

Personal, Social and Humanities Education (PSHE)

Key Learning Area: NSS History (Compulsory Part)

TWENTIETH-CENTURY CHINA:

MODERNIZATION AND TRANSFORMATION

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Lecture 7

“Reform and Opening Up”:

“Building Socialism with Chinese Characteristics”

1. The era of Hua Guofeng華國鋒 (1976-1978): transition to “reform and opening up” 「改革開放」

1.1 Aspects of continuity

- Continued emphasis on putting politics in command, waging class struggle (affirming the correctness of the “Cultural Revolution”, but criticizing the “Gang of Four”), and launching mass movement (learn from Dazhai 大寨 in agriculture; learn from Daqing 大慶 in industry)
- Support of the “two whatevers”/ “whateverism” 「兩個凡是」: ”We should firmly uphold whatever policy decisions Chairman Mao made; we should always follow whatever instructions Chairman Mao issued.” 「凡是毛主席作出的決策，我們都堅決維護，凡是毛主席的指示，我們都始終不渝地遵循。」

1.2 Aspects of change

- Recognition of the importance of economic development and technological advancement (the “Four Modernizations” 「四個現代化」)
- Beginning of the “open” policy 「開放」政策
- Convening of the 5th National People’s Congress 五屆人大 and passage of the “Outline of the Ten-Year Programme for the Development of the National Economy” 《發展國民經濟十年規劃綱要》 (February 1978): the “foreign leap forward” 「洋躍進」

1.3 The convening of the 3rd Plenum of the 11th CCPCC 中共十一屆三中全會 (December 1978): the fall of Hua Guofeng and the inauguration of the Deng Xiaoping era

- July 1977: rehabilitation of Deng Xiaoping 鄧小平 (Party vice-chairman)
- May 1978: publication of Hu Yaobang’s 胡耀邦 “Practice Is the Sole Criterion for Judging Truth” 〈實踐是檢驗真理的唯一標準〉
- November 1978: reversal of verdict on the Tiananmen Incident 「天安門事件」 of 5 April 1976
- December 1978: convening of the 3rd Plenum of the 11th CCPCC: criticisms of the “two whatevers” and of the “foreign leap forward”; victory of Deng

2. The era of Deng Xiaoping (1979-1997): “building socialism with Chinese characteristics” 「建設有中國特色的社會主義」

- Aim of “reform and opening up”: to resolve the “crises of faith, confidence, and trust” 「三信危機」
- Salient features of “reform and opening up”:
 1. Rejection of “taking class struggle as the key link”
 2. Rejection of the mass mobilization approach in building socialism and rectification of anti-intellectual biases
 3. Rejection of ideological conventions and adoption of pragmatism (reform is to “bring people’s initiatives into full play”)
 4. Adoption of the trial-and-error method and the incremental approach in carrying out reforms (to “feel the rock as one crosses the river” 「摸著

石頭過河」)

5. Promotion of economic liberalization and prevention of political liberalization

2.1 The unfolding of rural reforms and the establishment of Special Economic Zones (SEZs): 「經濟特區」: the golden years for Chinese agriculture (1979-1984)

2.1.1 The unfolding of rural reforms

- Shift from a “command economy” 「指令經濟」 to an economy based on the “contracting out system” 「承包制」: initiative taken by the peasants
- Economic diversification: revival of sideline activities and the rise of “village and township enterprises” (VTEs) 「鄉鎮企業」
- Achievements:
 - 1979-1984: agricultural production registered a 50% increase
 - 1979-1984: grain output increased by 4.8% per year
- Problems:
 1. Low level of agricultural mechanization
 2. Rapid growth of population
 3. Sharp decrease in food-crop acreage
 4. Decline in rural welfare following the disintegration of people’s communes

2.1.2 The establishment of Special Economic Zones (1979-1980)

- Manifestation of the incremental approach to reform: Shenzhen 深圳市, Zhuhai 珠海市, Shantou 汕頭市, Xiamen 廈門市

2.1.3 The articulation of the “four cardinal principles” 「四項基本原則」 (March 1979) and the launching of the first “campaign against bourgeois liberalization” 第一次「反資產階級自由化運動」 (1981)

- The “four cardinal principles”: upholding the socialist road, the dictatorship of the proletariat (people’s democratic dictatorship in 1981), the leadership of the CCP, and Marxism-Leninism-Mao Zedong Thought

