$100 million (max.)	Financed by Norway Commercial Bank Financial Credit Association. 7.25% interest rate for 5 years, 7.5% for 10 years.
Brazil (March 1980)	US$100 million	Extended by Bank of Brazil.
Argentina (June 1980)	US$300 million	7.5% interest rate for 8 years. Usable 10 months after signing.
U. S. A. (September 1981)	US$57 million	8.75% interest rate. First bank loan by U.S. Ex-Im Bank. To be used for import of power generator related equipment.
Total	Approximately US$16,852 billion	

Note Non U. S. dollar loans converted into U. S. dollar figures based on exchange rate at time of extension.

Source China Newsletter, Jetro, No. 35, Nov-Dec 1981, p.3

Table 3 Private Bank Extension of Credit to China

Bank and date	Amount	Terms, etc.
Bank of Montreal (Canada), January 1979	US$5 million	London Inter-Bank Rate (LIBOR) + 0.625
Arab France Union Bank (UBAF) cofinancing, March 1979	US$500 million	LIBOR + 0.5%, 3.5 years
Midland International Bank (MAIBL), March 1979	US$175 million	LIBOR + 0.5%, 5 years
Midland Bank, Toronto Dominion Bank, Standard Chartered Bank, Australia Commercial Bank, etc. cofinancing		
Lloyds Bank (U.K.), March 1979	US$100 million	LIBOR + 0.5%, 5 years
Midland Bank (U.K.), March 1979	US$100 million	LIBOR + 0.5%, 5 years
Standard Chartered Bank (U.K.), March 1979	US$100 million	LIBOR + 0.5%, 5 years
National Westminster Bank (U.K.), March 1979	US$100 million	LIBOR + 0.5%, 5 years
Canadian Imperial Bank of Commerce (CIBC) (Canada), April 1979	US$100 million	LIBOR + 0.5%, 5 years (estimate)
Barclays Bank (U.K.), April 1979	US$100 million	Unknown
Hessische Landesbank (F.R. Germany), April 1979	US$50 million	LIBOR + 0.5%, 5 years (estimate)
Bank of Chile (Chile), April 1979	US$10 million	Unknown
Bank of Sicily (Italy), May 1979	US$75 million	Unknown (temporary signing)
First National Bank of Chicago (U.S.), June 1979	US$8 million	Unknown
Bayerische Vereinsbank (F.R. Germany), October 1979	US$100 million	Impact loan of less than 5 years
Bank of Tokyo and others in a 22 private bank consortium for cofinancing (Japan), August 1979	US$2 billion	LIBOR + 0.5%, 4.5 years, impact loan
31 private banks (Japan), August 1979	US$6 billion	LIBOR + 0.25%, 6 months short-term usance loan
Kommerz Bank (F.R. Germany), September 1979	US$100 million	5-year term
Berenbert, Gossler & Co. Johann, etc. (F.R. Germany), August 1979	US$50 million	Unknown, impact loan
Arab African International Bank and two other Arab banks (Arab countries), January 1980	US$300 million	5-year term
CARIPLO, February 1980	50 billion lira (US$55 million approx.)	20 billion lira for purchases of consumer goods with repayment in 2 years, 30 billion lira for purchases of production goods with repayment in 5 years
Nordic Bank and others, March 1981	US$72 million	Loan to Great Wall Hotel joint venture
	Total US$10.1 billion	

Source: China Newsletter Jetro, No. 35, Nov-Dec 1981, p.4.

E. Educational modernization

Education has been accorded a key role in the "Four Modernizations". At the April, 1978 National Educational Work Conference, Deng Xiao Ping emphasized education as an integral part of the national plan, structured to serve the production forces of the Socialist economic base. He summarized these priorities as follows: 1) education's growth would coincide with the pace of the new economic plan, 2) personnel training would relate to the needs of economic sectors, and 3) curricula content would raise the scientific and cultural levels. Accordingly, coordination between the State Planning Commission, the Education Ministry, and other departments would enable China to reach and overtake the advanced levels of the rest of the world. A pledge was made that the proportion of state budget devoted to education and science would also be increased.[37]

The general shape of the school system, outlined in the eight-year plan for "reorganization and raising of standards", which the Minister of Education, Liu Xi Yao, put before the 1978 National Education Work Conference, corresponded basically to what had already been developed under Liu Shao Chi in the early 1960's.[38] The new educational policy called upon authorities to "spot, select and bring up people of talent", through nationally organized academic examinations.[39] After a delayed enrolment in 1977, the new national examinations were organized in the spring of 1978. Candidates for Arts and Humanities have to pass examinations in politics, Chinese language and literature, mathematics, history, geography and foreign language, whereas, science candidates are examined in physics and chemistry instead of history and geography. Foreign languages examined could be

either English, Russian, French, German, Japanese, Spanish or Arabic, depending on the candidates' own preferences. In 1977, nearly 5,700,000 candidates sat for entrance examinations and only 190,000 were admitted. The ratio of success was one in thirty.[40] In accordance with the new economic policy, the Education Ministry also directed that 75 percent of the successful candidates should enter scientific and engineering faculties and only 25 percent be allowed to enter the Arts and Humanities.[41]

Mao Zedong and the present leaders agree on the importance of the teacher in any reform of education. While Mao saw progress through a growing together of teachers and students and a learning from each other, the present leadership sees progress in strengthening the professional separateness of teachers. One of the first signs of the recent changes in education was the emphasis on the respect of teachers by the newspapers (Zun Shi; respect the teacher.)[42] This was subsequently followed by regular announcements of the restoration of a hierarchy of ranks in educational institutions. In universities, the ranks of professor and associate professor returned.[43] These moves were accompanied by other measures advocated in the Minister of Education's speech to the National Education Work Conference.

> It is now imperative to revive the system of periodical examination for teachers.. the granting of academic titles and promotion to academic ranks. Titles and promotion should be by merit in work and academic level, not through seniority. The promotion of those who excel in their work can bypass the grade order irrespective of the length of schooling or teaching. Those who have done extremely well in teaching secondary or primary schools should be granted the titles of 'teachers of special grade'... advanced teachers, cadres and staff members should be commended. The most outstanding among them can receive the titles of 'Model Teachers' or 'Model Educational Workers' and be granted citations, medals or certain material rewards.[44]

Under the new educational policy, various academic associations have been set up. In August, 1977, a separate Academy of Social Sciences was established. Its institutes (Yan Jiu Suo) included Archaeology, Economics, Anthropology, History and Foreign Literature. The Institute for World Religions of this Academy held its first large meeting in April, 1978, attended by some 110 academics including Zhou Yang[45] who was the Minister for Cultural Affairs.

In December, 1978, in Shanghai, a society for research into the history of Chinese peasant rebellions was established. This was followed in Guangzhou by a society for the study of the Revolution of 1911, and later still by another in Shanghai devoted to the study of the Tai Ping Regime.[46] Of more direct interest for education was the setting up, in Beizing, of the education institute (Beizing Jiao Yu Xueyuan). This institute will give advanced training to teachers and other education cadres, produce teaching materials and audio-visual aids and conduct research in educational theory.[47]

Another aspect was the increase in contacts with other countries. Foreign language institutes and departments in higher learning institutes have again been recruiting foreign staff on a large scale. Foreign specialists have been invited to give guest lectures at various educational institutions.[48]

More than 480 students and academics from different institutions in China have gone abroad to study in 1978. Recipient countries have ranged from Belgium and Bangladesh to the United States and Yugoslavia -- a total of 28 countries in all.[49]

Finally, the Academic Degrees Committee was set up in 1981 to manage the awarding of academic degrees to students in higher learning institutes. Accordingly, there are 1,143 instructors of different specialties in 865 units to tutor doctoral degreee candidates and 2,957 units to confer master's degrees. The examining units will have the authority to confer, for the first time, China's own doctoral and master degrees.[50]

There are apparent benefits to China's intellectuals by the Four Modernizations. Not only is the new leadership more tolerant of intellectual dissent, but it actively promotes the development of cultural and intellectual diversity through cultural excahnge programs with the west and Japan. These exchange programs have enabled Chinese intellectuals to establish contact with their counterparts in the west and Japan for the first time since 1949. Chinese scientific and artistic delegations now travel extensively in the West, familiarizing themselves with the developments in science and culture that have taken place in the advanced Capitalist countries over the past decades. Likewise, western and Japanese delegations visit China in increasing numbers, giving an endless series of seminars and performances to Chinese audiences. Another source of benefit is the commitment of the regime to modernize the nation's institutions of higher education, which for a decade have suffered from benign neglect. The expansion and modernization of higher education will allocate more resources to the nation's institutes and universities, once again administered by qualified academics. Finally, not only is China sending numerous delegations abroad for short visits, but she is also sending thousands of advanced students and scholars for longer periods of research and study.[51]

F. Military Modernization

With regard to military modernization, China has committed itself to upgrading the capabilities of the People's Liberation Army. In pursuit of this goal, the Chinese leadership is moving to improve the PLA's force-structure and to modify China's strategic and tactical outlook.

