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Hoarding, China's Second Revolution: Reform After Mao

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BOOK REVIEW

CHINA'S SECOND REVOLUTION: REFORM AFTER MAO.
By Harry Harding. Washington, D.C.: The Brookings Institution, 1987. Lib. Cong. No. HC 427.92.H37. US\$32.95.

*Reviewed by Xi-Qing Gao**

Having come from China, I often hear people complain about the lack of intellectual, unbiased, and profound accounts of present-day China. These complaints are not unwarranted, as the past ten years of changes in China have been so dramatic, so fundamental, and so unpredictable that only the word "revolution" can fully describe their nature. Deng Xiaoping knew, in his wisdom and foresight, that the reforms into which he was leading China were in every respect comparable to the first revolution into which Mao led the nation. Daily happenings in China have proven that Harry Harding's book, entitled *China's Second Revolution*, is aptly named.

China's Second Revolution was meant to be a comprehensive study of China's ongoing reforms (p. 2). It has completed this task admirably. The book was also meant to offer a prospective picture of the reforms—where they are going and how. In this latter task, Harding, like most dialectical writers, takes a safe course. He has made many conclusions, to be sure. Every one of them, however, is accompanied by provisos and caveats that provide the author an easy escape in case his prophecy is not fulfilled.

Harding has a thorough grasp of dialecticism. As much as most self-proclaimed Marxists believe in material dialecticism,¹

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1. Material dialecticism is the methodological component of dialectical materialism, which is the acclaimed theoretical foundation for communism in most communist countries. It holds that everything in the universe has a material basis, and is in a state of continuous movement and change—a result of contradictions and struggles inherent in the thing itself. At the core of material dialecticism is the law of unity of opposites, which is described as a process of change in which a concept or its realization passes over into and is preserved and fulfilled by its opposite. The law of unity

many never truly understand it, much less practice it. Harding's book, in contrast, "shines with dialecticism," as Chairman Mao used to say in praise of certain writers or articles. It is not imperative that one believe in Marxism to utilize dialecticism, say the Party propagandists, because dialectical materialism is an objective truth and people use it consciously or subconsciously. When predicting the future of a nation becomes a science, as is the case here, a true scholar will invariably take all factors into consideration, thus making it difficult to render a definitive conclusion.

The most impressive achievement of this book is its in-depth analysis of the problems, achievements, valued experiences, and bitter lessons in the past ten years of China's reforms. Many people have tried to provide an objective picture of China from various angles. Some have succeeded in exploring a glimpse of the giant myth by, as the Chinese idiom goes, "getting to know the cheetah by looking at one of its spots." That may be one way to learn the truth, but many people still prefer to see the whole picture when it comes to knowing a nation. Harding's book provides that whole picture.

Like any epoch-making event in history, the Cultural Revolution inevitably stands out as one of the relevant factors in any discussion of the era succeeding it. It is a cliché to say that it was a disastrous or catastrophic period of time for the Chinese nation. And it became the fashion for people to dismiss it as the result of Mao's effort to destroy his personal enemies within the Party. Harding, however, approaches these issues in a very scholarly way. Despite his statement that the book is not intended to be a comprehensive political history of modern China (p. 2), Harding nonetheless gives an objective and well-balanced, though brief, account of the Cultural Revolution (ch. 2). He explores the more important concerns of Mao in designing and charging through with the Cultural Revolution: the ideal of egalitarianism, economic or political, epitomized in the so-called "combination of Marxist truth and the concrete situation of the Chinese revolution" (pp. 18, 26); the need to fight against, in Mao's words, "a vast ocean of petty bourgeoisie" existing in China and threatening to drown the

of opposites was popularized by Mao Ze-Dong in his famous proposition that "Everything divides into two."

