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THE PARTY AND ITS SUCCESS STORY

A Response to 'Two Revolutions'

AT THE BEGINNING of his essay 'Two Revolutions', published in *NLR* five years ago, Perry Anderson described its aim as an explanation of the contrast between the historical outcomes of the Russian and Chinese Communist revolutions. His attempt would involve, he went on, reflection on four levels: original revolutionary agencies; objective starting points for reform; policy choices during reform and their consequences; and long-term cultural-historical determinants. The reader could thus be led to expect a symmetrical treatment of the two revolutions, but this is not what followed. 'Since the PRC has outlived the USSR,' Anderson remarked, 'and its future poses perhaps the central conundrum of world politics, the organizing focus of what follows will be China, as seen in the Russian mirror.'¹ In other words, the function of the Russian case was to help throw light on the Chinese, but not vice versa. The Soviet Union failed, and its failure might serve as a testament to the PRC's success.

This is not the only asymmetry in the four-part text. Part I, 'Matrices', covers in nine pages the span from late-imperial rule to the first thirty years of Communist Party government in each country. By contrast Part II, 'Mutations', dealing with reforms of the post-revolutionary regime in each society from a fixed point in the early 1980s, and Part III, 'Breaking Points', focusing on the crises of 1987–89 in China, account for twenty-two pages. The fourth part, 'The Novum', summarizes the main existing interpretations of China's economic performance in the past three

decades and compares it briefly with that of other Asian countries—Japan, South Korea, Taiwan and Singapore—in another six pages.

Although the essay opens with a look at the ‘arresting contrast’ between the two countries today, it is clear from this distribution of space that the core of ‘Two Revolutions’ lies in its analysis of the respective initial reform periods in Russia and China, before the two revolutions came ‘down to their common moment of truth at the end of the 1980s’. Neither the Soviet Union nor Russia figures in the last part. The historical outcome that requires explanation is thus fixed already in 1989–91. For Anderson, the foundation of the PRC’s success story was laid in the first decade of the Chinese Reform Era, determined by three decisive features inherited from the Chinese Revolution: an energetically spirited peasantry; a national leadership still retaining the strategic skills and self-confidence of the original Revolution; and a critically confident attitude, like that once displayed by Lenin and his comrades, towards both the national culture and the outside world.

A comparative perspective can shed fresh light on a subject that has become overly familiar. When the comparison extends across a century, and covers social, cultural, economic, and political issues, while keeping an eye on international contexts, handling all this in less than forty pages is a tall order. Even setting aside space considerations, however, all comparisons have their limits, and Anderson’s enterprise is no exception. When comparing the two Communist revolutions with a focus on the 1980s, for example, China’s reform experience, launched within three years of Mao’s death, is seen in a Russian mirror of more than three decades (1953–85), a discrepancy of periodization so major that it inevitably generates simplification and misconstruction of the process in China. Another key problem is the precarious connexion between the question that frames the essay—the historical outcome of the Chinese Revolution, in light of the economic rise of the PRC in the twenty-first century—and the answer it implicitly offers, the three distinctive features rooted in the Revolution and actively visible in the eighties. Do these really explain China’s trajectory since 1978? Can they offer any guide for prediction of

¹ Perry Anderson, ‘Two Revolutions—Rough Notes’, NLR 61, Jan–Feb 2010. Earlier versions of this response were published in Chinese and French. See ‘Yi Geming de Mingyi?’, *Sixiang* [Reflexion], no. 18, June 2011; and Perry Anderson and Wang Chaohua, *Deux Révolutions: la Chine au miroir de la Russie*, Marseilles 2014.

the country's future? In his brief conclusion, glancing at the last twenty years of the Chinese experience, Anderson leaves such questions open, pending further developments.

In my response I will first focus on some key questions raised by Anderson's comparison of the Russian and Chinese revolutions, and then seek to correct his account of China's entrance into the Reform Era with a more detailed analysis of its trajectory, contending that it is not the irrepressibly positive features rooted in the Revolution, but the party's disregard and even outright suppression of them, most notoriously in the Tiananmen crackdown, that has shaped the specific path of China's ascent in the world economy today.

I. ANATOMY OF REVOLUTION

Taking Weber's definition of the state as 'the exercise of a monopoly of legitimate violence over a given territory', Anderson argues that a political revolution can come about by a break in any one of its terms—monopoly, legitimacy or territory—allowing the overthrow of an existing regime and its replacement by a new one. Since his essay extends backwards to the matrices of Tsarist Russia and Qing China in the nineteenth century, Anderson could with this conception have considered the February Revolution of 1917 in Russia and the Republican Revolution of 1911 in China, which brought down these two long-standing imperial regimes. By omitting the anti-dynastic upheavals in the two countries, Anderson's comparison focuses on the Communist-led revolutions that succeeded them, but says little about what defined them as Communist, as opposed to other types of regime change. The word 'communism' is used in the essay alternately in upper or lower case, sometimes ironically. But the ideologies of the parties that made these revolutions, and the kind of state formation they represented, are not specified. They need to be considered. From an international perspective, they established two rather different forms of 'communism', whose theoretical, political and economic strengths and weaknesses require their own historical assessment.

Intellectually speaking, the Russian Bolsheviks, under Lenin's leadership, had long been actively engaged in the international labour movement, participating in many heated theoretical debates, and developing their

own strategies for the organizational task of constructing—usually underground—a modern revolutionary party. Convinced that the development of advanced forces of production was a precondition for communism, the Leninist party viewed Russia's majority peasantry with prudence, if not vigilance, as a potential bastion of petty-bourgeois commodity production in the countryside, that was likely to be an obstacle to the party's goal of large-scale industrialization. This ideological commitment remained constant under Stalin and his successors. Stalinism interpreted Marxism mechanically and implemented it violently and dogmatically in a programme of brutal collectivization and forced industrialization before the war. Thereafter, expanding industrialization and increasing mechanization in agriculture were policy mainstays in the USSR. As Anderson notes, more than 80 per cent of the Russian population lived in the countryside in 1917, whereas by the 1980s its rural labour force accounted for merely 14 per cent of the national total.

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The Bolsheviks' theoretical and political preparedness were assets of which the Chinese anti-Manchu revolutionaries under Sun Yat-sen had no inkling. It would take another decade before those young Chinese who became Communists started to acquire them from the Third International. The appeal of Marxism and of Lenin's development of it to CCP leaders like Mao Zedong was two-fold. Historical materialism offered a way of making socio-economic sense of the country's long past, and projecting it forward with purposefulness beyond any previous Chinese imagination. It eased intellectual anxiety over the moral-political vacuum left by the collapse of Confucian orthodoxy—forever looking to the past for an ideal Golden Age—by supplying a credible basis for the hopes of a brighter future for the country that had seen the circulation of the literati's utopian visions since the late Qing, not least the 'Great Unison' of Kang Youwei. At the same time, dialectical materialism and the Leninist theory of the revolutionary party appeared to provide the best theoretical tool-kit for revolutionary strategy and modern social mobilization. There can be no question of Mao's creative development of this strand, which produced his groundbreaking class analysis of Chinese society in 1926, followed by many a brilliant strategic move during the war years.

