

ZHAO ZIYANG AND THE ELITE POLITICS
OF THE PEOPLE'S REPUBLIC OF CHINA, 1980–1989

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ABSTRACT

This doctoral dissertation examines the history of the elite politics of the People's Republic of China (PRC) in the crucial period 1980–1989 by centering on Zhao Ziyang (1919–2005), who served as Premier of the State Council (1980–1987) and then as General Secretary of the Chinese Communist Party (1987–1989) before his purge, house arrest, and official erasure. Using newly available, exceptionally rich primary source material, this dissertation analyzes Zhao's roles and the complex dynamics of his time in Beijing and engages in a substantial scholarly reappraisal of the elite politics and economic reform policies of the transformational decade of the 1980s. Drawing on new insights into the political, economic, and ideological debates of the 1980s, this dissertation deepens scholarly assessments of the politics of economic reform by arguing that the specific reform agenda that China pursued and which has been ascribed to Deng Xiaoping was, to a far greater degree than the dominant historical writing has acknowledged, the product of Zhao's vision and policymaking. His erasure has led to a major distortion of both scholarly and popular narratives of China's post-Mao development of "reform and opening" policies. On wide-ranging fronts as diverse as urban and industrial reforms, science and technology policy, and adjustments to China's governing formulations and ideology, Zhao must be restored to the center of the narrative. The dynamics of Zhao's time in power demonstrate that numerous different possibilities for China's development remained open throughout the decade and were contested as the leadership determined China's path through a process of policy development and competition in which ideas and individuals competed for influence. This dissertation concludes that despite Zhao's status as a historical non-person, both his actual historical role and his erasure by the CCP remain at the heart of enduring questions about China's future.

EXTENDED ABSTRACT

This doctoral dissertation examines the history of the elite politics of the People's Republic of China (PRC) in the crucial period 1980–1989 by centering on Zhao Ziyang (1919–2005), who served as Premier of the State Council (1980–1987) and then as General Secretary (1987–1989) of the Chinese Communist Party (CCP) before his purge, house arrest, and official erasure. Using rich, newly available primary source material, this dissertation analyzes Zhao's roles and the complex dynamics of his time in Beijing and engages in a substantial scholarly reappraisal of the elite politics and economic reform policies of the transformational decade of the 1980s. Drawing on new insights into the political, economic, and ideological debates of the 1980s, this dissertation deepens scholarly assessments of the elite politics of economic reform by arguing that the specific reform agenda that China pursued and which has been ascribed to Deng Xiaoping was, to a far greater degree than the dominant historical writing has acknowledged, the product of Zhao's vision and policymaking. On wide-ranging fronts as diverse as urban and industrial reforms, science and technology policy, and adjustments to China's governing formulations and ideology, Zhao must be restored to the center of the narrative. This historiographic intervention seeks to deepen scholarly assessments of the elite politics of China under Deng Xiaoping. This dissertation focuses especially on the dynamics of Zhao's policymaking—how he developed policies and put them into practice—and argues that understanding these dynamics is essential for a scholarly understanding of China's path in the 1980s and to make clear how contingent many choices along that path were.

Exceptional new primary sources enable this reassessment of the elite politics of China in the period 1980–1989. In the summer of 2016, a groundbreaking collection of Zhao's previously classified writings, speeches, and other documents

from the 1980s was published in Hong Kong. This dissertation is the first study to make use of the nearly 500 documents related to Zhao contained in this collection, entitled the *Collected Works of Zhao Ziyang, 1980–1989* (赵紫阳文集: 1980–1989). An even broader internal collection of twelve volumes of materials related to the elite politics of the post-Mao era, entitled *Forward in the Storm: Chronology of China's Development and Reform, 1977–1989* (在风浪中前进: 中国发展与改革编年纪事 1977–1989), also offers major new insights and, because it is extremely difficult to obtain copies, has only been used by a small number of scholars inside and outside of China. Alongside other internal materials that are now available to scholars, as well as the wide range of official chronicles, memoirs (including Zhao's important posthumously published memoir), periodicals, and other printed materials, this dissertation provides an unprecedented level of detail regarding important debates and the development of Chinese policymaking in the post-Mao era.

In addition to using these materials to reconstruct a fuller narrative of the elite politics of economic reform, this dissertation examines the erasures and insufficiencies of the official narratives of the CCP, which seeks carefully to control how the history of its time in power is represented. The official narratives of China's "reform and opening" have almost entirely effaced Zhao. Instead, his contributions are attributed to Deng or to the CCP more generally, and scholars are not welcome to revisit this period or correct these distortions. No historical study until this dissertation has systematically attempted to understand Zhao's role and fill these gaps in the record. Countering the suppression of knowledge about Zhao, this dissertation ultimately hopes to enlarge both scholarly and public understanding of China's post-Mao development of "reform and opening" policies.

In seeking to restore Zhao's central role in the history of this period, this dissertation is not hagiographic but presents Zhao as a complex figure—a reformer

strongly committed to upholding the CCP's authoritarian primacy while developing the policies of "reform and opening," and an opportunist who made a series of serious mistakes in the latter part of the 1980s that contributed to his downfall. Zhao's contributions, in all their complexity, were significant and distinctive. This dissertation argues that his views and policies shaped elite Chinese decision-making and official ideology during the 1980s and also well after he was removed from power. It also argues that the dynamics of Zhao's tenure in power demonstrate that many possibilities for China's development remained open throughout the decade and that even leaders like Zhao who believed strongly in the benefits of market reforms did not see the reform process in teleological terms, as culminating in or moving inexorably towards a pre-defined form of liberalization, but determined China's path through a process of policy development and competition. Analyzing this process underscores the contingency and precariousness of the reforms—at many points the reforms could have been halted or reversed, and their continuation depended on elite political dynamics. The development of new ideas and policies in the central leadership played a crucially important role in overcoming obstacles and advancing the reforms—dynamics that a renewed focus on Zhao allows scholars to understand with new clarity and granularity.

This dissertation is composed of an Introduction, six chapters, and a Conclusion. The first chapter assesses Zhao's provincial career prior to 1980, his rise to the premiership, and the evolution of his economic policies and intellectual networks in the context of elite Chinese politics from 1980 to 1982. It argues that Zhao's ascent was facilitated both by his distinctive abilities and his political opportunism, as well as by Deng's need to identify quickly reformers who could be brought to Beijing and develop the policies of "reform and opening." Despite his lack of experience in the central government and his limited relationships with the

powerful CCP elders, Zhao soon evolved from giving deference to the readjustment agenda associated with Chen Yun, the elder with greatest economic authority, into a reformist premier with his own intellectual networks, ideas, and priorities.

The second chapter examines in detail the operation of Zhao's networks and policymaking from 1983 to 1985, with particular attention to his desire to formulate a "systematic idea" of how China's economy should develop. This chapter focuses on two episodes, the Campaign to Eliminate Spiritual Pollution and the Third Plenum of the Twelfth Central Committee, especially its "planned commodity economy" concept. This chapter underscores that policy debates in this period were not simply manifestations of political conflict, as some scholars have suggested, but were also substantive in nature, and highlights the continued centrality of ideological matters to the senior leadership even in the era of "seeking truth from facts."

The third chapter steps out of the dissertation's chronological progression and offers a detailed, unified case study that examines Zhao's interest in futurist ideas about an imminent "Third Wave" or "New Technological Revolution" and the important policy consequences of Zhao's futurism from 1981 to 1986. As a result of his and his advisers' engagement with the ideas of Alvin Toffler and other futurists, this chapter argues that Zhao and senior Chinese officials, particularly Zhao's adviser Ma Hong, deployed ideas about a global New Technological Revolution to advocate for a distinctive set of major policies blending technology, science, and economic development. These efforts provided the crucial context for the creation in 1986 of the 863 Program, an influential initiative for state investment in science and technology, the origins of which have often exaggerated Deng Xiaoping's role and erased or minimized Zhao's role. This chapter thus connects to the broader argument of this dissertation while also demonstrating the under-examined importance of science and technology in official thinking about China's "reform and opening."

The fourth chapter analyzes Zhao's ascent to the position of General Secretary of the Central Committee of the CCP in 1987. In particular, it examines the continuity in China's economic policies and the expansion of his authority over ideology. It argues that his response to the campaign against "bourgeois liberalization" strengthened his authority shortly after the fall of Hu Yaobang. This chapter demonstrates how Zhao and his intellectual networks developed and utilized the potent concept of the "initial stage of socialism," which formed the basis for justifying the ambitious reform-oriented agenda that Zhao planned to set out at the Thirteenth Party Congress. This chapter argues that Zhao's transition into the general secretaryship reveals Deng Xiaoping's diminished day-to-day role, Zhao's relative autonomy, and the continuing, intensive contestation over the best direction for China's development.

The fifth chapter assesses the zenith of the Zhao era—the period from the Thirteenth Party Congress in October 1987 to the launch of the "coastal development strategy" in 1988. This chapter demonstrates that the coastal development strategy was an important innovation that sought to decisively shift China's economic development in the direction of long-term integration into the international economic system. This chapter argues that the assumptions undergirding this new strategy, particularly regarding the low risk that Zhao believed inflation and economic "overheating" posed to China, created unexpected problems and pushback. As a result, during this period, Zhao's authority began to fracture rapidly, which this chapter argues is evidence of two important dynamics—the political meaning of economic overheating and the practical political importance of opportunism.

The sixth chapter analyzes the further decline and then collapse of Zhao's authority and his removal from power in the period from 1988 to 1989. The continued fracturing of Zhao's authority was hastened by several factors: a worsening economic

environment, his handling of the idea of “neo-authoritarianism,” and a series of leadership misjudgments that led to the failed attempt at rapid price reform in the summer of 1988—a decision made by Deng but facilitated by Zhao, and which can be understood as an unintended consequence of Zhao’s optimism about the conditions of the highly inflationary Chinese economy. Zhao bore the brunt of the blame and saw his authority over economic policymaking disintegrate. This chapter then focuses on the visible and fateful crises of April–June 1989 centered on Tiananmen Square. It describes and analyzes Zhao’s treatment following his refusal to support martial law and the crackdown of 3–4 June 1989; he was removed from his positions of authority and spent the rest of his life under house arrest. This chapter analyzes the major official criticisms of Zhao that were produced following the crackdown in the context of the transition to Jiang Zemin. These criticisms reveal an effort to recast negatively Zhao’s tenure in power, to criticize his alleged inability to control “bourgeois liberalization” and uphold the Four Cardinal Principles while promoting economic reform, and to attach new importance to the concept of the leadership “core” in an attempt to reduce splits and open disagreement among China’s rulers.

The Conclusion reflects on the official treatment of Zhao’s legacy following his removal from power in 1989 and the meaning of his legacy in Chinese politics. His erasure has been remarkably comprehensive. Zhao’s official historical treatment is situated in the context of a larger CCP project of controlling history to counter the bogeyman of “historical nihilism” and to solidify its own legitimacy. Despite Zhao’s erasure from the record, his legacy remains of enduring importance to the history of the People’s Republic of China, and both his actual historical role and his erasure by the CCP remain at the heart of enduring questions about China’s future.

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LIST OF ABBREVIATIONS

Abbreviations in the Text

ADB	Asian Development Bank
CAS	Chinese Academy of Sciences
CASS	Chinese Academy of Social Sciences
CCP	Chinese Communist Party
CFELSG	Central Finance and Economics Leading Small Group
CROPSR	Central Research Office on Political System Reform
DRC	Development Research Commission of the State Council
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
PRC	People's Republic of China
RMB	Renminbi (Currency)
S&T	Science and Technology
SEZ	Special Economic Zone
SPC	State Planning Commission
WTO	World Trade Organization

Abbreviations in the Notes

CYNP	Zhu Jiamu 朱佳木, ed. 陈云年谱: 一九〇五—一九九五 [<i>Chronology of Chen Yun: 1905–1995</i>]. Beijing: Zhongyang wenxian chubanshe, 2000.
DXPNP	Leng Rong 冷溶, ed. 邓小平年谱 1975–1997 [<i>A Chronology of Deng Xiaoping, 1975–1997</i>]. Beijing: Zhongyang wenxian chubanshe, 2004.
GSJTL	National History Commission 国史稿委员会, ed. 邓力群国史讲谈录 [<i>A Record of Deng Liqun's Talks on the History of the Country</i>]. Internal manuscript, 2000–2002.
HYBSXNP	Sheng Ping 盛平 and Wang Zaixing 王再兴. 胡耀邦思想年谱 1975–1989 [<i>Chronicle of Hu Yaobang's Thought, 1975–1989</i>]. Hong Kong: Taide shidai chubanshe, 2007.
JYJ	经济研究 [<i>Economic Research</i>]
LXNNP	李先念年谱 [<i>Chronology of Li Xiannian</i>]. Beijing: Zhongyang wenxian chubanshe, 2011.
RMRB	人民日报 [<i>People's Daily</i>]
SWDXP-2	<i>Selected Works of Deng Xiaoping, 1975–82</i> . Beijing: Foreign Languages Press, 1984.
SWDXP-3	<i>Selected Works of Deng Xiaoping, 1982–92</i> . Beijing: Foreign Languages Press, 1994.
XMQNP	薛暮桥年谱 [<i>A Chronology of Xue Muqiao</i>]. Unpublished manuscript.
ZFLZQJ	Fang Weizhong 房维中, ed. 在风浪中前进: 中国发展与改革编年记事 [<i>Forward in the Storm: Chronology of China's Development and Reform</i>]. Unpublished internal manuscript, November 2004.
ZZYWJ	赵紫阳文集 1980–1989 [<i>Collected Works of Zhao Ziyang, 1980–1989</i>]. Hong Kong: Chinese University Press, 2016.
ZZYZSC	Cai Wenbin 蔡文彬, ed. 赵紫阳在四川 1975–1980 [<i>Zhao Ziyang in Sichuan, 1975–1980</i>]. Hong Kong: Xin shiji chubanshe, 2011.

INTRODUCTION

On 18 January 2005, on page four of the official *People's Daily*, just below an article on post-tsunami inspections and above a weather report, a three-line notice appeared under the headline “Comrade Zhao Ziyang Passes Away.” In a single sentence of fewer than sixty characters, it noted the death of the 85-year-old man:

Comrade Zhao Ziyang suffered from long-term diseases of the respiratory system and the cardiovascular system and had been hospitalized multiple times, and following the recent deterioration of his condition, he was unable to be rescued and died on 17 January in Beijing at the age of 85.

