

Lesson 22

Questions for the Lesson/What you need to know in this lesson:

1. What were the political and economic changes that was brought about by Deng Xiaoping?
2. How similar or different were they from Mao's political and economic policies?
3. How did Deng Xiaoping's political and economic policies impacted China?

IB Questions

THE ROLE OF DENG XIAOPING

1. Assess the importance of Deng Xiaoping (Teng Hsiao-p'ing) to the history of modern China. (M05, Q21)
2. Assess the importance of Deng Xiaoping (Teng Hsiao-p'ing) to the development of China after 1949. (M08, Q19)
3. Why did Deng Xiaoping (Teng Hsiao-p'ing) emerge as China's "paramount" leader by 1980? (M13)

Deng Xiaoping's Economic Policies and its Impact

4. Evaluate the economic developments in China under the leadership of Deng Xiaoping between 1976 and 1997. (M11, Q20)

Deng Xiaoping's Political Policies and its Impact

5. Assess the political developments in China under Deng Xiaoping (Teng Hsiao-p'ing) (1976–1997). (M12)
6. Analyse the reasons for, and the consequence of, the 1976 arrest of the Gang of Four (in the period up to 1981). (M14)

Deng Xiaoping's Domestic Policies and its Impact

7. 'A strange mixture of economic reform and political rigidity characterized Deng Xiaoping's (1976-1997) rule in China.' To what extent do you agree with this statement? (N10, Q20)

Deng Xiaoping's Domestic and Foreign Policies

8. To what extent did Deng Xiaoping set China on a new course in domestic and foreign policy after 1980? (N09 Q20)

Comparing Deng Xiaoping with Mao

9. Compare and contrast the political ideals and achievements of Deng Xiaoping (Teng Hsiao-p'ing) and Mao Zedong (Mao Tse-tung) as leaders of China after 1949. (M06, Q21)

POLICIES AFTER MAO'S DEATH

1. Analyse the impact on China of the "Four Modernisation" adopted after the death of Mao Zedong (Mao Tse-tung). (M07, Q23)
2. To what extent did the leaders of China change the policies of Mao Zedong (Mao Tse-tung) between 1978 and 1990? (N02, Q22)

A. Overview

1976 was a year of agony and deep bereavement was felt in every corner of the land over the loss of three of its great leaders: Zhou Enlai, Marshal Chu Teh and Chairman Mao. Added to human grief was series of natural disasters. Compounding the human misery and political instability was the succession crisis precipitated by Mao's wife Chiang Ching and her associates, later dubbed the Gang of Four. Out of a disorder a new order was struggling to be born, and with it the promise of greater stability, progress and a better life for the people.

The death of Zhou was an irreparable loss. A pillar of strength in both party and government, **he was the moderating influence through numerous political storms such as during the Cultural Revolution and had helped thwart the Gang of Four's grasp for supreme power.** In 1920 he went to France as a work study student and spent four years in Europe, where he, along with fellow student Deng Xiaoping, joined the Chinese Communist Youth Corps and later the CCP. He became a loyal supporter of Mao after the Tsunyi Conference of January 1935. **As premier from 1949 until his death, Zhou submitted to Mao's leadership, running the machinery of government unobtrusively while quietly moderating certain of Mao's excesses.**

Afflicted with cancer as early as 1972, Zhou appears to have engineered the rehabilitation of Deng Xiaoping in 1973 as vice-premier and groomed him for succession. In response, the radicals launched the Anti-Lin Piao, Anti-Confucius Campaign to harass Zhou by allusion. **In 1974, Zhou attended the celebration of the 25th anniversary of the founding of the Republic and delivered the keynote speech at the Fourth National People's Congress in Jan 1975. This speech laid the groundwork for what has been since become known as the Four Modernizations: a comprehensive modernization of agriculture, industry, national defense and science and technology that would put China in the front ranks of the world by the end of the century**

A. Political Struggle after Mao

The absence of a constitutional mechanism for the peaceful transfer of power led to a succession crisis when the incumbent leader Mao died. **The intense power struggle that erupted following Mao's death was led by his wife, Chiang Ching, who aspired to succeed him as chairman, to make Wang Hung-wen Chairman of the Standing Committee of the National People's Congress and to install Chang Ch'un-ch'ioa premier of the State Council.** Yao Wen-yuan, already in charge of the party's propaganda department, was probably designated to be a "cultural tsar" with added titles. **These four, the hard core of the Cultural Revolution, conspired to seize power, but their major obstacle was Hua Kuo-feng, appointed as the Premier and vice-of the Party in 1976, who had firm claim to succession.** Chiang Ch'ing trump card, Mao was gone. Still in her deck were control of the media and of the urban militia in key places such as Shanghai, Peking, Tientsin, Shenyang and Canton. The day after Mao's death, 6 million rounds of ammunition were issued to the Shanghai militia.

The senior party cadres and military leaders, who loathed Chiang Ch'ing and her cohorts but had been powerless against them as long as Mao lived, decided secretly that counter-coup stop the Four from seizing power.

Another anti-Ch'iang Ching force was also in secret operation. Deng, dismissed in April and hunted by the Gang, had fled to Canton under the protection of Yeh Chuen-ying and Hsu Shih-yu. These three, in a secret meeting also attended by several others including Chao Tzu-yang decided to fight the Four by forming an alliance with the Foochow and Nanking Military Regions, with headquarters in Canton. Should Ch'iang Ching gain power, they would establish a rival provisional central committee to contest her. After Mao's death, Deng secretly returned to Peking to await developments.

The Gang meanwhile were plotting to assassinate Politburo members, with Hua, Yeh and several others as the main targets. Facing a common threat, the two became close allies and made the necessary preparation for a coup, which included the winning over of Wang Tung-hsing.

On Oct 5 1976 the Gang of Four was arrested and were placed in solitary confinement in separate locations in Peking. Reports created contained detailed charges against the Four. **With that Hua Kuo-feng was named the chairman of the party Central Committee and concurrently chairman of the Military Commission,** and put him in charge of editing the fifth volume of the Selected Works of Mao Tze-tung.

Mao and the Gang of Four

There is no way to dissociate Mao from the Gang. Without him there could have been no Gang, for without his wife they would have had no safely protected leader. Chiang Ch'ing was not well liked or accepted by the senior cadres of the Party and they had even made Mao promise that his wife will not be active in politics for life

or at least 20 years. Mao, however, realized his wife ambitions to become chairman and he also knew the countless number of people she has wronged, harmed or killed during the decade of the Cultural Revolution. Mao had warned the Gang to not let themselves become a small faction of four and even admonished them with the Three Dos and don't's. **Mao was thus aware of the Gang's excesses and could have restrained their leader by a simple order. That this was not done reflected his failings as party chairman and the Great Helmsman.**

During the Cultural Revolution many Chinese writers, artists, movie directors and stage managers had been killed or imprisoned and tortured and this was inconceivable that Chiang Ch'ing could have been committed such injustices without the support of Mao. It will be quite impossible to believe that a faction could have swung the People's Republic around its head without the consent of the Great Helmsman. For miller, Mao's lack of leadership could only be blamed on him being a doddering husband. As he increasingly submitted to Chiang Ch'ing's pressure, he lost all sense of proportion in state affairs. A communism tainted with familial favouritism smacked of "socialist feudalism." **Yet from the dramatic events of 1976 and the defeat of extremism, there came a promise of greater stability, prosperity and a new drive for modernization.**

B. Rise of Deng Xiaoping

Following the downfall of the Gang of Four, **Chairman Hua Kuo-feng faced three pressing issues (i) his legitimacy as Mao's successor; (ii) the rehabilitation of Deng Xiaoping (iii) the reordering of the economic priorities to promote modernization.**

Hua's assumption of the chairmanship of the Central Committee and of its Military Commission was deemed unconstitutional; **but if he would agree to the reinstatement of Deng to his former positions – Politburo Standing Committee member, vice-Chairman of the Central Committee, first Deputy premier of the State Council, and chief of the General Staff of the Liberation Army- this question of legitimacy could be negotiated or even withdrawn.** As a result of mediation by Marshal Yeh and Vice-Premier Li Hsein, who desired a smooth transition to the post-Mao era, **Hua agreed in principle to rehabilitate Deng and revise the five-year economic plan to accelerate the Four Modernizations.**

i. Deng Xiaoping's Drive for Political Dominance - Removal of opponents and introduction of new blood

Deng was intent upon enlarging his power base by rehabilitating men who had suffered under Mao and the Gang in the name of "righting the wrong". He took a strong stand against leaders associated with the Cultural Revolution and the Gang of Four, especially those who had criticized him and blocked his succession of Zhou En-lai. He attacked not Hua, but his associates, chiselling away at his political periphery so that the center would be rendered hollow. Deng also

cultivated able, younger followers, placing them in key positions so that they could perpetuate his economic policies.

