Chapter

20 China since 1949: the communists in control

SUMMARY OF EVENTS

After the communist victory over the Kuomintang in 1949, Mao Zedong set about rebuilding a shattered China. At first he received Russian advice and aid, but in the late 1950s relations cooled and Russian economic aid was reduced. In 1958 Mao introduced *the 'Great Leap Forward'*, in which communism was adapted – not altogether successfully – to meet the Chinese situation, with the emphasis on decentralization, agriculture, communes and contact with the masses. Mao became highly critical of the Russians, who, in his view, were straying from strict Marxist–Leninist principles and following the 'capitalist road' in both foreign and domestic affairs. During the 1960s these disagreements caused a serious rift in world communism, which was only healed after Mikhail Gorbachev became Russian leader in 1985. With *the Cultural Revolution (1966–9)*, Mao tried successfully to crush opposition within the Party and to keep China developing along Marxist–Leninist lines.

After Mao's death in 1976, there was a power struggle from which Deng Xiaoping emerged as undisputed leader (1981). Much less conservative than Mao, Deng was responsible for some important policy changes, moderating Mao's hardline communism and looking towards Japan and the capitalist West for ideas and help. This aroused resentment among the Maoist supporters, who accused Deng of straying along the 'capitalist road'; in 1987 they forced him to slow down the pace of his reforms.

Encouraged by Gorbachev's *glasnost* policy in the USSR, student protests began in Tiananmen Square in Beijing in April 1989, continuing through into June. They demanded democracy and an end to corruption in the Communist Party. On 3–4 June the army moved in, attacked the students, killing hundreds, and restored order. The communists had regained control. The economic reforms continued with some success, but there was no political reform. Deng Xiaoping continued as supreme leader until his death (at the age of 92) in 1997. The first few years of the new century saw more economic changes, including the opening up of the party to capitalists. By 2012, with the Communist Party still supreme, it seemed that China might soon supplant the USA as the world's most powerful nation.

20.1 HOW SUCCESSFUL WAS MAO IN DEALING WITH CHINA'S PROBLEMS?

(a) Problems facing Mao

The problems facing the People's Republic in 1949 were complex, to say the least. The country was devastated after the long civil war and the war with Japan: railways, roads, canals and dykes had been destroyed and there were chronic food shortages. Industry was

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backward, agriculture was inefficient and incapable of feeding the poverty-stricken masses and inflation seemed out of control. Mao had the support of the peasants and many of the middle class, who were disgusted by the miserable performance of the Kuomintang, but it was essential for him to improve conditions if he were to hold on to their support. To control and organize such a vast country with a population of at least 600 million must have been a superhuman task. Yet Mao succeeded, and China today, whatever its faults, is still very much his creation. He began by looking closely at Stalin's methods and experimented, by a process of trial and error, to find which would work in China and where a special Chinese approach was necessary.

(b) The constitution of 1950 (officially adopted 1954)

This included the National People's Congress (the final authority for legislation), whose members were elected for four years by people over 18. There was also a State Council and the Chairman of the Republic (both elected by the Congress), whose function was to make sure that laws were carried out and that the administration of the country went ahead. The State Council chose the Political Bureau (Politburo), which took all the main decisions. The whole system was, of course, dominated by the Communist Party, and only party members could stand for election. The constitution was important because it provided China with a strong central government for the first time for many years, and it has remained largely unchanged (see Fig. 20.1).