In the late 1940's, the overall force-structure was based on the concept of people's war, i.e., to deal with a foe through a mixture of activities running from sabotage or small guerilla actions to full-scale military engagement. In keeping with this conceptual framework, the Chinese Communists during the Civil War years did whatever they could to improve the supply of weapons at their disposal, but in practice their main source of weapons was defecting soldiers, and units and equipment captured on the battlefields. For example, the Shanghai uprising of March 22, 1927, led to the acquisition by insurgents of 4,000 rifles and pistols and more than 100 machine guns.[52] Communist sources have claimed that by the end of the Civil War, the PLA had captured 54,000 artillery pieces, 219,000 light and heavy machine guns, 1,000 tanks and armored cars, 20,000 motor vehicles and great quantities of other arms and equipment including 189 aircraft.[53]

This sort of acquisition enabled the Chinese Communists to keep forces operating in the field during the Civil War, but it meant that the leadership had little experience in the design of weapons and the logistics of production when the Chinese Communist Party came to power in 1949. The Korean War coming so soon after the Chinese Communists displaced the Nationalists had forced China to depend on Soviets as its sole source

of military supplies. In the 1950's China's indigenous arms industry was based largely on the technology and plants furnished by the USSR. After the Sino-Soviet rupture in the early 1960's, with Mao's slogan of "self reliance", China, for the first time had designed and turned out destroyers, aircraft, some electronics, and a range of general military equipment. However, these systems, though sturdy and reliable almost universally failed to measure up to Soviet and American manufactured equipment in performance.

The massive Soviet military build-up along the Sino-Soviet border, and the outbreak of armed hostility on the Ussuri Island of Chenpao in March, 1969, duly awakened China's leaders to the reality of the Soviet threat. For Chinese military strategists, the prospect of defending China's Northeast, her industrial heartland and the location of strategic resources such as oil and iron ore, from Soveit attack seemed very real. The terrain that separated Beizing from modern mechanized Soviet units posed for attack along the borders of Outer Mongolia and Western Siberia was barren and hilly with large expanses of flat land, perfect for a rapid pinser attack directed at lopping off Beizing and the entire Northeast from the rest of China. Lin Biao's doctrine of a people's war fought by poorly armed militia units and the People's Liberation Army, with its antiquated World War II vintage weapons, seemed wholly inappropriate to the Soviet military threat. It conjured up in the minds of military strategists the image of the Chinese Imperial troops fighting against British warships with antiquated cannons and spears in the Opium Wars. China's devastating defeat in the Opium Wars led to the unequal treaties that subordinated her

to nearly a century of foreign domination. The grim prospect of fighting Soviet divisions, which commanded overwhelming military superiority over the Chinese People's Liberation Army, gave a sense of urgency to the military's commitment to the modernization of its forces.

The Chinese concern about deficiencies in the national defense structure was intensified after the death of Zhou En Lai in January, 1976, the death of Mao the following September, and the ensuing power struggle that produced the downfall of the Gang of Four and the ascendance of Hua Guo-Feng and Deng Xiao Ping.

On January 1, 1977, Peking Review republished, with some editing, an important 1956 speech by Mao.[54] This marked the beginning of significant movement toward modernization of the People's Liberation Army. Mao's subject was the 'ten major relationships" in socialist revolution and socialist construction. The third of these relationships was that between economic construction and defence construction. On this issue, he argued for a reduction of military and administrative expenditure from 30 to 20 percent of the total budget. Such a policy, he contended, would produce enough planes and artillery and even China's own atomic bomb.

In any event, republication of the speech signaled a step up in interest in improvement of the military capabilities of the People's Liberation Army. During 1977, Hua Guo-Feng and other Chinese leaders met in Beizing with delegates attending four simultaneous conferences on military affairs -- dealing specifically with air defense, machine building (military hardware), science and technology and research and planning.

In June, 1978, Deng Xiao Ping, in a speech to an all Army Work Conference, urged the PLA to hold aloft Chairman Mao's principles, to "integrate them with reality, analyze and study actual conditions, and solve practical problems", and he described the Army's most important task was to "enhance our combat strength... under new historical conditions".[55] Xu Xiang Qian, Minister of National Defense, also reinforced Deng's pronouncements at the celebration of the 51st anniversary of the PLA on August 1, 1978, by pointing to the need to adapt the form of a people's war to modern conditions.[56]

During the last part of 1978, there seemed to be signs of reduced enthusiasm for military modernization insofar as it competed with the other three types of modernization. Confirmation of this came from United States Senator John Glenn who said that Vice-Premier Deng told his delegation that "defense modernization has a lower priority than the other three modernizations".[57]

Beizing, of course, has not announced publicly its program with respect to military modernization, but there are reports that China has expressed strong interest in buying specific weapons, equipment and technology from Great Britain, West Germany, France, Italy and the United States. Types of weapons, equipment and technology in which China has expressed interest since 1977 are as follows: electronic guidance systems from Aeritalia, Ellettronica San Giorgio, Selenia and Sit Siemens. Rapid fire (80 rounds per minute) 76/62 anti-aircraft and anti-missile cannons from the Oto-Melara Artillery Works, Leopard tanks, Messerschmitt-Bolkow Blohm Bo-105 helicopters (four have been sold to China and 16 are ready for delivery), Euromissiles

Table 4 China's Nuclear Tests, 1964-1978

Date	Test Site	Delivery System	Megaton Equivalence	Material	Warhead
10/16/64	Lop Nor	Tower mounted	0.02	U-235	Fission device
5/14/65	Lop Nor	TU-4 Air drop	0.04	U-235	Atomic bomb
5/09/66	Lop Nor	TU-16 Air drop	0.2	U-235	Atomic bomb
10/27/66	Shwangchentze to Lop Nor	SS-4 IRBM	0.02	U-235	Atomic warhead
12/28/66	Lop Nor	Tower mounted	0.3	U-235	Atomic bomb
6/17/67	Lop Nor	TU-16 Air drop	3.0	U-235	Hydrogen bomb
12/24/67	Lop Nor	TU-16 Air drop	0.2	U-235	N.A.
12/27/68	Lop Nor	TU-16 Air drop	3.0	U-235*	Hydrogen bomb
9/23/69	Lop Nor	Underground	0.2	U-235	Fission device
9/29/69	Lop Nor	TU-16 Air drop	3	U-235	Hydrogen bomb
10/14/70	Lop Nor	TU-16 Air drop	3	U-235	Hydrogen bomb
11/18/71	Lop Nor	Tower mounted	0.02	U-235	Tactical warhead
1/07/72	Lop Nor	Tower mounted	0.02	N.A.	Tactical warhead
3/18/72	Lop Nor	TU-16 Air drop	1	U-235	Atomic warhead
6/27/73	Lop Nor	TU-16 Air drop	3	U-235*	Hydrogen bomb
6/17/74	Lop Nor	TU-16 Air drop	0.5	N.A.	Tactical weapon
10/27/75	Lop Nor	Underground	0.2	U-235	Fission device
1/23/76	Lop Nor	TU-16 Air drop	0.2	U-235	N.A.
9/26/76	Lop Nor	TU-16 Air drop	0.2	N.A.	Tactical weapon
10/17/76	Lop Nor	Underground	0.2	U-235	Tactical weapon
11/17/76	Lop Nor	TU-16 Air drop	4	U-235*	Hydrogen bomb
9/17/77	Lop Nor	TU-16 Air drop	0.2	U-235	Fission device
3/15/78	Lop Nor	Tower mounted	0.2	N.A.	Fission device
10/14/78	Lop Nor	Underground	0.05	N.A.	Fission device
12/14/78	Lop Nor	TU-16 Air drop	0.02	N.A.	Tactical weapon

*Also contained plutonium

N.A. - not announced

Source: The official listing by New China News Agency (NC NA), September 24, 1979, in Foreign Broadcast Information Service, P.R.C (FBIS), No. 186, p. L.15.