Four politburo members who were lukewarm or unsympathetic toward Deng and his policy were relieved of their high party and government posts. On the other hand, two of Deng's dynamic protégés were appointed to the Politburo Standing Committee – Chao Tzu-yang, an effective party first secretary in Szechwan and Hu Yao-pang, Deng's right-hand man in party affairs. Hu also became head of the newly organized party Secretariat in charge of the party's daily affairs.

Meanwhile, the rehabilitation that so benefitted Deng continued. To clear the name of the former Chief of State Liu Shaoqi, who was disgraced and discredited along with Deng during the Cultural Revolution, the party resolved that he be posthumously restored to honour and a national memorial service was held for him in 1980 and was praised as a great proletariat fighter. The occasion was viewed as a negation of the values of the Cultural Revolution and a denial of Mao's infallibility.

Deng had long urged the separation of party and government functions as well as ending lifelong appointments to cadres. The Congress approved his reorganization plan, insuring an orderly transfer of power to a collective leadership of relatively young pragmatists committed to modernization regardless of the fates of Deng and other aging leaders.

Hua resigned as premier and nominated Chao Tzu-yang as his successor. Deng and six other vice-premiers resigned for reasons of old-age, other important appointments or "voluntary" withdrawal. Those who retired or resigned only lost their government appointments and not their party positions. Deng still retained his party vice-chairmanship, Hua retained his position as chairman of the Central Committee and of its Military Commission. With Chao as premier and Hu as party general secretary, the pragmatists were in firm control of both government and party. For the first time an orderly transfer of power seemed to have been arranged while the previous incumbent were still healthy, creating a precedent for future leaders which might avoid the wrenching political turmoil and uncertainty of the past.

ii. The Demystification of Mao

The Fifth Plenum of the Eleventh Central Committee marked the end of the transitional period from Mao's death to the meteoric rise of Deng as the most powerful figure in Chinese politics.

He also simultaneously eroded the ideological power base of his former adversaries by combatting the embedded supremacy of "Mao Thought." Through that he implied that Mao's Thoughts was no longer the standard by which a policy or an action must be judged. In fact the thought itself must be subject to the scrutiny of facts, practice and truth.

During the last 15 years of his life, Mao, the Chinese Lenin and Stalin combined was sanctified as an all-knowing, all-wise demigod who could do no wrong.

Once Mao was dead and the Gang of Four was smashed, Mao's image quickly became tarnished. But de-Maoification had to be handled with care because Hua, until the 1977 Party Congress had confirmed his status, derived the legitimacy of his position largely from Mao's patronage. Hua honoured Mao's legacy in order to consolidate his own position while reinterpreting Mao to suit his need in the changing times and circumstances.

The foremost question facing the nation was how to deal with the question of Mao's responsibility for China's recent ills. Before an answer could be found, the Party had elevated Zhou Enlai to a position of near parity with Mao, ending the solidarity eminence of Helmsman. Zhou's wife was appointed as the vice-chairman of the National People's Congress. That Mao's wife was in jail and Zhou's in high honour **symbolized honour symbolized a national consensus reflecting the demystification of Mao.**

The first year after Mao's death witnessed a growing sense of relief and a movement toward a new beginning. The structural references introduced by Mao or the Gang apparently no longer fit the realities of life **where stability, unity, discipline, and economic progress were the new order.** The revolutionary rhetoric and cultural intolerance which had rendered China an intellectual desert of artistic insipidity gave way to some degree of relaxation and freedom of expression. The cultural straight-jacket dictated by the Gang, example that China needed only 8 model operas, was now condemned as absurd and counter-productive. Beethoven, Mozart and Shakespeare, once symbols of bourgeoisie decadence and running dogs of imperialism reappeared.

With the re-habilitation of Deng in July 1977, Mao's desanctification was accelerated. First by indirect and later by open criticism, Mao's pedestal was chipped away. **An end to the Cultural Revolution was also declared by Mao, in contradiction of Mao's assertion that Cultural Revolution was a continuing process to be renewed every seven or eight years.** Deng's "economics in command" triumphed as the new line. In 1978, the 57th anniversary of the founding of the Chinese Communist Party, a speech made by Mao in 1962 was reprinted to show that he confessed to mistakes and an ignorance of economic planning, industry and commerce. The second anniversary of Mao's death passed without observance. Shortly after, the Red Guard, a symbol of Mao's support of the Cultural Revolution, was dissolved. **Throughout the second half of 1978 wall posters and articles continued to criticize Mao's mistakes, implying a concerted effort to demystify him and to erode his image as a god-hero.** Increasingly the editorials of the People's Daily referred to Mao as comrade rather than as chairman and criticisms of his role in the Cultural Revolution became pronounced.

In Sept 1979 the third anniversary of Mao's death passed unnoticed and the following year most of Mao's portraits in public places had been removed as had the billboards bearing his quotations at street intersections. Many of Mao's economic models such as Ta-chai agricultural commune and oil fields were declared a failure or inefficient

and even Yenan, Mao's revolutionary cradle was left in a state of benign neglect; it was preserved as a revolutionary shrine of the past while current attention was being focused on the Four Modernizations and their success in the future.

These acts of de-Maoification were outer manifestations of an intense, continuous debate within the party over quality of Mao's leadership and over the assessment of his responsibility. Through the many ways the party renounced the personality cult of Mao and moved him from the lofty status of demigod to the humble one of human. Still an important issue remained unresolved: how far the criticism of Mao should go.

iii. Deng's Principles gained importance

The party rejected Mao's "politics in command" for Deng's "economics in command" hoping to turn China into an advanced nation by the year 2000. **Any activity or person deemed unsympathetic to this course would be curtailed or removed. Thus, though divergent views were tolerated to a degree, acts of dissidence such as posters on "Democracy Wall" attacking the government were not tolerated.** The posters put up by former Red Guards appeared on the southern walls of the Forbidden City. Wei Jingsheng, a son of a high-ranking CCP official and a former Red Guard, put up his wall poster in 1978 entitled 'The fifth Modernization' in reference to more real democratic freedom but was later imprisoned for 15 years. **The Wall was finally closed down in late 1979.**

Both the government and the party were fearful that the delicate stability might be disturbed by too large a dosage of unaccustomed freedom; yet they were determined not to stifle the creativity, initiative and enthusiasm that the new national goals generated. Their compromise resulted in a **"restrained democracy"** with moderate controls.

Deng's two principles, "Practice is the sole criterion of truth" and "Seek truth from facts" struck at the very heart of the Thought of Mao. Actually, verification of truth through practice is Marxist theory, and Mao's thought, until successfully practiced, could only be theory, not truth. By applying **Deng's precepts to Mao's actions and in invoking Marx and early Mao to refute later Mao, a clever way of demystifying was discovered, one which also undermined the position of those whose political lives depended upon his status.**

Sentiments for moderation were shared by a large segment of party members, especially those in the rural areas and those who had joined the party during or after the Cultural Revolution who accounted for half of the 38 million members. They were opposed to harsh criticism of Mao as he was after all human and not God and also because complete repudiation of him would risk negating the party itself.