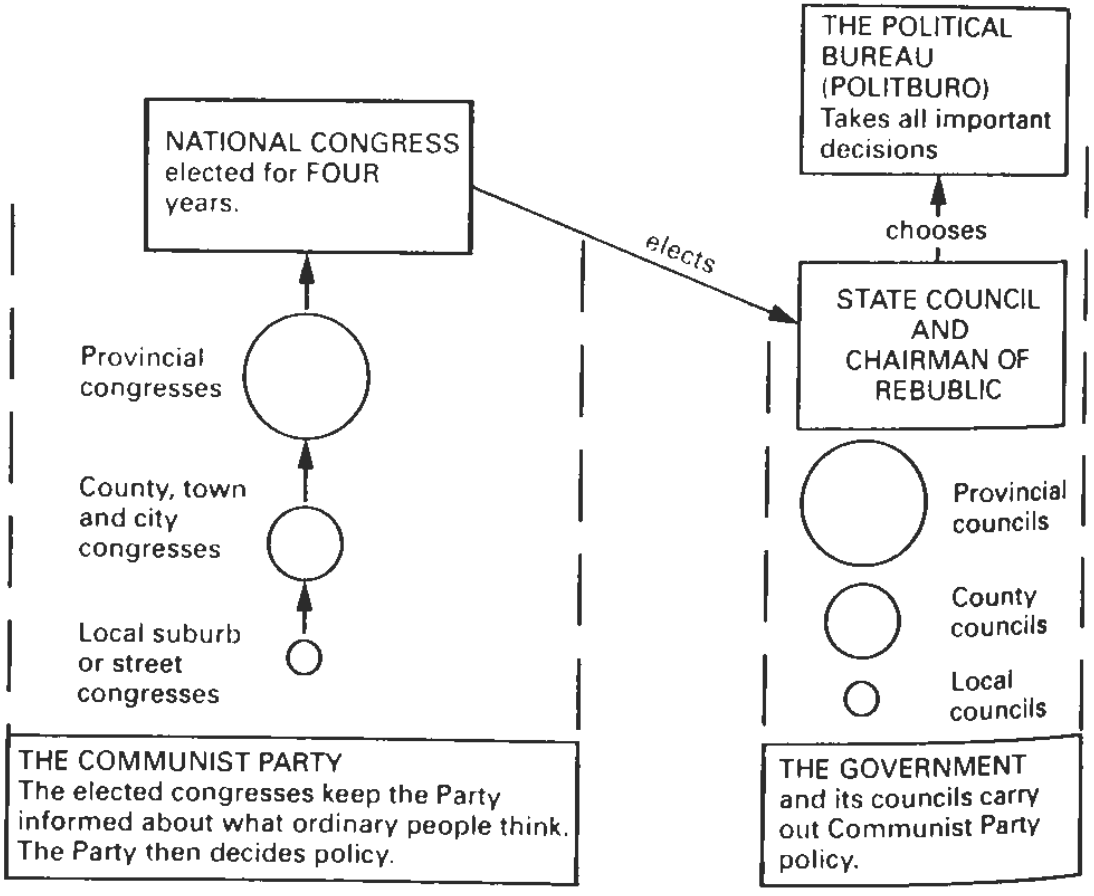

Figure 20.1 **How the government of China works**

(c) Agricultural changes

These transformed China from a country of small, inefficient private farms into one of large co-operative farms like those in Russia (1950–6). In the first stage, land was taken from large landowners and redistributed among the peasants, no doubt with violence in places. Some sources mention as many as two million people killed, though historian Jack Gray, writing in 1970, when Mao was still alive, claimed that 'the redistribution of China's land was carried out with a remarkable degree of attention to legality and the minimum of physical violence against landlords'. Recently, however, during the atmosphere of good-will and openness surrounding the 2008 Beijing Olympics, the Chinese authorities decided to declassify some secret archives and make them available for historians. These show that the official accounts of a number of events and policies do not tell the whole truth; achievements were exaggerated and unpleasant events were either toned down or not reported at all. Professor Frank Dikotter of the University of Hong Kong has shown that in some areas there were very few wealthy landowners, since the land was already fairly equally divided between the peasants. What actually happened was that their land was taken away from them and redistributed to communist party activists, with considerable violence, torturing and execution. One document from the Hebei archives reported that:

> When it comes to the ways in which people are killed, some are buried alive, some are executed, some are cut to pieces, and among those who are strangled or mangled to death, some of the bodies are hung from trees or doors.

By 1956, whatever the methods used, about 95 per cent of all surviving peasants were in collective farms with joint ownership of the farm and its equipment.

(d) Industrial changes

These began with the government nationalizing most businesses. In 1953 it embarked on a Five Year Plan concentrating on the development of heavy industry (iron, steel, chemicals and coal). The Russians helped with cash, equipment and advisers, and the plan had some success. Before it was complete, however, Mao began to have grave doubts as to whether China was suited to this sort of heavy industrialization. On the other hand he could claim that under his leadership the country had recovered from the ravages of the wars: full communications had been restored, inflation was under control and the economy was looking much healthier.

(e) The Hundred Flowers campaign (1957)

This seems to some extent to have developed out of industrialization, which produced a vast new class of technicians and engineers. The party *cadres* (groups who organized the masses politically and economically – the collectivization of the farms, for example, was carried out by the cadres) believed that this new class of experts would threaten their authority. The government, feeling pleased with its progress so far, decided that open discussion of the problems might improve relations between cadres and experts or intellectuals. 'Let a hundred flowers bloom and a hundred schools of thought contend', said Mao, calling for constructive criticism. Unfortunately he got more than he had anticipated as critics attacked:

- the cadres for incompetence and over-enthusiasm;
- the government for over-centralization;

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- the Communist Party for being undemocratic; some suggested that opposition parties should be allowed.

Mao hurriedly called off the campaign and clamped down on his critics, insisting that his policies were right. The campaign showed how much opposition there still was to communism and to the uneducated cadres, and it convinced Mao that a drive was needed to consolidate the advance of socialism; so in 1958 he called for the 'Great Leap Forward'.

(f) The Great Leap Forward

Mao felt that something new and different was needed to meet China's special problems – something not based on Russian experience. The Great Leap Forward involved further important developments in both industry and agriculture, in order to increase output (agriculture in particular was not providing the required food) and to adapt industry to Chinese conditions. Its most important features were:

1 The introduction of communes. These were units larger than collective farms, containing up to 75 000 people, divided into brigades and work teams with an elected council. They ran their own collective farms and factories, carried out most of the functions of local government within the commune and undertook special local projects. One typical commune in 1965, for example, contained 30 000 people, of which a third were children at school or in crèches, a third were housewives or elderly, and the rest were the workforce. This included a science team of 32 graduates and 43 technicians. Each family received a share of the profits and also had a small private plot of land.
2 A complete change of emphasis in industry. Instead of aiming for large-scale works of the type seen in the USSR and the West, much smaller factories were set up in the countryside to provide machinery for agriculture. Mao talked of 600 000 'backyard steel furnaces' springing up, organized and managed by the communes, which also undertook to build roads, canals, dams, reservoirs and irrigation channels.

At first it looked as though the Great Leap might be a failure: there was some opposition to the communes, a series of bad harvests (1959–61) and the withdrawal of all Russian aid following the breach between Russia and China. All this, coupled with the lack of experience among the cadres, caused hardship in the years 1959–63; statistics which emerged later suggested that some 20 million people may have died prematurely as a result of hardships, especially the disastrous famine of 1959–60, caused by the Great Leap. Even Mao's prestige suffered and he was forced to resign as Chairman of the People's Congress (to be succeeded by Liu Shaoqi), though he remained Chairman of the Communist Party. Professor Dikotter's researches in the newly opened archives reveal that the situation was much worse than the official account shows. Towards the end of the Great Leap Forward, special teams were sent out to discover the extent of the disaster around the country. Their findings included reports on peasant resistance during the collectivization campaign, reports about mass murders, confessions of leaders responsible for millions of deaths and reports about working conditions. In the words of Professor Dikotter:

> What comes out of this massive and detailed dossier is a tale of horror in which Chairman Mao emerges as one of the greatest mass murderers in human history, responsible for the premature deaths of at least 45 million people between 1958 and 1962. It is not merely the extent of the catastrophe that dwarfs earlier estimates, but also the manner in which many people died: between two and three million victims were

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tortured to death or summarily killed, often for the slightest infraction. When a boy stole a handful of grain in a Hunan village, local boss Xiong Dechang, forced his father to bury him alive. The father died of grief a few days later. … The killing of slackers, weaklings, those too ill to work, or otherwise unproductive elements, increased the overall food supply for those who contributed to the regime through their labour. At one meeting Mao announced: 'It is better to let half the people die so that the other half can eat their fill'.