Hot and Milan rockets. Roland anti-aircraft missile. Harrier jump jets (China has discussed the possibility of purchasing 70 planes) Chieftain tanks, rollsroyce spey jet engines (Beizing has concluded a deal with Great Britain in September, 1978 worth 80 million), Swing five anti-tank weapon, Rapier surface to air missile system, Scimitar armoured vehicles, Chieftain armoured recovery vehicle, Cymbeline lightweight radar for mortar five location from EMI electronics and GEC Marconi's field artillery, Lockheed C130 military transport, Lockheed p-36 submarine patrol planes and electronic equipment from McDonnell-Douglas.[58]

With respect to nuclear modernization, China has successfully tested its first atomic bomb on October 16, 1964 (20 kiloton). Apart from displaying potential retaliatory capability, one notable feature of this first test was its indication that China could extract fissionable U-235 and produce tritium, a basic component of hydrogen bombs. Indeed, after four more atomic tests delivered by aircraft (implying the perfection of a nuclear device compact enough for airborne delivery), China's first hydrogen bomb was dropped by a high-flying TU16 on June 17, 1967. Since then, five more H-bombs have been tested, all in the 3 to 4 megaton range. Concurrently, low-yield atomic tests of 20 kt adaptable to missile war heads were also being conducted. By December, 1978, there had been 25 detonations, all at the Lop Nor test site, using enriched uranium U-235, but with traces of plutonium in at least three; 15 were air-dropped, 5 were tower-mounted, 4 were exploded underground, and one was delivered by medium-range missile.[59]

China now has an estimated combined total of between 225 and 300 fusion and fission warheads, with most of the former in the 3-4 MT range and the latter in the 20-40 KT range. While it is uncertain to what extent battlefield (tactical) nuclear weapons will be developed to utilize these, in terms of strategic weapons, the PRC is known to possess one Golf Class diesel-powered ballistic missile submarine, built in 1964 with 3 missile tubes. In addition, several CSS-1 liquid-fueled medium-range ballistic missiles (MR BM's) have been operated in the Northeast and Northwest with a range of about 1,000 kilometers and between 40 and 50 of these are now deployed. Over 50 CSS-2 intermediate-range ballistic missile launchers (IR MB's), single stage liquid-fueled missiles with an estimated range of 2,500 to 4,000 kilometers are also deployed in caves. There are others in steel concrete silos. Furthermore, China has two CSS-3 multi stage intercontinental ballistic missiles (IC BM's) with a limited range of 6,400 kilometers; after a lengthy gestation period, two full range IC BM's (CSS-X-4) were also test fired in the Pacific Ocean in May, 1980.[60]

Since launching their first Satellite on April 14, 1970, the Chinese have sent a total of nine aloft, with the latest launching a group of three space-physics experiment satellites with a single carrier rocket on September 20, 1981.[61] These vehicles have included weather, reconaissance and scientific models.

G. An Overview

In retrospect, the modernization of China is an immensely difficult task. China is a large country with a vast population, rich in natural resources but confronted with an outdated economic system. As China's program for modernization came into effect in 1978, it proved to be over-ambitious and problematic.

As Hua Guo-Feng announced at the National People's Congress in February-March, 1978; China would join the front ranks of the industrially advanced nations by the turn of the century. He also set production targets to be achieved by 1985. The main targets set were: 1) doubling of steel production per annum to 60 million tons, and 2) increasing grain output per annum to 400 million tons. However, these goals proved to be too ambitious, as China's steel production in 1978 was a little below 30 million tons and China's grain out put did not reach the 300 million tons level.

In the process of actually pursuing these goals, China, at length, has found out that attainment of the targets would be difficult. Consequently, at the beginning of 1979, China suspended a number of contracts with Japanese and western firms, including those for major projects.

The reasoning behind suspension is the defects of the Chinese economic system and whether China has the ability to pay for the cost of vastly expanded imports of foreign technology and facilities. Furthermore, the country's economic development has become unbalanced, due to overemphasis on heavy industries, and a drastic readjustment of the economy is being taken in the direction of rearranging development priorities in the order

of agriculture, light industries and heavy industries. It was announced that the readjustment period of the modernization program would be extended to three years, and attention would be focused on the priority of agriculture and light industry, as the period of "readjustment, reform, rectification and improvement of the national economy".

Apparently, the process of readjustment of the Chinese economy has produced results. In rectifying the economic system, China has also passed a law on joint ventures, established foreign economic zones, promised enterprises great autonomy, and continued to emphasize science, specialists and material rewards. Service industries were revived, tourism developed, productivity stressed and trade bureaucracy streamlined. Private plots are being encouraged, peasant markets reopened, and production teams given more control over planting decisions. Consumer prices have also increased to absorb higher wages and reduce government subsidies to efficient businesses. Above all, the Chinese are broadening trade contacts with foreign countries.

In fact, following this trend of development, China has begun to inject a few of the ingredients of the reconciliation model, that is, government's efforts take the form of stimulating non-governmental development or local entrepreneurship. This may be done by providing sources of credit for private entrepreneurs, by expanding the possibilities of joint government and private enterprises, such as industrial development corporations and similar projects, and by encouraging foreign investment.

With regard to the new educational policy, it is largely patterned on the Soviet model of the 1950's, especially in institutions of higher learning. However, the emphasis is broader, that is, to bring together

social scientists, scientists, technicians, intellectuals and students for the service of the Four Modernizations. As Apter points out, in the economic sphere, their activities have great importance for basic productivity, the organization of resources and the utilization of new technology in the employment of human and physical resources. According to Apter, the new scientific elite, as a result of its need for information with which to make these changes successful, must therefore be viewed as a decisive force in modernization. If this analysis of the role of the scientific elite is correct, it follows that the long-term tendency of industrializing countries is toward the reconciliation system.[63]

With regard to China's military modernization, China's armed forces are still very backward in weaponry. The main function of the People's Liberation Army has been designed for the defense of the homeland and perhaps with capability of limited excursions on border disputes. China's current modest nuclear force is built primarily on the strategy of a retaliatory purpose, oriented more to defense against a Soviet attack than to offense.

H. Notes - Chapter IV

1. See Kenneth Lieberthal, "The Politics of Modernization in the PRC", Problems of Communism 27, 1978, pp. 1-17.

2. See Hua Guo-Feng, "let us rally to fight for the building of a modern and strong Socialist country." Report on the activities of the government at the first session of the Fifth National People's Congress on February 26, 1978, Peking Review 10, March 10, 1978, p. 20.

3. PR 10, March 10, 1978, pp. 7-90.

4. Ibid., p. 25.

5. Peking Review 10, March 10, 1978, p. 20.

6. Deng Xiao Ping, address to the National Science Conference on China's road to world power status, the party and the intellectuals on March 18, 1978, see PR 12, March 24, 1978, p. 16.

7. An important step for the continuation of the long march, Peking Review 78, p. 11.

8. Ibid., p. 14.

9. PR 10, March 10, 1978, p. 28.

10. Fifth People's Congress - the final step in the personal and programmative reconstitution of the new leadership, in China Aktuell, March 1978, p. 125.

11. PR 11, March 21, 1978, pp. 5-15.

12. Also see Le Monde, March 19/20, 1978.

13. PR 45, November 8, 1978, pp. 11-43.

14. See the remarks of Foreign Minister, Huang Hua in the UN General Assembly on September 29, 1977.

15. PR, April 4, 1978, pp. 17-20.

16. Deng Xiao Ping, Documents on the situation of the nation at the climax of the power struggle in 1975, in China Aktuell, February, 1978, p. 20.

17. PR 10, March 10, 1978, p. 24.

18. Beizing Review 29, July 20, 1979, pp. 7-24.

19. Klein, Sidney, Politics versus economics; the foreign trade and aid policies of China, Hong Kong; International Studies Group, 1978, p. 21.

20. See Stuart R. Schram, ed., Mao Tse Tung unrehearsed; Talks and letters, 1957-61, Middlesex, England: Penguin 1974, pp. 61-83 (Chapter XIII).

21. David E. Apter, The Politics of Modernization, The University of Chicago (1965), pp. 393-394.

22. During late 1978 and early 1979, a spate of articles appeared in economic journals discussing the history and nature of economic planning in China and ways in which it should be reformed.

For detail see Liao Jili, Jinggi Yan Jiu 12, 1978, pp. 13-26. Li Chen Grui and Zhang Zhuo Yuan, Jinggi Yan Jiu 2, 1979, pp. 2-11; Liao Jili, Jinggi Guanli 2, 1979, pp. 9-11; Luo Jingfen, Jinggi Guanli 2, 1979, pp. 12-14.

In reviewing past experience, these articles agreed that during the 1950's, China lacked economic skills and resources and had to undertake highly centralized planning through a state command system: This played a role in concentrating capital, manpower and materials, ensured the completion of key investment projects and at the same time, provided support for backward areas. Chinese planners, however, were unable to distinguish between the basic principles of a Socialist economy and the particular methods of Soviet practice. The articles suggested that many Chinese had confused a command economy and a planned economy. As a result, command planning was seen as the only alternative to bourgeois competition and any attempt to change this was denounced as "Revisionist or leading to Capitalist restoration".