Certainly the party would neither deny Mao's contributions nor hide his mistakes, especially his part in the Cultural Revolution, the 'decade of great catastrophe'

C. The Four Modernizations

The Four Modernizations focused on the commitment to agriculture, industry, science and technology and national defense. The avowed goal was to turn China into a leading modern state by the year 2000. The Four Modernizations had been written into the party constitution in 1977 and the state constitution in 1978. Hence the program should not be affected by changes in the leadership and

i. Building Socialism with Chinese Characteristics- Deng Xiaoping's Vision

The party conference of Dec 1978 was a major landmark in the political and economic life of the post-Mao era. It signalled the rise of Deng Xiaoping as the paramount leader and adopted the key decisions of accelerating economic development and opening the door to the outside world.

Initially, Deng had only the pragmatic sense that, in order for any transformation to be successful, socialist construction in China must have Chinese characteristics and that Marxism-Leninism must be integrated with Chinese realities – very similar to Mao's idea of integrating socialism to China's realities. History will take note of Mao's revolution and Deng's construction as two of the most powerful events in China – and to a degree in the world – during the second half of the 20th century – Hsu

But a year later after the conference, Deng gradually evolved a clearer vision of his plans for the future of China. His aim, through the Four Modernizations, was to quadruple the then current gross national product (GNP) of \$250 billion to \$1 trillion by the end of the century, with a per capita GNP of \$1000 (changing it later to \$800 by AD 2000 taking into consideration the inevitable population increase from one billion to 1.2 billion). Once this target was reached, China would have solid foundation from which further gains could be made and it could then join ranks of the more advanced nations within 30 to 50 years.

Reaching the goal of \$1 trillion by the end of the century would require the dedication of the entire nation; accelerated economic growth and the absorption of foreign capital, science and technology and managerial skills. Hence, it was necessary to adopt the dual policy of economic reform and opening up the country to the outside world.

Since 80% of the population lived in the countryside, invigorating the rural economy and raising farm income and the peasants' standard of living became the first order of business. Successful rural reforms would be followed by industrial reforms in the urban areas. Meanwhile a long range open-door policy was launched to increase foreign capital, technology and managerial skill. It was stressed that the open-door policy was necessary for China to advance. Deng reassured his countrymen that their fear that the Open Door policy represented a capitalistic erosion of socialism was unfounded and that the Chinese economy would remain socialist – China would maintain the socialist principle of distribution and the state still owned the means of production. Influx of foreign

capital could not undermine the socialist economic foundations as joint ventures would be at least 50% Chinese. There will be some negative effects but Open Door Policy would not lead up to capitalistic revival or rise of a new capitalist class. Deng's pragmatic strategy was "one step at a time; watch out and keep the momentum going."

ii. Agricultural Reform

Since 80% of the population lived in the countryside, invigorating the rural economy and raising farm income and the peasants' standard of living became the first order of business. Thus it was considered essential to institute radical reforms in agriculture first. For the 20 years between 1957 and 1978, agriculture had been in a sorry state with an annual growth of grain production only 2.6% and of cotton 2.1%. China had to import large quantities of grain to feed its growing population. The rural economy was listless and standard of living on farms had not improved for decades and a strong incentive to work was almost non-existent. The commune system was the most serious obstacle to the reinvigoration of the rural economy. It was kingpin of the Maoist rural economic structure and no one had dared to criticize but now it was recognized that nothing less than a fundamental reform could inject new life into the stultified rural economy, rekindle enthusiasm for work, release the vast potential of the peasants masses and improve their standard of living.

The Responsibility System was adopted whereby the full responsibility was given to the household. Under this system, land remained public but each household received a plot for cultivation and negotiated a contract with the commune production team or economic cooperative. The contract specified quantities of crops to be planted and the quota of output to be handed to the production team or cooperative as payment for the use of land. This payment also covered such common expenses such as irrigation fee, healthcare and welfare. Each household had full control over its labour resources and could either keep or sell in the free market the products that exceeded the contracted quota. The farming household assumed full responsibility for the entire process of production – from the selection of seeds, choice of fertilizer, labour allocation, work schedule and preparation of soil, all the way to the final product.

The Responsibility System, which began in 1979, gradually spread through the provinces in 1980-81 period, and the process accelerated during 1982-83, so that by 1984 some 98% of farm households came under it.

The government also encouraged rural workers to specialize in crops, livestock, forestry, fisheries or other diverse side lines. This was in contrast to Mao's heavy emphasis on grain production. Gradually, "specialized households" emerged, which did not till the land but engaged exclusively in non-crop production. The expansion of the Responsibility System increasingly superseded the functions of the commune until the latter was all but extinct.

Positive Impact

As a result of this agricultural reforms, both yield and productivity rose sharply. In 1987, rice and wheat yields had risen 50% over those obtained under the commune system. More importantly, **the farmer spent only an average of 60 days a year on the crops**, compared with 250 to 300 days with a year in the field in the days of the commune. The time saved was spent on side lines activities aimed at profit. Cash income quadrupled and standard of living vastly improved. This **newfound prosperity** was soon reflected in new brick houses; new televisions and furniture and new, more colourful clothes for the participating households. There was also enough food raised for each household. **The farmers led an owner-like life.**

The **dismantling of commune was not abrupt but took place over a period of five years. Now a new-type township-collective-household rural structure emerged**, which assumed some of the former functions of the commune.

The results of the reforms were nothing less than spectacular. The growth rate in annual grain production rose from 2.1% during the period 1979-1984 to 4.9% during the period 1979-1984. The remarkable advance in agriculture output changed China from being a net importer to an exporter of grains, soyabeans and raw cotton. China received a trade surplus of \$4 billion in agricultural products between 1980 and 1984, the largest gain in 35 years.

Per capita farm income increased from Y134 in 1978 to Y310 in 1983 and Y463 in 1987. Success came not only through hard work and good planning but also from the higher procurement prices the government paid for farm products as well as non-crop side lines income from livestock as well as fishery and forestry enterprise.

Negative Outcome

The dismantling of the commune resulted in a progressive neglect of large projects formerly serviced by the commune, such as the mechanized pumping of the irrigation system and the use of heavy tractors for preparation of the land. Social services, healthcare and primary education also suffered. Moreover, the state incurred a heavy burden because it paid higher prices for farm products but could not raise commodity prices in the city of fear of inflation and public anger. A much more fundamental challenge was the burgeoning population explosion, which threatened to consume, if not all, of the increased agricultural and industrial production, thereby neutralizing the benefits of the reforms.

With the diversification of agriculture into crops whose prices were not so rigidly controlled, and with continued growth of employment in local collective industry, **grain growing had become the least profitable activity. In some coastal areas where there were many nearby city markets, and where township and village enterprise was most developed, local authorities even in the early 1980s were actually forced to subsidize grain-growing in order to meet their State obligations. By 1990s peasants were resisting grain-growing. Agricultural production has**

continued to grow as a whole, but much more slowly. By 1985 most of China had been permitted to abolish the grain procurement system but it soon had to be re-imposed.

To check the population from getting out of control, the government initiated a “one-child-policy” supported by material rewards like job security and promotion for those who observed it and by penalties like demotion and monetary fines for those who did not. Given vast publicity during 1982, the policy was a success in the cities and less so in the countryside. The farmers still preferred male offspring as potential helpers and heirs and often resorted to female infanticide. And more recently, economic affluence on the farm led many farmers to defy the governmental orders by having second or third child while paying the fines willingly.

Overall Impact

In spite of all these problems, grain production in 1986 reached 390 million tons, an increase of 10 million tons over 1985; and average farm income reached Y425 in 1986, a 7% increase over the previous year. In 1987, grain production rose further to 402.41 million tons an increase of 2.8%.