- Suppression of “literature of the wounded” 「傷痕文學」: Deng Xiaoping’s criticism of *Bitter Love* 《苦戀》 by Bai Hua 白樺 (March 1981)
- Suppression of “Peking Spring” 「北京之春」 (April-May 1981)
- “Democracy Wall” 「民主牆」: “socialist democracy and legality” 「社會主義民主與法制」; “the fifth modernization” 「第五個現代化」 (Wei Jingsheng 魏京生)

2.1.4 Reaching a common understanding: the drafting of “Resolution on Certain Questions in the History of Our Party since the Founding of the People’s Republic of China” 〈關於建國以來黨的若干歷史問題的決議〉

- On Mao Zedong’s place in Chinese history
- On Mao Zedong Thought
- On the “principal contradiction” in socialist China
- On the importance of the “four cardinal principles” in developing the socialist economy

2.1.5 The convening of the 12th Party Congress中共「十二大」(September 1982)

- Formation of the triumvirate comprising Deng Xiaoping, Hu Yaobang (Party general secretary), and Zhao Ziyang (premier of the State Council)
- “Building socialism with Chinese characteristics” (Deng Xiaoping)
- Quadrupling the gross annual value of industrial and agricultural production by 2000 (from 710 billion *yuan* in 1980 to 2.8 trillion *yuan* in 2000)

2.1.6 The launching of the “campaign against spiritual pollution” 「清除精神污染運動」(October 1983-May 1984)

- Discourse on “alienation” 「異化」 and “humanitarianism” 「人道主義」 (Wang Ruoshui 王若水 and Zhou Yang 周揚)
- The “campaign against spiritual pollution”: criticism of speaking about “humanitarianism in abstract terms” 「抽象的人道主義」 and speaking about “alienation under socialism” 「社會主義異化」 (Hu Qiaomu 胡喬木, Deng Liqun 鄧力群, Wang Zhen 王震)

2.1.7 The first attempt at “reform of the political structure” 政治體制改革 and setbacks (1980-1984)

- The meaning of “reform of the political structure” in the PRC context: administrative reform
- Limited achievements of “reform of the political structure”

2.2 The unfolding and setback of “reform of the economic structure in urban areas” 城市經濟體制改革 (urban economic reform): the fall of Party general secretaries Hu Yaobang and Zhao Ziyang; the “June Fourth Incident” 六四事件; “improvement (of the economic environment) and rectification (of the economic order)” 治理整頓 (October 1984-1991)

2.2.1 The convening of the 3rd Plenum of the 12th CCPC (October 1984)

- Passage of “Decision on Reform of the Economic Structure” 〈關於經濟體制改革的決定〉: start of urban economic reforms
- Confirmation of China’s economy as a “socialist planned commodity economy” 社會主義有計劃的商品經濟: reduction of “mandatory plans” 指令性計劃; expansion of “guidance plans” 指導性計劃 and “market regulation” 市場調節
- Chen Yun’s 陳雲 postulation of “the leading role of planned economy and the supplementary role of market regulation” 計劃經濟為主，市場調節為輔

2.2.2 “Reform of the economic structure” in full swing

2.2.2.1 The implementation of price reform

- Another manifestation of the incremental approach to reform
- The “double-track pricing system” 價格雙軌制: rise of “speculators who were officials”/ “officially-run speculations [in the marketplace]” 官倒
- Price reform under the influence of Chen Yun: price remained distorted; China’s economy depicted as a “birdcage economy” 鳥籠經濟 by Hong Kong and Taiwan China-watchers

2.2.2.2 The implementation of enterprise reform

- Separating enterprise from government
- Carrying out the “factory director responsibility system” (FDRS)「廠長負責制」
- Carrying out the “contract labour system”「勞動合同制」
- Putting on trial the Bankruptcy Law
- Opening of stock markets in Shanghai and Shenzhen

2.2.2.3 Further “opening up” to the outside world

- Expanding foreign trade
- Encouraging direct foreign investments
- Establishing 14 “open cities”「開放城市」 and three “coastal open zones”「沿海開放區」
- Obtaining loans from international monetary organizations
- Experimenting with overseas investments
- Expanding the tourist industry
- Encouraging students and scholars to go abroad to study and to participate in academic exchange

2.2.3 Putting “reform of the political structure” back on the agenda

- Separating government from the Party
- Delegating power to the lower levels
- Streamlining administrative structure