The focus on social mobilization led the CCP to identify the Chinese peasantry as a critically important revolutionary force from early on, and later to give top priority to its role in the national liberation struggle against foreign military occupation. Peasant-based guerrilla war against colonial rulers or domestic tyrants was to become a trademark of Maoist rebellions the world over, breaking through the established theoretical boundaries of the international Communist movement. But the approach had its drawbacks. Once the PRC was established, the first generation of CCP leaders and cadres were always mindful of rural society, though this did not mean they were socially protective of it. The countryside was systematically exploited for industrial development, and little serious thought was given to the challenges of turning China's vast peasant population into an urban working class. Neither economic analysis of modern capitalism and its internal contradictions, nor the inescapably long and winding path from immediate social mobilization to an ultimate future of equality and abundance, featured highly among Mao's concerns after the CCP took power. Within the first decade of the PRC, he hot-headedly pitched the country into the Great Leap Forward, an illusory attempt to emulate UK and US industrial development, blindly seeking to propel China directly into communism through its own efforts alone. In the last years of his life, he pushed the cult of self-reliance to its extreme in the Cultural Revolution, organizing Chinese society into proto-military units and conceiving social equality in a spirit closer to a primitive, pre-capitalist levelling than any advanced, post-industrial communism. It was as if the failure of the Great Leap Forward had disillusioned Mao with the idea of achieving his goals through economic development. With the Cultural Revolution, he turned his utopian imagination away from historical materialism, in a direction which was the complete opposite of all that is modern. Compared with the legacy of Bolshevik debates, Mao's visions of the future were inferior in intellectual quality, and the experiments to which they led disastrous in their upshot.

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At its origin, Anderson observes, 'the emergent USSR laid no claim to patriotic pride or national construction. Its appeal was international: to the solidarity of the labour movement across the world.' How does the

external impact of the two revolutions then compare? The states they created, belonging to a common political movement, both had an inherent international dimension. On the other hand, the two World Wars pushed both parties to recognize the appeal of nationalism. For the CCP, that meant adaptation to the social realities of local society, and protection of its own national independence within an internationally bonded alliance. For the CPSU, fighting Hitler under Stalin, it was time to disband the Comintern and rally Russian patriotism. This had broader implications than winning the war. When the Red Army's victory over the Third Reich brought most of Eastern Europe into a socialist camp, these countries did not join the USSR as additional soviet socialist republics, but instead formed their own respective national states.

In the Cold War years, the two Communist states provided moral and material support to comradely movements in other countries. The Soviet Union helped sustain and equip the Vietnamese Revolution. It enabled Cuba to survive an American blockade thousands of miles away from Soviet shores, while Cuba itself assisted national liberation struggles in Portuguese-held Africa. The existence of the USSR provided a range of alternative choices—both domestic and diplomatic—for smaller nations that were newly independent or still fighting for decolonization. Socio-economically, rather than a fixed set of economic policies of the kind imposed by the IMF, the Soviet Union offered a model that included nationalized industries in strategic sectors, together with programmes for universal public education, housing and healthcare, and broadcast an ideology valuing the labouring masses as the leading force in society. Considerable material aid often went together with that. The model did not achieve spectacular cases of economic take-off, as occurred in a few countries under US protection, but it did contribute to economic recovery in many a newly independent nation, often in ruins after devastation by war. The young PRC of the 1950s was one such example.

As against all this, the USSR allowed no autonomy to the states of Eastern Europe occupied by the Red Army at the end of the Second World War, which were reduced to Soviet satellites. Its successive military interventions in East Germany, Hungary and Czechoslovakia were unequivocally acts of repression. The CPSU, moreover, sought to enforce its leadership over the whole international communist movement, demanding obedience from fraternal parties and trying to intimidate those—Yugoslavia in the time of Stalin, China in the time of Khrushchev—who resisted

it. There can be no doubt of the weight of Soviet hegemonism in the 'socialist camp' of the high Cold War.

After the victory of the revolution, China also extended abundant political and material support to other communist movements, in the two neighbouring countries of Korea and Vietnam in particular. But beyond immediate neighbours, it generally relied for influence on the force of its example rather than the imposition of its will. When the Sino-Soviet split of the early 1960s saw a chain-reaction of divisions within left-wing movements around the world, with many newly formed parties branding themselves as 'Maoist', the CCP made no attempt to bring these into a worldwide organization or a globally coordinated Maoist movement. The party's general positions, emphasizing national liberation, agrarian self-reliance, and revolt against social as well as international inequality, could be detected under the surface of its sometimes semi-clandestine cooperation with sister parties abroad. However, the PRC shied away from openly holding up a Maoist banner of international solidarity in its official foreign policy. The party and the state functioned on two tracks. What was under the surface never fully came into the sun.

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In his last years, Mao would claim that there was no essential difference between the role played by the USSR in world affairs and that by the United States, two superpowers contending for an identical hegemony. That was never a wholly convincing claim. The ideological stance of the USSR was often quite distinct from, indeed diametrically opposed to, that of the US. During the Cold War, the Soviet Union actively counter-balanced the paramount power of the United States, from day one turning the UN Security Council into a battleground, where it exercised its veto 112 times from 1946 to 1972—far more than the US itself. Thereafter, its use of the veto dropped sharply, and what Anderson calls 'the embers of internationalism' that still existed under Khrushchev dwindled away under Brezhnevism. Still, an indirect influence of the USSR could be felt even in countries and movements far removed from the 'socialist camp'. It is enough to consider the successful democratization processes in South Korea and Brazil in the 1980s, both to a considerable extent based on working-class mobilization in large-scale strike waves. Since the dissolution of the USSR and the end of the Cold

War, we have not seen any comparable movements of working-class political militancy. Labour protests have not disappeared, but their aims are usually limited: defending wage levels or social benefits, without any horizon of political transformation. The threat of a ‘workers’ state’, of any kind, no longer exists.

Internationally, the PRC distinguished itself by proposing the Five Principles of Peaceful Coexistence, accepted in 1955 by the Afro-Asian Conference in Bandung. But all this fell apart when the Sino-Indian border war broke out in 1962. Once China gained entry into the UN, the performance of the PRC did not improve. Within months of Beijing taking its seat on the Security Council, Mao had received Nixon in Zhongnanhai. The cynical nationalism behind this sudden change of line was unmistakable, and though official calls for revolution persisted as long as Mao lived, the PRC soon proved itself incapable of fighting diplomatically for international justice and equality. The PRC had used its veto just four times by the end of the century—twice in 1972, and twice again in the late nineties, to punish Taiwan and its supporters by blocking UN peace missions in Guatemala and Macedonia.² During the intervening quarter of a century, under both Mao and Deng, it kept a low profile.

In the new century, China’s rise towards superpower status does act as a counterweight to American commercial predominance, and offers some diplomatic space for manoeuvre to nations in Latin America and Africa. But the PRC neither seeks to be, nor is looked to as, an alternative model of society, as the USSR once was. China presents itself as a power that commendably eschews hegemonism, but the form its abstinence most frequently takes is either compliance with the existing hegemon—over the Iraq war, to take but one example—or pursuit of narrow self-interest—as with Sudan—and its relations with Third World countries remain strictly instrumental. The impression left by its diplomatic record is one of narrow-minded selfishness. National pride, swelling into Great Han chauvinism, has grown rapidly with economic growth, oppressive against minority peoples at home and aggressively assertive in dealing with neighbouring countries. In the disputes with several Southeast Asian countries over the South China Sea, Chinese officials have openly

² ‘Annexe III’ to UN General Assembly report A/58/47. China vetoed Bangladesh’s membership and joined the USSR to veto a draft resolution on the Middle East in 1972.

borrowed an old American term to criticize foreign powers for meddling in 'China's backyard'. Otherwise, in the new century, China has joined Russia three times in using its veto power, to block resolutions concerning Myanmar (2007), Zimbabwe (2008), and Syria (2011). That is what is left of the internationalist legacy of the two revolutions.

One reason why Perry Anderson does not attempt to consider the differing ideological backgrounds and international impacts of the two revolutions in his account is that on the few occasions he does bring ideology into his discussion—remarks on Great Russian chauvinism, or Maoist hopes of eliminating the 'three discrepancies'—Anderson pays greatest homage to those intellectual strands (represented in his eyes by Lenin in Russia and Lu Xun in China) which sought creative new visions of politics by way of pitiless attacks on their own traditional cultures, drawing on resources from every possible direction—not least critical appropriations from the West. These, however, were ideas or positions connected with issues of 'modernity', which was never really a significant notion for the classical labour movement, whose outlook was defined by its hallmark contrast between capitalism and socialism, which both the CPSU and the CCP always claimed as their own.