All in all the first five years of agricultural reform released such vast hidden potential in the agricultural sector that the government was encouraged to tackle industrial reform in the urban areas as well. Here the problems were much more complicated.

iii. Industrial Reform

Chinese industrial growth had averaged a respectable 9.8% annually from 1952 to 1983. But efficiency, productivity and work incentive were all hampered by “irrational practices” as western economies would call them. The industrial structure built by Mao in the early 1950s was modelled after the Soviet system, which was **characterized by central planning and emphasis of heavy industry.** As the owner, operator and employer, **the state planned, directed, and funded all public enterprises.** The state provided land, plants equipment, basic materiel, working capital, managers and everything else throughout the entire process of production. It also set prices for the finished goods regardless of their cost and quality. State enterprises had to remit to the central government all their profits and depreciation funds. **Under this system, enterprises received state support regardless of their performance records, and the workers received their standard wages regardless of their work.**

The system worked at first because of the momentum of revolution, patriotism and personal dedication to the building of a new socialist society. But as time went on, it became clear that the merits of an enterprise or of a worker were immaterial. The reward would remain the same in any case: the plant would receive the same allotted funding and the worker the same low pay. **The socialist boast of full employment virtually guaranteed lifelong job security and dismissal of**

indolent workers were impossible. In 1979-80, roughly 25% to 30% of state enterprises operated at a loss.

Irrational as this system was the country had become accustomed to it over the previous 30 years. Reform of any part of it would disrupt the balance that had existed in the vast interlocking network of planning, management, production, marketing and pricing. Millions of cadres were involved in the process, and any change in any part of it would adversely affect their lives. The worst fear was price decontrol, which raised the dreaded spectre of inflation. The central government wanted to avoid any action that would arouse any public anger or unrest. It took one step at a time, tested the reaction, evaluated the results and then either proceeded or took a step back.

The First Phase

The spirit of the industrial reform during the period 1978-1984 was to rekindle work enthusiasm, to unleash the full potential of the workers, to “enliven” the industrial structure and to raise the living standard. The method used was none other than material incentive – the most disdained of values in the Maoist revolutionary days.

Beginning in the period 1978-1979, various profit retention schemes were experimented with in Szechwan and other selected areas. When improvement were achieved, they were extended throughout the country. The heart of the reform was the institution of **an Industrial Responsibility System** whereby a state enterprise signed a “profit and loss contract” with its supervisory body, agreeing to remit quota. **By 1980 some 6600 state enterprises had come under this system. Profits so retained could be used for bonuses, employee welfare benefits and further industrial innovations.** It was decreed that more work would yield more pay and that different types of work (skilled vs unskilled, intellectual vs manual) should command different remunerations. **Work enthusiasm returned overnight.**

In the period 1981-82, the profit retention system was refined to allow a larger share above the quota for the enterprises and also partial retention of budgetary savings through reduced losses. The retention rates averaged 10% for high-profit industries, 30% for low profit ones and 20% for all other. **By end of 1982 all industrial enterprises had come under the Responsibility System. They were made responsible for all their economic decisions, as well as their return of profit or loss.** Plant managers could hire and fire employees, determine wages and bonuses and set prices within a state-approved price range. And managers too were no longer given lifelong tenure.

One immediate repercussion of the Responsibility System was the vast reduction of funds the state received from the enterprise with the corresponding increase in funds kept by the enterprises and the localities, which were used for capital construction without central control or coordination, to the tune of Y42 billion by the end of 1982. **The state was dealt the double blow of budgetary deficits and loss control over local investments.**

In 1983, the government substituted a new income tax for profit remission. Large and medium-sized enterprises were required to pay 55% of their profits as tax and small enterprises paid progressive taxes, **thus severing the direct relationship between the state enterprises and the government business bureaus**. A product tax, income tax and adjustment taxes were brought in. The **amount of profit now retained by the state enterprises amounted to 15%.**

The introduction of income tax in a Communist system was an epochal event. Now industrial taxes became a source of tax revenue as in the past the state enterprises as public properties did not pay any rent on land, little or no interest on working capital and etc.

Perhaps **the most visible result of the economic reforms was the mushrooming of private businesses and free markets in both rural and urban areas**. Private business grew in number from 100000 in 1978 to 5.8 million in 1983 and 17 million by 1985, with some making impressive profits in the capitalist fashions.

These new measures had indeed brought improvement to the industrial sector in the form of higher standard of living, new business bonuses, and a construction boom but there were little evidence of improvement in the **efficiency of the enterprise**. In 1982 some 30% of enterprise still operated in the red with a loss of Y4 billion. Some 42000 industrial enterprises were consolidated or amalgamated between 1983 and 1985.

The urban reforms of 1979-84 were not intended to create market system. They were **only a patchwork, designed to amend the inefficient old structure with some economic realism and market mechanisms in hopes of breathing life into an otherwise ossified body**. In the process, the government backed away from the bureaucratic command economy characterized by central planning and directives to a **position of planning through guidance**. By 1984, only 30 to 40% of industrial production could be attributed to central planning measures, 20% to the market economy and 40 to 50% to locally planned or guidance-planned output.

The Second Phase

Encouraged by the success of agricultural reform and progress made in the industrial sector, the Party on Oct 1984, passed a new **“Resolution on the Reform of the Economic System”** to accelerate the pace of urban reform. It was not a blueprint for reform but **an optimistic statement of intent and principles for the guidance of the 44 million party members**. In 1984, China also managed to have successful negotiations with Britain for the return of Hong Kong, marking an epochal-making triumph for China. It was in this state of euphoria that the second stage of urban reform was launched. **Premier Chao felt that the existing economy was stultified because the government and economic enterprises were not treated as separate entities and that the former controlled the latter too tightly. Disregard of proper interaction between commercial production, the law of values and market forces caused imbalances that had to be redressed.** Everyone

was eating from the same “Big Pot” of the state and nobody is wanting to work. The enterprises thus lost their initiative and creativity.

On top of all these was the “leftist tendency” in force since 1957 to deprecate any effort to develop a commodity economy as a revival of capitalism. Chao admitted that it would require a bold liberation of thought to correct such ossified thinking. He made it clear that socialism wants to end poverty and pauperism is not socialism. Chao thus wanted to loosen state control of the large and medium-sized enterprises to inject life into the economy.

Public ownership need not be equated with direct state control: ownership and management were two separate things. Within the framework of state governance, Chao felt that enterprises should be granted enough autonomy to make their own decisions about supplies, sales, capital utilization, hiring and firing, wages and bonuses and about the prices of the finished goods as well.

Chao considered the gradual lifting of price control to be the heart of urban economic reform to enable the state to withdraw its subsidies and allow prices to float according to the law of value and market forces but price fluctuations should be kept within limits and people’s wages adjusted according to inflation. He declared that to equate “common wealth” with “equal wealth for all at the same speed” was not only impossible but would lead to common poverty. And he also approved the continued growth of private enterprise to supplements the public ownership system and also the leasing or contracting of small and medium-sized enterprises to private operations to enrich the variety of economic life. Such progress and developments **would not jeopardize the socialist foundation, but were seen as necessary to the progress of socialism.**

Even as the resolution was being passed, the economy was charging ahead. The gross output value of agriculture and industry increased at an annual rate of 10% between 1978 and 1986 and the national income grew at a rate of 8.7% annually.

iv. Open Door Policy

During the first decade of the PRC, China maintained diplomatic and commercial relations only with the Soviet Union and the Eastern European satellites states. There was no trade between China and the US. After the Sino-Soviet split in 1960, China became extremely isolated in the international community, simultaneously facing both the Soviet Union and the US as potential enemies. **It was not until after the visit of President Nixon to China in 1972 that commercial relations began. In 1972 American-Chinese trade amounted to only \$92 million, but it rapidly grew to \$1189 million in 1978, and it increased to \$13.5 billion by 1988.**

The rapid growth of foreign trade after 1978 was the result of the new open-door policy adopted by the party in Dec 1978. It was a complete reversal of Maoist policy of seclusion that had been in force for the 20 years between 1958 and 1978. Deng and his pragmatic followers realized that China could not develop in

isolation and that she must import foreign science, technology, capital and management skills in order for her modernization to succeed. Japan, Hong Kong, the US, and West Germany were China's largest trading partners. **The nature of the trade goods China imported and exported had changed substantially. Initially, Chinese imports consisted largely of raw materials such as agriculture product, lumber and chemicals. But later, as China became self-sufficient in agricultural production, the focus of importation shifted to industrial machinery, finished manufactured goods, technology, office equipment, commercial aircraft and services.**