However, in the long term the importance of the Great Leap became clear. According to the official account, by the early 1970s both agricultural and industrial production had increased substantially, and China was at least managing to feed its massive population without any further famine (which had rarely happened under the KMT). The communes proved to be a successful innovation. They were much more than merely collective farms – they were an efficient unit of local government and they enabled the central government in Beijing to keep in touch with local opinion. They seemed to be the ideal solution to the problem of running a vast country while at the same time avoiding the over-centralization that stifles initiative. The crucial decision had been taken that China would remain predominantly an agricultural country with small-scale industry scattered around the countryside. The economy would be labour-intensive (relying on massive numbers of workers instead of using labour-saving machines). Given the country's enormous population, this was arguably the best way of making sure that everybody had a job, and it enabled China to avoid the growing unemployment problems of the highly industrialized western nations. Other genuine benefits were the spread of education and welfare services and a reduction in infant mortality, which fell from 203 per thousand births in 1949 to 84 by the end of the 1960s. There was also a definite improvement in the position of women in society. Again, however, the true picture may well not be quite so rosy as it appears. In 2012 Jonathan Fenby, an expert in Chinese affairs, making use of the latest research, claimed that Mao 'had brought the country to its knees' and that China was virtually bankrupt in 1976 when Mao died.

(g) The Cultural Revolution (1966–9)

This was Mao's attempt to keep the revolution and the Great Leap on a pure Marxist–Leninist course, and to hit back at what he considered to be an over-bureaucratic party leadership under his deputy, Liu Shauqi. In the early 1960s, when the success of the Great Leap was by no means certain, opposition to Mao grew. Right-wing members of the Party believed that incentives (piecework, greater wage differentials and larger private plots, which had been creeping in in some areas) were necessary if the communes were to function efficiently. They also felt that there should be an expert managerial class to push forward with industrialization on the Russian model, instead of relying on the cadres. Even Deng Xiaoping, one of Mao's most loyal supporters, had grave doubts about the wisdom of the Great Leap. But to the Maoists, these ideas were totally unacceptable; it was exactly what Mao was condemning among the Russians, whom he dismissed as 'revisionists' taking the 'capitalist road'. The Party must avoid the emergence of a privileged class who would exploit the workers; it was vital to keep in touch with the masses.

Between 1963 and 1966 there was a great public debate between the rightists (including Liu Shaoqi and Deng Xiaoping) and the Maoists about which course to follow. Mao, using his position as Chairman of the Party to rouse the young people, launched a desperate campaign to 'save' the revolution. In this Great Proletarian Cultural Revolution, as he called it, Mao appealed to the masses. His supporters, the Red Guards (mostly students), toured the country arguing Mao's case, and carrying their Little Red Books containing the thoughts of Chairman Mao. In some areas schools, and later factories, were closed down,

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as young people were urged to move into the countryside and work on farms. If questioned, they were required to say that they would like to spend their whole lives on the farm, whether it was true or not. It was an incredible propaganda exercise in which Mao was trying to renew revolutionary fervour.

Unfortunately it brought chaos and something close to civil war. Once the student masses had been roused, they denounced and physically attacked anybody in authority, not just critics of Mao. Teachers, professionals, local party officials, all were targets; millions of people were disgraced and ruined. By 1967 the extremists among the Red Guards were almost out of control, and Mao had to call in the army, commanded by Lin Biao, to restore order. Mao, privately admitting that he had made mistakes, in public blamed his advisers and the Red Guard leaders. Many were arrested and executed for 'committing excesses'. At the party conference in April 1969 the Cultural Revolution was formally ended, and Mao was declared free of all blame for what had happened. Later, Mao blamed Defence Minister Lin Biao (his chosen successor), who had always been one of his most reliable supporters, for the over-enthusiasm of the Red Guards. Some sources claim that Mao decided to make Lin Biao the scapegoat because he was trying to manoeuvre Mao into retiring. He was accused of plotting to assassinate Mao (which was highly unlikely), and was killed in an air crash in 1971 while trying to escape to the USSR, or so the official reports claimed.

The Cultural Revolution caused great disruption, ruined millions of lives and probably held up China's economic development by ten years. And yet in spite of that, there was probably some economic recovery in the last few years before Mao's death. Certainly China had made great strides since 1949. Nevertheless, Jonathan Fenby's recent verdict on Mao was damning:

> In general, China had been laid low by his experiments. Poverty was institutionalized. Much of the country was still in a pre-industrial stage. Productivity had slumped. Urban wages were half what they had been under the Nationalist Republic. It took six months' pay to buy a sewing machine. In Guangdong 90 per cent of would-be army recruits were rejected on grounds of size or health. ... Productive people were demoralized. Trade was tiny. If there was equality in the People's Republic, it was the equality of poverty.

The most surprising development in Mao's policies during his last years was in foreign affairs when Mao and Zhou En-lai decided it was time to improve relations with the USA (see Section 8.6 (a) and (c)).