II. PATHS TO REFORM

When he considers the historical situation that led to reforms in both PRC and USSR in the 1980s, Anderson chooses to focus on three issues: the economic stagnation or political impasse that prompted the drive to reform; the way that the legacy of the revolutionary dictator in each country was handled; and the character of the leaders who initiated the respective reforms. This is an approach that leaves important questions about the sea-change in China's economy unanswered. Let us first consider his framing comparison of the two countries.

One obvious difficulty in Anderson's comparison is that the connexion between the revolutionary dictator and the leadership of the reform was so different in the two countries. If the Chinese reforms were indeed a swift reaction to the Cultural Revolution after Mao's death, the disasters of the thirties under Stalin were not a comparable spur to Gorbachev's programme. Likewise, it is probably far-fetched to fault Khrushchev

for not reforming Gosplan on time, leaving it to fossilize over the next twenty years. Anderson's treatment of the crises immediately preceding the reforms in each case is similarly lopsided. In his telling, in the USSR it was economic stagnation compounded by the political bureaucratization and intellectual hollowing-out of the CPSU, while in the PRC it was the Cultural Revolution, whose political costs were mounting popular disillusion and social discontent. His account says little about the impact of the Cultural Revolution within the party itself, and remains almost completely silent about the toll it took on the Chinese economy.

This is in stark contrast to the CCP's official justification for reform at the time, when the party's collective leadership maintained that—as Mao's designated successor, Hua Guofeng, put it in February 1978—the national economy was 'on the verge of a total collapse'.³ The Chinese economy did register year-on-year growth during the decade from 1966 to 1976. However, not only was its pace slower than in 1953–66 or 1977–82, but agriculture limped behind food requirements, and light industry lagged far behind heavy industry—which itself was oriented towards infrastructural projects and military output, in keeping with Mao's policy of 'preparing for war' with a 'third line' of defence plants spreading out across interior provinces. In the decade of the Cultural Revolution, the total population of China grew by nearly 30 per cent, whereas the production of cotton cloth grew a mere 20 per cent (artificial fabrics were still a rarity, even in Beijing); and while grain output increased across these years, per capita consumption fell below the level of 1952.⁴ The critical question, in any case, is not whether there was nominal growth in GDP. By that measure, the Soviet Union was still growing up to 1986, when Gorbachev launched his *perestroika*, and would not have been considered in economic crisis either. The reality of the PRC at the time was an economy artificially held down at a far lower level than its actual productive capacity, especially in agriculture and light industrial sectors, under the pressure of Mao's primitively conceived utopia and national defence priorities.

³ For Hua's formulation (*binlin bengkuai*: 濒临崩溃), see Chen Donglin's survey article, 'Wenhua Dageming Shiqi Guomin Jingji Zhuangkuang Yanjiu Shuping' [A Critical Summary of Research on the State of the National Economy during the Cultural Revolution], *Dangdai Zhongguo Shi Yanjiu*, no. 2, 2008. This formulation was preserved in the party's official line on the Cultural Revolution in the 1980s.

⁴ In part because of the export of food grains to pay for foreign inputs to heavy industries. For figures, see Chen Donglin, 'A Critical Summary'.

The economic system installed by Mao during the Cultural Revolution was a structure vastly different from the central planning complex in the Soviet Union. Anderson highlights this contrast, but his account of it is misconceived and overly positive. Although, as Anderson notes, central planners in Beijing set prices for a mere one per cent of the items subject to Gosplan directives in Moscow, this did not mean that there was livelier market exchange in China. Similarly, when Mao pushed through economic decentralization, this did not actually leave 'local governments more room for initiative'. The reality is that after the initial chaotic period of the Cultural Revolution, roughly 1966–69, the basic thrust of economic policy in China was a sustained effort to contain market exchanges of any kind, and repress as much as possible every sort of commercial activity. The proto-military 'May Seventh Cadre Schools' for state employees were the typical innovation of the time. These were derived in part from the People's Communes, dating from the Great Leap Forward period, and were designed to fit a framework within which every work unit and every province in the country would achieve complete local self-sufficiency, and turn over all surplus production to the central authorities for national projects (instead of for redistribution in nationwide consumption as in the USSR and the Eastern Bloc). Multiple coupons for quotas of routine supplies were distributed by local governments to urban residents, with no circulation across provincial borders or even the bounds of lower municipalities.

Even in special large-scale projects sponsored by the central government, such as newly explored oil fields, employees were encouraged (or required) to organize themselves into military-style units to produce, in addition to their formal job assignments, grain crops and vegetables, to achieve self-sufficiency and reduce dependence on commercial exchanges across regional confines. The same was true for the PLA. In its regiments, officers and soldiers were called on to set up farms or even small industrial plants for total self-sufficiency in rear supplies. In the countryside, peasants—all by now belonging to the local People's Communes—were allowed small plots of 'self-retained land' (*ziliudi*), on which they could plant vegetables or raise a small number of chickens, goats or pigs. But the produce grown or livestock raised on such lots were considered potential 'sprouts of capitalism' if they exceeded subsistence consumption and entered the market, a danger

to be vigilantly guarded against. Regular rural markets, a vibrant form of local economic activity throughout China's long history, could not be suppressed altogether, and still operated in varying degrees in the provinces during the Cultural Revolution, but in recessive conditions, due to the lack of commercial life in general, not least long-distance trade across the provinces.

The central government's control of this economic order was two-fold. On the bureaucratic side, certain government bodies retained from pre-Cultural Revolution times carried on overall planning, under which quotas for agricultural 'surpluses' and industrial profits were arbitrarily determined and extracted. Funds for the next cycle of production were then channeled back to local governments and industrial firms through budgetary tools. But decision-making was at the same time subject to every kind of political and ideological vagary. The old system, while still functioning, was considered suspect and rendered semi-paralysed, leaving economic activities open to factional manipulation, especially when products were not immediate inputs to strategic heavy industries. Output targets were set so erratically that sometimes a sudden shortage of certain products had to be alleviated through a production 'campaign' to catch up with actual demand. Such cases included washing basins for areas without running water, or chimney pipes before the winter season. Anderson's description of the dismal panorama that confronted the Soviet leadership when Brezhnev finally expired could be applied verbatim to the major industrial sectors in China at the time when Mao passed away: 'Labour productivity stagnated; capital-output ratios worsened; obsolete plant remained unscrapped; the new information technology was missed.' The mixture of central dictation and local self-sufficiency at subsistence level created an incoherent structure unlike any other communism ever imagined.

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In April 1976, in a reversal of the widespread excitement of 1966, disillusioned young people went to Tiananmen Square to protest against the political power centre that had clustered around Mao. Large crowds gathered in the Square, singing songs, making and listening to speeches, and posting political commentaries on the Monument to People's Heroes—openly condemning the Gang of Four, led by Mao's wife, Jiang Qing,

mourning the death of Zhou Enlai, and expressing support for Zhou's ally Deng Xiaoping. Mao could not let this pass unnoticed and sent Deng, whom he had summoned back from internal exile to help run the economy, packing once again. Soon afterwards he made Hua Guofeng, a nondescript middle-rank party functionary, his designated successor. Then, within a month of his death in September 1976, a military coup brought down the Gang of Four, and the Cultural Revolution was over.

These events conditioned the way the party handled Mao's image after his death. The end of the Cultural Revolution saw a concerted effort in official discourse to separate Mao from the Gang of Four. To this end Hua, as his designated successor, worked closely with the Old Guard in the party, who became known as its eight 'immortals' in the late 1980s. The two sides also agreed that it was time for the party to shift its priorities from class struggle to the tasks of economic modernization. Hua's insistence on retaining the cult of Mao, however, frustrated the requirements of the Elders. Change came in late 1978 when Chen Yun, a leading Elder, launched an attack on Hua, prolonging a working conference scheduled for a fortnight to five weeks. With popular support the meeting succeeded in reversing the official verdict on the 1976 protest in Tiananmen Square, clearing the way for Deng's full return to power. Deng's closing speech to the conference included two striking pronouncements. He declared, first, that democracy was imperative for the ongoing thought-liberation campaign to steer China's course towards modernization, and second, that ecumenical unity should take priority over efforts to clarify past mistakes.⁵ No need to scrutinize, for instance, Mao's record as a leader. For Deng, both stances were tactical moves, rather than principled positions, as the eighties would show.