2.2.4 Student unrest in 1985-1986: the fall of Hu Yaobang and the launching of the second “campaign against bourgeois liberalization” 第二次「反資產階級自由化運動」

- September 1985: students of Beijing University staged anti-Japanese demonstrations and denounced “corruption in Beijing”
- 1986: Chinese intellectuals (Yan Jiaqi 嚴家其, Su Shaozhi 蘇紹智, Li Honglin 李洪林, Fang Lizhi 方勵之, Wen Yuankai 溫元凱, Yu Haocheng 于

造成, Wang Huning 王滬寧, Liu Binyan 劉賓雁, Wang Ruowang 王若望) became more and more outspoken and critical of current social problems due to the relaxation of control under the “liberal” leaders (Hu Yaobang, Zhao Ziyang, Wan Li 萬里, Hu Qili 胡啓立, Zhu Zehou 朱厚澤, Wang Meng 王蒙)

- December 1986: outbreak of student unrest in Hefei 合肥 (Anhui 安徽 province); rapid spread of student movement to all major cities of China; some students targeted their attack on the “four cardinal principles”

Deng Xiaoping: 「學生鬧事，大事出不了，但從問題的性質來看，是一個很重大的事件。……凡是鬧得起來的地方，都是因為那裏的領導旗幟不鮮明，態度不堅決。這也不是一個兩個地方的問題，也不是一年兩年的問題，是幾年來反對資產階級自由化思潮旗幟不鮮明、態度不堅決的結果。」 「沒有專政手段是不行的。對專政手段，不但要講，而且必要時要使用。當然，使用時要慎重，抓人要盡量少。但是如果有人要製造流血事件，你有什麼辦法？我們的方針是首先揭露他們的陰謀，盡量避免流血，寧可我們自己人被打傷，對為首鬧事觸犯刑律的依法處理。不下這個決心是制止不了這場事件的。如果不採取措施，我們後退了，以後麻煩會更多。」

- January 1987: fall of Party general secretary Hu Yaobang and the launching of the second “campaign against bourgeois liberalization”
- April-May 1987: Deng Xiaoping terminated the campaign in fear of the return of “Leftist” tendencies

2.2.5 The convening of the 13th Party Congress 中共「十三大」(October 1987)

- Zhao Ziyang: “Advance Along the Road of Socialism with Chinese Characteristics” 〈沿著有中國特色的社會主義道路前進〉: articulation of “the theory of the primary stage of socialism” 「社會主義初級階段理論」 and of the basic line of “one central focus; two basic points” 「一個中心、兩個基本點」

2.2.6 The speeding up of reform of the economic and political structures

2.2.6.1 The implementation of the coastal development strategy (March 1988)

- Wang Jian 王建 (State Planning Commission 國家計委): theory of “the great international economic circuit” 「國際大循環」理論
- Strategy of “extending both ends of the economy abroad” 「兩頭在外」
- Spectacular growth of “three kinds of foreign-funded enterprises” 「三資企業」 (i.e., enterprises based solely on foreign capital 外商獨資企業, Sino-foreign joint ventures 中外合資經營企業, Sino-foreign cooperative ventures 中外合作經營企業)
- Experimentation with “one enterprise, two systems” 「一企兩制」

2.2.6.2 “Making a bold breakthrough in price reform” 「勇闖物價關」 (April-August 1988)

- April-May 1988: shift of attention from “enterprise reform” (Li Peng 李鵬, premier of State Council) to “price reform” (Zhao Ziyang, Party general secretary)
- June-July 1988: Decontrol of price for essential commodities (inflation hit 16.5% in June and 19.3% in July)
- August 1988: bank runs and panic purchasing

2.2.6.3 Bold implementation of all-round “reform of the political structure” (1988)

- Separating government from the Party (gradual abolition of “Party core groups”黨組)
- Delegating power to the lower levels
- Streamlining administrative structure
- Reforming the cadre personnel system (establishing a civil service system)
- Establishing a socialist system of consultation and dialogue
- Improving the systems of people’s congresses and political consultation
- Strengthening the socialist legal system