23. See Dong Fureng "Some problems concerning the Chinese economy", China Quarterly 84, December 1980, p. 727.

24. Ibid., p. 728.

25. Ibid., p. 728.

26. Jan Prybyla, "China in the 1980's", Challenge, the magazine of economic affairs, May/June, 1980, p. 7.

27. Dong Fureng "Some problems concerning the Chinese economy", China Quarterly 84, December, 1980, p. 729.

28. Ibid., 729.

29. Ibid., 730.

30. Ibid., 730.

31. Jinggi Guanli 2, 1979, p. 14.

32. PR 29, July 24, 1979, p. 25, or the official text which was published in Remin Ribao, July 9, 1979.

33. As Hua Guofeng's report on the government's activities in 1979, indicated clearly, "China is showing interest in joint ventures in the oil, coal and non-ferrous metals sector, in electricity generation, steel and building material production, in the mechanical engineering, textile and electrical industries, in the transport sector and in the Hotel trade".

    See Hua Guo-Feng; "Report in the Government's Activities", in Beijing Review 27, July 10, 1979, pp. 17-20.

34. For detail see John L. Scherer, ed., China, Facts and Figures Annual, Volume 3, Academic International Press, 1980, p. 82.

35. Ibid., pp. 179-185, also see Jetro, No. 35, Nov-Dec 1981, pp. 3-4.

36. Samuel S. Kim, "Whither Post-Mao Chinese Global Policy?" International Organization 35, Summer, 1981, p. 456.

37. Peking Review 18, May 5, 1978, p. 10. Also see "Strive to coordinate the educational task and the development of the National economy; delegates at the National Education Work Conference earnestly study Vice-Chairman Deng's Speech", Guangming Ribao, April 29, 1978.

38. See Ronald F. Prie, Education in Communist China, London, Routledge and Kegan Paul, 1978, pp. 108-220.

39. Guangming Ribao, June 14, 1978, p. 1.

40. For detail see Robert Taylor, China's Intellectuals Dilemma: Politics and University Enrolment 1949-78, University of British Columbia Press, Vancouver and London, 1981, p. 179.

41. Ibid., p. 179.

42. Guangming Ribao (GM RB), March 19, 1977, p. 1.

43. GM RB, April 12, 1978, p. 1.

    GM RB, May 11, 1978, p. 2.

GM RB, June 5, 1978, p. 3

GM RB, June 26, 1978, p. 1.

44. Liu Xi Yao, GM RB, June 11, 1978, p. 1.

45. China Aktuell, June 1978, p. 321.

46. China Aktuell, January 1979, pp. 17-18.

47. GM RB, May 22, 1978, p. 1.

48. Beizing Review 5, February 2, 1979, p. 30. It gave a figure of some 100 from 12 countries who were invited to China for a one to three month lecture tour in 1978.

49. John L. Scherer, ed., China, Facts and Figures Annual, Academic International Press 1979, p. 209.

50. Beizing Review 46, November 1981, pp. 7-8.

51. See Ta Kung Pao, November 16, 1981. It reports that from 1976 to the present, China has sent out 6,709 students to 52 countries for further studies, 80% are taking science and technical courses, likewise, there are over 2,000 foreign students who come from 76 countries and are currently studying in China.

52. Beizing Review, June 8, 1979.

53. Samuel B. Griffith II, The Chinese People's Liberation Army, New York, New York: McGraw Hill, 1967, p. 103.

54. "On the ten major relationships" the speech was originally made by Mao to an enlarged meeting of the Politburo of the Central Committee of the Chinese Communist Party on April 25, 1956.

55. See Beizing National China News Agency (NCNA) in English, June 5, 1978, in Foreign Broadcast Information Service China Daily Report (FBIS), June 6, 1978.

56. See Xu Xiang Qian, "heighten our vigilance and get prepared to fight a war", Peking Review, August 11, 1978.

57. Sino-American relations -- a trip report, Washington, D.C., U.S. Senate, January 1979.

58. For further information, see Far Eastern Economic Review, October 6, 1978, pp. 49-57, also see, John L. Sherer, ed., China, Facts and Figures Annual, Volume 3, 1980, pp. 56-57, also see, Edward N. Luttwak, "Problem of Military Modernization for Mainland China", Issues and Studies, XIV 7 (July 1978) pp. 33-65.

59. See the official listing by New China News Agency (NCNA), September 24, 1979, in Foreign Broadcast Information Service PRC (FBIS), No. 186, p. L15.

60. See Remin Ribao, May 18, 1980.

61. Ta Kung Pao, September 26, 1981, p. 1.

62. David E. Apter, The Politics of Modernization, The University of Chicago Press (1965), p. 396.

63. Ibid., p. 460.

CHAPTER V

DENG'S PRAGMATIC LEADERSHIP AND CHINA'S ECONOMIC OUTLOOK

A. Deng Xiao Ping's political consolidation.

B. China's economic prospect and problematic areas.

C. An overview.

D. Notes

A. Deng Xiao Ping's Political consolidation

The transformation of China's political life promoted by Deng Xiao Ping since his rehabilitation in 1977 has been extensive and radical. Drawing heavily on institutions, ideological themes and policies associated with the early 1950's and 1960's and adapting the reform experiences of other Socialist countries and Capitalist practices, Deng and his pragmatist team of the Chinese Communist Party have attempted to lay the foundations for long-term political stability.

Deng's political success, however, has to be examined within the context of the Fifth and Sixth Plenums of the Eleventh Chinese Communist Party Central Committee which shed light on the new course of Chinese leadership and development.

As they have emerged gradually since Mao Zedong's death, the main features of Dengist reform programs include, first, an effort to dilute the authority of Mao Zedong thought as the final arbiter of legitimate political activity in China. Indeed, Deng has succeeded in negating Chairman Mao's Cultural Revolution doctrine and to adopt the modern techniques of economic development for China. By the same token, Deng and his team of reformers have attempted to reassert the ultimate authority of the party's organizational mechanisms, rules and procedures to regulate political behaviour within the party and to establish the final authority of Socialist laws throughout Chinese society, to be applied universally and without prejudice. Above all Deng has attempted to rebuild the party into a more suitable instrument to guide China's rapid modernization, pressing for a wider purge of those leading cadres who

were committed to the ideological principles of the Cultural Revolution and cultivating a party membership, recruited and evaluated according to his ability to administer an increasingly complex modernizing society.

Deng's success in pressing his reforms during the years between 1977 and 1979 were significant. The most notable success for Deng at the Third Plenum on December 18-24, 1978, was the Central Committee's acknowledgment that class struggle is no longer the primary focus of the Chinese Communist Party's work, implicitly a rejection of Mao's central ideological rationale for the cultural revolution in favor of the once discredited line of the Eighth Party Congress of 1956. Deng also won a measure of support for his campaign to dilute the authority of Mao Zedong thought, the campaign to "take practice as the sole criterion for truth", and the session also endorsed Deng's position on the Tiananmen incident and the accelerated rehabilitation of victims of radicals.

By the fall of 1979, Deng had gained political momentum. The party's Fourth Plenum held in September, 1979 endorsed a major reassessment of Chinese history since 1949, read At China's Thirtieth National Day Observances by Ye Jian Ying, in his capacity as Head of State, which termed the cultural revolution an "appalling catastrophe". At the Fourth Plenum, Deng had won overwhelming endorsement for his leadership in the campaign to "take practice as the sole criterion for truth, rather than on Mao's revolutionary doctrines". At the end of the year, a Politburo meeting tentatively selected Zhao Ziyang as "first" Vice-Premier and several members of the future Secretariat and the nominees assumed their duties before being formally confirmed.[1]

A series of personnel transfers more sweeping than any since the end of 1973 were also made in the People's Liberation Army. The most important of these shifts included the dismissal of Chen Xialian from the Standing Committee of the Central Military Commission (MC); the appointment of Xu Shiyou, Wang Xing, and Han Xian Chu to membership of the MC; Yang Dezhi's appointment as Chief of General Staff and concurrent Vice-Minister of National Defence, and the transfer of eight of the eleven military region commanders.[2]

By the Fifth Plenum (in February 1980), a series of political changes suggested that Deng Xiao Ping was moving swiftly and systematically to consolidate his policy. The Plenum restored the party Secretariat as the party's central policy implementation body and placed it under the direction of Hu Yao Bang, who in turn took charge of administering the daily work of the party and supervising the various Central Committee departments. Hu's activities in 1980 increasingly suggested that he was a man being groomed by Deng as heir apparent.

With the revival of the departments headed by ranking party secretaries, these organs became the main channels for the interpretation of policies decided by top leaders, thereby greatly enhancing the position of the party vis-a-vis the government; the state council was reduced to a policy-implementing role in which only those members who also sat on the Politburo had real power.[3]

The Plenum approved draft versions of a revised party constitution and a party discipline code, both of which were anti-leftist. The Plenum also formally rehabilitated Liu Shaogi, Mao's most prominent cultural revolution victim, in a measure of great symbolic significance

for shoring up the ideological legitimacy of Deng's efforts to undo the doctrines of the cultural revolution in favor of his own reforms. Finally, the Plenum called for the convocation of the party's Twelfth Congress ahead of schedule, in order to resolve several "pressing political and ideological issues crucial to the smooth advance of modernization".[4]

The third session of the Fifth National People's Congress (NPC) was held in September, 1980, and it provided another benchmark in the advance of Deng's political reforms. The Remin Rebao editorial celebrating the conclusion of the session remarked that where the party's Fifth Plenum had represented the Central Committee's "first step" in reforming the party leadership system, the September session marked the leadership's first step in reforming the state structure.[5]

Paralleling the appointment of Deng's associate, Hu Yao Bang to oversee the restored party Secretariat, Zhao Zi Yang, previously Party Chief in Deng's home province of Sichuan, replaced Hua Guo-Feng as China's new Premier in September, 1980. Supplementing Hua's relinquishment of the post of Premier, several veteran party leaders, including Deng himself, resigned their posts as Vice-Premiers in the State Council.