A few weeks after the meeting, diplomatic relations were established with the US, and in January 1979 Deng embarked on his historic visit to America. The following month China launched a surprise attack on Vietnam, in a costly border war. Meanwhile, police cordoned off the Democracy Wall and rounded up its activists. Wei Jingsheng, the leading dissident who had called for democratization and warned people against Deng as a 'new dictator', was sentenced to fifteen years imprisonment on trumped-up charges. In late March, one day after Wei was taken

⁵ Deng Xiaoping, 'Liberating Thought, Seeking Truth, Uniting and Looking Forward' [13 December 1978], in Yang Shengqun and Chen Jin, eds, *Historical Pivot, 1977–1978*, Beijing 2009.

away, the party issued four ‘cardinal principles’—the party’s leadership, the guidance of Marxism–Leninism–Mao Zedong Thought, proletarian dictatorship, and socialism—whose content could not be questioned or discussed, and were used to punish any further political dissent.

It was after this sequence of events that Deng and his colleagues prepared the show trials of Jiang Qing and her confederates, and the official CCP resolution on Mao and the Cultural Revolution, both in 1980–81. By this time the majority of the masses, still under strict ideological marshalling, had accepted—passively or actively—the discursive separation of Mao from his underlings that was central to the party’s retrospect of the Great Helmsman. Anderson contrasts the party’s formal resolution on Mao with Khrushchev’s secret speech condemning Stalin. But the poverty of the latter is not proof of the excellence of the former. It is true, as Anderson says, that the resolution of 1981 accepted the collective responsibility of the party for the Cultural Revolution, but it did so only in rather vague terms. No less vague was the arbitrary conclusion that Mao was 70 per cent a great revolutionary and 30 per cent a despotic blunderer. The report was primarily a product of internal *realpolitik*, blocking any real critical reflection on Mao’s record or that of the party under him.

Putting the pieces together, it is more accurate to say that Deng and his comrades made a classical sequence of moves to consolidate an initially precarious hold on the power they had newly regained: riding popular revulsion against the tyrannies of the last years of the Cultural Revolution, to come back to the centre in 1976–78; snipping off dangerous shoots demanding real democracy, which challenged their own legitimacy in 1978–79; fanning up patriotic support by inventing a danger from Vietnam in 1979; consigning the Cultural Revolution and Hua to a discredited past; and finally calling on the country to ‘unite and look forward’ (*tuanjie yizhi xiang qian kan*)—an official slogan expressly deployed against those who believed that memory mattered, later popularly mocked in the pun ‘look for money’ (*xiang qian kan*).

III. TIANANMEN: BEFORE AND AFTER

Anderson implies that it was the Elders’ clear vision and firm will that, for better or worse, set the guidelines for the Reform Era. But were developments in China in the eighties principally shaped by the

battle-hardened veterans of the original revolution, who had not lost their strategic skills or self-confidence? If so, to what ends were these skills used? One way of reading Anderson's text could imply that the bloody repression of peaceful demonstrators in 1989 was an inevitable, if regrettable, event in the unfolding saga of successful reforms, even if Deng unfortunately changed course three years later, discarding any distinction between capitalism and socialism in 1992—after which the negative side of CCP rule can be more readily acknowledged. Against any such view, our first questions will be these. What was the political character of Deng's reform path in the eighties? If he still held to socialism then, how could he make a U-turn so lightly in 1992?

We have seen that the primary force driving the changes after Mao's death was a reaction against the Cultural Revolution. Yet this was never presented as a revolt against socialism. In both official discourse and popular understanding, the Cultural Revolution was treated as socialism gone wrong. Economically, the socialist revolution did not mean keeping people in poverty. Politically, it promised emancipation rather than the demagogic tyranny exercised by the 'Gang of Four'. In a movement for the 'liberation of thought', calls for socialist democracy in the press both encouraged activists and benefited Deng in his struggles for power within the party. Since the international environment was no longer so hostile to China as in the fifties and sixties, while party cadres—not yet corrupted—were still capable of implementing directives, this should have been an ideal opportunity for the CCP to experiment with genuine socialism, with popular support and a whole generation of young people eager to participate in it.

Had the CCP leadership been truly rooted in revolutionary traditions, it would have recognized the need for open debate on the lessons to be drawn from the Cultural Revolution and on the essential purpose of a socialist revolution. It would have been eager to find ways to guarantee the masses access to institutionalized political participation. It would not have exploited memories of Red Guard chaos to censor every kind of social movement from below. Unfortunately, it failed every such test. Commanding much greater popularity and far less risk of political crisis at the beginning of the Reform Era than Gorbachev in 1986, Deng Xiaoping and his fellow Elders were determined not to let hopes of political reform threaten their own power—where necessary reversing changes for the better they had themselves introduced, or allowed, in

order to preserve it. What strategic skill and confidence they showed served the interests of the party as a powerholder, rather than of the people and the society the original revolution was supposed to serve.

The first signs of that came early on. The popular protest of 1976 had been decisive in facilitating Deng's return to power after Mao's death. But immediately after his official restoration, Deng shut down the Democracy Wall, which had proved too lively for his taste. In 1982, the constitution was revised to eliminate clauses granting the masses the right to initiate public debates and put up big-character posters in public spaces, supposedly in light of the dire lessons of the Cultural Revolution. These measures were not forcefully implemented until the summer of 1989, but it was already clear that the party leadership had no interest in differentiating Red Guard violence in the early years of the Cultural Revolution from guarantees of the right of the masses to political self-expression.

Nevertheless, democratic discourse remained important for Deng in his bid to consolidate power. In June 1979, Hua Guofeng—the figurehead Chairman of the party at the time—declared in the Central Government Working Report to the Second Meeting of the Fifth National People's Congress:

To guarantee that in future there will be no more grave loopholes in our country's political system that could be exploited by plotters like Lin Biao and the Gang of Four, it is urgent that we strengthen socialist democracy and the socialist legal system.⁶

Hua added:

Socialist democracy, or people's democracy, means that all of the people, enjoying various forms of ownership and usufruct of the means of production, have the overriding right to administer the state. This is the unshakeable political principle of a socialist system. To betray this fundamental principle is to destroy the essence of a socialist state.⁷

At this meeting a new electoral law was passed governing representation in local People's Congresses, for which fresh elections were slated in 1980. A wave of election campaigns swept major university campuses in

⁶ *People's Daily*, 19 June 1979.

⁷ Quoted in Wang Ruoshui, *Hu Yaobang Xiatai de Beijing: Rendao Zhuyi zai Zhongguo de Mingyun* [Behind Hu Yaobang's Resignation], Hong Kong 1997, p. 359.

large cities, and soon self-nominated candidates, standing against party nominees despite constant obstruction, won seats at district level in Shanghai and Beijing. In the theoretical sphere, a number of intellectual party cadres and academics started to discuss the relevance under socialism of Marx's concept of alienation, introducing classical themes of his early humanism into the Chinese context. Their immediate reference point was clearly the Cultural Revolution and their underlying question was the moral purpose of a socialist revolution. With support from some high-ranking officials, articles on these themes were published over two or three years in the *People's Daily* and the *Guangming Daily*. This development, however, was the signal for an official backlash. Raising the alarm, the same party watchdogs who had successfully urged economic opening to Western investment, against the opposition of Hua Guofeng, rallied Deng to their side, publishing violent attacks on the intellectuals in top party journals. In 1983 a counter-'liberal' campaign extended into a wider police crackdown on 'spiritual pollution', deliberately fouling liberal conceptions of intellectual debate as social vices. The leading participants in the alienation discussion were transferred away from key propaganda positions. Thereafter concerted theoretical exploration—never something Deng was fond of—became much harder.⁸

2

The question of succession became another signal of the direction in which the party was moving. Contrary to the impression given by Anderson, the CCP struggled awkwardly over this issue. Ever since Lin Biao's death in 1971, there had been a growing understanding—and accompanying frustration—that Mao had plunged China into a crisis through his inability to find a trusted successor. After Mao died, it became a consensus that the root problem was his surrender to a cult of personality culminating in the Cultural Revolution. At the beginning of the Reform Era, therefore, the emphasis was on collective leadership in the party and the rule of law in general. The top leadership of party and state was streamlined and age limits for retirement set for various ranks of official post, with guaranteed benefit schemes to reduce resistance to the change.