2.2.7 The dilemma of reform: the democracy movement of 1989, the fall of Zhao Ziyang, and the “June Fourth Incident”

- The dilemma that Zhao Ziyang faced in 1988-1989
- Main chronology of events leading to the “June Fourth Incident”:
 1. 15 April: death of Hu Yaobang and the rise of student unrest
 2. 26 April: editorial of *Renmin ribao* labeled student unrest as “turmoil”
「動亂」
 3. 13 May: several thousand students started hunger strike in Tiananmen Square
 4. 15 May: Mikhail Gorbachev arrived in Beijing for Sino-Soviet summit talks
 5. 17 May: over one million people took to the streets in Beijing; students in 27 cities also staged demonstrations in support of the hunger strike in Beijing
 6. 19 May: Li Peng proclaimed martial law, signifying the victory of the hardliners and the fall of Zhao Ziyang
 7. Late May: proliferation of various self-government associations; transformation of the student movement into a mass movement
 8. 4 June: crackdown by martial law enforcement troops

2.2.8 Stability came first: China's political situation after the “June Fourth Incident” and the CCP's response to the crisis it faced (June 1989-December 1991)

- Deng Xiaoping's articulation of the “16-character principle”「十六字方針」: “observe development soberly, maintain our position, meet challenges calmly, and hide our capacities and bide our time”「冷靜觀察、穩住陣腳、沉著應付、韜光養晦」
- Deng Xiaoping on the “June Fourth Incident”: 「這場風波遲早要來。這是國際的大氣候和中國自己的小氣候所決定了的，是一定要來的……而現在來，對我們比較有利。最有利的是，我們有一大批老同志健在……他們是支持對暴亂採取堅決行動的。雖然有一些同志一時還不理解，但最終是會理解的，會支持中央這個決定的。」
- Deng Xiaoping on “reform and openness”: 「改革開放這個基本點……沒有錯。沒有改革開放，怎麼會有今天？……以後我們怎麼辦？我說，我們原來制定的基本路線、方針、政策，照樣幹下去，堅定不移地幹下去。」

- Deng Xiaoping on Hu Yaobang and Zhao Ziyang: 「過去兩個總書記都沒有站住，並不是選的時候不合格。選的時候沒有選錯，但後來他們在根本問題上，就是在堅持四項基本原則的問題上犯了錯誤，栽了跟頭。四個堅持中最核心的是黨的領導和社會主義。四個堅持的對立面是資產階級自由化。堅持四項基本原則，反對資產階級自由化，這些年來每年我都講多次，但是他們沒有執行。在這次動亂中趙紫陽暴露了出來，明顯地站在動亂的一邊，實際上搞分裂。好在有我在，處理不難，當然也不是我一個人的作用。」
- 23-24 June 1989: convening of the 4th Plenum of the 13th CCPCC中共十三屆四中全會 and appointment of Jiang Zemin江澤民 as Party general secretary
- Strengthening Party-building and Party leadership, improving ideological and political work, suppressing corruption, improving the economic environment and rectifying the economic order (e.g., slashing investment and curbing inflation), and guarding against “peaceful evolution” 「和平演變」
- Disputes over the orientation and nature of market reform: is market reform surnamed “*she*” 「社」 (socialist) or “*zi*” 「資」 (capitalist)?

2.3 No turning back for reform: the establishment of a “socialist market economy” 「社會主義市場經濟」 (1992-1997)

2.3.1 Deng Xiaoping's Southern Tour南巡 (January 1992)

- Attempt at reactivating market reform
Deng Xiaoping on the relationship between “planning” and the “market”:
「計劃多一點還是市場多一點，不是社會主義與資本主義的本質區別。計劃經濟不等於社會主義，資本主義也有計劃；市場經濟不等於資本主義，社會主義也有市場。計劃和市場都是經濟手段。」
Deng Xiaoping on the task of combating “Left” tendencies: 「現在，有右的東西影響我們，也有『左』的東西影響我們，但根深蒂固的還是『左』的東西。……右可以葬送社會主義，『左』也可以葬送社會主義。中國

要警惕右，但主要是防止『左』。……把改革開放說成是引進和發展資本主義，認為和平演變的主要危險來自經濟領域，這些就是『左』。」

2.3.2 Upsurge in economic development after Deng's Southern Tour

- The craze for “doubling [production]” 「翻番」 and the investment craze:
 1. The real estate craze 房地產熱
 2. The Economic Development Zones (EDZs) craze 開發區熱
 3. The shareholding craze 股票熱
- Decontrol of price (571 commodities free from state price control) and inflation (hit 13% in late 1992)
- The new strategy of “opening up on every side” 「全方位的對外開放」 (along the Yangtze River and along the northeast, northwest, and southwest frontiers of China), with Shanghai's new zone of Pudong 浦東 as the “dragon head” 「龍頭」 (300 “open cities” by October 1992)
- The new strategy of allowing foreign investments in the service sector (transportation, commerce, food, finance, insurance, real estate, etc.)