赵紫阳同志长期患呼吸系统和心血管系统的多种疾病，多次住院治疗，近日病情恶化，经抢救无效，于1月17日在北京逝世，终年85岁。¹

A casual reader of the newspaper would certainly be forgiven for not noticing the item. This obituary was notable primarily for its brevity and omissions: It did not state that Zhao had led China as Premier of the State Council (1980–1987) and then as General Secretary of the Chinese Communist Party (1987–1989). Nor did it acknowledge that he had made any contributions to China’s “reform and opening” (改革开放), the agenda of economic development and openness to the world that became China’s official policy in 1978, two years after the death of Mao Zedong (毛泽东). “Reform and opening” survived as official policy—it was mentioned nearly a dozen times in that day’s newspaper²—but Zhao’s central role in shaping it had been omitted from his obituary. This was not a coincidence: Indeed, Zhao has been systematically erased from official CCP accounts of the history of this period. This official erasure of Zhao Ziyang has greatly complicated historical work on the elite politics of the 1980s.

¹ Xinhua News Service, “赵紫阳同志逝世” [Comrade Zhao Ziyang Passes Away] 人民日报 [*People's Daily*] (cited hereafter as RMRB), 18 January 2005. I have included the Chinese-language original in this case due to the importance of this short text, but elsewhere in the dissertation, for reasons of space, I do not include the full Chinese text of translated passages.

² See, for example, articles on pages 1, 2, 4, and 15 of *People's Daily*, 18 January 2005.

This doctoral dissertation examines several fundamental questions regarding the history of the elite politics of China in the crucial period 1980–1989. First, what political, economic, and ideological factors shaped Chinese domestic politics at the topmost ranks of the central government and Chinese Communist Party (CCP) in the transformational decade of the 1980s? Second, how did reform-oriented leaders develop their ideas and policies and steer them through the intensive policy competition of the period? Third, what are the dominant historical legacies of this period that have shaped China’s subsequent elite politics and development? With these questions in mind, this dissertation centers on the seldom-studied but pivotal figure of Zhao in the context of the elite politics of the 1980s. Zhao was removed from power and placed under house arrest in 1989 for allegedly supporting the student movement at Tiananmen Square and “splitting the party.” For sixteen years after then, until his death on 17 January 2005, he was “the most prominent ‘non-person’ in the world,” as the *Washington Post* wrote.³ Reassessing the elite debates over policy and ideology by centering on Zhao, using newly available sources to restore officially erased knowledge, allows for a substantial scholarly reappraisal of the 1980s, a decade that remains central to understanding the workings of Chinese elite politics and the trajectory of China’s development during its historic reemergence. That reassessment is the project of this dissertation.

This dissertation takes its sense of occasion from two developments in particular. The first is a large quantity of newly available and exceptionally rich primary sources. In the summer of 2016, a groundbreaking collection of Zhao’s previously classified writings, speeches, and other documents from the 1980s was

³ John Pomfret, “In Posthumous Memoir, China’s Zhao Ziyang Details Tiananmen Debate, Faults Party,” *Washington Post*, 15 May 2009. Foreign leaders would occasionally make gestures of support. Margaret Thatcher took Zhao’s imprisonment “personally,” according to the Margaret Thatcher Foundation. “Ever after whenever she got the chance she taxed Chinese officials by asking politely after Zhao Ziyang.” (Margaret Thatcher Foundation, “Tiananmen Square, June 1989,” available at <margaretthatcher.org/archive/tiananmen-square-june-1989>).

published in Hong Kong. This dissertation is the first study to make use of the nearly 500 documents related to Zhao contained in this leaked collection, entitled the *Collected Works of Zhao Ziyang, 1980–1989* (赵紫阳文集: 1980–1989). An even broader unpublished collection of twelve volumes of internal (内部) materials related to the elite politics of the post-Mao era, *Forward in the Storm: Chronology of China's Development and Reform, 1977–1989* (在风浪中前进: 中国发展与改革编年纪事 1977–1989), compiled by the former official Fang Weizhong (房维中), also offers major new insights and, because it is extremely difficult to obtain copies, has only been used by a small number of scholars inside and outside of China.⁴ Both of these collections are authentic and credible, with David Shambaugh writing of the Zhao collection: “The value of these documents is extraordinary.”⁵ They can be read alongside other internal materials, as well as the wide range of official chronicles of figures such as Deng Xiaoping (邓小平), Chen Yun (陈云), and Li Xiannian (李先念), newly available memoirs (including Zhao's own important posthumously published memoir), periodicals, and other printed materials, to provide an unprecedented level of detail regarding the debates and development of Chinese policymaking in the post-Mao era.⁶ Taken together, these sources offer an extraordinary opportunity for historians to reassess the elite politics of the 1980s.

⁴ Works drawing upon this remarkable source so far are quite limited, including recent studies by Fredrick Teiwes and Warren Sun, Xiao Donglian, and this dissertation writer in his book *Unlikely Partners*. Prepared by former State Planning Commission official Fang Weizhong, this unpublished compilation was circulated internally for comment in November 2004. Xiao has cited these materials in scholarship published in journals including the official *中共党史研究* [*Research on CCP History*]. See, for example, Xiao Donglian 肖冬连, “中国改革初期对国外经验的系统考察和借鉴” [Observations of and References to Foreign Economic Systems during the Early Reform Period in China], *中共党史研究* [*Chinese Communist Party History Research*], no. 4 (2006): 22–32.

⁵ The *Collected Works of Zhao Ziyang* received similar endorsements from leading scholars including Barry Naughton, Ezra Vogel, Sebastian Heilmann, and Xu Chenggang.

⁶ These materials are too numerous to cite comprehensively here, but prominent examples used in this dissertation include Zhao Ziyang, *Prisoner of the State: The Secret Journal of Zhao Ziyang* (New York: Simon & Schuster, 2009); Xue Muqiao, 薛暮桥回忆录 [*Memoirs of Xue Muqiao*] (Tianjin: Tianjin renmin chubanshe, 2006); Chen Yizi 陈一谔, 陈一谔回忆录 [*Memoirs of Chen Yizi*] (Hong Kong: Xin

By seizing the opportunity that this newly available body of sources presents, this dissertation offers the first historical study of elite Chinese politics in the 1980s centered on the reform policymaking of Zhao Ziyang. Taken together, these sources provide major new insights into Zhao's rise, his policy successes and struggles, and his vision for China, as well as showing how he interacted with officials and networks of experts to develop and refine the reform policies. This research makes clearer than ever before that Zhao was the primary leader who designed the policies of the 1980s that helped create the economic powerhouse we see today, even though those achievements are now largely attributed to Deng Xiaoping. Thus, for accurately analyzing this period, understanding Zhao's role is crucial. This may seem almost to be stating the obvious—after all, he served in the most senior positions of both the government and the CCP for the entirety of the 1980s, a time when China's gross domestic product (GDP) rose from 451.8 billion RMB in 1980 to 1,854.8 billion RMB in 1990, and its total industrial output soared from 515.4 billion RMB in 1980 to 2,392.4 billion RMB in 1990⁷—but no historical study until this dissertation has systematically attempted to understand Zhao's role and fill these gaps in the record.

Second, this dissertation makes a historiographic intervention that seeks to deepen scholarly assessments of the elite politics of China under Deng Xiaoping. This dissertation builds upon Ezra Vogel's monumental recent biography of Deng by showing the extent to which the specific economic reform agenda that China pursued was in fact the product of Zhao's vision and policymaking.⁸ Far more than has been

shiji chuban ji chuanmei youxian gongsi, 2013); 李鵬六四日記真相: 附錄李鵬六四日記原文 [*The Truth of Li Peng's June Fourth Diary: With an Appendix of the Original Text of Li Peng's June Fourth Diary*], ed. Zhang Ganghua 張剛華 (Hong Kong: Aoya chuban youxian gongsi, 2010); and National History Commission 国史稿委员会, ed., 邓力群国史讲谈录 [*A Record of Deng Liqun's Talks on the History of the Country*], internal manuscript, 2000–2002), (cited hereafter as GSJTL).

⁷ Wu Jinglian, *Understanding and Interpreting Chinese Economic Reform* (Mason, OH: Thomson/South-Western, 2005), 69.

⁸ Ezra Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA: Belknap Press of Harvard University Press, 2011).

previously shown, Deng set an overall thematic agenda that Zhao then filled in with policy reforms and even ideological modifications. On matters as diverse as the course of urban and industrial reform, science and technology policy, and adjustments to China's governing formulations (提法), this dissertation demonstrates that in order to better understand the elite politics of the 1980s and the development of the policies of "reform and opening," Zhao must be restored to the center of the story.⁹

Beyond these recent developments, this dissertation also demonstrates the scale and particularities of the erasures and insufficiencies present in the official CCP narratives of this period. The CCP seeks to control carefully how the history of the its time in power is represented, and as is discussed further below, the official narratives of China's "reform and opening" have almost entirely effaced Zhao. Instead, his contributions are attributed to Deng or to the CCP more generally. Scholars in China are constrained in their ability to write about Zhao because his name is almost never permitted to appear in print.¹⁰ For scholars outside of China, the comparative lack of transparency of China's authoritarian system limited what contemporary analysts could offer during the 1980s, and Zhao's erasure from the record since then has limited what retrospective accounts can offer.¹¹ Countering the suppression of knowledge about Zhao, this dissertation ultimately hopes to enlarge both scholarly and public understandings of this important period. This dissertation's historiographic context is discussed in greater detail in the Historiography section of this Introduction.

In seeking to restore Zhao's central role in the history of this period, this dissertation is not hagiographic but presents Zhao as a complex figure—a reformer

⁹ Zhao also played important roles in other policy areas outside the scope of this dissertation, especially in China's foreign relations. However, it was his role in economic policy that was most fundamental to his time in power, is most essential to his legacy, and is thus the subject of this dissertation.

¹⁰ It made international headlines, for example, when an essay in the magazine *China Annals* (炎黄春秋) discussed Zhao's time in Sichuan (avoiding the 1980s, which "remains too sensitive to broach). See "Chinese Magazine Breaks Zhao Taboo," *Reuters*, 8 July 2010, available at <www.smh.com.au/business/world-business/chinese-magazine-breaks-zhao-taboo-20100708-1022g.html>.

¹¹ This regrettable influence is discussed in the Historiography section of this Introduction.

strongly committed to upholding the CCP's authoritarian primacy while developing the policies of "reform and opening," and an opportunist who made a series of serious mistakes in the latter part of the 1980s that propelled his downfall. Its primary claim is that Zhao's contributions, in all their complexity, were far more significant and distinctive in the context of the elite politics of this period than the dominant historical writing has acknowledged; rather than seeking to make a case for why decisions that Zhao made were good or bad, this dissertation seeks to offer a balanced assessment that avoids the pitfalls of a "praise and blame" (褒贬) conception of history.¹² This dissertation excavates the politics and priorities of Zhao's rule, showing that his views and policies shaped elite Chinese decision-making and official ideology during the 1980s and well after he was removed from power. It adopts what Paul A. Cohen has called a "China-centered" perspective, firmly situating its analysis in the worldviews of key Chinese actors and extending Cohen's emphasis on Chinese agency and self-perceptions into the post-Mao era, rather than importing external rubrics of "modernization" or "development."¹³ This dissertation thus is premised on a rejection of the paradigm of "modernization theory," which has often been applied problematically to this period in China's history, by arguing that many possibilities for China's development remained open throughout the decade and that even leaders like Zhao who believed strongly in the benefits of market reforms did not see the reform

¹² This tradition dates back to Han Dynasty commentary on classical texts such as the *Book of Documents* (书经) and the *Spring and Autumn Annals* (春秋). See *The Oxford History of Historical Writing: Volume 2: 400-1400*, Andrew Feldherr, et al. (Oxford: Oxford University Press, 2012), 19–21.

¹³ Paul A. Cohen, "Introduction to the 2010 Reissue," *Discovering History in China* (New York: Columbia University Press, first edition 1984, revised reissue 2010), xliii, liii–liv. Other scholars have emphasized the extent to which these concepts are problematic when applied to China. He Ping defines a Chinese conception of modernization in limited terms: "signifying mainly national wealth and power as well as a vision of a better society and human existence" (He Ping, *China's Search for Modernity: Cultural Discourse in the Late 20th Century* [New York: Palgrave MacMillan, 2002], 1). Arif Dirlik emphasizes modernity as an ever-shifting "ideology of progress" and "the ceaseless pursuit of change" (Arif Dirlik, *Culture and History in Postrevolutionary China* [Hong Kong: Chinese University Press, 2011], 10–11). For an influential critique of state modernization paradigms, see James C. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven and London: Yale University Press, 1998).

process in teleological terms, as culminating in or moving inexorably towards a free-market system.¹⁴ A China-centered narrative focused on Zhao allows these dynamics to emerge more clearly than they have before.

This dissertation is composed of an Introduction, six chapters, and a Conclusion. The first chapter assesses Zhao's provincial career prior to 1980, his rise to the premiership, and the evolution of his economic policies and intellectual networks in the context of elite Chinese politics from 1980 to 1982. It argues that Zhao's ascent was facilitated both by his distinctive abilities and his political opportunism, as well as by Deng's need to quickly identify reformers who could be brought to Beijing and develop the policies of "reform and opening." The second chapter examines in detail two episodes in the operation of Zhao's networks and policymaking in 1983–1985, the Campaign to Eliminate Spiritual Pollution (清除精神污染) and the policy agenda developed ahead of the Third Plenum of the Twelfth Central Committee, centered on the "planned commodity economy" (有计划商品经济) concept. The third chapter offers a detailed case study that examines Zhao's interest in futurist ideas about an imminent "Third Wave" or "New Technological Revolution" and the important policy consequences of Zhao's futurism, including the 863 Program for state investment in science and technology (S&T)—and also demonstrates the under-examined importance of S&T in official thinking about China's "reform and opening."