⁸ See Shu-mei Shih, 'Is the *Post-* in Postsocialism the *Post-* in Posthumanism?', *Social Text* 110, Spring 2012; Cui Weiping, 'Weishenme Meiyou Chunfeng Chuifo Dadi' [Why Spring Breezes Did Not Blow Through This Land], *Sixiang*, No 6; Wang Ruoshui, 'Behind Hu Yaobang's Resignation', esp. pp. 329–68.

Still, from Mao's death to 1989, the Elders removed three top leaders in thirteen years: Hua Guofeng (1976–81), Hu Yaobang (1981–87), and Zhao Ziyang (1987–89). Of the three, Hua resigned under both internal-party and popular pressure, a departure broadly welcomed in Chinese society. But if his ouster represented the party's farewell to its past, the dismissal of Hu and Zhao demonstrated its uncertainty and difficulty in moving forward. The regularized procedure of succession that now ushers in a new levy once a decade was not established until well after the Tiananmen crackdown in 1989. Its political significance has to be grasped in connection with the struggles of the eighties.

When Hua Guofeng succeeded Mao to become top leader, he held three posts. He was simultaneously Chairman of the party and of the Central Military Commission of the party, as well as Premier. Five years later, he was deposed by a joint action of the Elders and their younger colleagues, backed by popular support. After Hua stepped down, the party changed the title of its top post from 'chairman' to 'general secretary', and the state now had one president and one prime minister. The top four positions in the party, the state, and the army were also allocated to different persons.⁹ None of the Elders took the office of General Secretary. Two relatively younger figures were promoted. Hu Yaobang became the party's General Secretary and Zhao Ziyang the Premier. But after Hua went, Deng—crucially—occupied the post of Chairman of the Central Military Commission throughout the eighties, guaranteeing him final say over controversial issues.

Once they had power securely in their hands, however, the Elders became less interested in procedurally conditioned collective leadership. From Deng's point of view, Hu Yaobang had been unnecessarily sympathetic—irksomely so—to advocates of humanism and students demanding democratic rights. In 1987, Hu came under intense criticism

⁹ During the Cultural Revolution, Mao tried unsuccessfully to abolish the position of Head of State and transfer its power to the National People's Congress (NPC). That is why Hua Guofeng was never President of the PRC, but only Premier. The Presidency was restated in 1982 by a newly amended Constitution. A revision to the Party Charter in 1981 changed its top post from 'Chairman' to 'General Secretary'. See Wu Wei, 'Deng Xiaoping's Talk [of 1980] "On Reforming the Party and State Leadership System"' (*Deng Xiaoping 'Dang he Guojia Lingdao Zhidu Gaige' de Jianghua*): Chinese site of the *New York Times*, cn.nytimes.com/china/2014121/cc21rwuwei/, last visited on 26 April 2014.

for 'violating the party's principle of collective leadership' and was forced to resign. Yet his resignation was 'accepted' without any meeting of the Central Committee, as required by the party's constitution.¹⁰ The contradictory messages of the episode revealed both the Elders' determination not to lose control of political power, and the lingering pressure for political reform to which they—especially Deng—felt obliged to pay heed.

In the crisis of summer 1989 the Elders changed direction again. After the bloody repression of the student-led popular protest, Zhao Ziyang, who had been General Secretary for only two years, was stripped of all his posts for 'splitting' the party, though there was neither a majority against him in its Standing Committee, nor was he voted down by the Central Committee—the 'principle of collective leadership' now merely meant the will of the Elders. Jiang Zemin, the Party Secretary in Shanghai who had shown iron discipline in shutting down a liberal news magazine two months earlier, was summoned to Beijing to become the new General Secretary, and the Party Secretary in Tibet, Hu Jintao, who had suppressed protests there in March 1989, was designated by Deng as Jiang's future successor. These two formed the basis for the eventually regularized succession procedures of the next twenty years. Moreover, five months after the Tiananmen crackdown, Deng unexpectedly transferred the title of Chairman of the Central Military Commission to Jiang, though so long as Deng was alive, no one really believed that Jiang had ultimate power over the army. Four years later, when another Elder retired as President of the People's Republic, Deng managed to get Jiang into this position as well. The regularization of succession was thus accompanied by a recentralization of power to the detriment of even formal collective leadership. The party boss was henceforward to be simultaneously head of state and supreme military commander. This has held for the past twenty-five years (Jiang Zemin, 1989–2002; Hu Jintao, 2002–12; and Xi Jinping, since 2012).

These arrangements have not worked perfectly. The basis of the relatively smooth transfer of power from Jiang to Hu was Deng's larger-than-life after-image of autocratic determination, established firmly by

¹⁰ *People's Daily*, 17 January 1987. Hu Yaobang had survived the Cultural Revolution relatively unscathed, resuming high-rank positions in 1975 and rising to head the party's organization department in late 1977. There, he resisted Hua Guofeng's call to respect 'whatever' Mao had decided, and contributed directly to bringing Deng—and other Elders, such as Bo Yibo—back to the centre of power in 1977–78.

the Tiananmen crackdown. However, the Bo Xilai affair of 2012 has shown how fragile the ensuing conventions could prove to be, when the strongmen Elders have all gone and factional fights inside the party have become corrupted by vested interests.

3

In retrospect, Deng's turn to political conservatism in the eighties is plain. At the time, however, almost every measure of economic reform was accompanied by a discourse of liberalization. As a result, when growth sped up, the party's shift away from initial political reforms was somewhat blurred. In other words, so long as the economy was doing well, the tension between economic liberalization and political stagnation was concealed from public view. But it sharpened once the economy went awry in 1988, contributing directly to the Tiananmen protests in the next year. The central issue underlying the contradiction between the two directions was the question of costs—who should shoulder the economic burden of reform and who should decide where that burden was to fall? The social and environmental costs were already there at the very beginning, though people paid scant attention to them.

When the initial economic reform was launched, the party-state proclaimed a shift from 'class struggle' to 'socialist economic construction' with a loosening of controls in the countryside, granting peasants greater economic freedom. These measures were widely welcomed. Yet the basic idea behind them was not an innovation. In the early days of the PRC, it took the form of tax and rent exemptions, to help the countryside recover from the ravages of war. In the early sixties, measures were taken to heal the wounds of the Great Leap Forward by freeing peasants to some extent from the collective grip of the People's Communes. Each time, relaxation of controls worked wonders, and it did so again in the early eighties. The new 'household responsibility system' aimed at recovery, not modernization. What made it possible was China's low level of development, and the release of peasant energies with roots in agrarian society that preceded the Revolution. As Anderson notes, when the Reform Era started 70 per cent of the population was still rural, a dramatic contrast with the USSR of 1986. No remotely similar option was available to Gorbachev.