20.2 LIFE AFTER MAO

(a) A power struggle followed the death of Mao in 1976

There were three main contestants to succeed Mao: Hua Guofeng, named by Mao himself as his successor; Deng Xiaoping, who had been sacked from his position as general secretary of the Party during the Cultural Revolution for allegedly being too liberal; and a group known as the Gang of Four, led by Jiang Qing, Mao's widow, who were extremely militant Mao supporters, more Maoist than Mao himself. Jiang Qing did her best to muscle in and sideline Hua. But she was extremely unpopular with most sections of Chinese society, and it was said that she suffered from an 'empress syndrome'. When the Gang attempted to stage a coup, this gave Hua an excuse to have them arrested. Meanwhile Deng Xiaoping kept very much in the background, and Hua seemed set to become Supreme Leader.

Hua was keen to press ahead with industrialization and he introduced an ambitious ten-year plan which included an increase in oil production. But things soon went wrong: a large oil rig collapsed with the loss of scores of lives; expensive imported technology and

insufficient exports resulted in the biggest trade gap since the mid-1950s; and inflation cancelled out wage increases. Hua Guofeng was blamed for the failures and Deng seized the chance to get rid of him. In 1980 the Politburo decided that Hua 'lacks the political and organizational ability to be the Chairman of the Party'. Hua was forced to resign, leaving the 73-year-old Deng as undisputed leader (June 1981).

In the words of Robert Service: 'Deng was as hard as teak. He endured as many demotions as promotions at Mao's hand since the 1950s. His son was crippled from the waist down after leaping from a window to escape physical maltreatment in the Cultural Revolution. Deng was forthright about the need for change … and he knew he had no time to waste if he wanted to make the changes he wanted.' As a gesture of open criticism of Mao and his policies, the Gang of Four were put on trial for 'evil, monstrous and unpardonable crimes' committed during the Cultural Revolution. They were all found guilty and sentenced to life imprisonment. The Central Committee of the Party (CCP) issued a 'Resolution' condemning the Cultural Revolution as a grave 'Left' error for which Mao himself was chiefly responsible. However, Mao was praised for his successful efforts to 'smash the counter-revolutionary Lin Biao clique'. As historian Steve Smith explained: 'By pinning the blame on one man in this fashion, the Resolution sought to exculpate the "overwhelming majority" of CCP leaders who were said to have been on the right side in the struggle. The Resolution thus underwrote a shift of authority within the CCP from a single leader to a collective leadership.'

(b) There was a period of dramatic policy changes

This new phase began in June 1978 as Deng Xiaoping gained the ascendancy. Deng somehow succeeded in persuading the Politburo that changes were vital, after all the upheavals and crises caused by the Great Leap Forward and then the Cultural Revolution.

1. Many changes introduced during the Cultural Revolution were reversed: the revolutionary committees set up to run local government were abolished and replaced by more democratically elected groups. Property confiscated from former capitalists was returned to survivors, and there was more religious freedom and greater freedom for intellectuals to express themselves in literature and the arts.
2. In economic matters Deng and his protégé Hu Yaobang wanted technical and financial help from the West in order to modernize industry, agriculture, science and technology. Loans were accepted from foreign governments and banks, and contracts signed with foreign companies for the supply of modern equipment. In 1980 China joined the International Monetary Fund (IMF) and the World Bank. On the home front, permission was given for the setting up of private industrial companies. State farms were given more control over planning, financing and profits; bonuses, piece-rates and profit-sharing schemes were encouraged; the state paid higher prices to the communes for their produce and reduced taxes in order to stimulate efficiency and output. These measures had some success – grain output reached a record level in 1979, and many peasants became prosperous.

As so often happens, this reform programme led to demands for more radical reform.

(c) Demands for more radical reform: the Democracy Wall

In November 1978 there was a poster campaign in Beijing and other cities, often in support of Deng Xiaoping. Soon there were massive demonstrations demanding more drastic

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changes, and early in 1978 the government felt obliged to ban marches and poster campaigns. However, there still remained what was called the 'Democracy Wall' in Beijing, where the public could express itself with huge wall posters (*Dazibao*); During 1979 the posters displayed there became progressively more daring, attacking Chairman Mao and demanding a wide range of human rights:

- the right to criticize the government openly;
- representation for non-communist parties in the National People's Congress;
- freedom to change jobs and to travel abroad;
- abolition of the communes.

This infuriated Deng, who had approved the Democracy Wall in the first place only because most of the posters were criticizing the Gang of Four. Now he launched a fierce attack on the leading dissidents, accusing them of trying to destroy the socialist system. Several were arrested and given prison sentences of up to 15 years. In November 1979 the Democracy Wall was abolished altogether. Law and order and party discipline were restored. 'Without the party', Deng remarked, 'China will retrogress into divisions and confusions.'

(d) Modernization and its problems

Following the first flush of reforming zeal and the embarrassment of the Democracy Wall, the pace slowed considerably. But Deng, together with his two protégés, Hu Yaobang (party general secretary) and Zhao Ziyang (prime minister), was determined to press ahead with modernization as soon as possible.

Zhao Ziyang had won a reputation as a brilliant administrator in Sichuan province where he was responsible for an 80 per cent increase in industrial production in 1979. He also began experiments, later extended to the whole country, to break up the communes so as to give peasants control of individual plots. The land, although still officially owned by the state, was divided up and allocated to individual peasant households, which would be allowed to keep most of the profits. This was successful in raising agricultural production, and the standard of living for many people improved. In December 1984 Zhao announced that compulsory state purchase of crops was to be abandoned; the state would continue to buy staple products, but in much smaller quantities than before. Prices of surplus grain, pork, cotton and vegetables would be allowed to fluctuate on the open market.