revolutionary regime (p. 26); the concept of a self-reliant enclosed economic system, which Harding calls an autarkic cellular economy (pp. 18-19); and the sense of an ever-continuing revolution that would effectively lead people to rise above their own selfishness (pp. 26-27). As a former Red Guard with all those years of indoctrination, or "brainwashing," and the ensuing disillusionment, I take genuine pleasure in reading these accounts of that particular period of time in history. That, however, does not mean that I was also "angered" at the prospect of permanent exile in the countryside, as described by the author (p. 37). With painstaking efforts, the author accumulated statistics to show that the Cultural Revolution was not all negative even in regard to the national economy (p. 30). By the end of the 1970s, the Chinese people, although poor in monetary income, enjoyed a standard of living far above what might have been expected for a country at China's level of development (pp. 30-31). It is important to realize that this standard came about largely as a result of the enthusiasm exemplified, the hardship endured, the devotion given, and the sacrifices made by millions of people in those years. By realizing this, it is easier to understand more recent happenings: the indifference shown by the people not only toward Marxist-Leninist theories, but even toward their constitutionally guaranteed right to vote for representatives of the People's Congress; the general ill humor displayed toward any decline in their standard of living; and the corruption that has become the biggest social evil of all in the people's eyes.

In a sense, the Cultural Revolution heralded the beginning of the second revolution, which would eventually break the feudalistic shackles gripping the minds of the Chinese people for thousands of years. The first revolution claimed as its goals, first, the liberation of the masses from both the physical sufferings of hunger and cold, and second, the liberation from the spiritual sufferings of ignorance and subservience. The first goal has, as noted in the book, by and large been reached (p. 30). The second goal, however, can be reached only after much more arduous and persistent efforts and probably after a much longer period of time. Today's China has no role models to follow, as it did in the 1920s and the 1950s (p. 3). As correctly pointed out by the author, while China is seeking out its own course in the voyage toward modernization, China is

not going to make a full swing to a Western-style market economy or a truly pluralistic society (p. 264); neither is it going to move towards orthodox socialism (p. 130). The issue is, in the author's words, to select the blend that will be most appropriate to China's circumstances (p. 130). With that belief in mind, therefore, the author does not lose sight of the main current of the Chinese political institution even amidst the myriad of reports and data about the changing direction in China. When many China observers are extolling what they think of as China's repudiation of Marxism-Leninism, the author clear-headedly writes that, despite the Party's willingness to allow, and even encourage, some creativity in the interpretation of Marxism, it still does not tolerate the active presentation of any ideological alternative (pp. 173, 182, 186).

The issue here is, however, whether it is so bad for China to remain a largely self-sufficient and, more importantly, a non-pluralistic society. The author does not seem to try to make a value judgment here. The words he uses, however, do carry a moral tone. "Consultative authoritarianism,"² the term borrowed by the author to characterize the present Chinese regime (p. 200), is something undesirable to most Americans when compared with their more favored terms, such as "democracy" or "pluralism." The same is true with concepts such as "rule by man" and "rule by law," which the author tries to expound in Max Weber's terms (p. 184). In a Western society, people presume that rule by law, or "rational legal authority," is superior to rule by man, or "charismatic authority," and that pluralism is better than authoritarianism. These ideals are best personified in the legal and political institutions of the United States.

Chinese society, however, does not necessarily share these beliefs. It is becoming common knowledge that an Eastern society places more emphasis on consensus-building rather than on adversariness, on community interests rather than on individualism, and on cultural and societal persuasion rather than on formal prosecution. Even Japan, one of the most developed capitalist countries in the world, cannot escape these Eastern values. In a sense, the kind of permeating control in

2. Harding borrows the term from Skilling, *Group Conflict and Political Change*, in *CHANGE IN COMMUNIST SYSTEMS* 215-34 (C. Johnson ed. 1970).

China so antipathetic to a Western mind may conversely serve as an effective channel for the rank and file to be heard by the highest rulers (p. 26). Should China rush into the modern, Western style—that of a democratic, pluralistic society ruled by law—a system that may not be the single best available form of government for the nation? Plato may have been utopian in his hopes for philosopher kings, but can we not see the rationale in his ranking the rule of law as second best—the best being the rule of a true statesman in a lawless society?³ The present leaders of China may be far from being the kind of statesmen Plato described, but China is not a totally lawless society either. As a group, a politburo or a cabinet may very well become, probably sometime in the future, a statesman in plural form. Why would that happen instead of it degenerating into a totalitarian regime? One can only try to take comfort in the thought that Marxism is an open-ended system. It does not claim to be perfect and it is always willing to adapt itself to the concrete conditions of human society. What is happening today in China, in the Soviet Union, and in most of the other socialist countries where Marxism is still claimed to be the official ideology, may just be testaments to that thought. Harding obviously does not take this view, although he acknowledges the prevalence of the view among Chinese intellectuals (p. 201).