¹⁴ Broadly speaking, "modernization theory" refers to arguments contend that modernization, globalization, and economic and political liberalization are the key sources of economic progress necessary to improve the lives of people in developing countries. A greater degree modernization, under this paradigm, produces a greater degree of economic and political liberalization. See, for context, W.W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1971) and Daniel Lerner, *The Passing of Traditional Society: Modernizing the Middle East* (New York: Free Press, 1958). The limitations of these views are examined, from quite different vantages, in Scott (above); Prasenjit Duara, *The Crisis of Global Modernity: Asian Traditions and a Sustainable Future* (Cambridge: Cambridge University Press, 2014); Jeremy Adelman, *Worldly Philosopher: The Odyssey of Albert O. Hirschman* (Princeton, NJ: Princeton University Press, 2013). For a popular but perceptive analysis of the faulty application of the modernization theory paradigm to reform-era China, see James Mann, *The China Fantasy: Why Capitalism Will Not Bring Democracy to China* (New York: Penguin, 2008).

The fourth chapter analyzes Zhao's ascent to the position of General Secretary of the Central Committee of the CCP—and, in particular, the expansion of his authority over ideology—by focusing on his response to the campaign against “bourgeois liberalization” (资产阶级自由化) and his development of the “initial stage of socialism” (社会主义初级阶段) concept. The fifth chapter assesses the zenith of the Zhao era—the period from the Thirteenth Party Congress in 1987 to the launch of the “coastal development strategy” in 1988—and shows how his authority began to fracture early in 1988 due to factors including his controversial views about the low risk that he believed inflation and economic “overheating” posed to China and his shift away from a strategy of political opportunism. The sixth chapter shows how mistakes including these views on inflation, his handling of the idea of “neo-authoritarianism,” and his overconfidence in Deng's backing quickly led to the collapse of his authority in 1988–1989, while analyzing his behavior in response to the student movement of 1989 and providing an assessment of the major official criticisms of Zhao produced after his downfall. The Conclusion reflects on the treatment of Zhao's legacy following his removal from power and the meaning of his legacy in Chinese politics, situating the treatment of Zhao in the context of a larger CCP project of controlling history to counter “historical nihilism” (历史虚无主义) and to solidify its own legitimacy. Despite Zhao's removal from the record, his legacy remains of enduring importance to PRC history, and both his historical role and his erasure remain at the center of enduring questions about China's future.

HISTORIOGRAPHY

The historiographic gap that this dissertation fills is apparent from a survey of the existing scholarship on elite Chinese politics in the 1980s. First, primarily in the

mid-1990s, political scientists and economists produced English-language studies that laid the foundation for subsequent study of this period. These works, often drawing on official publications and news reports, provided the foundational scholarly narrative of the post-Mao era.¹⁵ For example, Richard Baum's focus in his widely cited book *Burying Mao* is what he calls "political behavior," establishing the "wavelike, oscillatory character" of the reform process and demonstrating "who got what, when, and how." Baum's work relies significantly on "Hong Kong- and Taiwan-based China-watching journals," which he acknowledges "trade extensively in rumors, gossip, and inside information garnered from unofficial Chinese sources, some of which are notoriously less reliable than others."¹⁶ These works of political science and "Pekinology" are invaluable. However, these works did not have available the sort of detailed, reliable internal primary source material that has appeared in recent years. This new material allows for a shift away from work that depends on either officially published documents or "rumors, gossip, and inside information," and allows scholars to draw conclusions related to events and dynamics about which these books made more limited or speculative claims and to provide a level of revealing detail which earlier scholars could not. This dissertation thus attempts to demonstrate what Elizabeth J. Perry has termed "the promise of PRC history" by "engag[ing] seriously with the big questions posed, but necessarily left unanswered, by a previous generation of social scientists."¹⁷

¹⁵ Joseph Fewsmith, *Dilemmas of Reform in China* (Armonk, NY: M.E. Sharpe, 1994); Barry Naughton, *Growing out of the Plan* (Cambridge: Cambridge University Press, 1995); Susan Shirk, *The Political Logic of Economic Reform in China* (Berkeley: University of California Press, 1993), among others.

¹⁶ Richard Baum, *Burying Mao: Chinese Politics in the Age of Deng Xiaoping* (Princeton: Princeton University Press, 1994), xi–xii, xvii.

¹⁷ Elizabeth J. Perry, "The Promise of PRC History," *Journal of Modern Chinese History* 10, no. 1 (January 2016): 114, 116. Some political scientists and political economists have also returned to the Deng era, particularly in the field of development studies; see, for example, Yuen Yuen Ang's concept of "directed improvisation," which she defines as, "Central reformers direct; local state agents improvise," balancing control that would have been "too loose" and "too tight" (Yuen Yuen Ang, *How China Escaped the Poverty Trap* [Ithaca, NY: Cornell University Press, 2016], 17). Ang's work builds in large part on scholarship of the Chinese leadership's distinctive "adaptive capacity" for "ceaseless change,

Indeed, in recent years there has emerged a small but growing body of historical scholarship in both Chinese and English of the post-Mao era in China—a nascent but promising field of inquiry, including works by Xiao Donglian, Frederick C. Teiwes and Warren Sun, and others, to which this dissertation connects directly in terms of both methodology and content.¹⁸ (These works often deploy new source material to great effect, and their methodologies are discussed in greater detail below.) Additionally, with its focus on Zhao and his political context in the 1980s, this dissertation complements recent biographical studies that have focused on Deng Xiaoping.¹⁹ It also builds upon the small quantity of scholarship that does focus on Zhao himself, including David Shambaugh’s 1984 book on Zhao’s provincial career and Wu Guoguang and Helen Lansdowne’s collection of essays on Zhao’s political reforms.²⁰

tension management, continual experimentation, and ad-hoc adjustment,” in Sebastian Heilmann and Perry’s important characterization (Sebastian Heilmann and Elizabeth J. Perry, eds., *Mao’s Invisible Hand: The Political Foundations of Adaptive Governance in China* [Cambridge, MA: Harvard University Press, 2011]; see also Sebastian Heilmann, “From Local Experiments to National Policy: The Origins of China’s Distinctive Policy Process,” *China Journal*, no. 59 [January 2008]: 1–30). This dissertation focuses on elite politics at the center, but future work could put this reappraisal of the elite debates of the 1980s more explicitly in dialogue with a growing body of political science and development theory that is highly sophisticated about its use of historical research.

¹⁸ For example, Vogel, *Deng Xiaoping*; Frederick C. Teiwes and Warren Sun, *Paradoxes of Post-Mao Rural Reform: Initial Steps Toward a New Chinese Countryside, 1976–1981* (New York, Routledge, 2016); Chen Jian, “China and the Cold War after Mao,” in Odd Arne Westad and Melvyn Leffler, eds., *The Cambridge History of the Cold War*, vol. 3 (Cambridge: Cambridge University Press, 2013); Liu Hong, 八〇年代：中国经济学人的光荣与梦想 [*The Eighties: Chinese Economists’ Glory and Dreams*] (Guilin, Guangxi Province: Guangxi shifan daxue chubanshe, 2010); Xiao Donglian, 歷史的轉軌：從撥亂反正到改革開放, 1979–1981 [*The Historic Transition: From Bringing Order out of Chaos to Reform and Opening, 1979–1981*] (Hong Kong: Chinese University Press, 2008). Other works that are on the border of scholarship and memoir (a category discussed in detail later in this Introduction) include Yang Jisheng, 中国改革年代的政治斗争 [*Political Conflict in China’s Reform Decade*] (Hong Kong: Excellent Culture Press, 2004); Ruan Ming 阮銘, 邓小平帝国 [*Deng Xiaoping Empire*] (Taipei: Yushanshe chuban shiye gufen youxian gongsi, 2009); Wu Guoguang 吳國光, 趙紫陽與政治改革 [*Zhao Ziyang and Political Reform*] (Taipei: Yuanjing chubanshe, 1997); Wu Wei 吳偉, 中國80年代政治改革的台前幕後 [*Behind the Scenes of China’s Political Reform in the 1980s*] (Hong Kong: Xinshiji chubanshe, 2013). I treat these works primarily as memoiristic “documentary literature.”

¹⁹ For two recent biographies of Deng, see Vogel, *Deng Xiaoping* (above), and Alexander V. Pantsov and Steven I. Levine, *Deng Xiaoping: A Revolutionary Life* (Oxford: Oxford University Press, 2015).

²⁰ David Shambaugh, *The Making of a Premier: Zhao Ziyang’s Provincial Career* (Boulder, CO: Westview, 1984); Guoguang Wu and Helen Lansdowne, eds., *Zhao Ziyang and China’s Political Future* (London and New York: Routledge, 2008); David Bachman, “Differing Visions of China’s Post-Mao Economy: The Ideas of Chen Yun, Deng Xiaoping, and Zhao Ziyang.” *Asian Survey* 26, no. 3 (March 1986): 292–321; Xiao Donglian, *The Turning Point*. In addition to works by Wu Wei, Ruan Ming, and others described above, several journalistic accounts of Zhao’s career have been produced, which this dissertation has not relied upon as source material due to the unverified and indeed unverifiable nature of

Beyond these immediately relevant historiographical contexts, this dissertation connects broadly to research on the Cold War era that highlights the development of alternatives to modernization theory and policy, as discussed above. By emphasizing the dilemmas and decisions of the Chinese leaders grappling with large questions regarding their country's development, state-market relationship, and future path, this dissertation builds on the important scholarship of Odd Arne Westad and others who accentuate what Matthew Hilton and Rana Mitter have characterized as the "autonomous agency" of the "emergent societies in the non-western world" in creating the history of the Cold War era.²¹ Relatedly, although it limits itself to examining the dynamics and debates at the elite level, this dissertation connects thematically to the extensive, broader scholarship of the contested process of modernization in twentieth-century China, both before and after the PRC's founding in 1949.²²

It would be remiss, in a section on historiography, not to note that there is an additional sort of historical writing with which this dissertation is engaged: China's official history, which is carefully controlled by the CCP and in which Zhao is systematically erased and marginalized.²³ The complex dynamics of Zhao's erasure in official history are discussed in greater detail in Chapter 6 and the Conclusion. Yet it is important to note that this official Chinese history often directly affects the work of scholars outside of China. One example of a book reflecting this erasure despite

many of their assertions. These include Willy Wo-Lap Lim, *The Era of Zhao Ziyang: Power Struggle in China, 1986–88* (Hong Kong: A.B. Books, 1989) and Zhao Wei, *The Biography of Zhao Ziyang*, trans. Chen Shibin (Hong Kong: Educational and Cultural Press, 1989).

²¹ Matthew Hilton and Rana Mitter, "Introduction," *Past and Present* 218, Supplement 8 (2013): 7–8. Hilton and Mitter build on Odd Arne Westad, *The Global Cold War* (Cambridge, UK: Cambridge University Press, 2005).

²² Examples include Rana Mitter, *A Bitter Revolution: China's Struggle with the Modern World* (Oxford: Oxford University Press, 2004); Wen-Hsin Yeh, *Shanghai Splendor: Economic Sentiments and the Making of Modern China, 1843–1949* (Berkeley: University of California Press, 2008); S. A. Smith, *Revolution and the People in Russia and China: A Comparative History* (Cambridge: Cambridge University Press, 2008); and Karl Gerth, *China Made: Consumer Culture and the Creation of the Nation* (Cambridge, MA: Harvard University Asia Center, 2004).

²³ Jonathan Unger has called this "the politics of historiography" in contemporary China. See Jonathan Unger, ed., *Using the Past to Serve the Present: Historiography and Politics in Contemporary China* (Armonk, NY: M.E. Sharpe, 1993), vii.

publication by a leading academic press is former senior Chinese official Li Lanqing's English-language history of the reform era, *Breaking Through: The Birth of China's Opening-up Policy*, which is described by its publisher as "a particularly detailed history" of the reform and opening and "an academic's trove of new historical information," yet does not mention Zhao Ziyang's name once.²⁴ One more subtle example is Evan Feigenbaum's *China's Techno-Warriors*, a major study of Chinese national security and technology policy that, due to its reliance on official CCP sources that leave out Zhao's role, necessarily reflects the CCP's erasure by depicting Zhao as a marginal player in a policy process where he was in fact an essential figure, as shown in Chapter 3.²⁵ This dissertation seeks to act as a corrective to narratives that have been wittingly or unwittingly distorted. In doing so, this dissertation also connects thematically to a broad comparative historiography of the control and manipulation of history, especially in authoritarian or post-communist societies.²⁶

More generally, this dissertation seeks to make three fundamental historiographic claims that engage ongoing debates in the field, giving emphasis to several areas that are often discounted in assessing post-Mao China.

First, this dissertation argues for the enduring importance of studying the elite politics of the reform era, developing and engaging with the recent insights of scholars who have studied "reform from below" and stressed the autonomy and significance of

²⁴ Li Lanqing, *Breaking Through: The Birth of China's Opening-Up Policy* (Oxford: Oxford University Press, 2009).

²⁵ Evan A. Feigenbaum, *China's Techno-Warriors: National Security and Strategic Competition from the Nuclear to the Information Age* (Stanford, CA: Stanford University Press, 2003), 141–142.

²⁶ Zheng Wang, *Never Forget National Humiliation: Historical Memory in Chinese Politics and Foreign Relations* (New York: Columbia University Press, 2012); James Mark, *The Unfinished Revolution: Making Sense of the Communist Past in Central-Eastern Europe* (New Haven, CT: Yale University Press, 2010); Grigore Pop-Eleches and Joshua A. Tucker, *Communism's Shadow: Historical Legacies and Contemporary Political Attitudes* (Princeton, NJ: Princeton University Press, 2017); Andrei Kolesnikov, *A Past That Divides: Russia's New Official History*, Carnegie Moscow Center, 5 October 2017, available at <<http://carnegie.ru/2017/10/05/past-that-divides-russia-s-new-official-history-pub-73304>>; Stuart J. Kaufman, *Modern Hatreds: The Symbolic Politics of Ethnic War* (Ithaca, NY: Cornell University Press, 2001).

the private sector.²⁷ The implication of some of this work has been that central policies were not decisive in the direction of the reforms. Yet, by analyzing the elite politics of the reform era through Zhao's experience, the contingency and precariousness of the reforms—the fact that at many points the reforms could have been halted or reversed, and that the continuation of the reforms was determined by elite political dynamics—becomes clearer than ever before. In addition, this dissertation emphasizes the important role of policy ideation in the central leadership—the process by which intellectuals and officials, in what Merle Goldman has called “intellectual networks,” contributed to the development of new thinking and policymaking. The consistent need for stronger and more compelling policy ideas was due at least in part to the need to overcome the problems presented by this precariousness and to enable the reforms to continue.²⁸ In other words, an implication of this dissertation is that if the elite political dynamics had been different, the reforms would have also taken a different path, which would have directly affected the CCP's permissiveness toward each of the groups that sit at the center of those other scholars' arguments. Elite politics matter not because these debates alone transformed China, but because they created the context in which the Chinese people could lift up themselves and their country.