A prime objective of the foreign trade program was to generate sufficient foreign exchange to help finance modernization. To improve their competitive edge, the Chinese diversified their products, raised quality levels, devalued the yuan and eagerly learned international business practices. In purchasing they adhered to 3 criteria of good prices, good quality and financing arrangements on concessionary terms. They **wanted transfer of the latest technology but they would also accept less sophisticated plants as bargain prices.** **Through strict control of foreign currency, export expansion, and import restraint, China steadily built up a foreign currency reserve. China managed to open new markets in the Middle East, Latin America, Eastern Europe and the Soviet Union** when its textiles faced protectionism in the West against her textiles. **In early 1981 China crossed the line from being a debtor nation to being a creditor nation.**

To attract foreign capital and investment, China adopted a number of measures to improve the investment climate. It opened up four "Special Economic Zones, in 1979 with preferential treatment in Shenzhen, Chu-hai, Swato and Amoy", opened 14 coastal sites and Hainan Island in 1984 to foreign investment, **with preferential terms on taxes and import duties, permission given to local authorities to arrange foreign investment without central government approval, which led to burgeoning of imports of foreign supplies like steel, plastics with substantial outflow of foreign reserve, passed laws and regulations on taxation, liability, patent protection and foreign trademarks and provided clarification of arbitration procedures, labor compensation and repatriation of foreign profit from China.**

But China's success in attracting foreign investments were limited. By end of 1983, there were only 188 equity and 1047 contractual joint Chinese-foreign ventures, with \$6.6 billion pledged but only \$2.3 billion paid-in. **Foreigners found the Chinese environment uncondusive to investment. Endless negotiations and long bureaucratic delays strained patience, and business and residential facilities were substandard.** Many foreign firms had to set up offices in hotels and paid high rents and fees for Chinese services even though their Chinese employees received only a fraction of the foreign wages paid while the lion's share went to the government's business bureaus. Many foreign firms left out of frustration and lack of prospects for profit.

v. Conclusion

The economic and technological benefits of the reforms and openings were obvious. **There was growing prosperity in the countryside and substantial improvement on the farmers' standard of living. Urban life had become more colourful, open and relaxed and commercial and scientific exchanges with foreign countries grew by leaps and bounds.**

Ten years into the reforms, China's economic indicators continued to skyrocket and showed no sign of slackening, but major catastrophes could not be ruled out entirely. **Foremost among them were these – the progressive erosion of faith on Marxism-Leninism-Maoism and in the leadership of the ruling party, widespread corruption in the party and the government, which threatened a breakdown of public morality and raging inflation on the wake of price decontrol, causing massive discontent.**

As the decade of reform and opening drew to a close, there were ominous signs of ideological confusion, economic imbalance, social unrest, and moral degradation. Serious challenges as well as new opportunities waited to test the leadership.

D. Political Changes

China in Transition, 1986-88: The Cultural Impact of the Open Door Policy

While the policy of opening China's doors to the outside world was first adopted in 1978, **the central leadership had hoped to import foreign science and technology without importing foreign culture and values.** But **ideas do travel** across boundaries. The cultural impact of the policy went far beyond anything the CCP leadership had imagined, **causing the conservative ideologues to decry the invasion of Western "bourgeois liberalism" as foreign "spiritual pollution."** However, westernization was a global phenomenon that could not be stopped – (Hsu)

After 30 years of isolation, the Open Door policy suddenly threw open foreign ideas, news, films, plays, music, literature and etc. In the 10 years that followed, 60 000 students and visiting scholars, as well as tens of thousands of officials and delegates, went abroad to study and visit, creating international exchange between China and the outside world.

The workings of Western democracy and the freedom of its people made a deep impression on Chinese visitors to the West. Particularly enlightening was seeing the functioning of the **institutional checks and balances; of the division of power in government; of judicial supremacy and the rule of law; political pluralism; and the freedoms of speech, of assembly and of the press.** **Many Chinese came to believe that their country needed political democracy as the Fifth Modernization,** without which **a true modern transformation** would not be possible. **University students in particular, felt a social responsibility to be the vanguard of such change.** There were questions as to whether Marxism-Maoism was the proper ideology for China's modernization and whether CCP was the most effective agent to lead China into the 21st century. Doubts persisted on both counts among a number of

social critics, writers, journalists, artists, professors, scientists and college students, although most of them chose to remain silent.

The Party itself was torn between the need for liberalization and the urgency of maintaining some level of orthodoxy. Ideology was in a state of flux. Many party members wondered whether a communist system should adopt the capitalist devices of material incentives and market mechanism, capitalist-style management and private enterprise or the socialist line, the proletarian dictatorship, the leadership of the Communist Party, and the Marxism-Leninism and Thought of Mao should be kept and not be downplayed to defuse both the demand for political pluralism and Taiwan's thrust as an alternative model of development.

China from 1986 to 1988 was experiencing the growing pains of rapid economic development and the agony of changing values. Society was buffeted by student unrest, a leadership crisis, widespread corruption, high inflation, and a loss of clear sense of direction. Yet within this the depths of chaos and turbulence, some promise of regeneration and a better future were dimly discernible.

Student Demonstrations

In 1986 gigantic student demonstrations broke out in 15 major cities in China, which left the party and the government in deep disarray. One hundred thousand students from 150 colleges and universities marched in the streets **to demand the freedoms of speech, assembly and of the press as well as democratic elections.** The Chinese youths wanted **political liberalization.**

Student activism was nothing new in modern Chinese history and many precedents existed for the incidents of 1986. The May Fourth Movement of 1919 and more recently in Sept 1985, students had protested Japan's new economic aggression and the Chinese government's ingratiating attitude toward Japan. This protest was timed to coincide with the 54th anniversary of the Japanese invasion of Manchuria in Sept 1931. The protest also served as a vehicle for the students to air other grievances such as rising prices, economic crimes, bureaucratic irregularities and nepotism and favouritism for the children of high cadres. A demonstration planned by students of Peking and Tsinghua Universities on Dec 9, 1985, was aborted due to government intervention but the discontent remained.

The first protest of Dec 1986 broke out in Ho-fei, in Anhwei province early in the month. A big poster, had appeared on Dec 1, on the campus of Chinese University of Science and Technology calling for a general boycott of the "faked" election scheduled for Dec 8. **It was felt that democracy could not be bestowed from above but must be won from below.** Students from two other institutions of higher learning joined in the protest and in all 3000 students marched on the municipal government on Dec 5, demanding democratic elections, freedom of press and of assembly and immunity from persecution and insisting that the media be allowed to report their protest. The students aimed at breaking the party's control of the press and the media. The local party authorities reluctantly agreed to postpone the election to Dec 29. The students

continued to press for election reforms and demanded for democracy, liberty and freedom.

In Shanghai there was a huge sympathetic response. On Dec 19, some 30 000 students joined by an estimated 100 000 workers marched on the municipal government. This marked the high tide of the protest. In Peking, 4000 students marched on Tiananmen Square and burned bundles of the party newspaper, the Peking Daily. These demonstrators made it clear that, although they sought democratization, they were true supporters of Deng's policy of economic reforms and Open Door policy to the outside world.

Caught off guard the party was unable to be decisive on the issue. At this point, the response of the authorities was moderate. General Secretary Hu Yao-pang felt that the youths idealism should not be blunted but guided towards constructive goals and Mayor of Shanghai too acknowledged that the student action was just, legal and patriotic and permissible under the constitution. On the whole, the official position toward the students was initially lenient, but toughened later. **In an effort to tighten further central control of China's student population, the government reinstated military training and political indoctrination on campus and revived unpopular policy of sending students to farms and factories for a year before being sent to their job assignments.** But from the beginning the government's policy towards the workers had been very strict, from the beginning they were strictly prohibited from joining the demonstrations. The authorities were determined to keep a Polish-style union strike from happening in China.