In Part I, which stresses the origins of reform, Harding makes some prescient predictions, which have been validated by recent happenings. As much as he is cautiously optimistic about the future of the reforms, he believes that the dismissal of Hu Yaobang, a conservative, in early 1987 raised the possibility that younger representatives with moderate political leanings might secure appointment to leading Party bodies at the Thirteenth Party Congress in the fall of 1987 (p. 86). So it happened. Harding's prediction, however, does not preclude his generally optimistic view towards the future of the reforms (pp. 297-303).

More penetrating analyses are made in Part II about the contents of the reforms and Part III about the future of reform. When addressing problems associated with the agricultural reforms, the author gives much attention to the lack of long-term

3. PLATO, *STATESMAN* 293a *et seq.*, 297c *et seq.*

capital investment from either the state or the peasants (p. 107). This indeed has become such a serious problem that the advances made in agricultural reform may to a large extent be eradicated in the years to come. Regarding the administrative controls over the economy, the author points out the lack of adequately developed, truly effective regulatory devices to replace the old system that had already been relaxed (p. 113). The much hailed trend of decentralization may, as the author sees it, run counter to the spirit of economic reform, in that it would give greater authority to local agencies that have both the desire and the capability to interfere directly in the operation of the marketplace (p. 227). Domestically, the author sees a major source of resistance to reform, what many analysts have described as the implicit social contract between state and society in a communist system: the denial of certain economic and political freedoms in exchange for the supply of the staples of life at low prices (p. 293). Indeed, some believe that the working class may become the most reactionary force toward the reforms, which may very well result in price increases in staples of life and decrease in job security.⁴ Internationally, the author makes sensible comparisons between pre-Mao and post-Mao China (pp. 239-41), and gives credit to China's increasingly more pragmatic, less ideologically charged diplomatic policies (pp. 243, 244). Economically, the author views China's entry into the world economy as having already been accommodated by the system, and, therefore, its future growth should not be conceived as posing any major threat to the global economic system (p. 251). Geopolitically, a stronger, wealthier, and thus more secure China should become a stabilizing rather than a disturbing factor in the Asian-Pacific Rim (pp. 239-41, 268). The author, however, almost seems to relish the suggestion that the best scenario for China is a nation ever striving to achieve modernization but never succeeding (p. 246). Let's hope that this is only American-style humor, even though the relevant remarks were originally made by a Japanese sinologist.

There are always, of course, things that can be improved in a book of this scope; after all, it is much easier to write a

4. Liu Yuan, Speech to China Business Association at Columbia University (Nov. 21, 1987), *reprinted in* 2 *Bus. BRIDGE* 10 (1988).

book review than to write the book itself. First, one may disagree with a few of the historical accounts in the book. For example, the author's attribution of China's autarkic policy during most of the thirty-year period after 1949 to Mao's egalitarianism does not present the whole picture of the time. The U.S.-led trade embargo in the 1950s and the Soviet Union's withdrawal of all assistance in the 1960s, the realistic fear of famine and war in a perceived hostile environment, and, to a lesser degree, the desire to set an example in the "world revolution," all provided much stronger reasons for China to be self-sufficient. On a related point, the author analogizes China's foreign economic policy to that of many other East Asian countries: a neomercantilist strategy aimed at promoting foreign economic relationships that will help produce a relatively self-reliant nation. A recent talk by Zhao Ziyang, the General Secretary of the Chinese Communist Party, reveals that China's highest leaders no longer require enterprises to strive for total domestication of all their products.⁵ This symbolic gesture at least shows the degree of a long-term commitment by the present leaders to an open-door policy. In his account of the struggle between the restorationists and the reformers, the author seems to place much emphasis on Deng Xiaoping's personal feelings towards Hua Guofeng and his policies (pp. 57, 58, 63). To most Chinese during that period, however, objective factors play a much more important role in that struggle. It was the true political and economic necessity of the country at the time and the genuine feelings of the whole Party and the whole nation that eventually brought Deng back to, and Hua down from, power.