By this time, however, modernization, and what Deng called the move to 'market socialism', were having some unfortunate side effects. Although exports increased by 10 per cent during 1984, imports increased by 38 per cent, leaving a record trade deficit of $1100 million, and causing a sharp fall in China's foreign exchange reserves. The government tried with some success to control imports by placing heavy duties on all imported goods except vital raw materials and microchip equipment (80 per cent on cars and 70 per cent on colour televisions and video players). Another unwelcome development was that the annual rate of inflation began to rise, reaching 22 per cent in 1986.

(e) The thoughts of Deng Xiaoping

Apparently not unduly worried by these trends, the 82-year-old Deng explained his ideas for the future in a magazine article of November 1986. His main aim was to enable his people to get richer. By the year 2000, if all went well, the average annual income per head

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should have risen from the equivalent of £280 to somewhere near £700, and China's production should have doubled. 'To get rich is not a crime', he added. He was happy with the way agricultural reform was going, but emphasized that in industry, sweeping decentralization was still needed. The Party must withdraw from administrative tasks, issue fewer instructions and allow more initiative at the lower levels. Only capitalist investment could create the conditions in which China could become a prosperous, modernized state. His other main theme was China's international role: to lead a peace alliance of the rest of the world against the dangerous ambitions of the USA and the USSR. Nothing, he said, could possibly alter the course he had set for his country.

20.3 TIANANMEN SQUARE, 1989 AND THE CRISIS OF COMMUNISM

(a) The crisis of 1987

In spite of his radical words, Deng always had to keep an eye on the traditional, conservative or Maoist members of the Politburo, who were still powerful and might be able to get rid of him if his economic reforms failed or if party control seemed to be slipping. Deng was doing a clever balancing act between the reformers like Zhao Ziyang and Hu Yaobang on the one hand, and the hardliners like Li Peng on the other. Deng's tactics were to encourage criticism from students and intellectuals, but only up to a point: enough to enable him to drop some of the oldest and most inefficient party bureaucrats. If the criticism looked like getting out of hand, it had to be stopped (as had happened in 1979) for fear of antagonizing the hardliners.

In December 1986 there was a series of student demonstrations supporting Deng Xiaoping and the 'Four Modernizations' (agriculture, industry, science and defence), but urging a much quicker pace and, ominously, more democracy. After the students ignored a new ban on wall posters and a new rule requiring five days' notice for demonstrations, Deng decided that this challenge to party control and discipline had gone far enough, and the demonstrators were dispersed. However, it had been enough to alarm the hardliners, who forced the resignation of the reformer Hu Yaobang as party general secretary. He was accused of being too liberal in his political outlook, encouraging intellectuals to demand greater democracy and even some sort of opposition party. Although this was a serious blow to Deng, it was not a complete disaster since his place was taken by Zhao Ziyang, another economic reformer, but one who had so far kept clear of controversial political ideas; however, Li Peng, a hardline supporter of order and authority, took Zhao's place as prime minister, and he demanded a clampdown on all further protests.

Zhao soon announced that the government had no intention of abandoning its economic reform programme, and promised new measures to speed up financial reform, and at the same time, a clampdown on 'bourgeois intellectuals' who threatened party control. This highlighted the dilemma facing Deng and Zhao: was it possible to offer people a choice in buying and selling and yet deny them any choice in other areas such as policies and political parties? Many western observers thought it was impossible to have one without the other (and so did Gorbachev in the USSR), and by the end of January 1987 there were signs that they could be right. On the other hand, if the economic reforms proved successful, Deng and Zhao could turn out to be right.

(b) Tiananmen Square, 1989

Unfortunately for Deng and Zhao, the economic reforms ran into problems during 1988 and 1989. Inflation went up to 30 per cent, and wages, especially of state employees (such

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as civil servants, party officials, police and soldiers), lagged well behind prices. Probably encouraged by Gorbachev's political reforms, and the knowledge that he was to pay a visit to Beijing in mid-May 1989, student demonstrations began again in Tiananmen Square on 17 April; they were demanding political reform, democracy and an end to Communist Party corruption. On 4 May, Zhao Ziyang said that the students' 'just demands would be met', and allowed the press to report the demands; but this outraged Deng. The demonstrations continued throughout Gorbachev's visit (15–18 May, to mark the formal reconciliation between China and the USSR) and into June, with sometimes as many as 250 000 people occupying the square and surrounding streets. The scene was vividly described by John Simpson (in *Despatches from the Barricades*, Hutchinson, 1990), the Foreign Affairs editor of the BBC, who was there for much of the time:

> There was a new spirit of courage and daring. ... There was a sense of liberation, that just to be in the Square was a statement in itself. People smiled and shook my hand ... everyone, it seemed, listened to the BBC's Chinese language service. The gentleness, the smiles and the headbands were irresistibly reminiscent of the big rock concerts and the anti-Vietnam demonstrations in the 1960s. There was the same certainty that because the protesters were young and peaceful the government must capitulate. ... Food was delivered on a regular basis. Ordinary people responded with generosity to requests for bottled water. ... Hundreds of thousands of people had decided to join in on the side which seemed certain to win. The major avenues of Peking were blocked with bicycles, cars, lorries, buses and flatbed trucks all heading for the Square, filled with people cheering, singing, playing musical instruments, waving flags, enjoying themselves. The racket of it all could be heard streets away. ... Victory seemed a foregone conclusion; how could any government resist a popular uprising of this magnitude?