Second, this dissertation argues for understanding the continued importance of ideology even in the era of what Deng Xiaoping referred to as “seeking truth from facts” (实事求是), a phrase carefully plucked from Mao's writings. It thus engages with an ongoing debate over how to interpret elite Chinese politics. One view descends

²⁷ See, for example, Yasheng Huang, *Capitalism with Chinese Characteristics* (Cambridge: Cambridge University Press, 2008); Victor Nee and Sonja Opper, *Capitalism from Below: Markets and Institutional Change in China* (Cambridge, MA: Harvard University Press, 2012); Nicholas Lardy, *Markets over Mao: The Rise of Private Business in China* (Washington, DC: Peterson Institute, 2014).

²⁸ Merle Goldman, “Hu Yaobang's Intellectual Network and the Theory Conference of 1979,” *China Quarterly* 126 (June 1991): 219–242; see also Goldman, *China's Intellectuals: Advise and Dissent* (Cambridge, MA: Harvard University Press, 1988), in which she describes the position of figures who “held official positions at the same time that they criticized official policies” (3) and “conducted [debates within the elite] in the open behind a veil of symbols, nuances, and analogies” (13).

from the scholarship of Lucien Pye, who described ideology as an essentially rhetorical device that should be seen as an instance of “the emperor wears no clothes”; Pye contends that policy and ideology “conceal[ed]” “more basic personal clashes.”²⁹ Numerous scholars have argued that, as Roderick MacFarquhar summarized, “Deng’s support for ‘practice as the sole criterion of truth’ left no room for ideology.”³⁰ However, the newly available source material upon which this dissertation draws makes clear that ideological questions remained at the center of the elite politics of the 1980s. This dissertation defines ideology, following from Stuart Schram, as “the ideas, theory, or doctrine endorsed by the leadership,” which are an “expression of [its] interests” that shapes its “perception of the world.”³¹ China’s ideological system was the terrain on which Zhao, Deng, and other senior leaders operated, and even for Zhao—a figure sometimes seen as the epitome of the “practice” school—ideology remained central to his worldview and to how he governed. For example, even as late as 1987, developing the “initial stage of socialism” concept was crucial to Zhao’s success at the Thirteenth Party Congress. This dissertation demonstrates that the function of ideology was to shape and constrain policy options and to give meaning—albeit often contested meaning—to the direction chosen. In making this argument, this dissertation contends that great importance resides in what Michael Schoenhals calls the “formalized language and formalized speech acts [that] help constitute the structure

²⁹ Lucien Pye, *The Dynamics of Chinese Politics* (Cambridge, MA: Oelgeschlager, Gunn & Hain, 1981), 60, 160, see also 169.

³⁰ Roderick MacFarquhar, *The Politics of China: The Eras of Mao and Deng*, 2nd ed. (New York: Cambridge University Press, 1997), 3. He adds, [I]f correctness was now to be found in practice or facts, what was the function of ideology? (Ibid., 337); for other critiques of the widespread idea that post-Mao China was “post-ideological,” see Fewsmith, *Elite Politics in Contemporary China* (London and New York: Routledge, 2001), xv, and Kerry Brown, “The Communist Party of China and Ideology,” *China: An International Journal* 10, no. 2 (August 2012): 52–68.

³¹ Stuart Schram, *Ideology and Policy in China since the Third Plenum, 1978–84* (London: Contemporary China Institute, 1984), 2. For another useful definition, see Franz Schurmann, *Ideology and Organization in Communist China* (Berkeley, CA: University of California Press, 1968), in which he writes that ideology in China “expresses values and goals of sociopolitical action and achievement” and is “used by the leaders of Communist China to analyze the basic elements (i.e., contradictions) of their society and to develop a program of action.” Ideology, he concludes, is “a systematic set of ideas with action consequences serving the purpose of creating and using organization” (Schurmann, 8–9, 18).

of power within China's political system."³² This "formalized language"—including especially the official formulations (提法) that receive analysis throughout this dissertation—constitutes the official expression of fundamental ideological concepts and, in Schram's interpretation, it contributes to "shaping the political climate and thereby influencing subsequent political developments."³³ This dissertation does not go as far as David Apter and Tony Saich in asserting a "logocentric model" of Chinese politics as a "discourse community," but it shares their emphasis on the dynamics of the interpretation of political and ideological discourses as a central feature of Chinese politics, even in the post-Mao era.³⁴ It stresses what Franz Schurmann called "practical ideology" (distinct from "pure ideology"), focusing on the efforts of reform-era leaders to align theory with what they termed "Chinese conditions" or "Chinese realities"—and thus to render ideology as a basis for action, especially in the form of policy.³⁵ Of course, this dissertation's emphasis on ideology does not mean that political dynamics such as competition and bargaining are downplayed or discounted.³⁶ Rather, this dissertation presents ideology as an important factor in CCP policymaking and argues that ideology must be viewed as a central part of any accurate understanding of the elite politics of even the post-Mao period.³⁷

³² Michael Schoenhals, *Doing Things with Words in Chinese Politics: Five Studies* (Berkeley, CA: Institute of East Asian Studies, 1992), 1.

³³ Schram, 1, 2, 79. Schram argued that portraying Deng as a "pragmatist" was wrong because of his ideological commitments: "Despite the emphasis which [Deng] places on realistic and successful policies, especially in the economic domain, Deng cannot properly be characterized as a pragmatist because the goals he pursues are defined partly in *a priori* ideological terms" (Ibid., 79).

³⁴ David Apter and Tony Saich, *Revolutionary Discourse in Mao's Republic* (Cambridge, MA: Harvard University Press, 1994), 4–5, 7.

³⁵ Schurmann, 22.

³⁶ For helpful framing, see David M. Lampton, "The Implementation Problem in Post-Mao China" in *Policy Implementation in Post-Mao China* (Berkeley, CA: University of California Press, 1987), 18.

³⁷ For example, this dissertation examines the issues posed by inflation and overheated growth, emphasizing the ideological and economic dimensions of political conflict over inflation. In this analysis, it connects to Victor Shih's important work on factions and inflation in the Chinese economy. However, instead of his portrayal of "generalist" and "technocratic" factions as the drivers of responses to monetary cycles (Shih, 5–7), this dissertation re-contextualizes conflict over inflation in the broader elite debates about the economic reforms, ideological shifts, and policy ideas. Put another way, as a work of history rather than political economy, this dissertation emphasizes the extent to which Zhao considered inflation

Third, this dissertation suggests the continued importance of understanding the role of individual leaders and “informal politics” within the CCP’s Leninist system, engaging with an ongoing debate in political science regarding the different potential models for analyzing elite Chinese politics and comparative authoritarian systems.³⁸ In contrast to the important work of institutional analyses focused on the implementation and enforcement of formal rules (even if imperfect)³⁹, selectorate theories of collective preference and broader rational choice models⁴⁰, and formalized models focused on factional power struggles or interest groups⁴¹, this dissertation illustrates “the pervasiveness of informal politics”—that is, the “ambiguities, contradictions, and non-sequiturs” of the elite politics of the 1980s.⁴² Zhao’s tenure in the central leadership was defined by shifting allegiances and imperfect attempts to reconcile policy objectives with political and economic realities. Zhao drew on both formal and informal networks of advisors and officials in the process of policy ideation and on both formal and informal authority in the process of policy competition; his behavior, at times opportunistic and at times idealistic, was inconsistent. Zhao’s relative youth and lack of prestige when he arrived to lead economic policy in the central government in 1980

as not exclusively a matter of assessing the condition of the financial sector but rather as inseparable from broader concerns about the economic and political system for which he was responsible.

³⁸ Fewsmith’s work on “the interaction between formal and informal structures of power” is crucial to this mode of assessing Chinese politics. See Joseph Fewsmith, “Institutions, Informal Politics, and Political Transition in China,” *Asian Survey* 36, no. 3 (March 1996): 231.

³⁹ Kenneth Lieberthal and Michel Oksenberg, *Policy Making in China: Leaders, Structures, and Processes* (Princeton, NJ: Princeton University Press, 1988), 16–19, 22–31; David Bachman, *Bureaucracy, Economy, and Leadership in China: Institutional Origins of the Great Leap Forward* (Cambridge: Cambridge University Press, 1991), 7; Shirk, *Political Logic*, 7–11.

⁴⁰ Shirk, *Political Logic*, 86–91; Yang Zhong, *Local Government and Politics in China: Challenges from Below* (Abingdon, Oxon.: Routledge, 2003), 12–14.

⁴¹ Jing Huang, *Factionalism in Chinese Communist Politics* (Cambridge: Cambridge University Press, 2000); Victor Shih, *Factions and Finance in China* (Cambridge: Cambridge University Press, 2008); Andrew Nathan, “A Factionalism Model for CCP Politics,” *China Quarterly*, no. 53 (January–March 1973): 34–66. Tang Tsou, pointing out the limitations of looking for formalized factions in this period, argues for using the term “informal groups” or “informal small groups” instead. See Tang Tsou, *The Cultural Revolution and Post-Mao Reforms: A Historical Perspective* (Chicago: University of Chicago Press, 1986), 97–100.

⁴² See reviews of *Prisoner of the State*: Alfred L. Chan, “Power, Policy and Elite Politics under Zhao Ziyang,” *China Quarterly*, no. 203 (September 2010): 708–718; Joseph Fewsmith, “What Zhao Ziyang Tells Us about Elite Politics in the 1980s,” *China Leadership Monitor*, no. 30 (Fall 2009): 1–20.

shaped his behavior, but he soon mitigated this fact through a series of actions that included the creation of new institutions, the use of Deng Xiaoping's prestige, the criticism of conservative overreach, the deployment of new ideological formulations, and the creation of more effective policies—in other words, he deployed eclectic strategies that can be characterized in part, but not in full, by the dominant political science models. This dissertation's focus thus remains on the *dynamics* of Chinese politics, but unlike Pye's factional analysis of "relation networks" in his book of that name, this dissertation is a work of history that demonstrates the complexity, changeability, and multiplicity of those dynamics.⁴³ With its focus on the multifaceted ideological, political, and personal debates surrounding economic policy, this dissertation examines the distinctive and shifting dynamics of elite Chinese politics that shaped Zhao's tenure in power.

Most fundamentally, this dissertation seeks to make a significant contribution to writing the history of elite politics after Mao by framing and reflecting upon the methodological challenges that this endeavor poses, as the next section of this Introduction discusses in greater detail.

SOURCES AND WRITING THE HISTORY OF ELITE CHINESE POLITICS AFTER MAO

This dissertation is built on many years of methodological reflections about the distinctive challenges of writing the history of the elite politics of post-Mao China. The history of this period is just beginning to be written, and this task poses significant but not insurmountable difficulties as well as potential rewards to scholars. We must be

⁴³ Pye, *Dynamics of Chinese Politics*, 4–6. As Fewsmith points out, factional models often struggle to account for "ideological components" present in China in this period, which are "not compatible with the 'culture of civility' said to typify factionalism" (Fewsmith, "Institutions, Informal Politics, and Political Transition," 232). A focus on individual leaders and informal politics also suggests the potential value of biographical studies as a way of analyzing China's transformations. Biographies of leaders from the PRC era are enjoying a wave of attention; in addition to Vogel's and Pantsov and Levine's biographies of Deng, Chen Jian is at work on a biography of Zhou Enlai, and both Vogel and Robert Suettinger are writing on Hu Yaobang.

clear-eyed about the methodological challenges that the work of crossing the “1976 divide” and historicizing the 1980s will confront for the foreseeable future.⁴⁴

The task for historians begins with sources. The central problem here is direct CCP barriers on access to sources. Official archives overwhelmingly remain closed for this period, but we should not wait to produce this scholarship until the CCP decides it is time—a day that may never come. First, we should develop a working taxonomy of the dominant types of primary sources that are available to scholars who wish to conduct research on the elite politics of the post-Mao period. It is especially important to provide such a taxonomy of the sources available for the study of post-Mao history because the sources that are available at present, while offering major new insights, have limitations and potential biases. (Of course, it is important to acknowledge that materials located in a state archive contain their own limitations and biases as well.⁴⁵) None of these sources is unmediated—and no single project can use all of these categories of sources—but this analysis offers an initial attempt at categorizing and evaluating the range of sources currently available, which enable scholars to reassess the elite politics of post-Mao China.

Chinese primary source material on this period can be organized along two binaries, “official–unofficial” and publicly “accessible–inaccessible.” As we shall see, these “binaries” are in fact more accurately envisioned as gradients, but they serve as useful categories of analysis for the purposes of this taxonomy. “Official” denotes material that originates within the Chinese party-state. “Accessible” denotes material to

⁴⁴ Although less significant in scope than the “1949 divide” that a prior generation of scholars sought to cross and complicate in their scholarship, the need to reimagine the “1976 divide” is an equivalently urgent challenge for the younger generation of scholars today. See Paul A. Cohen, “Reflections on a Watershed Date: The 1949 Divide in Chinese History,” in Jeffrey Wasserstrom, ed., *Twentieth-Century China: New Approaches* (London and New York: Routledge, 2003), 27–35.

⁴⁵ See, for example, Ann Laura Stoler, *Along the Archival Grain: Epistemic Anxieties and Colonial Common Sense* (Princeton, NJ: Princeton University Press, 2008) and, for an influential theorization outside of the discipline of history, Jacques Derrida, *Archive Fever: A Freudian Impression* (Chicago: University of Chicago Press, 1998).

which the public has been given open access through publication or formal declassification.

First, the traditional sources that scholars of elite Chinese politics have used are “official” and publicly “accessible.” These sources include collections of documents and speeches such as the *Selected Works* (文选) and *Collected Works* (文集) of major leaders; their chronicles (年谱); official CCP histories; and official published statistical data. In addition to such printed material, this category could include declassified documents in official archives, though state archives have offered disappointment for scholars who hoped to use them to examine the elite politics of the post-Mao era (and indeed many topics related to the Mao era). In the category of official and publicly accessible sources, many of the materials—such as the important chronicles—in fact only have been released in the past fifteen years.