Although the author appears to be cautiously optimistic about the future of the reforms in many respects, he nonetheless errs on the side of conservatism in portraying the opportunities for popular participation (p. 180). Since the time this book went to print, competitive elections have become a norm in practically all levels of the government and the Party. Even some of the highest-level Party officials were voted out of the Central Committee at the Thirteenth Party Congress, despite the Politburo's original intentions.

One would also like to see a more exhaustive examination

5. *People's Daily*, Feb. 10, 1988.

of the question of ownership, which is probably one of the most important issues in the reforms. The author does devote a whole section to the ownership question (pp. 124-28), but never really spells out its relevance. The trend in China today is clearly toward a much more diversified economic system in which several different forms of ownership coexist. One can easily note that trend from the daily increase in the number of state-sponsored foreign private enterprises and government encouraged domestic private enterprises;⁶ from the Party General Secretary's endorsing a private sector that may take up one third to one half of the national economy; from the establishment of stock markets in some major cities and the sale of equity shares of a few large state-owned enterprises to private citizens (p. 123);⁷ from the privatization of some of the banking business—the single most tightly controlled business in any socialist economy;⁸ and from a majority of the state-owned enterprises in the process of being leased/contracted out to individual managers.⁹ Clearly, the original idea of “socialist public ownership of the means of production”¹⁰ may no longer be predominant, and the Party theorists have to reinterpret the so-called “fundamental theories” and admit either that Marx and Lenin were wrong in establishing their theories or that the Party was wrong in interpreting the Forefathers. In fact, the Constitution has been recently amended to allow private ownership and transfer of land use rights.¹¹

Theoretical differences aside, the question of ownership has already presented a slew of paradoxes for the reformers. Paradox No. 1: if the factory is contracted out to the manager, who bears a much bigger risk of its economic viability than the workers and who has the right to hire and fire workers, then are workers still the “masters” of their factory, as they have been told during the past thirty some years, or are they just laborers hired by the contracting manager? In some cases, the

6. See, e.g., *People's Daily, Overseas Ed.*, Mar. 16, 1988; *People's Daily, Overseas Ed.*, Mar. 15, 1988.

7. *People's Daily*, Nov. 22, 1986; *People's Daily*, Nov. 15, 1986; *N.Y. Times*, Nov. 12, 1986; *People's Daily*, Nov. 12, 1986; *People's Daily*, Nov. 11, 1986.

8. Gao, *China's Financial Reform*, 2 *BUS. BRIDGE* 8 (1988); *China Daily News*, Dec. 29, 1987, at 10, col. 1.

9. *People's Daily*, Mar. 14, 1988; *China Daily News*, Jan. 28, 1988.

10. *CONST. OF THE PEOPLE'S REPUBLIC OF CHINA* art. 6.

11. *People's Daily*, Apr. 13, 1988.

workers are allowed to elect the managers, but that seems to run counter to the whole idea of modern management and also seems to alleviate the economic pressure on the elected managers. Paradox No. 2: if the state-owned enterprises are allowed to go bankrupt, as contemplated by the pending Bankruptcy Law and as demonstrated by a few examples in the experimental cities,¹² then would the state go bankrupt as well? Apparently not, even though it still imposes much of the bureaucratic power upon the enterprise in terms of setting prices of input unreasonably high and of output unreasonably low (p. 285). If that is the case, the only logical bankrupt owners of the factory would then be the manager *and* the workers. Here the workers become the "masters" of their own factory again, but only to bear its losses. Paradox No. 3: for years people have been told that the fundamental contradiction of a capitalist society is the one between large-scale socialization of production and an ever more concentrated privatization of the means of production. Hence there are the ever-deepening cyclical economic crises, the ever-widening gap between the rich and the poor, and the ever-increasing distance between the cities and the countryside. Now that China is poised to accept so much of private ownership, is it going to suffer the same kind of consequences inherent in the aforementioned contradictions? Or can China, because it is still by and large a socialist country, somehow be immune from these capitalist diseases? Harding seems to believe in the former scenario without admitting that it is caused by the introduction of capitalism. He maintains that serious problems, including economic inequality and political dissent, as well as corruption, inflation, trade deficits, imbalanced budgets, shortfalls in grain production, and a growing perception of a decline in moral values, may be the product of the contradictions that are inherent in China's attempt to create a mixture of a planned economy and a market economy, and liberalization and control (pp. 273-74, 283-84).