Zhao rose to the position of Premier not only on the strength of Deng's political reforms, but also as a symbol of the fundamental economic reform Deng and his political allies hoped to implement. In his position as party First Secretary in Si Chuan, over the previous two years, Zhao had championed and put into direct practice liberal reforms. He had stressed the decentralization of planning, decision-making, and profit retention, emphasized more professional administration of enterprises,

and permitted more liberal use of material incentives to motivate production. Zhao's reform efforts in Sichuan received prominent attention in the National Media in 1980. Peasants there coined the phrase, "Yao Chifan, Zhao Ziyang -- if you want to eat, look for Zhao Zi Yang".

The third session also signaled the apparent conclusion of a debate over the question of economic readjustment and economic reform.

Deng's political advance through these months was nevertheless not without opposition. The Fifth Plenum expelled the so-called "little gang of four" -- four Politburo members who had resisted Deng's reforms on the grounds of explicit loyalty to Mao's cultural revolution doctrine.[6] However, the most striking expression of such reserve toward Deng's political and economic reforms in 1980 was Hua Guo-Feng's speech to a conference on political work in the People's Liberation Army (PLA) in April. Hua's speech was a vivid attempt to counter the essentials of Deng's reforms with the traditional themes of Maoist economic voluntarism.[7] Given the severe constraints on China's economic position, Hua argued that efforts to stimulate production by raising the people's ideological consciousness through "political and ideological work", must continue to play an important part in the party's work. Efforts to implement material incentives "blindly" and "one-sidedly", to spur production will only lead to disaster. "It won't do, if we have only material abundance and lack spiritual civilization", Hua declared, and called on the PLA to carry out a campaign to "foster proletarian ideology and eliminate bourgeouis ideology", in a manner that would provide a model for the improvement of Socialist morality in Chinese society.

However, Hua's speech and in particular his views were criticized in the Press and the slogan dropped out of sight soon thereafter. Press commentaries soon began to ridicule the effectiveness of "political and ideological work" in motivating production; by July, authoritative commentary was asserting that the foremost ideological task was to overcome the "feudal" ideas in the party that had been the main source of "leftist deviation" in the party's work, rather than to combat the corrupting influences of bourgeois ideas.[8]

As the Sixth Plenum took place on June 17-19, 1981, it became clear that Deng Xiao Ping had scored solid gains. The Plenum passed a landmark resolution on party history since 1949, which firmly underscored the ideological legitimacy of his reforms and provided a solid base from which to defend them against leftist criticism. The resolution thus firmly upheld the correctness of the broad "united front" approach to China's modernization embodied in the 1956 Eighth Party Congress line which had been the doctrinal starting point for many of Deng's reforms. It systematically and explicitly rejected the theory of "continuing the revolution under the dictatorship of the proletariat", Mao's ideological critique of the Eighth Party Congress line and his rationale for the cultural revolution.

More explicitly and harshly than in any previous discussion of Mao Zedong in the Chinese Press, the resolution detailed Mao's error in appraising China's domestic situation and needs and his judgement in the years after 1956, rejected excuses on Mao's behalf and declared simply that Mao had become conceited, arrogant and smug.[9] Finally, at the Sixth Plenum, Hu Yao Bang was elected party Chairman, displacing Hua Guo-Feng, Zhao Ziyang moved up to become the party's fourth-ranking leader and Deng Xiao Ping became the Chairman of the Military Commission of the Central Commiteee.[10]

B. China's economic prospect and problematic areas.

At the fourth session of the Fifth National People's Congress, held in Beizing on November 30, 1981, Chinese Premier Zhao Ziyang said that the sixth Five-Year Plan (1981-1985) would put stress on readjustment of the economic structure, consolidation of existing enterprises and technical transformation of key enterprises. According to him, the coming seventh Five-Year Plan will gain greater speed than the sixth plan and efforts will be made within these two decades to quadruple China's total industrial and agricultural production, so that the living standards of the Chinese people will become better.

With regard to the Chinese new road to Socialism, Premier Zhao sets forth the ten principles which are to be realized by the end of the century. They are as follows:[11]

1) to speed up agricultural growth by using correct policies and science;

2) to put consumer goods industry in a forefront position and continue readjusting the service orientation of heavy industry;

3) to raise the utilization rate of energy sources and improve construction of energy, industry and transportation and communication;

4. to make full use of existing enterprises through systematic technical transformation;

5. to consolidate the reorganization of enterprises, group by group;

6. to pay attention to the accumulation and use of social wealth, and increase construction funds and utilize them economically;

7. to continue China's policy of open door, and to strengthen China's self-reliance;

8) To actively and prudently transform economic systems and effectively arouse the enthusiasm of the people of all circles;

9) to raise the scientific and educational level of the working people, and tackle key problems in scientific research; and

10) to start from the concept of working for the people by arranging production, construction and improving people's life.

According to Zhao, the main short-coming of the current economic development is the management system, which in the past has been over-centralized, the failure to separate government from enterprise management, and egalitarianism practised in the realm of distribution of remuneration. To rectify such shortcomings, Zhao said, reforms have been carried out in the form of ownership, the mode of planned management, the mode of business control and the mode of distribution. These reforms have been fruitful.[12]

Zhao then went on to outline a broad overview of that scheme by stating that the state and collective economy still dominated China's basic mode of economy. However, a certain amount of private economy operated by the working people themselves was a necessary supplement to China's public economy. In China, it is imperative to develop a variety of Socialist commodity production and exchanges. According to him, the basic orientation for the reform of China's economic system should be as follows: Firstly, adhering to the Socialist planned economy as an inviolable market base, regulations should be given a meaningful role to play. While drawing up plans, the state should take into full consideration and apply the Law of Value; the centralized and unified leadership of the state should be exercised over economic activities of overall importance or those affecting the vital interests of the state and the people. Secondly, in conducting their

economic activities, different enterprises should be given different degrees of decision-making power. Democratic rights for staff and workers to control their enterprises should be expanded. The simplistic way of controlling enterprises through administrative measures should be discarded. Instead, economic measures must be applied in combination with administrative measures. Lastly, attention must be paid to the control of the economy with the use of the economic lever or through economic laws and ordinances.[13]

According to Zhao's report, introduction of a series of reforms also took place in planning, statistics, financing, taxation, banking, price structure, commerce, supply of resources, foreign trade and working conditions. He cautioned that a key link in this economic reform was the proper coordination of the planned economy and market regulations.

Zhao also stressed that Chen Yun's economic principle of "planned production is the essence of industrial and agricultural productions... free production carried in accordance with market fluctuations and within the limits allowed by the state planning as a supplement to planned production still remains valid today".[14]

Finally, to overcome the problem of bureaucracy and to raise administrative efficiency, Premier Zhao indicated that Chinese government organs will be reduced in size. He also cautioned the government functionaries and the people to resist and overcome the corrosive influence of the exploiting class' ideologies, and the inroad of corrupt bourgeois ideology and way of life as the result of rapid increase in international exchanges.

Complaints about cadre privilege and corruption should also be dealt with. Some of these problems were addressed on taking the back door. Some of the most frequent complaints were concerned with lavish banquets, favoritism, superior housing, indiscipline, cliques and factional bias and taking vengeance against those who criticized them. The black market trade in foreign currencies and consumers' commodities available through the friendship stores was also an area in which cadre families had been heavily involved.[15]

C. An Overview

As far as China's economic outlook is concerned, Premier Zhao's report to the fourth session of the Fifth National People's Congress on China's present economic situation and guidelines for future economic development indicated the patterns of liberalizing China's mobilization system. Among these are his reiteration of continuing China's economic reform, of expanding its foreign trade, of importing advanced western technology, of making use of foreign funds, and of developing various kinds of economic and technical cooperation with western countries. As in the areas of special economic zones in the provinces of Guang Dong and Fujian, Zhao suggested that responsible officials should take bold measures to introduce western advanced technology and advanced system of management.