Second, this dissertation makes extensive use of materials that are “official” and publicly “inaccessible”—“inaccessible,” as that term is used here, because the material is available to scholars only through leaks or other indirect release, rather than through authorized open access via the “front door” of an archive or an official publication. These materials remain formally classified, as determined by the Chinese authorities, whether “internal” (内部) or “secret” (机密). Despite those designations, these materials can sometimes be found in overseas collections, circulated as drafts, or provided via reliable Chinese intermediaries who decide to share material. Examples used in this dissertation include Fang Weizhong’s *Forward in the Storm*, Deng Liqun’s *Talks on the History of the Country* (国史讲谈录), and the Development Research Commission’s *Record of Major Events (Draft for Comments)* (大事记意见稿). More easily obtained, of course, are materials of this type that, through leaks, have been published in Hong Kong or elsewhere. The most important instance of this type is the

Collected Works of Zhao Ziyang (赵紫阳文集); another example is Li Peng's *June Fourth Diaries* (李鹏六四日记). These materials are a powerful source of new insight for scholars of elite Chinese politics, because they reflect the quality and type of material that would be found within a state archive if those were open. The Zhao collection and the Fang Weizhong compilation, for example, both include detailed transcripts of meeting minutes and debates over policy, deliberative drafts of documents, and internal speeches that were not previously available. The crucial question of authenticity requires scholars to make judgments on the basis of careful analysis, the evaluations of more experienced senior scholars, and the handling of material by Chinese scholars (in the case of the Fang Weizhong compilation, for example, several articles in official CCP history journals have cited this internal material, and senior scholars outside of China have also attested to its credibility⁴⁶).

Third, a particularly tantalizing category of sources is “unofficial” and “publicly accessible.” These include printed materials such as memoirs, published interviews, and reminiscences, and often contain what Baum called “rumors, gossip, and inside information.” Leaked material the origins of which scholars have disputed, such as the *Tiananmen Papers*, can also be treated in this category (though a further development of this taxonomy might include a third binary of “authentic” and “disputed”). These sources pose varied methodological challenges. The demands of using memoirs are well known to historians, who have numerous techniques for handling the challenges of selective memory, deliberate distortion, and self-aggrandizing or self-protective writing. This dissertation makes use of memoirs, but it presents their insights as matters of opinion, interpretation, or recollection. The most complex and challenging type of source in this category, however, is the genre of “documentary literature”—what

⁴⁶ See Introduction, footnote 4 (above).

Geremie Barmé calls “faction,” a portmanteau of “fact” and “fiction.”⁴⁷ These works are often narrative histories produced by firsthand participants in the events described; they are valuable but pose risks.⁴⁸ (Alexander Cook, addressing the challenges of “documentary literature,” writes that these materials “add color and detail . . . [but] must be used with caution.”⁴⁹) These sources often are vessels for the valuable firsthand insights of participants, but they just as often contain embellishments, polemical writing, and biased portrayals. This dissertation treats these works as memoiristic and presents the “color and detail” that they offer as matters of recollection or opinion rather than as certain fact.

Fourth, to complete the set of permutations, a small category of sources is “unofficial” and “publicly inaccessible.” The best examples of this type of source are oral histories conducted with still-living participants. These sources contain some of the same risks as other types of unofficial sources, although with the added methodological challenges presented by the status of the historian as an interlocutor with the subject of the interview, which have been well documented in primers on oral history.⁵⁰ Because of the wealth of new documentary evidence available, this dissertation has not involved conducting and incorporating oral history. However, as a potential direction for additional future research, Vogel’s use of interviews in writing his biography of Deng illustrates the potential benefits of drawing on this category of source to add new details and nuance; in addition, as Vogel writes, this is “an opportunity that will not be available to future historians.”⁵¹

⁴⁷ Geremie Barmé, “History for the Masses,” in Unger, *Using the Past to Serve the Present*, 270–276.

⁴⁸ Two examples that have been widely cited by scholars are Yang Jisheng, *Political Conflict in China’s Reform Decade*, and Ruan Ming *Deng Xiaoping Empire*; and perhaps the most reliable of these is Wu Wei, *Behind the Scenes*.

⁴⁹ Alexander Cook, *The Cultural Revolution on Trial: Mao and the Gang of Four* (Cambridge: Cambridge University Press, 2016), 4.

⁵⁰ See, for example, *The Oral History Review* and other publications of the Oral History Association.

⁵¹ Vogel, xiii.

Beyond these four dominant types of primary sources that form a working taxonomy for historians of China who wish to engage in a reassessment of the elite politics of the 1980s, numerous other primary source types can provide valuable new facts and perspectives. These include archival materials of other governments that are more open than China. For insight on the elite politics of China, whether in English, Russian, German, Hungarian, or Japanese, memoranda of conversations between leaders, intelligence assessments, and classified communications between countries can provide important insight, especially on matters pertaining to foreign relations. Scholars such as Mary Sarotte, Sergey Radchenko, and Alexander Pantsov and Steven Levine have produced work that demonstrates the opportunities that these sources offer, and the Woodrow Wilson Center for Scholars' Cold War International History Project has taken the lead on digitizing and translating many of these sources into English.⁵² Similarly, archival materials belonging to foreign individuals and organizations—whether international institutions or prominent individual interlocutors—can provide valuable perspectives.

Taken together, these numerous types of primary sources enable a significant scholarly reappraisal of the elite politics of the 1980s. As noted above, scholars have already begun to do so. For example, Teiwes and Sun have made extensive use especially of official and publicly inaccessible materials in their reassessments of the immediate post-Mao transition.⁵³ Creative approaches to the elite political history of the post-Mao era can also be found in the work of other scholars, including Arne Westad

⁵² Mary Sarotte, "China's Fear of Contagion: Tiananmen Square and the Power of the European Example," *International Security* 37, no. 2 (Fall 2012): 156–182; Sergey Radchenko, *Unwanted Visionaries: The Soviet Failure in Asia at the End of the Cold War* (Oxford: Oxford University Press, 2014); Pantsov and Levine, *Deng Xiaoping*. For the Cold War International History Project's online archive, see <<http://digitalarchive.wilsoncenter.org/collections>>.

⁵³ Teiwes and Sun, "China's Economic Reorientation after the Third Plenum: Conflict Surrounding 'Chen Yun's' Readjustment Program, 1979–80," *China Journal*, no. 70 (July 2013): 163–187.

and Chen Jian on foreign relations, Joel Andreas on the historical sociology of China's technocratic elite, and Perry on cultural politics of China's revolutionary legacy.⁵⁴

In reflecting on the methodological challenges of writing the history of elite politics after Mao, it is equally important to underscore that engaging with virtually every kind of source discussed above produces risks of errors and distortions that historians must take care to avoid. Overreliance on highly edited official, publicly accessible documents can give the illusion of reliability and consistency; and semiofficial documents—such as those published by state-linked publishing houses—may reflect CCP biases or contain misleading elisions. Overreliance on digitized versions of periodicals may contain gaps or censored content of the sort brought to light by Glenn Tiffert in his analysis of the China National Knowledge Infrastructure (CNKI) and the National Social Sciences Database (NSSD) editions of the journals *Political-Legal Research* (政法研究) and *Law Science* (法学) from the 1950s.⁵⁵

Overreliance on Barmé-style “faction”—whether gossip-laden memoirs or secondhand accounts—can produce a distorted mass of anecdotal evidence. Overreliance on oral history, with the risk of biased interview subjects who are protecting themselves and their patrons or trying to settle scores, can turn this resource into a liability and lead to similarly misleading accounts. Of course, there are also all the common risks associated with confronting relatively scanty source material, such as overly “reading between the

⁵⁴ Odd Arne Westad, “The Great Transformation: China in the Long 1970s,” in Niall Ferguson, Charles S. Maier, Erez Manela, Daniel J. Sargent, eds., *The Shock of the Global: The 1970s in Perspective* (Cambridge, MA: Belknap Press of Harvard University Press, 2010), 65–79; Chen Jian, “China and the Cold War after Mao” (cited above); Joel Andreas, *Rise of the Red Engineers: The Cultural Revolution and the Origins of China's New Class* (Stanford: Stanford University Press, 2009), 213–260; Elizabeth Perry, *Anyuan: Mining China's Revolutionary Tradition* (Berkeley, CA: University of California Press, 2012), 247–281.

⁵⁵ Glenn Tiffert, “Peering down the memory hole: history, censorship and the digital turn,” 23 August 2017, available at <https://www.washingtonpost.com/r/2010-2019/WashingtonPost/2017/08/23/Editorial-Opinion/Graphics/Tiffert-Peering_down_the_memory_hole_2017.pdf>.

lines” or overemphasizing minor details. Yet the source material that scholars now have available is reliable, plentiful enough, and indeed offers major new insights.

With a clear-eyed sense of the potential risks, we should turn our attention to the numerous potential rewards of writing the history of elite Chinese politics after Mao. Primary among these is the extraordinary scholarly need and opportunity that exists to revisit this transformational era in modern Chinese history. In his biography of Deng, Vogel writes, “I believe there will never be a better time than now for a scholar to study Deng,” and Vogel’s comment can be extended to the elite political circles of Deng’s time.⁵⁶ Major new sources now exist that allow for historians to revisit the “big questions posed, but necessarily left unanswered, by a previous generation of social scientists,” and indeed to ask important new questions.⁵⁷ Scholars of these subjects are fortunate to benefit from widespread public interest; the publication of Zhao’s posthumous memoir made headlines around the world, and even the release of the *Collected Works of Zhao Ziyang* prompted articles from the *New York Times* and *Reuters*.⁵⁸ Finally, the questions of elite politics—questions of power and ideas, individuals and organizations, histories and futures—are intrinsically fascinating, at least to this scholar.

Of course, the great inequity in the writing of the history of the elite politics of post-Mao China is that scholars outside of China are relatively free to do so, whereas scholars within China face numerous limitations. Zhao, for example, remains “one of the biggest taboos in Chinese politics today,” writes Wu Guoguang, a former member of Zhao’s staff who is now a scholar at the University of British Columbia, and thus

⁵⁶ Vogel, xiii.

⁵⁷ Perry, “The Promise of PRC History,” 116.

⁵⁸ Benjamin Kang Lim and Ben Blanchard, “Documents from purged Chinese leader Zhao Ziyang to be published in Hong Kong,” *Reuters*, 18 July 2016, available at <<https://www.reuters.com/article/us-china-zhao-documents-exclusive/documents-from-purged-chinese-leader-zhao-ziyang-to-be-published-in-hong-kong-idUSKCN0ZY2TP>>; Chris Buckley, “Purged Chinese Leader’s Inside Look at Communist Leadership,” Sinosphere blog, *New York Times*, 28 July 2016, available at <<https://www.nytimes.com/2016/07/29/world/asia/china-zhao-ziyang-memoir.html>>.

any recounting of the reform era that features him with an accurate degree of prominence is verboten.⁵⁹ The current CCP leadership gives no indication of permitting a reassessment of the 1980s. This dissertation seeks to further open this field of inquiry and contribute to a revival of scholarly interest in the elite politics of this crucial period of transformation—and it is my hope that, before long, Chinese scholars may be able to contribute more freely to the writing of this history. After all, it is their history.

⁵⁹ Cai Wenbin 蔡文彬, ed., 趙紫陽在四川 1975–1980 [*Zhao Ziyang in Sichuan, 1975–1980*] (Hong Kong: Xin shiji chubanj, 2011) (cited hereafter as ZZYZSC), 4.

CHAPTER I
BECOMING THE PREMIER:
ZHAO ZIYANG'S RISE AND THE EVOLUTION
OF HIS ECONOMIC VIEWS FROM ORIGINS TO MAY 1982

This chapter chronicles the political career and economic policies of Zhao Ziyang in the context of elite Chinese politics, spanning his tenure in the provinces, his rise to the premiership in 1980, and his actions through the spring of 1982. Offering new information about Zhao's background prior to 1980, this chapter argues that Zhao's ascent from his provincial leadership post in Sichuan Province to the premiership in Beijing in 1980 was facilitated not only by his distinctive abilities and his political skill, but also by Deng's need to quickly identify reformers who could be brought to Beijing and develop the policies of the "reform and opening." This chapter then examines the evolution of Zhao's economic policies and intellectual networks in the period from his arrival in Beijing in 1980 to May 1982. Assessing these dynamics in detail, it argues that Zhao was initially consistently opportunistic as he sought to establish his credibility and amass power at the senior-most levels of the Chinese government at a time before he had a well-defined personal view of how China's economy should develop. However, as he grew in confidence after becoming premier, Zhao evolved from giving deference to Chen Yun's readjustment agenda to developing his own priorities for China's economic reforms. As his ambitions grew, Zhao began developing distinctive intellectual networks that laid the groundwork for the eventual creation of his own reform proposals.

This chapter thus seeks to dispel two different prominent assessments of Zhao's early career: first, that he was an inborn reformer; second, that he was actually in agreement with Chen Yun in the early reform era. Regarding the first myth, this chapter demonstrates the inaccuracy of the caricatured and somewhat messianic image that

Zhao from his earliest political activities was an ardent and full-fledged reformer.¹ Offering a biographical treatment drawing on newly available Chinese-language materials as well as important secondary sources in both English and Chinese, this chapter shows him slowly maturing as a policymaker throughout the tumult of both the Mao era and the post-1976 era, eventually rising to the top of the Chinese system but arriving as premier without a well-defined vision for the national reforms. As he wrote retrospectively, “My earliest understanding of how to proceed with reform was shallow and vague. . . . I did not have any preconceived model or a systematic idea in mind.”² His undeveloped understanding concerned not only the substantive “model” of a reformed economic system, but also “how to proceed” day to day as a political leader. Second, this chapter seeks to supplement and complexify Frederick Teiwes and Warren Sun’s recent interpretation of Zhao as substantively aligned in policy terms with Chen Yun in the early reform era in opposing rapid growth strategies and wholeheartedly supporting the policies of readjustment.³ Instead, it argues that Zhao’s behavior is best understood as highly opportunistic and that Zhao sought to demonstrate his distinctive competence as an economic czar to Chen on the one hand, and Deng Xiaoping and reformist leaders who supported growth-oriented policies on the other hand.