However, General Secretary Hu's handling of the unrest raised the ire of the hard-line conservatives. They were impatient with his liberal approach and became increasingly critical of his leadership. **A large group of them in the party, the army and the government formed a grand alliance to denounce him before the paramount leader Deng.** This conservative group blamed Western bourgeois liberalism as the source of discontent and disharmony. This conservative group held a number of secret meeting and **before the end of Dec had won Deng over. Decisions were made to clamp down on the student agitation, to deal with Hu sternly, and to fight western liberalism.** As the New Year approached, all party members were admonished to raise their vigilance against the spread of "bourgeois liberalization" in China. The fate of General Secretary Hu hung in a precarious balance.

The student unrest was not an isolated and sudden outburst of youthful enthusiasm but a movement several years in the making. Ever since 1978, when the policy of modernization and opening up was adopted there was great level of influence from the outside world – cultural and political concepts once considered alien and inconceivable had entered China. Ideas such as human rights, democracy, free elections, free press and assembly, division of power and the idea that governing bodies can be supervised by the governed through a watchful press, the right to dissent and political pluralism, all of which could serve as checks on the excesses of the government were all admired by the Chinese.

In addition, ever since the party had shifted from class struggle to economic development, intellectuals had been given higher status as modernization demanded knowledge and talent. Deng proclaimed intellectuals to be part of the proletariat, deserving both respect and good treatment from the state. Emboldened by their new status, independent writers, artists, scientists, and thinkers began to speak their minds on pressing social and political issues. **These dissenters frequently touched a raw nerve in the party, which jealously guarded its right to rule and to be obeyed unquestioningly.**

The Chinese youths were strongly affected by their new exposure to western political ideas, both abroad and through Reagan, who gave his speech when he visited China in 1982 on the virtues of democracy and when he repeated the speech with special emphasis on human rights in a televised speech at Fu-tan University in Shanghai. **The Chinese youths came to believe that any political system that deviated from the ideals of the Western democracies inhibited the full development of individuals and must be condemned as backward, authoritarian and out of touch with the modern era.**

With the urban economic reforms in 1984, there were increasing instances of crimes, corruption, inflation and favouritism toward the children of the high cadres under the guise of promoting third-tier leaders. Seeing themselves as the conscience of the younger generation, the students felt a social responsibility to protest this degradation of morals.

There was no denying that Western influence was pervasive and growing stronger day by day. In the party, reaction to the new trend was mixed. General Secretary Hu took a laissez-faire attitude. His liberal approach pained the party elders who considered Western liberalism to be a disturbing influence, a source of decadence and spiritual pollution in Chinese life. They concluded that the inroads of bourgeois liberalism promoted a loss of regard for the party, a lack of respect for the elders, questioning of the legitimacy of the Communist rule, and a blind worship of Western values. They wanted bourgeois liberalism stopped to ensure the survival of Communist orthodoxy. They believed that Hu was too soft to lead the fight and only the hard-line ideologues could defend the purity of the faith.

Only Deng could resolve the clash between the orthodox ideologues and progressive reformers as the paramount leader. **Deng himself was a curious mixture of economic progressivism and political conservatism, endowed with a gift for playing a balancing act as political necessity dictated.** In a system where the rule of man superseded the rule of law, he was the supreme arbiter. **In his mind, economic reforms and an open Door policy were but means by which to borrow foreign technology, capital and managerial skills. There were seen as tools with which to strengthen the Communist rule, but never steps to move the country toward a western style democracy. The country could not tolerate any disruption such as the turmoil or any disturbing influence, such as Western liberalism.** In short, he was interested in Western science but not western liberalism.
– Hsu

In fact as early as Sept 1986, the conservative ideologues outmanoeuvred the progressives by blocking the discussion of political reforms. A shattering blow was caused to the cause of democratization when a resolution on the “Spiritual Construction of Socialism” was passed which had a provision titled “Anti-Bourgeois Liberalization.” It was against this backdrop that the students’ demonstrations erupted in Dec 1986.

A major result of the student unrest was the ouster of General Secretary Hu, who was too liberal and outspoken for his own good. He had survived 5 years between 1981-1986 in that post as he had the support of Deng, who groomed him to be his successor. However, with the conservatives in the party, military and the government descending on Deng to demand the resignation of Hu on grounds of his ineptness in dealing with the students and in stopping the inroads of Western bourgeois liberalism, his position was threatened.

Anti-Bourgeois Liberalization

P’eng Chen and Teng Li-chun now unleashed their “Anti-Bourgeois Liberalization” campaign with a vengeance. A Media and Publications Office was created under the State Council in Jan 1987 to monitor the news media and publication of books, magazines and newspapers. Three leading critics of the party were summarily dismissed from the party. For instance, Fang was transferred from the prestigious position as Vice-President of the Chinese University of Science and Technology to a far less visible post as a researcher in a Peking observatory. He was deprived of a public forum although he could continue his research and attend scholarly meetings in China. Several other cultural and intellectual figures received chastisements of varying severity, but no physical abuse was visited on any of them and no one was subjected to the harsh treatment of the Cultural Revolution period.

Deng had lent his support to the Anti-Bourgeois Liberalization campaign but did not allow it to be developed at the expense of stability and unity. The campaign was to be limited to the party the government, the army, and urban enterprises. The countryside, the other political parties and other independent intellectuals were off limits. Also prohibited was the use of any expression or terminology reminiscent of the Cultural Revolution.

However, from Jan to May 1987, the rising tide of conservatism penetrated deep into ideological, cultural, literacy and journalistic circles with harsh rhetoric and vicious innuendo. The campaign threatened to envelop the major cities, and the reformers looked disorganized and powerless. The hardliner called for the revival of the Maoist three way coalition among the old, the middle-aged and the young and promoted the old virtues of frugality, hard work, plain living and devotion to the state as an antidote to Western influence. Cautious people stored away their Western clothes.

But the majority of people did not want to return to the old days. Once exposed to some freedom and creature comforts such as television and refrigerators, they could not bear the thought of going back to the Spartan life of Maoist times.

By May the high tide of Anti-Bourgeois Liberalization campaign was spent. **The party elders painfully discovered that they were not moving in the main stream of society. The party was indeed in a dilemma. It had enjoyed a monopoly of power since 1949 and its right to rule had never been questioned. Now the younger generation clamoured for democratization and yearned for a freer life such as that found in other modern societies.** Marxism and Maoism had lost appeal and the party itself was experiencing a crisis of confidence. **Not to grant economic reforms and greater political relaxation would further alienate the people and drive the party further away from the realities of the time. But permitting democracy could lead to social disharmony and ultimately to the demise of communism in China.** The top leadership strove to find a middle-ground that will make it neither unfaithful to its ideology not guilty of "orthodox Marxist sectarianism."

Efforts taken to find a middle-ground

During the Thirteenth Party Congress held from Oct 25 to Nov 1, 1987, the correctness of the policy of reforms and the Open Door policy was reaffirmed, and it made economic development the central task of the party, secondly it achieved a rejuvenation of the leadership by the voluntary retirement of the Long March generation of elders and secured their replacement with younger and better educated technocrats, thirdly it adopted a new theoretical framework for the market-oriented reforms previously thought un-Marxist by the conservatives and fourthly it defined the scope of political restructuring so that administrative efficiency could be improved.

In this Congress, building "socialism with Chinese characteristics" under Deng was ranked as one of the two major historic leaps in the 60 year history of the Chinese revolution, was the political report mentioned that the Gross National Product and the average income of rural and urban residents had doubled and the overwhelming majority of the one billion strong population was adequately fed and clothed. The other historic leap being the success of Mao's New Democratic Revolution of 1949. **By implication, Deng as placed on a par with Mao as one of the two leading contributors to the enrichment of Marxism-Leninism in China. Many now view the current modernization as a Second Revolution or a new Long March.**

Deng personally orchestrated the retirement of more than 90 party elders who were critics of the market-oriented reforms. The average of the new ruling body was 55.2 years, down from the 59.1 of its predecessor. 87 of the full and alternate members were new and 73% of all Central Committee members were college-educated. The Politburo with 17 regulars and 1 alternate, was packed with younger supporters of reform. These moves were needed as the constant charge of the conservative hard-liners and the lingering doubts among many other that market-oriented mechanisms were basically un-Marxists were irritating thorns in the side of the progressive movement. Yet market forces had to be recognized to make economic development work, and contact with the outside world was essential to modernization. Hence, Chao advanced the thesis that China did not go through the proper stage of capitalism because of the previously backward productive forces and underdeveloped

commodity economy and hence there is a need for the country to accomplish industrialization and the commercialization, socialisation and modernizations of production, which became a theoretical framework to justify their work as neither being capitalistic nor un-Marxists. Chinese social scientist came up with the new concept that China was in the primary stage of socialism during which market forces, capitalistic techniques and management skills and a mixed economy characterized by multi-ownership was all acceptable. Reform is the only process through which China can be revitalized," Chao stated.