It is somewhat puzzling that the important role to be played by education in the coming years of reform is not ad-

12. China Daily, Dec. 3, 1986; People's Daily, Dec. 3, 1986; People's Daily, Nov. 10, 1986; People's Daily, Nov. 6, 1986; People's Daily, Sept. 6, 1986; People's Daily, Sept. 5, 1986; People's Daily, Aug. 30, 1986; People's Daily, Aug. 11, 1986.

dressed in this book. Propaganda work has always been one of the most important aspects of a communist revolution. The first revolution in China is filled with examples of mobilizing the masses with revolutionary slogans and theories. The heightened class consciousness effectively guaranteed that the revolution would be carried to the end. The education we are concerned about here, however, is almost the antithesis of the ideologically-charged propaganda characteristic of the first revolution. If the second revolution is to succeed, an independent intellectual class comparable to the large educated middle class of the West is almost certainly a prerequisite. The author speculates on the possibility of the emergence of a Chinese middle class, but he does not seem to link that directly to the education of the new generation (p. 296). The author expounds upon the most sweeping totalitarian rule of all times by the Communist government, but he seems to attribute the effectiveness only to modern transportation and communications rather than to a largely illiterate or quasi-illiterate constituency that had never been enlightened by the concepts of modern democracy and basic human rights (pp. 24-26). The author also comments on the adage that enthusiasm for the reform process is "hot at both ends but cold in the middle" (p. 290), and talks favorably about the restaffing of the Party and state bureaucracies (pp. 204-09), but he associates this phenomenon mostly with ideologically conservative, mid-level bureaucrats trying hard to protect their own turf (p. 291) rather than with the added fact that the level of education in this group has been so low that the average member simply does not understand new ideas, let alone is willing to accept these ideas for change. The author even delineates the stratification of the Chinese intellectuals in his elaborate efforts to portray the popular mood. But he stops short of giving these people a more important role to play in the future of the reforms (p. 294).

In the final analysis what, in my view, gives one some confidence in the future of the reforms is a much better-educated nation, as shown by the recent rapid increase in the percentage of college entrants and graduates and a much heightened and truly permeating national consciousness of education. The author expresses his pessimism at the low level of popular participation and the seemingly unsuccessful effort of the Party to

streamline the bureaucracies (pp. 181, 210). What happened during the Thirteenth Party Congress, however, gives one much comfort in dispelling Harding's skepticism and in hoping for the best-case scenarios presented in the book. After all, many of what Harding classified as radical predictions have already been or are in the process of being realized, and many others seem to have better chances now. For example, the phenomenon of what Harding calls "stockification" (p. 126) is no longer a rarity and a target of fierce criticisms. Neither are the competitive elections for Party leaders a sporadic happening (p. 181). Four of the six members of the Standing Committee, the inner-most circle of the Party leadership, are in their fifties and have college degrees; the remaining two are in their early sixties. Even Hu Yaobang, the then-dismissed Party General Secretary, is coming back, having been elected again to the Politburo (p. 229). Today's China is no longer the one that froze each time the Great Chairman sneezed. Neither is it the one that jumped at any sign of a perceived threat. China has matured greatly in the past ten years by learning from its own mistakes, and it is continuing that learning process. To borrow a quotation from Lenin: people learn much more in a week of revolution than they would otherwise learn in a whole year of routine life. China's second revolution may or may not be the kind of revolution Lenin would have wanted to see. Nevertheless, its educational effects will be felt in the many decades to come.

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