It certainly began to look very much as though the government had lost control and might soon give way to the demands. Behind the scenes, however, a power struggle was going on in the Politburo between Zhao Ziyang and the hardline Li Peng, the prime minister. Li Peng, with the support of Deng Xiaoping, eventually won. On 20 May Deng declared martial law, and sent Li Peng to negotiate with the protesters. When negotiations failed, thousands of troops were brought in, and on 3–4 June the army, using paratroopers, tanks and infantry, attacked the students, killing between 1500 and 3000 of them (see Illus. 20.1). Tiananmen Square was under government control again, and demonstrations in other large cities were also dispersed, though with less bloodshed. The protest leaders were sentenced to long terms in labour camps. Zhao Ziyang was removed from his position as party chief and replaced by Jiang Zemin, a more 'middle of the road' politician. The hardliners were triumphant and Prime Minister Li Peng became the leading figure, when the 85-year-old Deng stepped down as premier in November 1989.

There was worldwide condemnation of the massacres, but Deng and the hardliners were convinced that they had taken the right decision. They felt that to have given way to the students' demands for democracy would have caused too much disruption and confusion; one-party control was needed to supervise the transition to a 'socialist market economy'. Later, events in the USSR seemed to prove them right: when Mikhail Gorbachev tried to introduce economic and political reforms both at the same time, he failed; the Communist Party lost control, the economic reforms were a disaster, and the USSR broke up into 15 separate states (see Section 18.3). Whatever the rest of the world thought about the Tiananmen Square massacres, the Chinese leadership could congratulate itself on avoiding Gorbachev's mistakes and preserving communism in China at a time when it was being swept away in eastern Europe.

Illustration 20.1 **Tanks advance in Tiananmen Square, Beijing, June 1989; the man was pulled away by bystanders**

20.4 THE CHANGING FACE OF COMMUNISM IN CHINA

China's leaders were deeply disturbed by the collapse of communism in eastern Europe. Although they had clamped down on any political changes, Deng Xiaoping, Li Peng and Jiang Zemin were still committed to progressive 'open door' economic policies. Deng often warned that disaster awaited countries where reform proceeded too slowly. He hoped that a successful economy which enabled more and more people to become prosperous would make people forget their desire for 'democracy'. During the 1990s the economy was booming; from 1991 to 1996 China led the world, with average GDP increases of 11.4 per cent, and living standards were rising fast. Eastern and southern China were especially prosperous: cities were growing rapidly, there was significant foreign investment and there were plenty of consumer goods for sale. On the other hand, some of the remote western provinces were not sharing in the prosperity.

A new Five Year Plan, unveiled in March 1996, aimed to keep the economic boom on course by increasing grain production, keeping average GDP growth at 8 per cent, and spreading wealth more evenly among the regions. Although Deng Xiaoping died in 1997, Jiang Zemin, who became the next president, could be relied on to continue his policies in spite of criticism from the party hardliners. Public unrest had all but disappeared, partly because of China's economic success, and partly because of the government's ruthless treatment of dissidents. Jiang was determined to launch an assault on corruption within the Party; this was mainly to please the hardliners, who blamed the widespread corruption on Deng's capitalist reforms; it would also help to silence the dissidents who had made corruption one of their favourite targets. In 2000 there was a series of trials of high-ranking officials, several of whom were found guilty of fraud and accepting bribes; some were executed and others received long prison sentences. The

government even organized an exhibition in Beijing to show how well it was dealing with corruption.

Jiang's next step (May 2000) was to announce what he called *the Three Represents*, an attempt to define what the CCP stood for, and also to emphasize that no matter how much the economic system might change, there would be no dramatic political changes, and certainly no moves towards democracy, so long as he was in control. He pointed out that the CCP represented three main concerns – to look after:

- China's development and modernization;
- China's culture and heritage;
- the interests of the vast majority of the Chinese people.

To help make good the claim that the Party genuinely represented all the people, Jiang announced (July 2001) that it was now open to capitalists. The hardliners, who still clung to the idea that communist parties were there for the good of the working class, criticized this move. However, Jiang thought it was reasonable since the capitalists had been responsible for most of China's recent economic success, and he pressed ahead regardless. Many of the capitalists were delighted to join, since party membership gave them access to political influence. Restrictions were relaxed on trade unions: workers were now allowed to protest to employers about problems of safety, poor working conditions and long working hours. More good news came with the announcement that Beijing was to host the 2008 Summer Olympics.

(a) Leadership changes

Jiang Zemin, general secretary of the Party and president of China, together with several others among the older leaders, were due to step down from their posts at the Sixteenth Congress of the CCP, to be held in November 2002, the first to take place since 1997. In his final speech as general secretary, the 76-year-old Jiang voiced his determination that the CCP must remain in absolute power, and that this would involve broadening the power base of the Party so that all classes would be represented. 'Leadership by the Party', he said, 'is the fundamental guarantee that the people are the masters of the country and that the country is ruled by law.' With that, Jiang retired as general secretary, though he was to remain president until the National People's Congress met in March 2003. Hu Jintao was elected CCP general secretary in place of Jiang.

The National People's Congress saw the completion of the sweeping leadership changes. Hu Jintao was chosen as the new president and he appointed Wen Jiabao as prime minister or premier. Wen had a reputation as a progressive, and was considered lucky to have survived the purges after the Tiananmen Square massacres in 1989. It was not long before the new leadership announced some important changes, both economic and political.

- Parts of some of China's largest state-owned enterprises were to be sold off to foreign or private companies; some smaller companies were allowed to become private. However, the government emphasized that it was committed to retaining control of many large industries (November 2003).
- In December 2003, six independent candidates were allowed to stand in local elections in Beijing for the district legislature. They were standing against over 4000 official CCP candidates, so that even if all six were elected, their impact would be minimal. However, it was an interesting departure from the usual practice.