This chapter begins with an examination of Zhao’s career in the provinces from his origins through his tenure as Party Secretary of Sichuan Province. Then, following his appointment to the Standing Committee of the Politburo in 1980, this chapter offers a detailed analysis of the dynamics of Zhao’s behavior in the central government and the initial emergence of his distinctive intellectual networks and economic policies.

¹ See, for example, “The lost reformer,” *The Economist*, 20 January 2005; James A. Dorn, “Zhao’s Market-Liberal Vision,” Cato Institute, 26 January 2005, available at <<https://www.cato.org/publications/commentary/zhaos-marketliberal-vision>>.

² Zhao Ziyang, *Prisoner of the State*, 113. Yu Guangyuan also recalled that “reform ideas were generally embryonic” at this stage. See Yu Guangyuan 于光远, 我亲历的那次历史转折 [*That Historical Turning Point That I Personally Experienced*] (Beijing: Zhongguo bianyi chubanshe, 1998), 71–72, 272.

³ See Teiwes and Sun, *Paradoxes of Post-Mao Rural Reform*.

ZHAO ZIYANG BEFORE SICHUAN PROVINCE

This section focuses on new evidence that provides a detailed, nuanced picture of Zhao's provincial career prior to 1975, building on the first and only English-language work to systematically assess Zhao's career in this period, David Shambaugh's study of Zhao's rise, *The Making of a Premier* (1984).⁴ This section argues that Zhao demonstrated distinctive competence in agricultural affairs during this period, which culminated in Deng's tasking of Zhao with leading Sichuan Province in 1975. Drawing on both secondary and primary sources to provide a brief overview, this section demonstrates that Zhao's overriding priorities were (1) political self-preservation and advancement, and (2) after the scarring experience of the Great Leap Forward (大跃进), securing the basic livelihood of the peasants.

Zhao's biography did not initially give any particular indication of promise. He was born to a moderately well-off family on 17 October 1919, in Hua County, Henan Province, and attended high school (高中) but did not go on to university. He is said to have joined the Communist Youth League in March 1932 and the Chinese Communist Party (CCP) in February 1938. His age meant that he did not participate in the Long March, though he did move into a position of authority in the Third Special District (which included Hebei, Shandong, and Henan), where he served as director of the Propaganda Department and Organization Department during the Japanese invasion. He subsequently moved to the Ouyuan Base Area and served under Li Xiannian (李先念), who was commanding the Fourth Front Army, where he celebrated the establishment of the "New China" in 1949. In 1951, he was transferred south to

⁴ David L. Shambaugh, *The Making of a Premier: Zhao Ziyang's Provincial Career* (Boulder, CO: Westview Press, 1984).

Guangdong Province to work on land reform and, in particular, to oversee the campaign against landlords during spring 1951, and worked under Du Runsheng (杜润生), secretary general of the CCP Central South Bureau. (Zhao, as premier, would later appoint Du to run the State Council's rural policy.) During the 1952 rectification campaign, Zhao personally oversaw the purge of over one thousand cadres, leading Ezra Vogel to label Zhao an "ardent leftist."⁵

In fact, Zhao's actions seemed to combine a genuine belief in Mao's mission for China and a political opportunism that would remain characteristic throughout his career. In early 1952, the senior official Tao Zhu (陶铸) was sent from Beijing to oversee the CCP in Guangdong, and he quickly became a patron to Zhao. As a reward for Zhao's role in executing the purges of 1952, which solidified Tao's control of the province, Zhao was promoted to director of the Rural Work Department in September 1953. Zhao rose steadily, and in April 1957, Zhao assumed the role of secretary-general of the Guangdong CCP Committee, the official with day-to-day control of documents and information. This position first brought him into bureaucratic contact with Deng Xiaoping, who held analogous responsibilities for the Central Committee.⁶

In this role, Zhao continued to work closely with Tao to implement central policy initiatives. Zhao initially supported the Great Leap Forward, helping to establish an experimental farm that hosted a visit from Mao Zedong on 30 April 1958.⁷ Yet as crop failure ravaged Guangdong, the provincial leadership worried about their inability

⁵ Shambaugh, 4; Ezra Vogel, *Canton under Communism: Programs and Politics in a Provincial Capital, 1949–1968* (Cambridge, MA: Harvard University Press, 1969), 390.

⁶ Shambaugh, 11; Ezra Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge: Belknap Press of Harvard University Press, 2011), 38–40.

⁷ 毛泽东年谱：1949–1976 [*Chronicle of Mao Zedong, 1949–1976*] (Beijing: Zhongyang wenxian chubanshe, 2013), 342–343; see also Zhao Ziyang, “粮食生产速度可以加快” [Food Production Can Be Sped Up], RMRB, 30 March 1958. For a detailed perspective on Guangdong's policies during the Great Leap Forward that includes mention of Zhao, see Alfred L. Chan, *Mao's Crusade: Politics and Policy Implementation in China's Great Leap Forward* (Oxford: Oxford University Press, 2001), chapters 5 and 6, especially pages 212–215.

to meet quotas; Tao and Zhao began to claim that food shortages were due to peasants secretly hoarding grain. On 27 January 1959, Zhao submitted a report that claimed “35 million kilos of secretly withheld grain was discovered” and asserted, “The food shortage is bogus and the result of private withholding.”⁸ On 22 February 1959, Mao responded directly to Zhao’s memorandum on hoarding, singling him out by name for praise and calling the document “extremely important.” Mao instructed the senior leadership to circulate Zhao’s report and respond to this “serious situation,” which “must be immediately resolved.”⁹ Tao launched an “Anti-Hiding Campaign” (反瞒产运动) in Guangdong to interrogate and even torture peasants into revealing their supposed hoards of grain, which Zhao helped him execute. Looting became widespread, and many peasants starved to death; Zhao, in his capacity as secretary-general of the Guangdong CCP Committee, would certify a document in 1960 that acknowledged that 83.1 percent of individual peasant households were looted in one commune.¹⁰ (The journalist Yang Jisheng asserts that the torture and persecution was carried out only by Tao; Zhao, he writes, “was much milder.”¹¹) The Anti-Hiding Campaign in Guangdong was evidently not able to find any significant hoards, but the campaign spread nationally due to Mao’s endorsement.¹²

Yet as the tide began to turn against the Great Leap Forward, Zhao was an early provincial official to decry the campaign, a fact that suggests that he had been genuinely horrified at the scale of the catastrophe. On 4–11 October 1959, Zhao

⁸ Yang Jisheng, *Tombstone: The Great Chinese Famine* (New York: Farrar, Straus and Giroux, 2012), 333–334.

⁹ 建国以来毛泽东文稿 [Mao Zedong’s Manuscripts since the Founding] (Beijing: Zhongyang wenxian chubanshe, 1987), 8:52–54. Mao also praised Zhao in July 1958 (Ibid., 7:302–304).

¹⁰ “Document 6: A Report on Wu Xing” (29 December 1960), in Xun Zhou, *The Great Famine in China: A Documentary History* (London: Yale University Press, 2012), 25–27; Xun Zhou, *Forgotten Voices of Mao’s Great Famine: An Oral History* (London: Yale University Press, 2013), 67–68.

¹¹ Yang Jisheng, *Tombstone*, 334. For a different perspective, see Frank Dikötter, *Mao’s Great Famine: The History of China’s Most Devastating Catastrophe, 1958–62* (London: Bloomsbury, 2010), 85, 169.

¹² Xun Zhou, *Forgotten Voices*, 67–68.

criticized the Great Leap Forward at the Guangdong People's Congress, citing "blind optimism."¹³ In both 1959 and 1960, he reported in detail to the central government on the chaos of the Anti-Hiding Campaign.¹⁴ Zhao also quickly worked with Tao to implement production-focused policies that would allow the province's agricultural sector to recover.¹⁵

The Great Leap Forward seems to have been a defining moment for Zhao: he now would act to ensure the growth of production and especially that the people of Guangdong had enough to eat. Later in his career, Zhao would reference the Great Leap Forward as a "great loss," a "huge waste," and "delusional."¹⁶ In the years that followed, Zhao became second secretary of the Guangdong CCP and received exposure to senior leaders, including Deng Xiaoping. Deng visited Guangdong several times in the early 1960s, when Deng was working under CCP First Vice Chairman and President of the People's Republic of China Liu Shaoqi (刘少奇). Deng visited Guangdong on 26–29 January 1960, in the period of recovery from the Great Leap Forward, and celebrated the Spring Festival with Tao and Zhao in 1964.¹⁷ On 19 February 1965, at the age of 46, Zhao became first secretary of the Guangdong CCP after Tao was called back to Beijing to become a vice premier.¹⁸ This promotion made Zhao the youngest first party secretary in the nation. With his patron entering the central government again, Zhao clearly felt emboldened to raise his own national profile.

¹³ Shambaugh, 22–23; Zhongyang Guangdong shengwei dangshi yanjiushi, ed., 广东历史大事记 [A Record of Guangdong's History] (Guangzhou: Guangdong renmin chubanshe, 2005), 122.

¹⁴ "Document 7: A Report on Violations of the Law" (June 1959) and "Document 6: A Report on Wu Xing" (December 29, 1960), in Xun Zhou, *The Great Famine*, 25–31.

¹⁵ Shambaugh, 22–23.

¹⁶ 赵紫阳文集 1980–1989 [Collected Works of Zhao Ziyang, 1980–1989], 4 vols. (Hong Kong: Chinese University Press, 2016) (cited hereafter as ZZYWJ), 1:461 and 609; Zhao, *Prisoner of the State*, 93.

¹⁷ 邓小平年谱 1904–1974 [A Chronology of Deng Xiaoping 1904–1974], 3 vols. (Beijing: Zhongyang wenxian chubanshe, 2009) 3:1527 and 3:1797–1798.

¹⁸ *Record of Guangdong's History*, 191–192.

Zhao presented a plan for creating a “new socialist countryside” (社会主义新农村) in a *People’s Daily* article on 19 September 1965. This article espoused a production-focused agenda. Zhao hailed Guangdong’s increases in agricultural production, giving credit to Mao Zedong Thought and framing his call for transforming the province’s agriculture as a dialectical contradiction between advanced production and backward production. He stated that more backward units of production should emulate advanced units: “It is very important to learn advanced ideas, advanced styles (of production), and advanced methods” to pursue “greater material wealth,” including the possibility of sideline production.¹⁹ Yet Zhao showed himself to be a savvy operator in the contested ideological terrain of the mid-1960s. A few weeks before publishing this article, in August 1965, Zhao delivered a speech on giving “first place” to “Chairman Mao’s writings” where he stated, “It is politics which commands production, business and technology”; if “material incentives” were used, any achievements attained “are not real but sham achievements.”²⁰ This outright contradiction within the span of a few weeks—on the one hand, advocating advances in production that would reward people with “greater material wealth” and, on the other hand, denouncing “so-called material incentives”—underscores that Zhao could confidently voice multiple policy lines at once while pursuing production-oriented policies, illustrating his political opportunism at a moment of conflict and uncertainty in the central government about whether the conservative, production-oriented leaders or the more radical, ideological leaders would win out.

In April 1966, Tao Zhu received a further promotion, joining the Politburo Standing Committee. With the publication of the May Sixteenth Notification, which

¹⁹ Zhao Ziyang, “运用一分为二的方法，促进农业生产新高潮” [Use the Method of “One Divides into Two” to Produce a New High Tide of Agricultural Production] RMRB, 19 September 1965.

²⁰ Shambaugh, 35

warned that “counter-revolutionary revisionists” had penetrated the highest levels of the CCP, the Cultural Revolution took off. On 19 May, Tao led a mobilization speech in Guangdong.²¹ On 1 July, following his patron’s lead, Zhao published an article in *Red Flag* praising the Cultural Revolution.²² Yet after Mao’s call to “bombard the headquarters” on 7 August, no leader seemed safe from attack. On 15 September, for example, a “big-character poster” (大字报) attacked Zhao for his landlord origins, and tensions in Guangdong continued to grow. On 4 January 1967, the Cultural Revolution Leading Group denounced Tao for trying to protect the “capitalist roaders” Liu and Deng. On 8 January, Mao himself criticized Tao, citing in particular Deng’s praise of him. These attacks soon targeted Zhao as well, and on 22 January, after a dramatic standoff, Zhao turned over the seals of the Guangdong CCP Secretariat to the Red Guards (红卫兵). On 25 February, Zhao and Tao were publicly humiliated. Zhao wore a dunce cap and a placard that concluded: “My heart is an abyss.” On 5 May, Zhao was placed under custody at a military compound in Guangdong, where he would remain for three years.²³

The Red Guards accused Zhao of numerous counter-revolutionary crimes, ranging from pursuing revisionist agricultural policies and promoting “economism” (alongside Deng, Liu, and Chen Yun) to watching pornographic films and suppressing criticisms of his wife Liang Boqi (梁伯琪).²⁴ On 3 February 1968, he submitted a

²¹ *Record of Guangdong’s History*, 204.

²² Zhao Ziyang, “大搞学习毛主席著作的群众运动，加速农民思想的无产阶级革命化” [Encourage the Mass Movement to Study the Works of Chairman Mao, Accelerate the Proletariat Revolution in the Peasants’ Thinking], *红旗 [Red Flag]*, 1 July 1966: 14–25. See also Shambaugh, 51.

²³ *Mao Zedong’s Manuscripts*, 12:242–243; Roderick MacFarquhar and Michael Schoenhals, *Mao’s Last Revolution* (Cambridge, MA: Belknap Press of Harvard University Press, 2006), 146–147, 185–190; Yu Ruxin 余汝信, “赵紫阳与广东文革” [Zhao Ziyang and the Cultural Revolution in Guangdong], *记忆*, no. 136 (31 July 2015), at <http://prchistory.org/wpcontent/uploads/2014/05/136%E8%AE%B0%E5%BF%86136%E6%9C%9F-.pdf>; *Record of Guangdong’s History*, 212–213.