In the way it dismantled the People's Communes, however, the rural reform of the early eighties damaged the links between the original revolution and the countryside. It is true that the Communes had suffocated the work and life of the peasantry. But at the same time, over two decades since the late fifties, they had developed into an overarching social institution, providing public services—basic education from village teachers and health care by 'barefoot doctors'—in a co-operative framework. They were also the nominal owner of collective land. The 'household responsibility system' annulled the Commune's function as organizer of agricultural production, turning the peasant household into the basic production unit. The economic outcome was so encouraging that the Commune was allowed to expire quietly in 1984–85. The headquarters of collectives around the country were transformed into township governments that did not have the funds to run adequate school systems or healthcare networks in the villages. Since that time, public services in the countryside have never recovered to the relative levels of provision they once enjoyed compared to the cities. The change also left rural land ownership in a morass. Land today in many places, though not everywhere, is still owned 'collectively' in theory. But in reality it is managed by branches of the state at township or village level, leaving peasants at the mercy of local officials whenever land disputes with developers arise.

The social costs of rural reform, in terms of worsening public services and precarious land titles, did not become fully apparent until some time later. Still, the lack of attention paid to them retrospectively is astounding, given the active involvement of many intellectuals in policy-making processes of the period. These people formed part of the general wave of 'thought liberation' in the eighties, but had little interest in debates about humanism or alienation, instead energetically studying Western economic and political theories for use in China. Ambitious and confident, they pushed for marketization of the Chinese economy, mostly enjoying the support of Deng Xiaoping and Zhao Ziyang in jousting with old party ideologues. For them, political reform was a means to smooth the path for economic reform, which was the real priority. Theirs was a kind of 'developmentalism with Chinese characteristics'. They could not spare much attention for issues of social cost.

The same attitudes shaped urban industrial reform. Experiments with the aim of increasing industrial productivity started in the early eighties.

In state-owned enterprises (SOEs), managers were given greater freedom to make production decisions once plan quotas were fulfilled, selling extra output at market prices. Ministries cooperated to create a tax system that replaced 'profit extraction' from enterprises under the planned economy. Industrial output grew rapidly, but so did corruption, as managers and officials exploited the difference between administered and market prices for quota and above-quota products in newly deregulated markets. Throughout these experiments, urban residents continued to be protected by low prices for household goods. For Zhao Ziyang, who as Premier presided over the reform programme, the objective was to ensure that industrial firms became economic agents not subject to political decisions in their daily productive activities, while at the same time streamlining the circulation of industrial goods, and keeping an emerging grey market for them in check. The central bank increased the money supply to facilitate the growth in commercial activities, but state-owned banks were left floundering, caught in the mid-stream of these changes.

Presumably with Deng's approval, in 1986 Zhao drafted a blueprint for political reform to accelerate economic reform. Although Hu Yaobang was still the party's General Secretary and had been a leading figure advocating political reform for a whole decade, he was not invited to take part in the drafting process. The proposal made no mention of the rights of the masses to participate in politics, and solemnly reiterated Deng's 'four cardinal principles'. The thrust of the communique was two-fold: to differentiate political administration from economic management of industrial enterprises; and to differentiate the party's political activities from civil administration at local levels of government.¹¹ The proposal was in itself credible and much needed. But its over-riding concern was to increase the independence of the SOEs as solvent enterprises. Political reform was once again reduced to a mere means to economic ends: the position of workers in firms owned by a socialist state was ignored.

Zhao had not paid much attention to electoral reform. Deng thought economic success would lend him much needed credit to reject demands for further political change. The two cooperated at this stage as both needed to push ahead with urban reforms, though for slightly different reasons. When he forced Hu Yaobang to step down in early 1987, Deng promoted Zhao to succeed him. In his first major speech as General

¹¹ Wu Wei, *New York Times* Chinese website.

Secretary, Zhao proclaimed the new party line to be 'one centre' (develop the economy) and 'two basic points' (opening up + reform and the four cardinal principles). Deng was satisfied with this emphasis.

Under the new leadership and its bureaucratically minimalist conception of 'political reform', a fast track was given to a bankruptcy law and a series of regulations to reduce the economic burden on SOEs by changing life-time job security in a planned economy to contract employment in a labour market. The ensuing sense of insecurity in urban population centres was then intensified by the abolition of price controls on a range of goods which, in an economy already overheating, pushed the rate of inflation to nearly twenty per cent, causing widespread panic and withdrawals from state banks. Zhao's government wanted to convince the party and the public that the price adjustment of 1988 was urgently needed. But in looking at the benefits the changes would bring, it paid little attention to their costs or to where the burden would fall. Urban residents who bore the immediate brunt had every reason to feel they had been denied any political say in the reform process. The economic crisis of 1988 would become a major factor in popular sympathy for the Tiananmen protests a year later.

For, once Deng had consolidated the collective power of the Elders, there was virtually no outlet for the expression of popular feelings. When the second round of local elections fell due in 1987, their regulations were revised, and a special directive was issued to ensure that only party-nominated candidates appeared on the ballot. It was this alteration that triggered the student demonstrations of late 1986 which led to the ouster of Hu Yaobang for being too soft on them. Still, students from Peking University managed to get their preferred candidate elected to Beijing's Haidian District in late 1987, relying on door-to-door collection of signatures against much greater pressure from the regime than seven years earlier. This was one backdrop, rarely mentioned by commentators, to the strong campus reaction when Hu died.

As the political atmosphere altered, reform-minded elites still resisted the change of direction, and a long-politicized society remained in agitated anticipation. Deng's own outlook remained essentially instrumental: so long as he could pursue his economic course, he preferred neither to share power with the masses, nor to argue much with the self-assigned guardians of orthodoxy, holdovers from previous decades

within the party. The seeds of Deng's later dismissal of debates about Mr. S (socialism) or Mr. C (capitalism) were already being sown. From various memoirs, one can see that theoretically oriented intellectuals and cadres were becoming desperate by the end of the eighties, when the elite was still hailing piecemeal progress. By early 1989, the urban masses in general, and college students in particular, were losing patience with official self-deceptions. They were frustrated by a reform era that no longer seemed to be offering a hopeful future, either to them personally or to the country as a whole. And their voice was resolutely excluded.

4

Twenty-five years on, the historical significance of Tiananmen has yet to be fully understood. Anderson identifies three interconnected forces at work when the revolt broke out: the democratic idealism of the students, supported by the popular solidarity of ordinary citizens; the liberal-leaning Zhao Ziyang and his intellectual advisors, attracted by Western models; and the Elders. In his version, their clash became a showdown between the latter and the other two. But in crushing a peaceful popular uprising, Anderson argues, Deng and his associates lost the legitimacy they had enjoyed as founders of the PRC and restorers of order after the Cultural Revolution. Thereafter, with earlier 'ideological credentials spent', the only substitute to which they could turn was economic growth. In reality, as the foregoing analysis indicates, the crackdown of 1989 was a logical outcome of Deng's strategy over the previous decade, which is the thread joining the scattered dots of the eighties. The pivotal significance of Tiananmen, I would argue, lay in this: it relieved the burden of debt that Deng had owed to popular support since 1976. He could now proceed with a programme of reform that would pose no challenge to the party's authority—especially not on the terrain of socialist principles. Tiananmen thus paved the way for China's integration into the global capitalist system.

When Hu Yaobang died in mid-April 1989, students in Beijing started marching into Tiananmen Square. Scuffles with police and an overnight sit-in followed. Still, the biggest drive towards a collision came from the regime itself. As students expanded their protests after Hu's funeral, rather than scaling them down, the *People's Daily* printed a stern editorial on 26 April under the headline 'We Must Resolutely Oppose

Turmoil'. Millions were shocked by its threatening tone and language, reminiscent of the days of the Cultural Revolution. Political jokes went viral—without the help of today's social media—with people remarking that the Gang of Four must have been released from prison to help pen the piece. The editorial provoked the largest grassroots popular protest in the history of the PRC the next day, making it clear that the masses had a very different view about the dangers of a reversion to Cultural Revolution-style 'turmoil', and underlining the ambiguity of the legitimacy Deng and his fellow Elders had enjoyed in the eighties for embarking on a reforming New Era.

The military suppression of the popular uprising brought to an end a period shaped by reactions to the Cultural Revolution. Democratic election of the people's representatives disappeared from the political agenda completely. Thereafter anyone daring to run for a seat in their local People's Congress as an independent candidate was invariably harassed or persecuted. Deng and the party did not stop talking about 'political reform' after 1989. But no longer having to pay lip-service to socialist democracy or participatory politics, the slogan shrank to just two meanings: election to village committees and government administrative capacity, sometimes including party discipline and efficiency.