Political Restructuring

Political restructuring did not however signify that a Western style reform in which a democratic system complete with free elections, a free press, a three-way division of power, and alternating control of government by different parties would evolve.

Rather it simply meant improvement in administrative efficiency, simplification of unwieldy bureaucratic structures and elimination of overstaffing. A key feature was the **separation of the party from the day-to-day operation of the government and economic enterprises.** Government administration of economic enterprises would be replaced by indirect control. Bureaucracy would be streamlined from top to bottom and a **meritocratic civil service system installed.**

According to the party leadership, China had to maintain its' unique style of government with the distinct character of a socialist democracy. People's congresses at different levels, democratic centralism, and "multi-party" cooperation would continue while grass-roots participation in government increased. With the development of efficient legal system, people's rights would be protected from arbitrary official violations and extra-legal procedures. In this way a social democracy could be build.

The Thirteenth Congress was remarkable for several reasons. It firmly launched China onto the road of accelerated economic development and greater opening to the outside world. In no other Communist state had any ruling group voluntarily relinquished power in favour of a younger leadership. Even more remarkably, Chinese leaders had found that the traditional Communist system was unworkable unless it was adulterated with market mechanisms. **China had forged an important new ideological tool – the development of a new theory to fit the reality rather than bending "reality to theory."** Deng had turned economic reform into an irreversible commitment that enjoyed the vast support of the people.

Yet it left many questions unanswered. The work of the Thirteenth Congress represented no clear victory for the progressive reformers but rather a compromise among disparate groups within the party. The conservative elders had retired but they had not relinquished their influence and could still have used it to block more drastic liberalization. Issues like private ownership and price decontrol could still prove to be explosives. The Congress skirted the inevitable issue that an accelerated economic development and greater opening to foreign influences would

inevitably revive the old questions of bourgeois liberalization and spiritual pollution and the perennial issue of Chinese essence VS foreign value. **The supremacy of the Four Cardinal Principles prohibited any rule other than the Communist and any freedom beyond what was permitted by the party and this meant that while a modicum of dissent might be tolerated, the extent of tolerance would be tightly controlled and strictly limited and the separation of party functions from the government and economic enterprises would affect the vested interests of millions and its implementation would be excruciatingly slow and difficult.**

Hence, while the Congress was a success insofar as it represented a consensus among the disparate leaders to move the country forwards economically, the search for the higher goals of democracy, pluralism, and human rights would necessitate another Long March. –Hsu

D. The Violent Crackdown at Tiananmen Square, June 3-4, 1989

Background

In 1989 the country was facing inflation, falling ethics, widespread corruption, official profiteering, a widening income between the privileged few and the great masses and an increasing loss of faith in Communism. These phenomenon existed in the preceding years but the underling discontent was brought to the surface and now threatened to come to a head. Frustration and unrest were rampant in many parts of the country.

The forces of democracy and liberalization ceaselessly clashed with those of repression and authoritarianism. This clash took an added significant in the light of two major trends in the international politics: the rising tide of democracy and freedom, and the retreat of communism in Poland, Hungary and the three Baltic states of Lithuania, Latvia and Estonia. Even in Soviet Union glasnost and perestroika were changing the face of communism. Instability, unrest and compromise seemed to characterize the communist world and some political scientist predicted the demise of communism as a shaping force of history.

The year was also significant because of the many anniversaries of historical importance: the 40th anniversary of the founding of the PR. The 70th anniversary of May Fourth Movement and the bicentennial anniversary of the French Revolution, which championed liberty, equality and fraternity. **On any of these occasions pro-democracy demonstrations could erupt, warned university students whose quest for political liberalizations had been cut short two years earlier. Feeling ill at ease, the government called for redoubled vigilance on the part of the party members and the armed forces, urging them to guard against disturbances and to prevent a Polish-style Solidarity movement from happening in China.**

The Gathering Storm

The astrophysicist Fang Li-chih had sent a letter to Deng on Jan 6 1989 calling for the granting of a general amnesty either on the occasion of the 70th anniversary of the May Fourth Movement or the 40th anniversary of the founding of the PRC for an electrical worker sentenced in 1979 to 15 years in prison for promoting democracy as “Fifth Modernization” and in that letter also warned that Deng could be the next Mao. It had the support of 51 famous Chinese scholars abroad and 39 leading intellectuals in China. This incensed Deng and the government. The Chinese leaders also blocked Fang Li-chih and his wife from attending the state dinner that they had been invited for President George Bush. Bush had invited four leading Chinese liberals to a state dinner, all of whom were supporters of General Secretary Chao Tzu-yang's reforms and sharp critics of the conservative leadership.

The government's action outraged Chinese students and intellectuals and they waited for an opportunity to vent their wrath and renew the democracy demonstrations cut short two years earlier. The death of former General Secretary Hu Yao-pang on April 15 provided just such an opportunity as Hu had become for many a symbol of openness and political liberalization after he was dismissed in 1987 for his lenient attitude towards the students. The students wishing to honour his memory with an elaborate commemorative ceremony, had also wanted to use the occasion to insist on clearing his name and to push forward demands for freedom of speech, assembly and the press as well as strong anti-corruption measures. The Party however refused to clear his name as this would have meant an admission of guilt by those involved in his dismissal including Deng. Thousands of students marched in the streets and staged a sit-in at Tiananmen Square chanting against corruption and called for democracy and freedom. The students boycotted their classes and continued the demonstrations in the Square for 6 weeks, drawing increasing support from fellow students in the provinces, as well as from local and provincial workers, intellectuals, journalists, professors, researchers, musicians, actors, ordinary citizens and even some of the party and armed forces. By mid-May the ranks of the pro-democracy protest had grown to over a million. Smaller demonstrations also broke out in 23 other cities. It had become a tidal wave of protest that cut across classes.

The Party Split

General Secretary Chao like his predecessor Hu displayed surprising tolerance of the demonstrations and sympathy with the students' motives. As a promoter of reform and modernization, he had hoped to guide the party toward greater openness and gradual transformation in the direction of political liberalization, though not necessarily a capitalistic democracy. He came in sharp conflict with Premier Li P'eng and other veteran hard-liners such as Ch'en and P'eng Chen. Chao may have wanted to draw on rising student power to strengthen his own position vis-à-vis the conservatives and to advance the cause of reform. On the other hand, the conservatives who had won the first round of the contest two years ago when they persuaded Deng to dismiss Hu for mishandling the student demonstrations, now schemed to implicate Chao as a secret patron of the demonstrations and to oust him from the post of General

Secretary. Thus the students had unwittingly become pawns in the seething political struggle within the party.

The hard-liners saw in the student demonstrations a rare opportunity to crush the democracy movement and derail economic reform. A deftly precipitated clash with the students and Chao would enable them to kill two birds with one stone. The plot was to attack Chao as a secret supporter of the demonstrators – a traitor within the party. The growing insolence of the students and Chao's sympathy for them would drive Deng into a rage and cause him to react violently, which could then lead to smashing of both the students and the Chao in one swoop. Thus the key to success was to infuriate the demonstrators and Deng in order to escalate the confrontation to the point where a military crackdown could be justified.