With the implementation of Four Modernizations, cadre privilege, corruption, indiscipline, favoritism, and people's indifference have prevailed in China. As Apter points out, the decline of a mobilization system results in political cynicism which causes a decline in support of government; increasing complexity also harbors individual opportunism and opposition within the party. Furthermore, Apter argued that mobilization systems are "the best political forms for converting poor but modernizing countries into steadily growing economies, but they will also create their own "contradictions", to use the Marxian term, and as a result tend to move in the direction of a reconciliation system".[16]

Nevertheless, whether China will stick to the current road of liberal economic development is a question of concern for many people. But Premier Zhao's answer to that is a positive one. He states that China will stick to the present open door policy, and promises to seek greater economic success for China by the year 2000.[17]

D. Notes - Chapter V

1. See Mu Wanqing, "behind the important personnel reshuffle in China", Dong Xiang, No. 17 (February 16, 198) pp.5-7.

2. Mu Wanqing, "inside story of the transfer of Commanders in the eight major military regions", Dong Xiang, No. 18 (March 16, 1980) pp.8-10.

3. The following division of labor has emerged within the Politburo; Wanli, in charge of agriculture; Fang Yi, science, techonology and education; Wang Renzhong and Hu Qiao Mu, culture and propaganda; Yu Qiuli, Gu Mu and Yao Yilin, the national economy and planning; Yang DeZhi, military affiars; Peng Chong, civil administration, united front work and oversees Chinese affairs; Song Renqiong, party organization and personnel affairs.

   For further information, see Shi Yibin, "A problem of the changes in power structure in Beizing", Dong Xiang, No. 19 (April 16, 1980) pp. 4-7.

4. See "Communique of the Eleventh Chinese Communist Party Central Committee, Fifth Plenary Session", Remin Ribao, March 1, 1980.

5. See "A Congress of Democracy and Reform", Remin Ribao, September 12, 1980, p. 1.

6. Wang Dong Xing, Chen Yonui, Wu De and Ji Deng Kui.

7. Remin Ribao, May 8, 1980, pp. 1 and 4.

8. For example, see the contributing commentator articles in Remin Ribao, on June 22, June 24, and July 4, 1980.

9. See "Resolution on certain questions in the history of our party, since the founding of the People's Republic of China", Remin Ribao, July 1, 1981, pp. 1-5.

10. Beizing Review 27, July 6, 1981, p. 6.

11. See Ta Kung Pao, December 5, 1981, p. 3.

12. Ibid., p. 1.

13. Ibid., p. 4.

14. Ibid., p. 4.

15. Agence France Presse, Paris, August 16, 1980, p. 2.

16. David E. Apter, The Politics of Modernization, The University of Chicago Press (1965), p. 449.

17. See Ta Kung Pao 5, 1981, p. 4.

CHAPTER SIX

CONCLUSION

A. Three Basic Problems

B. Towards a Reconciliation System?

C. Notes

A. Three basic problems.

Having examined the stages of fluctuations in Chinese developmental strategy from 1953 to 1978, there are three problem areas that need to be critically reviewed.

First, the dilemma of balanced development: urban versus rural areas. As was discussed in previous chapters, in the early 1950's, without practical experience, China turned to the Soviet Union for a model in launching its socialist construction. With Soviet assistance and under the Stalinist model of capital-intensive and urban-oriented developmental strategy, China could not sustain the burden of industrialization, nor could she contain the consequences that were generated from such development.

As pointed out earlier, the industrialization of the cities was based on the exploitation of the countryside. Rapid industrialization therefore tended to create socio-economic inequality between the city and rural areas. The constant exploitation of rural areas for the benefit of industrializing cities brought forth stagnation of the rural economy and created increasing economic hardships among the peasantry. While material conditions in cities improved, the rural economy was largely stagnant, thus widening the economic and cultural gap between them.

With Soviet developmental strategy, the imperative of rapid industrial development also generated two new bureaucratic elites. One was a political elite of communist leaders and cadres, who became administrators and functionaries in the industrialization process, and the other was a technological elite of engineers, scientists and managers necessary for the development and

operation of the expanding modern economic order. These newly emerging social groups tended to become motivated by professional and vocational ethics, rather than by Marxist goals and communist values, and they were increasingly separated from the masses of workers and peasants by virtue of status, power and material benefits.

As Apter points out, political leaders who have helped form a mobilization system, tend to gain their political information during the revolutionary period, and planning and other blueprints for the future generally from skills formed outside of the new society. According to him, mobilization systems do not create new knowledge, at best, they are emulative, copying other systems and their technologies.[1] Such was the case of China which borrowed and implemented her first Five-Year Plan on the Soviet Model that called for rapid industrialization, coercive controls, rigid bureaucracy, human sacrifice and the neglect of agricultural development.

In view of the industrialization strategy that failed to bring about socialist ends, Mao quickly came to promote his idea of equality over efficiency. Mao's model was to advocate permanent revolution, class struggle, and the building of a popular grassroot movement based on extensive mobilization of poor peasants in the fight against social inequality and state bureaucracy. Mao's solution was to ensure that the countryside would not be left behind or exploited for the sake of China's industrial priorities. Indeed, what is distinctively Maoist about the Maoist approach has been an effort to avoid the social and ideological consequences of industrialization by attempting to pursue modern economic development in a fashion consistent with the achievement of Marxist goals. Mao came to

reject Soviet orthodoxy that the combination of nationalization and industrialization would automatically guarantee the arrival of a Socialist society. Instead, Mao demanded that modern economic development must be accompanied by a continuing process of revolutionary transformation of social relationships and popular consciousness: a demand that socialist organizational forms and communist values must be created in the very process of constructing the material prerequisites for the new society. Perhaps there is good historical reason for Mao, and for that matter for China itself, for not being able to accept the seemingly inevitable course of the agricultural sector being sacrificed, for the Chinese peasants have waited too long for their emancipation from poverty. In addition, the politicization process that has been implemented by the Chinese Communist Party to uphold popular consciousness has already created a large population of what may be called "people of expectation". Thus, unless the problem of balanced development can be solved properly there is no assurance of political stability as well as regime legitimacy.

Mao's strategy, in fact, fits into Apter's argument. Because of the lack of information and the need for a new strategy to cope with a complex situation, a new avenue has to be invented or searched for by a mobilization system. This suggests that because of the lack of information for development, mobilization systems tend to convert to a new polity. This change can be in the form of a coup d'etat, transformation of authority or implementation of a new strategy.[2] Mao's Great Leap strategy failed and left China in economic and social disarray. The main areas

of his failure were centered around his radical communalization of the countryside, constant political movement, class struggle and decentralization without proper direction and organization. The second major problem is political development versus economic growth. This problem has been characterized as a struggle between Maoists and Liuists from 1953 to 1978. The struggle allegedly represented a deep underlying ideological cleavage within the Chinese Communist leadership. Accordingly, they presented different concepts for the future political and economic development of China. The Maoists on the one hand advocated politics in command, permanent revolution, class struggle, decentralization and the building of a popular grassroot movement based on the poor peasants, in the fight against the existing state and party apparatus that were allegedly dominated by bourgeois ideology. On the other hand, the pragmatic faction led by Liu Shaoqi and Deng Xiao Ping advocated economics in command. The primary concern was on social order, administrative efficiency, technological progress, centralized economic planning, material incentives and bonuses. This protracted struggle between political development and economic growth since 1949 has been reflected in contests for leadership, control of administration, issue of pay scales and living standards, and different patterns of education.

Apparently, many newly independent nations in the 1950's believed that once liberated from Colonial powers and political independence, economic progress would follow. But history shows political independence also means the beginning of economic problems for most of these nations.

The experience of the People's Republic of China is no exception. Mao's political kingdom was unable to bring about an economic paradise for the one billion population. It was evident that there are certain objective laws of economics which allow no political wisdom to defy, even with Mao's Red book. Scientific knowledge, technological skills, basic economic structure necessary for production and distribution, to mention but a few, cannot grow out of the backyard of peasants. Yet, Mao's Great Leap Forward Self-reliant Model (1958-1960) was a defiance against these objective laws. As Xue Muqiao, a leading Chinese economist wrote recently:

> "But knowledge of the laws of socialist economic development will come as neither a gift from heaven nor a revelation of a "genius" or "prophet". We can discover the intrinsic laws of such a development only through systematic and careful research on socio-economic conditions and the practical experience of millions of people in the building of socialism, and an elevation of perceptual knowledge to the level of rational knowledge, i.e., to theory. We cannot complete our understanding of objective laws by a single move".[3]

In a sense it was caused by Mao's over-confidence in human nature as well as his over estimation of the basic conditions of China's readiness for a "take-off" into modernization. As W.W. Rostow puts it, China's failure in the "take-off" stemmed from a distortion of policy caused by Mao himself.[4] According to Rostow, Mao might have succeeded in his containment of the welfare demands and aspiration of Chinese people within the control system, "but this control system could not substitute for the lack of incentives and investment in agriculture".[5] In other words, "the system failed to generate inputs to government consistent with its objectives".[6] As agricultural production decreased after 1959 (see Table I) and industry was neglected, the government's objective of modernization became but an empty political slogan.