But Anderson is wrong to think that after 1989 growth became the CCP's only justifying ideology. Economic growth met only half of the party's need for legitimacy. The other half came from an extension of what had become a watchword for Deng since Tiananmen. The prerequisite of economic development, the CCP would ceaselessly explain, was political 'stability' against a supposed Cultural Revolution-style 'turmoil' manifested in the Tiananmen protest. Quelling political protests was the necessary price if the government was to deliver economic growth. 'The key-point is stability' became the official refrain—'maintain stability at all costs' and 'snap off elements of instability at embryo stage', permanent directives. In the new century, this imperative has been institutionalized in the consolidation of 'offices for stability maintenance' (*weiwen bangongshi*) through the state apparatus, with vastly increased budgets and staff, now flanked by 'anti-terrorist' programmes targeting non-Han ethnic regions.

This ideology has provided the most convenient cover for 'liberalization' over the past twenty-five years. Every time a new economic policy

has been introduced, whatever the benefits, the costs have always been borne by the faceless masses and the voiceless environment. So it was with reforms in housing, education, health care, labour law, the stock market, and many more.¹²

IV. THE ECONOMIC MIRACLE

In Anderson's account, Deng's Southern Tour of 1992 appears as the crucial breaking point, when China finally turned from its previous socialist orientation and embraced the mainstream of world capitalism. But as noted earlier, since 1987 at least Deng had already resolutely embraced economic development as the party's central task. For Deng and the party, the most important and enduring significance of the Tiananmen Massacre was that it cancelled the need to justify policy positions in the old 'socialist' discourse, which used to invite irritating questions. 'Socialism' now simply meant that the party would stay in power at all costs and forever. It was in the aftermath of Tiananmen that it became possible for Deng to propagate the slogan 'stability over everything else' (*wending yadao yiqie*).

It was against this background that Deng ordered policy-makers to stop futile talk about 'capital S' and 'capital C'. To grasp this, it is helpful to look again at Russia. Anderson's comparison between the two countries breaks off at this point, presumably on the grounds that the Soviet Union ceased to exist in 1991. But even post-Soviet Russia may have something important to tell us about post-Maoist China. *Perestroika*, of course, privileged political over economic reform, while in China economic reform was the priority throughout, and political reform was sacrificed to it. The first path led, in standard accounts, to complete disaster, the second to spectacular success. Measured by growth in GDP, the contrast is valid enough. But there is another side to the story that is generally overlooked. In the two societies, who bore the costs of reform? In the USSR, because political change came first, assuring at least freedom of expression (and to some extent organization) with a range of options at the ballot box, it was difficult for the state to shed all responsibilities for social welfare. Even after the collapse of the Soviet Union, and the open

¹² This argument was first made by Yuan Jian in his book *Da Guaidian* [The Pivotal Point], Beijing 2012.

celebration of capitalism by rulers and media alike, the successor states almost invariably retained—in some measure—programmes of public education and health care inherited from the lifespan of the USSR.

By contrast, in putting economic reform first (and last), the Chinese leadership focused on reducing the burdens of the state, breaking without any compunction the moral-political promises of the People's Republic to its labouring classes and to society as a whole. Well before the inflation of 1988, at a time when Deng was cooperating amicably with Zhao, the central government was already drafting bankruptcy legislation, and schemes to marketize labour and housing, without worrying about popular opinion.

2

The framework and four-part format of Anderson's essay make China's economic reform appear a continuous success story over the past three decades. What is glossed over is the difficult period after 1989, when foreign capital withdrew on a massive scale and the government spent huge sums every year to lobby the US Congress for a 'Most Favoured Nation' status in trading. An analytical interpretation of China's economic rise over the past twenty years requires going beyond the parameters of Anderson's survey. Below I will sketch some of the main features of the reform process, both on the urban-industrial front and in the countryside.

Faced with continuous difficulties in urban and industrial reform after 1989, the country's official media spent virtually a whole decade denouncing the 'iron rice bowl'—secure employment and a steady wage—of workers in state-owned enterprises as an insurmountable obstacle to improvements in productivity. Under Jiang Zemin and Zhu Rongji, lifetime employment was wiped out by mass dismissals and limited-term contracts, with no compensating pensions, in one sector after another—manufacturing, energy, construction—leaving only party cadres and government personnel (whose ranks multiplied) untouched. Huge numbers in the urban population lost their jobs and wages, without the state so much as starting to think about—let alone deliver—a minimal safety net of social security for them. Layoffs amounted to more than 20 million in the 1990s. Over thirty years, an entire generation—

or two—of China's industrial working class was made victim to the reform process. For them, the net effect was no better than that of 'shock therapy' in Russia.

What of the state-owned enterprises themselves? Originally, these were known as 'public-owned, state-managed enterprises' (*quanmin suoyou zhi guoying qiye*: 全民所有制国营企业), often shortened to 'state-managed enterprises' (*guoying qiye*). Theoretically they belonged to the abstract collective of all citizens of the People's Republic, and the state only ran them on behalf of the people. Nowadays they are known simply as firms owned by the state. Any link to the people, however nominal, has been severed. Many of the resultant SOEs have been sold at a vast discount to their managers or speculators; if not quite so outrageously as in Yeltsin's Russia, still scandalously. Where privatization has not occurred, the upshot is rarely much better. Throughout the country, mega-projects are approved—dams and hydropower capacity have more than doubled since 1999, and the world's longest mileage of high-speed railways has been built in less than a decade—without regard to social costs, in the absence of any procedures allowing the public to monitor or safeguard assets once held in its name, but now appropriated by the state.

But no matter what heights of the national economy SOEs continue to occupy, the central government has always been anxious to attract foreign investment in order to maintain capital liquidity. Anderson notes that China's foreign trade amounts to two-thirds of its GDP, a far higher proportion than in the US or Japan. What he fails to add is that the export industries which form the most dynamic sector of the economy have been overwhelmingly financed by private capital, domestic and foreign. But by controlling the exchange rate and the influx of money, the government can pump funds from the super-high volume of exports through its proto-banking functions into other favoured projects. By the new century, thirst for FDI had set off a frenzied wave of IPOs by Chinese companies, from Hong Kong to New York. After a period in which emerging private equity funds provided financial services to local authorities, all levels of government have learned the art of the day. There are now more than 360 state-owned big investment firms in China, all set up in the past few years, at an average of more than ten per province. In this financialization of public assets, corruption is endemic. In this maelstrom, not unexpectedly, huge real-estate and infrastructure

projects have been the scene of the two biggest corruption cases to come to light so far: the embezzlement of pension funds by Shanghai party boss Chen Liangyu and a group of underlings in 2006, and the arrest of railway minister Liu Zhijun in 2011 for gigantic fraud in overseeing the country's high-speed rail systems. The ongoing anti-corruption campaign led by Xi Jinping has targeted even bigger 'tigers' in the party. It is common knowledge that corruption is widespread in the top ranks.

Today, SOEs are no longer burdened by the duty to provide lifelong employment to workers, nor any other benefits. They hire workers on short-term contracts like any private company, and pay them no better. For twenty years, the real wages of Chinese workers were stationary, while the government stood by. Finally a new Labour Contract Law went into effect in early 2008. Later that year, when the global financial crisis saw the government toss out huge funds to shelter or boost big firms, pressures from labour increased, and a minimum wage was decreed, the enforcement of which was left to local government authorities. But nowhere has it kept pace with subsequent inflation. With many of the largest SOEs now competing in real-estate acquisition and speculative construction—in 2010 the most valuable pieces of land sold by the Beijing municipal government all went to companies owned by big SOE conglomerates, whose main businesses are in mining, tobacco, weaponry etc.—outsourcing of SOE workforces has become routine, sub-contracting labour via layer after layer of intermediary employers to press down its cost. The link between nationalized industry and programmes relatively protective of the working class has long been a thing of the past.