A war report submitted to the Central Committee which reported that the student demonstrations had been two years in the making, with the avowed purpose of negating the socialist cause and overthrowing the Communist leadership, Deng declared that the demonstrations constituted a "conspiracy" or "turmoil," which led to an official declaration in the People's Daily that the government was locked in a grand political struggle against a "turmoil" that had as its target the destruction of party leadership and the socialist system. Capitulation to students' demand, it warned, would turn a promising country into a hopeless, turbulent one. It was apparent that the hard-liners had won Deng over to their cause and that the party would take a tougher stand against the demonstrators. Chao continued to fight for an affirmation of the student action as spontaneous, patriotic and in conformity with the government's own anti-corruption policy.

During Gorbachev's 3 day visit, the Chinese leadership was thoroughly humiliated by the million occupants of Tiananmen Square. Gorbachev's official reception had to be shifted to the airport, he was not able to lay a wreath at Mao's monument and his famous walkabouts had to be cancelled due to safety reasons. These last minute changes created an impression that the Chinese leadership was weak, indecisive and incapable of controlling the situation. **Deng was all the more determined to teach the young people a stern lesson once the guest had departed. The price of insubordination would be relenting retribution** as Deng, as patriarch of extended Chinese family, might have felt that the students were ungrateful for all the benefits his economic reforms had brought them, including the improved quality of higher education and student life.

The hardliners insisted that the root cause of student unrest lay within the party itself. It was the mismanagement of the economy by Chao and his predecessor Hu that had led to inflation, economic imbalance and confusion as well as their permissiveness towards the students and their half-hearted sponsorship of Anti-Bourgeois Liberalization campaign that has led to the current problem. Further evidence pointed to Chao's aiding and abetting the demonstrators through his open sympathy with their cause and leakage of vital information to them. Frequently, the students learned of the Politburo's decisions before anyone else. The patronage of Cho and his liberal advisors boosted their sagging

morale and emboldened them to be more unyielding. All these convinced the hardliners that Chao and his advisors had conspired to unleash student power to split the party.

With all the demonstrations that were going on, the most senior party elders concluded that in the final analysis, the situation was paramount to a war between communism and democracy and to give in to the demands of democracy and freedom would lead to the downfall of the leadership, the overthrow of the socialist order and ultimately to a capitalist restoration of a bourgeois government and not to retreat would mean forcible repression of the unrest. They believed that the students would not quit till they had overthrown the Communist Party and the Four Cardinal Principles (the proletarian dictatorship, the socialist line, the leadership of the Communist Party and Marxism-Leninism and the Thought of Mao). The **council voted unanimously against retreat and for immediate dismissal of Chao as general secretary of the party.**

Clearly, the elders wished to cling to their political power and economic privileges at all costs and to do so they had to defend the socialist order that made possible their special status. Killing the demonstrators was of no concern because they were “anti-party counter-revolutionaries” who deserved to be eliminated. Even the threat of loss of tourism, foreign investment, trade, credit and loans paled when viewed from the larger perspective of the survival of the communist leadership. Deng declared that he did not fear foreign and domestic public opinion or bloodshed in any confrontation. Deng also won the support from the Navy, the Air Force, and virtually all the army regional commanders for his policy of repression. On May 20, 1989, he then announced the imposition of the martial law in Peking. He also won the endorsement of his policy from nearly all the provinces and special municipalities. The stage was set for a military crackdown.

The psychology of the party elders played a key role in this decision for a military crackdown on the student demonstrators. As products of the Long March generation, class struggle, civil war, foreign war and endless mass campaigns, they had become **highly sensitive to the question of survival. Obsessed with power, they embraced the one-dimensional view that power was life and life without power was not worth living.** In such a state of insecurity and desire to still hold on to power, positions and privileges, they tended to overreact and to be impulsive and precipitous in their judgement. -Hsu

The **crackdown policy stemmed from a misreading, whether intentional or otherwise, of the students' objectives.** The students had asked to work with the government on anti-corruption measures and to discuss with its leaders the prospects for democracy, freedom of speech, of assembly and of the press – the basic rights found in most civilized modern states. The demonstrations came about when the government refused to listen to their concerns. But **in reality they did not have the means nor the power to remove the government from power. They lacked a platform of goals, a program of action, or an experienced charismatic leader** who could articulate their aspirations and unite the various splinter groups. They lacked the force of a real threat. **In opting to use military repression to suppress the demonstrations, the government and the leadership lost a**

valuable opportunity to respond wisely and responsibly to the popular will and channel the tremendous potential of the people toward the constructive ends that it had hoped to achieve.

After declaring martial law, the government leaders went into hiding and were not seen till after the crackdown. Chao made his last public appearance on May 19 when he visited the hungry strikers in the Square and he was ousted from his job immediately after that.

The Massacre

From the declaration of martial law in May 20 to the bloody crackdown in June 4, a full two weeks intervened, long enough for Deng and President Yang to develop an elaborate, well-planned military operation. Deng and Yang mobilized 300 000 troops from ten armies across the country, as well as an armoured division, a parachute division, and other special units. They were transferred to the outskirts of Peking not to fight the students but to forestall any possible revolution or coup d'état by Chao and his military supporters. But the sheer size of the military force could also coerce the students into submission and pressure the Politburo and the People's National Congress into supporting the policy of repression.

During the two week lull, the students grew weary and exhausted. Many local students returned home or to their schools for rest and recuperation but **students from the provinces continued to pour in. Having travelled long distances, they were not willing to quit so soon.** The local citizenry showed solidarity by offering food, shelter and other necessities. Many civilians even helped to build barricades at key intersections to block the advancing troops. When the first contingent of troops arrived, they carried no weapons and were friendly, also accepting the food and drink from the citizens. There was a general belief that the troops would not shoot their own people. But Martial Law had been declared and no one could be certain of the outcome.

On the evening of June 3 ominous signs of an impending crisis became apparent. A government television announcer gravely warned the citizens of Peking to stay away from Tiananmen Square as the People's Liberation Army would take any measures necessary to restore order. The students at Peking University took the warning as an empty threat. To show their solidarity, they headed straight for the Square.

At 4pm on Sat, June 3, there was an anonymous phone call made to the students' command post that the army was about to attack. The Student Association asked everyone to leave in order to avoid bloodshed but 40000 to 50000 and 100000 other citizen vowed to stay and die, if necessary, in the cause of democracy and freedom. They still believed that the troops would not fire on their own unarmed people.

At 10pm Premier Li ordered the troops to move at top speed to the Square and shoot all demonstrators without compunction and clear the Square by dawn.

Tanks, armoured vehicles, and soldiers with automatic weapons struck from three directions in strict accordance with prearranged plans. Much of the killing occurred before the troops and tanks reached the Square itself. Before midnight two armoured vehicles sped in to the Square with loudspeakers blaring a shrill warning of "notification" and in the early hour of 4 June, 35 heavy tanks charged into the main encampment, crushing those students who were still inside. More attacks carried on and by 6 am those who could have already escaped, while the dead or maimed were scattered all over the blood-soaked killing field. The soldiers hurriedly bulldozed the bodies into large piles for burning on the spot or packed them into large bags for cremation outside the city. The carnage was over in 7 hours.

An accurate accounting of the casualties were impossible. Western sources estimated that there were 3000 dead and 10000 more wounded, though a later report by New York Times revised the death toll to 400 to 800. On June 16 Chinese government spokesman told that in the whole process of clearing the square there was no casualty, no one was shot down or crushed under the wheels of armoured vehicles.

In most civilized nations crowd control in massive public demonstrations involves the use of non-lethal implements like water cannon or tear gas but not tanks and guns. The threat to Chinese leadership in May-June 1989 was largely fabricated, ultimately giving the government an excuse to kill the peaceful demonstrators. **Deng justified the crackdown by stating that it was necessary to create public opinion on a grand scale and make the people understand what really happened. Mass arrests began almost immediately after the bloody crackdown. By July 17 some 4600 arrests had been made and 29 of the prisoners were given a quick trial and then shot at the back of the head.**

Not only was the spirit of the Chinese people had been wounded and the painful experience of the crackdown would not be soon forgotten, international economic and military sanctions were directed against China as it lost its image as a responsible member of the international community.