Under Deng Xiao Pings' pragmatic leadership, the current stress is on economic priority. Class struggle is no longer held to be the principal contradiction in Chinese society, instead, the primary struggle has shifted to the production front. Many of the theoretical and policy concerns of Mao's later life have been abandoned. Not only has the new leadership mounted a powerful critique of his major initiatives, the Great Leap Forward and the Cultural Revolution, but virtually all of Mao's political opponents of those years have been rehabilitated in the process. The overwhelming thrust of current policy is to stress the importance of rapid modernization rather than the prominence of politics. More significantly, the scope of ideology has been de-emphasized. Instead the state has called for the development of objective economic laws to govern the human and productive relations independently of politics. According to Apter's interpretation, with the decline of political ideology, and as the impact of sacred values lessen, the motivational structure of the society begins to change. Secular values assure greater prominence, and there is greater emphasis on the mundane world.[7]

The third problem is the linkage of the international environment and national development. When the People's Republic was formally proclaimed in October 1949, China's leaders were committed to achieving Socialist and Communist goals as proclaimed in Marxist theory. Accordingly, Chinese Marxism is basically a borrowed idea and the development model was an emulation of the Soviet Model. There were two reasons why China looked to the Soviet Union for a development model. First, the Chinese leaders saw Russian economic and technological aid as essential for their industrialization program

and China could hardly expect such aid from Capitalist countries, especially not in the Cold War years, and assistance provided by a presumably Socialist country was seen as more desirable in any event. Second, the leaning to the Soviet Union was closely related to Chinese national security concerns. In the 1950's, overall U.S. policy in Asia has been based on the alleged need to contain "communist aggression" directed from Beijing. American military support of Chiang Kaishek during the Chinese Civil War and the subsequent American intervention in Korea and Taiwan are good examples in point.

In short, the internal and external situations of the 1950's necessitated the adoption of a Soviet Model for development. However, when the Soviet Model gave rise to internal crisis, China quickly abandoned it and turned to Mao for leadership. When Mao's strategy failed to resolve the problems, China looked to the pragmatist leadership for a solution. Developmental strategy has been characterized by a pattern of left and right oscillations throughout the history of the People's Republic of China, again and again.

Externally, the leftists tend to follow an isolationist and ideological foreign policy. Stressing ideology at home, the government does the same abroad by pursuing ultimate ends, such as supporting world revolution at the expense of world trade. It can afford to do so since it is pursuing a self-reliant economic strategy at home. Towards the U.S., the leftist line tends to be pessimistic and cautious, because of America's capitalist system and imperialist intention. Towards the Soviet Union, the left line shows no willingness to compromise on any issue, practical or ideological.

In contrast, rightist foreign policy lines are more outgoing and flexible. Where appropriate, China seeks relations with governments of whatever ideological complexion, in order to seek short term gains in international conferences and trade negotiations. It deals more flexibly with the U.S. as well, for instance, Ping Pong Diplomacy and the subsequent Nixon visit to China in 1972.

With the Four Modernizations in progress and with extensive economic, political and strategic ties with Japan, western Europe and the U.S., China has begun to change. It has injected a few of the ingredients of the Reconciliation Model. For example, the government has taken the form of stimulating independent economic development or local entrepreneurship. Foreign countries and merchants are urged to invest in various types of joint ventures and other enterprises. In fact, the current trend of economic development has departed from the radical Mobilization system to a moderate Reconciliation model.

Following the argument made by Apter that because of the lack of external information a Mobilization system tends to create difficulties in effective policy and decision-making,[8] it is therefore appropriate to link the international environment unfavorable to China in the 1960's with its domestic economic failure. The absence of foreign input in terms of scientific knowledge, technology, equipment and capital investment, placed the Communist regime in a rather frustrating position. The result, as Apter prescribed for a Mobilization system, was more capricious acts by government, purges and further coercion. In the case of China this situation led to the hysterical

acts of the Cultural Revolution, and the subsequent political intriques of the Gang of Four. The success of the Four Modernizations, therefore, will depend to a great degree on the international environment which must be favorable to China's economic development.

B. Towards a Reconcilation System?

Although Apter argues that Mobilization systems are the best political systems for converting poor countries into steadily growing economies, he also predicts that they will create their own "contradictions", and as a result, they tend to move in the direction of a Reconciliation system.[9] Furthermore, Reconciliation systems are characteristic responses to conditions of pluralism in which groups resist amalgamation. They are also able to handle the problems of complexity by decentralizing decision-making. According to Apter, the Reconciliation system has one long-term advantage over the others; that is, because it is based on relatively high information and relatively low coercion, it provides exceptional opportunities for a scientific and communicating elite to fashion a modern society.[10] The stratification of the recent People's Congress seems to bear this out as the intellectuals and the so-called patriotic personage now make up almost one quarter of its delegates.[11]

China's development strategy has undergone repeated re-evaluation and change over the past three decades. During this period the Chinese experience, largely through trial and error has lingered within the Mobilization system. The state tends to create a more narrow and more centralized system of authoritative decision-making, less accountable and more remote from day-to-day concerns. This policy leads in the direction of totalitarianism with increasing coercion and inefficiency. As Apter points out, the Soviet solution is hard to emulate, because the cost of the Stalinist model of development; its rapid industrialization, coercive controls, rigid bureaucracy, the constant purges of cadres and human sacrifice are too great and beyond the reach of many developing societies.[12]

With the complexity and vastness of its population and geography, China seems to be finding a Reconciliation system more suitable for its development. Most recent reforms - separation of power and function between the party and the government, increasing influence of intellectuals and specialists in the affairs of the nation, emphasis on scientific and technological education and, most important of all, a move towards the rule of law, not of man, all indicate China's move towards a Reconciliation system. Nevertheless, Chinese newspapers also report the government's warnings from time to time against contamination by the western "liberal" practice.

The question is how fundamental and how novel are these changes now underway? Leaving aside the uncertain prospects for their implementation and success, these changes are, in one respect, neither new nor radical. In fact, most of the proposed changes represent the revival of older initiatives. For example, most of the current administrative reforms were tried before 1956 and between 1961 and 1965. Even the stress on a broadened democratic united front goes back to 1956. Clearly, the changes do not represent any major departure from the fundamentals of a one party system. Although it is true that many of the reforms were mooted in the 1950's and 1960's, their impact was short lived. Now they are being pursued with an urgency and consistency that suggests the potential for real change.

After all, modernization is a process as complex as the various definitions for the word may imply. The politics of modernization for China involved not only enlightened rulers, as in the case of the Manchu Reform Movement, but intellectuals, as seen in the May Fourth Movement, but also

the peasantry, as experimented in the Great Leap Forward Movement. It now finally reaches the hard-won conclusion that it must be a national effort regardless of class, rank, and profession. Although previous failures are often blamed on extreme leftist "Gangs", the new leaders are not necessarily convinced of the "correctness" of a Reconciliation system as the "right" model for China. In an interview with a Canadian journalist, Huang Hua, China's Minister of Foreign Affairs, frankly admitted that "the current readjustment and restructuring policy may last longer than the Five-Year Plan".[13] Thus, instead of adopting a new model to replace an old one what China seems to be doing now is to search for an appropriate model which hopefully will solve China's own problems. It is in this process of searching for a new model that elements of a Reconciliation model may be tried and adopted or discarded one by one. It has reconfirmed truthfulness of the old Chinese axiom that the "Middle Way" or moderation is always preferable to extremism.

C. Notes - Chapter VI

1. David E. Apter, The Politics of Modernization, The University of Chicago Press (1965), p. 389.

2. Ibid., pp. 389-390.

3. Xue Mugiao, China's Socialist Economy, Foreign Languages Press, Beijing, 1981, p. 290.

4. W.W. Rostow, Politics and the Stages of Growth, Cambridge University Press (1971), p. 133.

5. Ibid., p. 133.

6. Ibid., p. 133.

7. David E. Apter, The Politics of Modernization, The University of Chicago Press (1965), p. 380-381.

8. Ibid., p. 388.

9. Ibid., p. 449.

10. Ibid., p. 418.

11. Qi Wen, China, A General Survey, Foreign Languages Press, Beijing, 1979, p. 47.

12. David E. Apter, Introduction to Political Analysis, Winthrop Publishers, Inc., Cambridge Massachusettes, 1977, p. 475.

13. See Peter Stursberg, "Modernization in China", The International Perspectives, the Canadian Journal of World Affiars, May-June, 1981, p. 4.

BIBLIOGRAPHY

Articles

Chiang, Parris, H., "Political Rehabilitation of Cadres in China: A traveller's view", China Quarterly (April, June, 1973), pp. 331-340.

Dong Fureng, "Some Problem Concerning the Chinese Economy," China Quarterly, 84, (December 1980), pp. 727-736.