²⁴ A wealth of both internal and public material prepared to criticize Zhao during the Cultural Revolution is contained in Chinese Publications Service Center 中文出版物服务中心, eds., *中共重要历史文献资料汇编 [Compilation of Important Documents in the History of the CCP]* (Los Angeles: Zhongwen

10,000-character self-criticism, where he confessed to making “serious mistakes” and paying insufficient attention to ideology but did not admit to being a “capitalist roader.” Even so, he would remain imprisoned until 30 June 1970, when he was permitted to move with his family to a machinery factory in Hunan Province to engage in manual labor. His former mentor Tao was less fortunate: diagnosed with late-stage cancer, he died under house arrest in 1969.²⁵

However, one night in April 1971, a sudden summons came for Zhao to go to Changsha under escort. From there, he was put on a train to Beijing, where he was immediately taken to the Great Hall of the People. Zhou Enlai (周恩来) was waiting for him. “The Great Leader Mao Zedong has proposed and the central government has agreed that you should be sent to work in Inner Mongolia,” Zhou stated. “You must go right away, because the Inner Mongolia Party Congress will soon commence.” On 11 May 1971, Zhao was elected as the fifth-ranking official on the Inner Mongolia CCP Committee with responsibility for agricultural production. Now that Zhao had been reinstated, he rose quickly in the rapidly shifting terrain of Chinese politics in the early 1970s. Following the alleged attempted coup and death of Marshal Lin Biao on 13 September 1971, a widespread personnel reshuffle prompted Zhao’s return. On 24 March 1972, to Guangdong as deputy party secretary. His colleagues on the Guangdong CCP Standing Committee warmly welcomed him back. “Comrade Zhao Ziyang worked in Guangdong for nearly 20 years and has rich experience,” stated first party secretary Ding Sheng (丁盛). “We should learn from him.”²⁶ On 4 April 1974, Zhao was reinstated as first party secretary of Guangdong—the position to which he

chuban fuwu zhongxin, 1999), available at the East Asian Library, Princeton University, including “反革命修正主义分子赵紫阳调查揭发资料汇编·第二集” (December 1967) in vol. 11, “彻底清算赵紫阳反革命修正主义的罪行” (13 June 1967), in vol. 18, and “反革命修正主义分子赵紫阳罪恶言行汇编” (November 1967), in vol. 154. See also Shambaugh, 56–58.

²⁵ Yu Ruxin, “Zhao Ziyang”; MacFarquhar and Schoenhals, 473.

²⁶ Yu Ruxin, “Zhao Ziyang.”

had first been appointed nearly ten years before.²⁷ It had been a convulsive decade of chaos and misfortune for Zhao, but he had managed to return to exactly where he had been before the Cultural Revolution began. In Guangdong, Zhao began pursuing agricultural policies that better reflected local conditions and, in practice, gradually shifted away from Dazhai Model, Mao's favored system of labor-intensive, year-round collective farming that mandated uniform practices such as terraced fields built on infertile mountainsides, which Zhao nonetheless still praised in name. Zhao also tolerated a limited quantity of criticism of the Cultural Revolution while continuing to attack Liu Shaoqi in line with the requirements of the central government—a delicate balancing act.²⁸

Zhao's path back to power was, of course, remarkably similar to another prominent Chinese official: Deng Xiaoping. Deng had been placed under house arrest in 1967, was reinstated in 1973 and, by early 1975, had become first vice premier, vice chairman of the Central Committee, and chief of the General Staff. Zhou Enlai, already seriously ill, thus positioned Deng to become his successor as premier.²⁹ Now that he was back in power, Deng was particularly concerned about the economic situation in Sichuan, his home province, which had been ravaged by the Great Leap Forward; some estimates place approximately half of the famine's death toll as occurring in Sichuan. Early in 1975, Deng visited Sichuan and, according to the former official Tian Jiyun, was "chilled" by what he saw. Deng held a meeting to discuss Sichuan's agricultural conditions on 11 July 1975. Soon thereafter, Deng decided to send Zhao to Sichuan.³⁰

²⁷ *Record of Guangdong's History*, 258.

²⁸ Frederick C. Teiwes and Warren Sun, *The End of the Maoist Era: Chinese Politics During the Twilight of the Cultural Revolution* (Armonk, NY: M.E. Sharpe, 2007), 358–359; Judith Shapiro, *Mao's War against Nature* (Cambridge: Cambridge University Press, 2001), 95–118; Shambaugh, 69–70.

²⁹ Vogel, *Deng Xiaoping*, 43, 69–74.

³⁰ Leng Rong 冷溶, ed., *邓小平年谱1975–1997 [A Chronology of Deng Xiaoping, 1975–1997]* (Beijing: Zhongyang wenxian chubanshe, 2004) (cited hereafter as DXPNP), 1:67; Yang Rudai 楊汝岱, "中国改革初期的四川探索" [Sichuan Explorations during the Early Period of China's Reform], 炎黄春秋

Deng and Zhao discussed the assignment at a conference on agricultural work and “learning from Dazhai” that began on 15 September in Shanxi Province and continued until 19 October in Beijing. Deng exclaimed, “Sichuan is in such a state! I hope that within three years you can give it a new appearance!”³¹ The assignment was announced on 5 October. While in Beijing for the conference, Zhao met with provincial officials from Sichuan and discussed his conversations with Deng. Acknowledging longstanding controversies regarding how to fix Sichuan’s problems, Zhao stated that he would only “seek truth from facts” and that questions “could be resolved after investigation and research.”³² A new stage in Zhao’s career had begun.

Why did Deng turn to Zhao to lead Sichuan at this critical juncture? Several factors explain Deng’s reasoning. First, Zhao had been widely recognized as a rising star when he was the nation’s youngest first party secretary, and despite the intervening decade, he remained a strong candidate for leading another province. Second, Zhao’s ambitious plans for Guangdong’s “new socialist countryside” that had been derailed by the Cultural Revolution were particularly relevant to the highly agricultural Sichuan Province, as was Zhao’s advocacy for the idea that conditions in China’s provinces were so varied that agricultural policies should begin with those local conditions, rather than resulting from the uniform national imposition of one model. These factors both underscored Zhao’s distinctive competency in agricultural affairs. Third, Zhao had remained relatively restrained in his criticism of Deng, suggesting his loyalty. Fourth, Zhao had struck a balance in criticizing both the Liu Shaoqi (the official line) and, more limitedly, the Cultural Revolution, which may have indicated to Deng that Zhao was

[*China Annals*], no. 7 (2010); Tian Jiyun 田纪云, “赵紫阳在四川” [Zhao Ziyang in Sichuan], Nov. 2012, available at <www.reformdata.org/index.do?m=wap&a=show&catid=359&typeid=&id=1680>; for Sichuan’s famine toll, see Daniel Houser, Barbara Sands, Erte Xiao, “Three Parts Natural, Seven Parts Manmade,” *Journal of Economic Behavior & Organization* 69, no. 2: 148-159.

³¹ DXPNP 1:97–98; Yu Ruxin, “Zhao Ziyang”; Tian Jiyun, “Zhao Ziyang in Sichuan.”

³² ZZYZSC 537–538.

once again managing to please multiple groups at the center and retain a flexible, non-ideological approach to solving problems. These traits evidently gave Deng reason to believe that Zhao might be able to give Sichuan “a new appearance” within a few years.

FROM SICHUAN TO THE STANDING COMMITTEE

This section provides an analytical framework for understanding Zhao’s tenure in Sichuan Province (1975–1980) and his promotion to the Standing Committee of the Politburo in February 1980. Zhao’s successes in Sichuan Province, which Deng Xiaoping monitored as they progressed, affirmed his positive opinion of Zhao and suggested that Zhao could help meet Deng’s urgent need to identify talented and pragmatic officials who could be brought to Beijing and develop the national policies of the “reform and opening.” This section argues that Zhao’s success in Sichuan and his promotion to the Standing Committee had three primary causes: (1) Zhao amassed and displayed deeper expertise in economic affairs, both agricultural and industrial; (2) Zhao developed an effective approach to solving economic problems centered on pragmatism and consistent strategic opportunism; (3) Zhao demonstrated loyalty to Deng that further solidified the connection between the two men. Building on new scholarship and sources addressing his tenure in Sichuan, this section contends that these reasons explain Zhao’s rapid ascension to the central leadership culminating in his appointment to the Standing Committee in February 1980.

The economic conditions in Sichuan Province that Zhao faced upon his arrival in late 1975 were sobering. With just under 90 million people, Sichuan had long been regarded as a “heavenly country” of abundant food, but by 1976 the per capita annual income of farmers was only 53.6 RMB, nearly 10 RMB lower than the national average for farmers; and their annual grain rations were 369 *jin* per capita, 40 *jin* lower than the

national average (one *jin* is equal to 500 grams). In industry, Sichuan had over 3,000 industrial enterprises, but they were running losses of nearly 100 million RMB in 1976.³³ Sichuan had sunk deep into poverty, explaining Deng's sense of urgency in sending Zhao to the province.

Zhao had informed his new Sichuan Province colleagues while still in Beijing that his first task would be an intensive period of "investigation and research." However, political events at the center again thrust China into a period of tremendous uncertainty. In November 1975, the month after Zhao was dispatched to Sichuan, Deng Xiaoping was once again removed from power due to the machinations of Mao's wife, Jiang Qing (江青), and her allies. Deng became the target of virulent criticism, which intensified after Zhou Enlai died on 8 January 1976. Zhao resisted criticizing Deng, even suggesting directly to Hua Guofeng (华国锋)—an official of Zhao's generation who had risen rapidly in the central leadership and displayed a deep loyalty to Mao—that the leadership should be "cautious" in moving against Deng. Hua told Jiang Qing of Zhao's comments, which caused the radical leaders Wang Hongwen (王洪文), Zhang Chunqiao (张春桥), and Jiang to open a line of criticism against Zhao himself on 14 February 1976.³⁴ In early April, during the Qingming Festival, people massed in Tiananmen Square to mourn Zhou and protest the treatment of Zhou and Deng. Jiang labeled this a "counter-revolutionary" movement and, after using force to disperse the crowd on 5 April, called for a new wave of attacks on Deng. Zhao faced a difficult predicament. Jiang was certainly no supporter of Zhao or his pragmatic, production-focused approach to governing, and as a national campaign Zhao could not avoid criticizing Deng if he wanted to prevent further attacks on himself. So Zhao once again

³³ Tian Jiyun, "Zhao Ziyang in Sichuan."

³⁴ ZZYZSC, 113, 543; Tian Jiyun, "Zhao Ziyang in Sichuan"; Vogel, *Deng Xiaoping*, 147–153.

adopted an opportunistic strategy designed to please multiple groups at the center. On 9 April, facing ongoing criticism from Jiang and her allies, Zhao joined the chorus criticizing Deng, calling on the nation to “thoroughly expose and criticize the crimes of Deng Xiaoping.”³⁵ Despite this denunciation, however, Zhao remained considerably less vicious in his attacks on Deng than many other leaders—and indeed Zhao continued, in practice, to conduct investigations in Sichuan geared toward the agricultural improvements that he had promised Deng, another demonstration of continued loyalty.³⁶ On 16 August, a major earthquake struck northwestern Sichuan, killing 41 people and causing widespread damage. Zhao sprang into action, allocating resources to recover from the disaster and visiting the area—well-publicized actions that increased his popularity with the peasants of Sichuan.³⁷

On 9 September 1976, Mao Zedong died in Beijing after a long illness. Hua Guofeng, Mao’s designated successor, inherited the title of Chairman of the CCP (as well as Premier) but it remained unclear what role Jiang Qing and her allies in the so-called “Gang of Four” would play. On 18 September, Hua delivered the eulogy for Mao in Beijing. Hua cited a lengthy list of Mao’s key ideas and “admonishments”: “Never forget class struggle,” fight against capitalism and imperialism, follow the authority of the CCP, and build China into a “powerful socialist state.” Hua emphasized, “The correctness or incorrectness of the ideological and political line decides everything.”

³⁵ ZZYZSC, 544; Shambaugh, 77.

³⁶ ZZYZSC 545–546; Sun Zhen 孙振, “文革後期我與四川省委書記趙紫陽的交往” [Communication with Sichuan CCP Secretary Zhao Ziyang in the Latter Period of the Cultural Revolution], 炎黄春秋 [Chinese Annals], no. 9 (2008), at <http://web.archive.org/web/*/http://www.yhcqw.com/html/qlj/2008/96/0896105755C743G30148KK54GIB9F006D5.html>. Zhao also recollected that he did not divulge the content of private conversations that he held with Deng in 1975, whereas Yunnan CCP party secretary Jia Qiyun (贾启允) did—a further demonstration of loyalty that Zhao believed Deng noted (Yang Jisheng, “Second Visit to Zhao Ziyang,” *Chinese Law & Government* 38, no. 3: 37).

³⁷ ZZYZSC 546–547; Sun Zhen, “Communication with Zhao.”

Thus, Hua called for the leadership to “deepen the struggle to criticize Deng”—language that Zhao echoed in his own eulogy in Sichuan.³⁸

However, several weeks after Mao’s funeral, Hua and his allies among the CCP elders—especially Ye Jianying (叶剑英), a distinguished military leader of the Long March generation—decided that the Gang of Four’s actions had to be stopped. During a secret overnight meeting, Hua, Ye, and their allies planned to arrest the Gang and their close associates. The Gang would be charged with the crime of instigating a “counterrevolutionary” plot to take control of the country.³⁹ On 6 October, they put their plan into action: summoning the members of the Gang of Four to a purported Politburo meeting, they placed all four under arrest. Next, they arrested thirty of the Gang’s closest allies in Beijing, quelled pro-Gang dissent in Shanghai, and placed under surveillance others who were deemed suspicious.⁴⁰ Shortly thereafter, Hua helped to cement his own legitimacy by revealing a short message Mao had allegedly scratched out shortly before his death: “With you in charge, I am at ease.” A national campaign to criticize the Gang of Four was launched, and Zhao aggressively joined in—and his much more antagonistic tone underscored, once again, how relatively restrained his attacks on Deng had been earlier in the year.⁴¹

With the Gang of Four toppled and a year in Sichuan under his belt, Zhao began to move forward with developing and implementing policies that could transform the province as Deng Xiaoping had requested in 1975. Zhao began with simple changes based on the principle that he had advocated in Guangdong: that agricultural policies

³⁸ Hua Guofeng, “Speech by Hua Guofeng, Premier and Acting Chairman of the CPC at the Memorial Rally in Tian’anmen Square,” *China Report* 31, no. 1 (January–March 1995): 170; Shambaugh, 78.

³⁹ Cook, *The Cultural Revolution on Trial*, 2. See also Zhang Gensheng 张根生, “华国锋谈粉碎‘四人帮’” [Hua Guofeng Talks about Smashing the ‘Gang of Four’], 炎黄春秋 [*Chinese Annals*], no. 7 (2004): 1–5.