Meanwhile China's economic success continued, despite an outbreak of the deadly SARS (severe acute respiratory syndrome) virus during the early summer of 2003, which infected over 5000 people and killed around 350. Statistics showed that during 2003 the economy had expanded by over 8 per cent, its fastest rate for six years; this was thought to be largely the result of a shift towards consumer spending. The government claimed that it had created over 6 million jobs during the year. Many of the new factories were foreign-owned – multinational firms could hardly wait to set up business in China in order to exploit the cheap labour. By 2010 China had become the world's largest manufacturer and exporter. It was the largest maker of steel and the biggest user of energy. In the words of Jonathan Fenby:

> The last major state on earth to be ruled by a Communist party plays a pivotal role in the global supply chain, assembling goods for foreign firms at prices they could not achieve at home. It has the largest monetary reserves of any country, topping $2.3 trillion. Its cheap labour, cheap capital, productivity and sheer competitiveness have exported price deflation to the rest of the globe, while its voracious appetite for raw materials laps up oil from Africa, the Middle East and Latin America, iron ore from Brazil, coal and more ore from Australia, timber from Russia, and key metals from wherever they are mined. … Growth and modernization have transformed society and demographics. Average annual per capita income has soared from 528 yuan in the early 1980s to 18,100 in urban areas and 5900 in the countryside. (The 2010 exchange rates were £1 = 10 yuan, $1 = 6.4 yuan, 1 euro = 8.7 yuan.)

Nevertheless, there were many areas of concern.

- Prosperity was not evenly spread: incomes and living standards were improving steadily for the two-fifths of the total population of 1.3 billion who lived in towns and cities; but millions of rural Chinese, especially in the west of China, were still struggling on or below the poverty line. According to UN statistics, more than 200 million Chinese were still living in 'relative poverty', while over 20 million were living in 'absolute poverty'. It was estimated that around 300 million people had no access to clean drinking water. At the other end of the scale, almost one million people were reported to be millionaires (in terms of dollars or sterling).
- The economy was expanding so fast that it was in danger of moving into over-production, which could lead to a reduction in sales and a slump. For example, in 2009 excess capacity stood at 28 per cent in steel production and at 33 per cent in aluminium. It seems likely that within a few years car companies will have 20 per cent too much plant.
- China's success caused strained relations with the USA, where manufacturers were feeling the competition from cheaper Chinese goods. Washington blamed the Chinese for the loss of millions of US jobs, complaining, with some justification, that the yuan was being deliberately undervalued in order to give Chinese exports an unfair advantage.
- Chinese banks were suffering from problems of overlending and bad debts. They had been guilty of overspending on a huge range of building projects in the main cities, new roads and railways, and what was deemed to be the world's largest engineering project – the Three Gorges Dam. Many of the state-run companies which received the loans have failed to repay. In 2004 the Chinese government was forced to bail out two of the largest state-owned banks – the Bank of China and China Construction Bank – to the tune of £24.6 billion.
- In spite of all the economic progress, the government continued to oppose any demands for political change. Anybody who complained publicly or staged a

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protest demonstration would be ruthlessly suppressed. In fact China had signed an agreement accepting UN advice on how to improve its justice and police systems, and promising to improve its human rights record (November 2000). However, in February 2001, Amnesty International complained that China was actually increasing its use of torture in the questioning of political dissidents, Tibetan nationalists and members of Falun Gong (a semi-religious organization which practised meditation, and which had been banned in 1999 on the grounds that it was a threat to public order). Dissidents were making more use of the internet, setting up websites and communicating with each other by email; the government therefore began a determined clampdown on 'internet subversion', persuading Google and others not to include politically sensitive material in their coverage of China.

- As the decade progressed, discontent grew, especially among peasants in the countryside. They had done well from the break-up of the communes and had made good profits from selling much of their harvests. But now they were being taxed heavily and were also being exploited by local governments which illegally seized their land and sold it to offset their debts. In 2004 there were no fewer than 74 000 'mass incidents' or public protests against a wide variety of malpractice – lack of democracy, high taxes, high prices, corruption in high places and safety scandals. The government stepped up its repressive policies and by 2012 it was estimated that between 5 and 6 million dissidents were being held in labour camps. Many of them had been tortured.

Wen Jiabao was the only leading politician to show any sympathy with these dissenters. He publicly called for political and legal reform, and the need to respect people's rights – including the ownership rights of farmers. But Hu Jintao had developed a consensus style of government in which, although different power groups exist, they restrain each other, so that only mutually beneficial policies are followed, and no real reforming progress can be made. Some commentators even think that Wen's performance, as Jonathan Fenby puts it, 'is all part of an orchestrated campaign to dangle the possibility of reform that will never be delivered'. Meanwhile the economy continued to perform well. In 2008–9, when the rest of the world was suffering from the global financial crisis (see Section 27.7), China seemed to emerge relatively unscathed. As the global economy continued in crisis, it was reported in 2011 that President Sarkozy of France, emerging from a summit meeting discussing how to save the eurozone, immediately telephoned Beijing to ask for help. The cry went up around Europe and the Americas: 'Will China save the world?'

(b) What of the future?

Hu Jintao and Wen Jiabao were due to reach the end of their term in office in 2012. Determined to go out on a high, in 2011 they introduced another Five Year Plan, to be completed in 2015. This aimed to increase spending on research and development (R&D) so that China could move away from low-cost manufacturing and into more advanced industrial production. For example, work was in progress to produce a 220-seat airliner, to be flying by 2016, and a preliminary agreement had been signed with Ryanair, the low-cost airline. In 2012 China had 13 nuclear power stations, and was planning to have at least 120 by 2020. A Chinese astronaut had already walked in space, and there were plans to land a man on the moon by 2020.