Chen Pota, "New Society, New People", Hung-Chi No. 3, (July 1, 1958).

_____, "Under the Banner of Comrade Mao Tse Tung", Hung-Chi, No. 4, (July 16, 1958).

Kim, Samuel, S., "Whither Post-Mao Chinese Global Policy?", International Organization, 35, (3 Summer, 1981), pp. 433-465.

Levy, Richard, "New Light on Mao", China Quarterly, 61, (March 1965), pp. 95-117.

Li Choh Ming, "Economic development", China Quarterly, (Jan.-March 1960), pp. 35-50.

Lieberthal, Kenneth, "The Politics of Modernization in the PRC", Problems of Communism, 27, (1978), pp. 1-17.

Luttwak, Edward, N., "Problem of Military Modernization for Mainland China", Issues and Studies, XIV, (7 July 1978), pp. 35-65.

Mikhailk, Klochko, "The Sino-Soviet Split - the withdrawal of the specialists", International Journal, Toronto, Vol. XXVI, No. 3, (Summer 1971), pp. 556-566.

Prybyla, Jan, "China in the 1980's", Challenge, the magazine of economic affairs, (May/June 1980), pp. 4-20.

Riskin, Carl, "China's rural industries: self-reliant systems or independent kingdoms", China Quarterly, 73, (March 1978), pp. 77-98.

_____, "The great upsurge in forming people's communes", Red Flag, (September 1, 1958).

Stursberg, Peter, "Modernization in China", International Perspectives, the Canadian Journal of World Affairs, (May and June, 1981), pp.2-5.

Wei, Chi, "Building more local industries", China Reconstructs, (November 1971), Vol. XX, No. 11, pp. 2-5.

Zweig, D. "The Peita Debate on Education and the Fall of Teng Hsiao Ping", China Quarterly 73, March 1978, pp. 140-59.

Books

Apter, David E., The Politics of Modernization, University of Chicago Press, 1965.

_____, Introduction to Political Analysis, Winthrop Publishers, Inc., Cambridge, Massachusetts, 1977.

Bowie, Robert R. and John K. Fairbank, Communist China, 1955-1959; policy documents with analysis, Cambridge, Mass., Harvard University Press, 1962.

Baum, Richard and Federick C. Teiwes, Ssu-Ching, The Socialist Education Movement of 1962-66, Berkely: University of California Press, 1968.

Bettleheim, Charles, Cultural Revolution and Industrial Organization in China, New York: Monthly Review Press, 1974.

Cameron, Meribeth E., The Reform Movement in China 1898-1912, Stanford University Press, 1931.

Chao Kang, Agricultural Production in Communist China 1949-65, Madison: University of Wisconsin Press, 1970.

Chao Kuo Chun, Agrarian Policies of Mainland China; a documentary study 1949-56, Cambridge, Mass., Barvard University Press, 1957.

Chen, Jerome, (ed.) Mao papers, London: Oxford University Press, 1970.

Chou En Lai, Report to the Tenth National Congress of the Communist Party of China, August 24, 1973, in the Tenth National Congress of the Communist Party of China, (Documents), Peking: Foreign Languages Press, 1973.

Chung Si Kwei, The Kuomintang-Communist Struggle in China 1922-49, Maritinus Nijhoff, The Hague, 1970.

Decision regarding the historical problem of the Chinese Communist Party, since its founding, Central Committee Resolution June 27, 1981, Joint Publishing Co., Hong Kong branch, 1981.

Decision of the Central Committee of the Chinese Communist Party concerning the great proletarian Cultural Revolution, Peking: Foreign Languages Press, 1966.

Eckstein, A., W. Galenson and Ta Chung Liu, (ed.), Economic Trends in Communist China, Chicago: Alpine Publishing Co., 1968.

Griffith, Samuel, B. II, The Chinese People's Liberation Army, New York: McGraw-Hill, 1967.

Harrison, James, P., The Long March to Power, New York: Praeger, 1972.

Hinton, William, Turning Point in China, New York: Monthly Review Press, 1972.

Howe, Christopher, Employment and Economic Growth in Urban China 1949-57, London University Press, 1971.

Huger, T.J. and D.E. Ward, The Economic Development of Communist China, London: Oxford University Press, 1959.

Joint Economic Committee of the U.S. Congress, An Economic Profile of Mainland China, Washington, D.C.: Government Printing Office, 1967.

Kirby, Stuart, E. (ed.), Contemporary China, Economic and Social Studies, Documents, Bibliography, Chronology. Volume I, Hong Kong University Press, 1955, Oxford University Press, 1956.

Klein, Sidney, Politics versus Economics; the foreign trade and aid policies of China, Hong Kong: International Studies Group, 1978.

Levy, Marion J., Jr., Modernization and the Structure of Societies, New Jersey, Princeton University Press, 1966.

Lu Hsun, Selected Works, Foreign Languages Press, Peking, 1964.

Lin Piao, "Report to the Ninth Congress of the Communist Party of China". Collection of important documents of the Great Proletarian Cultural Revolution, Peking: Foreign Languages Press, 1970.

Mao Tse Tung, Selected Works, Volume IV, Peking: Foreign Languages Press, 1961.

_____, On People's Democratic Dictatorship, Peking: Foreign Languages Press, 1959.

_____, Socialist Upsurge in China's Countryside, Peking: Foreign Languages Press, 1957.

_____, On the Correct Handling of Contradiction among the People, Peking: Foreign Languages Press, 1957.

Marx, Karl and F. Engels, Selected Works, Moscow: Foreign Languages Publishing House, 1950.

Oksenberg, Michel, (ed.), China's Developmental Experience, New York: Praeger, 1973.

Peng Teh Huai, "letter of opinion", The Case of Peng Teh Huai, 1959-68, Hong Kong: Union Research Institute, 1968.

Price, R.F., Education in Communist China, London: Routledge and Kegan Paul, 1970.

Qi, Wen, China, a general survey, Foreign Languages Press, Zeizing, 1979.

Richman, M. Barry, Industrial Society in Communist China, New York: Random House, 1969.

Scherer, John, L., (ed.), China, Facts and Figures Annual, Academic International Press, Volume 2, 1979.

_____, (ed.), China, Facts and Figures Annual, Academic International Press, Volume 3, 1980.

Schram, Stuart K. (ed.), Mao Tse Tung Unrehearsed; talks and letters, 1956-71, Middlesex, England: Penguin, 1974.

_____, The Political Thought of Mao Tse Tung, New York: Praeger, 1963.

Schurmann, Franz, Ideology and Organization in Communist China, Berkely: University of California Press, 1966.

Sidel, Victor, W., and Ruth Sidel, Serve the people: observations on medicine in the People's Republic of China, New York: Josiah Macy, 1973.

Shieh, Milton J.T., The Kuomintang: Selected Historical Documents, 1894-1969, St. John University Press, 1970.

Snow, Edgar, The Long Revolution, New York: Random House, 1972.

Sino-American Relations - a trip report, Washington, D.C., U.S. Senate, January, 1979.

Ten Great Years, Peking: Foreign Languages Press, 1960.

Taylor, Robert, China's Intellectuals Dilemma: politics and university enrolment 1949-78, University of British Columbia Press, Vancouver and London, 1981.

Ulam, Adam, B., The unfinished Revolution, New York: Vintage Books, 1964.

Vogel, Ezra, Canton under Communism, Cambridge, Mass., Harvard University Press, 1969.

Wang Hung Wen, Report on the Revision of the Party Constitution, August 24, 1973, in the Tenth National Congress of the Communist Party of China (Documents), Peking: Foreign Languages Press, 1973.

Wheelwright, E., and McFarlane, B., The Chinese Road to Socialism, New York: Monthly Review Press, 1970.

Wilbur, C. Martin and Julie Lian Ying How, Documents on Communism, Nationalism and Soviet Advisers in China 1918-1927, Columbia University Press, 1956.

Wilson, D. (ed.), Mao Tse Tung in the Scales of History, Cambridge University Press, 1977.

Woo, T.C., The Kuomintang and the Future of the Chinese Revolution, Hyperion Press, Inc., 1928.

Xue, Mugiao, China's Socialist Economy, Foreign Languages Press, Beizing, 1981.

Periodicals

Beizing Review (Peking Review)
Challenge
China Aktuell
China News. Jetro
China Quarterly
China Reconstructs
Chi Hsin
Dong Xiang
Far Eastern Economic Review
Honggi (Hung-Chi)
Issues and Studies
International Journal
International Organization
International Perspectives
Jingji Guanli
Jingji Yan Jiu
Problems of Communism

Newspapers

China Daily Report
Christian Science Monitor
Foreign Broadcast Information Service (FBIS)
Guang Ming Ribao
National China News Agency (NCNA)
Ta Kung Pao, American Edition
Remin Ribao (People's Daily)
Wen Hui Pao