2.3.3 The convening of the 14th Party Congress中共「十四大」(October 1992): a milestone in China's drive toward a market economy

- Articulation of the concept of a “socialist market economy” 「社會主義市場經濟」: rejection of Chen Yun's postulation of “the leading role of planned economy and the supplementary role of market regulation”; recognition of *functional* difference between “planning” and the “market”
- Establishment of Deng Xiaoping's theory of “building socialism with Chinese characteristics” as “Marxism of contemporary China” 「當代中國的馬克思主義」

2.3.4 Dislocation of the economy and the launching of “macroeconomic regulation and control” 「宏觀調控」(1993-1995)

- Problems:
 1. An overheated economy
 2. A chaotic fiscal order

3. Rampant inflation (hit 25% in June 1993)

- “Macroeconomic regulation and control” under vice-premier Zhu Rongji 朱鎔基:
 1. 24 June 1993: promulgation of “16 Articles on Macroeconomic Regulation and Control” 〈宏觀調控十六條〉
 2. 14 November 1993: promulgation of “50 Articles on (Market) Reform” 〈(市場) 改革五十條〉

2.3.5 The end of the Deng Xiaoping era

- Deaths of Chen Yun (April 1995) and Deng Xiaoping (February 1997)
- Deng’s personality and style
- Age of remarkable growth (in the economic sphere) and authoritarianism (in the political sphere)

3. China at the end of the twentieth century

- The convening of the 15th Party Congress中共「十五大」(September 1997): Party Constitution made Deng Xiaoping’s theory of “building socialism with Chinese characteristics” the guiding ideology of the Party
- Articulation of the theory of “Three Represents”「三個代表」理論 by Jiang Zemin (Party general secretary and state president) in 2000:

“The CCP must always represent the requirements of China’s advanced productive forces” 「黨要始終代表中國先進社會生產力發展要求」

“The CCP must always represent the orientation of the advanced development of China’s culture” 「黨要始終代表先進文化的前進方向」

“The CCP must always represent the fundamental interests of the overwhelming majority of the broad masses” 「黨要始終代表最廣大人民的基本利益」

3.1 Rural China at the end of the twentieth century

- 1998: Hubei 湖北 village cadre Li Changping 李昌平 sent a petition to Zhu Rongji: “The peasants’ livelihood is real hard; the countryside is real poor; and agriculture faces a real danger” 「農民真苦、農村真窮、農業真危險」

(the “three rural” problems 「三農」問題)

- Deterioration of the rural situation since the mid-1980s: the rise of financially independent township governments; the prevalence of the so-called “three arbitrariness” 「三亂」 (“arbitrary collection of levies; arbitrary collection of funds; and arbitrary collection of fines” 「亂徵收、亂集資、亂罰款」)
- Measures taken by the government to solve the “three rural” problems:
 1. Streamlining basic-level administrative structure and improving the quality of local leadership
 2. Putting a ceiling on agricultural tax (no more than 5% of peasant incomes)
 3. Introducing voting by all the people in village elections
 4. Creating medium-size and small-size towns for the peasants
 5. Opening up western China in order to provide more job opportunities for the peasants

3.2 Urban China at the end of the twentieth century

- Reform of state-owned enterprises (SOEs): premier Zhu Rongji’s policy of “holding on to the big [SOEs] and letting the small [SOEs] go” 「抓大放小」 (1998)
- Unemployment: labour disputes and unrests
- The “middle class” 「中產階級」 as a new force in Chinese society

4. An overall assessment of “reform and opening up” in the 1980s and 1990s

4.1 Economy

- Achievements:

GDP: rose from 362.4 billion *yuan* in 1978 to 11.67 trillion *yuan* in 2003

Per capita GDP: rose from 379 *yuan* in 1978 to 8,469 *yuan* in 2003

Average annual rate of growth of the Chinese economy:

 - 1979-1990: 9.7%
 - 1991-1994: 11%
 - 1995-2000: 7%

- Problems: deficit spending; huge population (1.3 billion); ecological degradation; shrinking of arable acreage; grain shortage

4.2 Society

- Achievements: a more open society; better living and working conditions

- Problems:

Commodification of labour, land, and culture

Social inequality: wide income gaps between regions and social groups

Social dislocation and discontent: rampancy of corruption and crimes