All this raises many questions. Will China overtake the USA as the world's greatest power? If the Chinese 'economic miracle' continues, will this plunge Europe and the USA into mass unemployment and ruin? And does it also mean that the Chinese political system

is more efficient than western-style democracy? There has been no shortage of people willing to answer that question. The American political scientist Francis Fukuyama argues that China's one-party system enables decisive action to be taken, avoiding 'the delays of a messy democratic process'. The financier George Soros believes that China has 'not only a more vigorous economy, but actually a better-functioning government than the United States'.

On the other hand, some western and Chinese observers take the opposite view. Critics argue that with the falling birth rate, demand will inevitably decline, leaving China with a large over-capacity problem; money has been wasted on vast infrastructure projects that will never bring any return, and there is an enormous problem of non-performing loans. Perhaps the most serious weakness is the steadily increasing social tensions. Ai Weiwei, the well-known Chinese artist, compared the country to 'a runner sprinting very fast – but he has a heart condition'. But when he voiced his concerns publicly, he was arrested for 'economic crimes' in 2011. Others critics point to the increasing disparity between rich and poor, and between countryside and city, the poor quality and the rising expense of health care, and the vast amount of corruption. In 2011 there were a staggering 180 000 'collective protest incidents'. Roderick MacFarquhar, writing in 2011, argued that it was as though China were sitting on some massive geological fault which must one day split wide open, plunging the whole country into ruin. By the autumn of 2012 there were ominous signs as exports began to fall and large stockpiles of coal, steel and cars were reported, and many firms producing cheap clothing for export collapsed. One sales manager lamented: 'I feel like a blossoming summer has turned into a dull winter. In 2008 we didn't feel the crisis at all. This year we do feel that the crisis has really struck.'

As China moved towards October 2012, preparations were under way for the handover of power after Hu and Wen stand down. The likely candidates seemed to be Xi Jinping, the party secretary in Shanghai, and Li Keqiang, a close associate of Hu. But behind the scenes there were competing factions, each with ambitions. For example, Bo Xilai of Chongquing seemed to have leadership ambitions. He became party secretary in Chongqing in 2007 and was responsible for what became known as the Chongqing experiment. According to Professor Wang Hui of Tsinghua University in Beijing:

> The Chongqing model operated within China's existing political institutions and development structures which emphasise attracting business and investment, but involved quite distinctive social reforms. Large-scale industrial and infrastructural development went hand in hand with an ideology of greater equality – officials were instructed to 'eat the same, live the same, work the same' as the people – and an aggressive campaign against organized crime. Open debate and political participation were encouraged, and policies adjusted accordingly. No other large-scale political and economic programme has been carried out so openly since the reform era began in 1978 soon after Mao's death.

During 2011 the movement spread to Beijing, and it seemed that Bo and his policies had won the support of Xi Jinping. Unfortunately for Bo, this all coincided with decisions by Hu and Wen to put political reform on hold and to tighten up bureaucracy and control from the centre. The idea of different local models ran counter to this trend. Bo had also made the mistake of suggesting that the Chongquing model compared in importance with Mao's Cultural Revolution. This gave Wen the chance to announce that the Chongquing reforms would lead to a repeat of the chaos caused by the Cultural Revolution. Therefore it must be condemned and placed on the list of subjects not available for public discussion. In March 2012 Bo was sacked as Chongqing party secretary on the grounds of corruption. In reality the government's aim was to clamp down on

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political freedom so that it would be easier to continue pressing ahead with their unpopular neo-liberal policies. At the same time it got rid of a dangerous leadership rival. In fact Jonathan Fenby, in his reply to Professor Wang Hui (in the *London Review of Books*, 24 May 2012), is convinced that this was the real reason why Bo was removed. 'He had simply become too big for his boots ahead of the selection of a new Politburo Standing Committee at the Communist Party Congress later this year. When word spread that he sought the internal security portfolio on the Standing Committee, his downfall was guaranteed.' His ruin seemed complete when, in September 2012, he was expelled from the Communist Party.

In November 2012, at the party congress in the Great Hall of the People in Beijing, Hu Jintao formally handed power over to the next leader, Xi Jinping. China had certainly changed in the ten years since Hu came to power. In 2002 it was the world's sixth largest economy, now it is the second. For the first time it has become an urban nation, with just over half of its 1.4 billion people living in cities. However, Premier Xi Jinping and his prime minister, Li Keqiang, face serious problems. The economy is unhealthy, and many experts are advising that China's state-owned enterprises should be privatized. But there is little sign of any such radical changes on the agenda. There is considerable social unrest, caused by the widening gap between rich and poor, the widespread corruption within the communist party, and the revelations that many of the party leaders and their families have amassed huge personal fortunes. According to Bo Zhiyue, a research fellow at the National University of Singapore, 'corruption within the Chinese Communist Party is so rampant ... if they don't do anything about this they will lose credibility very quickly. ... Eventually the credibility deficit will become so huge that it could mean the collapse of the CCP as the ruling party' (*Guardian*, 9 November 2012).

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QUESTIONS

1 'A total and unmitigated disaster.' How far would you agree with this comment on the policies of Mao Zedong and the Chinese Communist Party during the period 1949–60?
2 'The Cultural Revolution of 1966–9 was an attempt by Mao Zedong to protect his own power and position rather than a genuine battle of ideas.' To what extent do you think this is a fair verdict on Mao's Cultural Revolution?
3 'Neither in his economic nor in his political outlook could Deng Xiaoping be considered to be a liberal.' How far would you agree with this view?
4 Assess the reasons why the policies of Deng Xiaoping led to a period of crisis in 1987–9. How successfully did Deng deal with the crisis?

There is a document question about Mao Zedong's Cultural Revolution on the website.