3

Have peasants fared better than workers? Anderson cannot be taxed with underestimating the historical importance of the Chinese peasantry, describing it as 'the central pediment of the nation' in historical perspective, and as both the principal social base of the Chinese Revolution and chief beneficiary of the Reform Era. Yet when he passes to the period after 1989, his reflections on the fate of the countryside become very cursory. Here at least three developments require some comment, however brief.

Firstly, if TVES (Township and Village Enterprises) were so successful in the eighties, why were they jettisoned by the late nineties? Was it merely due to the increasing sway of neoliberal ideology in the PRC? The reality was less simple. Two major developments settled their fate. First, a crucial change in the tax system discharged the central government from funding the administrative expenses of authorities at lower levels: the assumption henceforth was that local governments would spend within the limit of the charges they could levy on residents within their jurisdiction. At the same time, local governments and cadres were to be judged by their performance in carrying out policies determined by the centre, especially in family planning and economic development—after 1997, with specific criteria for attracting outside investment (*zhaoshang yin zi*). Tellingly, there were no equivalent criteria for either education or healthcare. Without democratic supervision and amid a complete lack of transparency, these changes turned local administrative organs into semi-corporate managerial monsters, exploiting residents with an increasing number of fees and levies to feed their own continuous expansion. Offices in charge of seeds, fertilizers, electricity supply, irrigation and flood control all raised the price of their services to a point where in many an interior province agriculture could no longer provide the minimum return necessary to support the planting of crops by peasants, wiping out the previous gains of the ‘household responsibility system’ in the countryside. This deterioration delivered a major blow to the TVES from the middle of the decade onwards.

In general, moreover, with the exception of the initial years of the Reform, whenever there was potential competition for markets or resources between the TVES and the SOEs, or conflicts between the countryside and the big cities, the government invariably acted against the former to protect the latter. The TVES thus came under an acute double pressure, from predatory local governments seeking to maximize revenue, and from large state-owned firms.¹³ It was in such propitious conditions that the neo-liberal cult of privatization took hold, and

¹³ Li Changping gives a vivid account of these crushing pressures, with detailed examples, in ‘The Crisis in the Countryside’, in Wang Chaohua, ed., *One China, Many Paths*, London and New York 2003, esp. pp. 205–13. For a related debate see Joel Andreas, ‘A Shanghai Model? On Capitalism with Chinese Characteristics’, and Yasheng Huang, ‘The Politics of China’s Path: A Reply to Joel Andreas’, NLR 65, Sept–Oct 2010.

most TVEs lost any collective character, becoming—often decreasingly successful—private firms.

Secondly, what was happening overall in the late nineties? The taxation reform of 1994 increased central government revenues substantially, giving it in principle better leverage to balance the economy. However, the East Asian financial crisis of 1997–98 sharply reduced China's FDI and foreign trade, both still highly dependent on East Asian neighbours and a Chinese diaspora hard hit by the crisis. The result was that China experienced serious deflation for five years (1997–2001). Faced with a damaged domestic market and persistent weak consumption, the government could have chosen a slower, more gradual path of growth to help peasants nurture a household-based agricultural recovery and develop stronger markets in the countryside, raising peasant incomes. (It could also have tried to help millions of laid-off workers to start small businesses in the towns.) Instead, it sped up commodification of its social functions, and pushed up the costs of agricultural production, reducing the space for rural development. TVEs went on the block; SOEs were downsized under the slogan of 'keeping the big and letting go the small'; major land sales were launched—also starting in 1997—to raise money for state coffers; and programmes commercializing higher education and health care came into effect. Essentially, the government opted to transfer the pressure of deflation onto the shoulders of the peasantry, at tremendous cost to the fabric of rural communities. Desperate conditions in the countryside lasted for nearly a decade, until—alarmed, in the end, at signs of rural unrest—the government abolished all agricultural taxes and fees in 2005.

Thirdly, accompanying the pauperization of villages, and stemming from it, millions upon millions of rural residents moved from the countryside to coastal or interior towns as 'migrant workers' to feed the labour force needed for the export sector, whose growth rocketed after China's entry into the WTO in 2002. Precise estimates vary, but there can be no doubt about the overall magnitude of this tidal wave of flight from the land. According to official data, published by the National Statistics Bureau and the Ministry of Human Resources and Social Security, in 2008 there were some 225 million workers with rural registration employed in urban areas, where they enjoy no rights to housing, education, or any kind of social protection, due to the infamous *hukou* system separating

the population of the countryside from that of the cities. Five years later the number had grown to upwards of 270 million, of whom well over half were long-distance migrants, even as the media were filled with complaints of ‘labour shortages’ in export firms. Such migrants are not officially recognized as members of the working class, and are at the mercy of their employers, who can withhold wages for months at a time. Capital and the state have joined forces to exploit a huge mass of humanity, transforming hundreds of millions of peasants into a sub-proletariat at a speed and on a scale unprecedented in world history.

4

‘Two Revolutions’ touches only briefly, at the very end, on the social landscape of China in the new century. There, undoubtedly, Anderson does indicate the darkness of so much of this scenery, reminding the reader—who might otherwise have forgotten—that he spoke at the outset of ‘more than one bitter irony’ in the success story distinguishing Chinese from Russian Communism. Though carefully controlled in tone, his overall assessment of the Reform Era, once it crosses the threshold of the nineties, is certainly critical. Nor is there any trace of the empty euphoria, all too common on the Western as on the Chinese left, celebrating ‘The Rise of China’ as if it were a substitute for the emancipation of humanity from capital.¹⁴ Yet in my view his comparative treatment of the Russian and Chinese Revolutions, and what became of them, remains unbalanced, and—as I have tried to show—tacitly too favourable to China at the expense of Russia. In part, this is due to the asymmetrical structure of his comparison, and its timespans. The USSR lasted seventy-four years before it fell. The PRC is now sixty-five years old, having reached the point where the Soviet Union was in 1982, still at the height of its international power.¹⁵ Who can be sure where the PRC will stand in ten years’ time?

But perhaps there is another reason, too, for the imbalance. The CCP continues to describe its regime as socialist, if with ‘Chinese characteristics’.

¹⁴ Elsewhere he has specifically attacked this syndrome: ‘Sinomania’, *London Review of Books*, 10 January 2010.

¹⁵ This point was eloquently made by Yu Minling in a discussion of ‘Two Revolutions’ at the Academia Sinica in October 2010.

If very few in the West are still willing to take this claim at face value, there remains a temptation on the left to give it a kind of benefit of the doubt. In the suspended judgement of his final sentence—‘Towards what horizon the mega-junk of the PRC is moving resists calculation, at least of any current astrolabe’—should we read Anderson as sharing this? He says at one point that the CCP’s pretension to socialism functions as a necessary prophylactic against the still strong revolutionary sentiments of injustice and demands for equality among Chinese citizens, which it cannot completely ignore, on pain of losing its legitimacy. But this is no more than a negative service. Overlooked is the positive function of this political discourse for the country’s ruling elite. In the Reform Era, Chinese society has undergone a sweeping process of commodification and commercialization—across the board: from economic activity to social services to cultural life—in which financial capital, state or foreign, has been the guiding force. Farmers, workers, and even small businesses have very little power to protect their own interests from it. And yet, if they try to do so, they are more often confronted by representatives of the state—government officials, party cadres, city-patrols (*chengguan*), police, and in serious cases, the armed forces—than immediate representatives of capital. These agencies act in the name, not of capitalism, but of socialism—or its latter-day gloss, a ‘harmonious society’. If villagers are evicted from their homes by dams on the Yangzi, or herders from their pastures in Inner Mongolia, it is all in the cause of the greater ‘socialist’ good. Here lies the positive utility of the discourse of ‘socialism with Chinese characteristics’ in masking the opposite of the principles it supposedly upholds.