⁴⁰ Fan Shuo 范硕, 叶剑英在关键时刻 [*Ye Jianying at the Crucial Moment*] (Shenyang: Liaoning renmin chubanshe, 2001), 377–383; Vogel, *Deng Xiaoping*, 178–180.

⁴¹ ZZYZSC 548–549; Lowell Dittmer, *China’s Continuous Revolution: The Post-Liberation Epoch, 1949–1981* (Berkeley: University of California Press, 1987), 134; Baum, *Burying Mao*, 38.

should reflect the conditions in a given province, rather than seeking to emulate a uniform national standard such as the Dazhai Model. Referencing Sichuan's climatic conditions and his consultations with farmers, Zhao decided that Sichuan should stop using the model of having two seasons of rice and one season of either wheat or rapeseed each year, which had long governed its agricultural sector in accordance with the local implementation of the Dazhai Model. In particular, Zhao was critical of this so-called "double-cropping" of rice, which produced especially low yields for the latter crop. In December 1976, Zhao explained this approach to other provincial party secretaries at a National Dazhai Conference, emphasizing "seeking truth from facts" by studying local conditions in developing an agricultural plan.⁴²

The increases in Sichuan's output of rice, wheat, and rapeseed were widely reported in the national press. On 25 September, for example, the front page of the *People's Daily* announced that Sichuan was several months early in completing part of its annual plan. The article focused on fertilizer production, noting that total production had increased 66 percent over the previous year and describing how Zhao had personally led this effort and emphasized its importance to agricultural production. Zhao's reforms in Sichuan were often discussed together with the similar activities of Wan Li (万里) in Anhui, where Wan issued a "trial draft" document on agricultural production known as the "Six Articles" in late November 1977. Both provinces represented the vanguard of the rural reforms, as Teiwes and Sun have shown. Deng Xiaoping, restored to power in July 1977, monitored the policies pursued by both men even if he would ultimately see Zhao as the more promising national leader.⁴³

⁴² Yang, "Sichuan's Explorations"; Tian, "Zhao Ziyang in Sichuan"; Sun, "Communication with Zhao."

⁴³ Vogel, *Deng Xiaoping*, 197–200, 438; "四川提前完成全年化肥生产计划" [Sichuan Completes Its Fertilizer Production Plan ahead of Schedule], RMRB, 25 September 1977; Teiwes and Sun, *Paradoxes*, 41–44. Teiwes and Sun's valuable book features Zhao prominently but does not systematically analyze his development or promotion.

Yet Zhao's goals were far broader than agricultural policy alone. On 10 December 1977, Zhao delivered a speech in Beijing at which he discussed increasing enterprise autonomy, expanding the role of local finance, and broadening the agricultural reforms. He declared, "If old concepts do not solve our problems, there must be new ideas."⁴⁴ That day, Deng Xiaoping spoke directly with Zhao to give him further encouragement.⁴⁵

Zhao also began to prepare a provincial guidance document, the Twelve Articles on Rural Areas, which systematized his ideas for Sichuan. Deng was scheduled to visit Sichuan from 31 January to 3 February 1978, and Zhao planned to report on these developments to him then and seek his approval. It was less than three years after Deng's initial tasking to Zhao in Beijing, and Zhao clearly intended to use Deng's visit to display his growing competence in economic affairs. On 1 February, Zhao delivered this report to Deng and accompanied him for three nights as he inspected Sichuan. Deng was highly impressed by what he saw. Deng stated that the report was specific to Sichuan but that many of the problems were "common." He added, "Regarding both rural policy and urban policy, the central government needs to sort things out, and every locality must also sort things out." Deng highlighted that the two key economic areas—for Sichuan and for the nation—were agricultural production and industrial enterprise management. (As we shall see, Zhao soon set out to bolster his policymaking credentials regarding both of these areas.)⁴⁶ Deng also instructed Zhao to ramp up his efforts to purge leftist elements who were allies of the Gang of Four; Zhao complied, further underscoring his loyalty.⁴⁷

⁴⁴ Yang Ruidai, "Sichuan's Explorations."

⁴⁵ DXPNP 1:246; ZZYZSC 561.

⁴⁶ DXPNP 1:261–262; ZZYZSC 563.

⁴⁷ ZZYZSC 123–124.

Deng's endorsement of Zhao's report offered exactly the green light that Zhao needed to move forward with his plans while also demonstrating to Deng that he was carrying out his wishes. On 5 February, two days after Deng departed Sichuan, the Twelve Articles were promulgated. They permitted peasants to conduct sideline production on privately cultivated plots of land and receive payment according to work (按劳分配), while also giving greater autonomy to production teams by allowing "specialized contracts" (专业承包) and cash bonuses for over-fulfillment of plans.⁴⁸ In July, Zhao announced boldly at a major conference in Sichuan, "In the field of agriculture, we have overcome drought and wrested a good harvest," while, "Industrial production has been growing steadily, with its total output value from January to May exceeding the same period of last year by 47.6 percent." His message was clear: "New achievements have been made in every field of endeavor, and the situation is excellent."⁴⁹

Zhao's national stature began to rise quickly. Zhao was assigned to accompany Hua Guofeng on a trip to Romania, Yugoslavia, and Iran, departing on 16 August 1978. Hua was most interested in Yugoslavia's enterprise management, which stressed workers' self-management and autonomy. Upon returning to China, Hua instructed Zhao to experiment with these policies in Sichuan.⁵⁰ This instruction reinforced Deng's prior guidance to Zhao that he should focus on both agriculture and industry. Zhao's industrial enterprise reforms in Sichuan focused on restructuring and consolidating management to promote autonomy. In October 1978, six enterprises were given experimental autonomy, including rights such as retaining a portion of profits and the

⁴⁸ ZZYZSC 564; Shambaugh, 81; Teiwes and Sun, *Paradoxes*, 43.

⁴⁹ Zhao Ziyang, "Speech at the at the Sichuan Education Conference," in *Chinese Law and Government* 15 (1982): 70–78.

⁵⁰ ZZYZSC 568–571; Yang Ruidai, "Sichuan's Explorations," 25; Teiwes and Sun, "China's New Economic Policy under Hua Guofeng," *China Journal*, no. 66 (July 2011): 19–20, citing a "well-placed former State Planning Commission official"; Shambaugh, 90.

ability to engage in production outside the state plan. Zhao also encouraged the development of Sichuan's township and village enterprises (乡镇企业), which began as small, market-oriented enterprises owned by local governments.⁵¹ In February 1979, on the basis of these experiments, Zhao rolled out a more ambitious policy that expanded enterprise autonomy policies to 100 industrial enterprises and 40 commercial enterprises—initiatives that continued to expand in the subsequent period and garnered substantial attention from the central government.⁵² Although he publicized the fact that these enterprises quickly posted strong results, Zhao was also forthcoming about some problems that had emerged, including wasteful budgeting of funds and unbalanced production. Zhao made clear that his openness about both the successes and the problems of these reforms was a part of his broader commitment to “seeking truth from facts.”⁵³

Zhao began to consult frequently with economic experts in this period, which would become characteristic of his style of governance during the 1980s. For example, in May 1978, the Sichuan leadership hosted the distinguished Chinese economist Sun Yefang (孙冶方), who had long been an advocate of market-oriented socialist reforms and a critic of “over-centralization,” suffering greatly during the Cultural Revolution.⁵⁴ In Sichuan, Sun discussed his ideas about the relationship between the plan and the market as well as the law of value, a core Marxist concept that he argued revealed the reality of economic laws separate from politics, as well as highlighting the need for socialist plans to assess economic efficiency rather than simply gross output. By bringing Sun to Sichuan, Zhao evidently hoped to connect his reforms there to the

⁵¹ Yang Ruidai, “Sichuan's Explorations.”

⁵² Ibid. Similar reforms were conducted in Yunnan and Anhui; by July 1979, the State Council extended experimental autonomy to 4,000 enterprises nationwide (Shambaugh, 89).

⁵³ Tian Jiyun, “Zhao Ziyang in Sichuan.”

⁵⁴ Sun Yefang 孙冶方, “论价值” [On Value], *经济研究* [*Economic Research*] (cited hereafter as JJYJ), no. 9 (Sept. 1959): 42-46; Yang Ruidai, “Sichuan's Explorations”; “Sun Yefang Dies at 75; Top Chinese Economist,” *New York Times*, 24 February 1983, A24.

broader intellectual project that economists like Sun were undertaking to rethink China's state-market relationship. In the subsequent months, Zhao would host numerous other prominent Chinese economists and personally participate in a conference on the law of value.⁵⁵

In December 1978, Zhao traveled to Beijing for the Third Plenary Session of the Eleventh CCP Central Committee (often referred to simply as the “third plenum”) and the Central Party Work Conference that preceded it. The Work Conference marked a decisive shift in favor of Deng's agenda and against Hua Guofeng. On 13 December, Deng delivered a speech—drafted by his close allies Yu Guangyuan (于光远) and Hu Yaobang (胡耀邦)—in which he articulated his goals for China's leadership in powerful, inclusive terms and suggested a new era was dawning in China. The CCP had to “emancipate the mind” from the strictures of outdated notions and focus on “the need for material benefit.” “Emancipating the mind” would involve learning advanced science, technology, management, and economics. “We must learn to manage the economy by economic means,” Deng added. By the time the work conference concluded on 15 December, it was clear to the participants that Deng, not Hua, would be China's paramount leader in the years to come.⁵⁶

Zhao was present as a leader of the Southwest Region delegation when these internal decisions were unveiled at the famed third plenum, which met from 18–22 December.⁵⁷ The decisions made at the work conference were announced and ratified; although Hua remained the titular leader of the government, both domestic and foreign

⁵⁵ Yang Ruidai, “Sichuan's Explorations.”

⁵⁶ DXPNP 1:450–452; *Selected Works of Deng Xiaoping, 1975–1982* (Beijing: Foreign Languages Press, 1984) (cited hereafter as SWDXP-2), 156–163; Fang Weizhong 房维中, ed., 在风浪中前进: 中国发展与改革编年记事 [*Forward in the Storm: Chronology of China's Reform and Development, 1977–1989*], unpublished 2004 document. Available in the Fairbank Collection, Harvard University (cited hereafter as ZFLZQJ), 1977–1978, 157–168. For a lengthier analysis, see Vogel, *Deng Xiaoping*, 241–245.

⁵⁷ ZZYZSC 575; this is contrary to Shambaugh's book, which states that Zhao did not attend the third plenum (Shambaugh, 88).

observers realized that Deng was now in charge. Chen Yun, now a formal member of the Politburo Standing Committee, spoke of the leadership's newfound ability to realize the Four Modernizations. He and Deng sat together—two veteran revolutionaries preparing to lead their country into what they proclaimed was a new era of “reform and opening.”⁵⁸

Yet the actual endpoint of this promised transformation remained unclear—and it was immediately evident that the senior leadership in Beijing was hungry for new ideas from around China that would show how these broad pronouncements were translating into action. Shortly after the third plenum, the *People's Daily* ran a series of articles promoting Sichuan's successes in a range of agricultural and economic activities.⁵⁹ Zhao's reforms in Sichuan were indeed generating rapid results; by the end of 1978, Sichuan's per capita grain rations had increased 33.6 percent over 1976, and the aggregate grain output had risen by more than 8 million metric tons. A punning saying spread throughout the province: “If you want to eat, look for Ziyang” (要吃粮，找紫阳).⁶⁰

Zhao continued to position himself as a provincial leader whose evolving views were in line with Deng's agenda in Beijing. On 20 January 1979, at the Sichuan Provincial CCP Congress, Zhao declared that the third plenum had been an awakening: “A series of sweeping changes must be made with regard to our thinking, organization, policy, system, method, and work style.” While highlighting the need to “speed up socialist modernization,” Zhao also embraced the central leadership's goal of a three-

⁵⁸ Zhu Jiamu 朱佳木, ed., 陈云年谱: 一九〇五—一九九五 [*Chronology of Chen Yun: 1905–1995*], 3 vols. (Beijing: Zhongyang wenxian chubanshe, 2000) (cited hereafter as CYNP), 3:230–232; DXPNP, 454–456.

⁵⁹ “农田基本建设要讲经济效果” [The Economic Effects of Farmland Infrastructure Should Be Discussed], RMRB, 30 December 1978; “领导重视 工作扎实 善始善终” [Leaders Pay Attention, Do Solid Work, Start Well and Finish Well], RMRB, 14 December 1978.

⁶⁰ Yang Ruidai, “Sichuan's Explorations”; Shambaugh, 105.

year period of readjustment to balance the economy (discussed below).⁶¹ This speech was prominently covered on the front page of the *People's Daily* on 31 January.⁶² In March, as Deng focused on reversing verdicts from the Mao era, Zhao delivered a eulogy for his former patron Tao Zhu, who had been rehabilitated. Zhao praised Tao's "ancient Chinese statesman's style of 'respecting one's subordinates' and 'thirsting for talented people'"—characteristics that, as we shall see, Zhao soon adopted in his own "statesman's style."⁶³ In Sichuan, Zhao continued to advance both the agricultural and enterprise reforms. In July 1979, he hosted Vice Premier Kang Shi'en (康世恩) in Chengdu for a National Industrial Work Conference focused on learning from Sichuan's experience in expanding enterprise autonomy.⁶⁴ The "Sichuan experience," as Teiwes and Sun write, had "gained national exposure" and helped launch the province's party secretary to prominence.⁶⁵ Zhao had developed deeper expertise in economic affairs—both agricultural and industrial—and a distinctive, pragmatic approach to solving economic problems, and he was receiving public approbation from the central leadership.

Zhao received a critical endorsement of his work on 25–28 September 1979, at the Fourth Plenum of the Eleventh CCP Central Committee. Zhao was elected a full member of the Politburo, and the central leadership issued a major Decision on agricultural development grew out of the policies that Zhao and Wan Li had pursued in Sichuan and Anhui. The Decision included an endorsement of the rights of households and individuals "to grow what is suited to local conditions" (a core idea that Zhao had advocated since his Guangdong period), "to decide on measures for increasing

⁶¹ Zhao Ziyang, "Speed up Socialist Modernization in Sichuan," *Chinese Law and Government* 15 (1982): 93–126.

⁶² Zhao Ziyang, "实现工作重点转移必须解放思想" [We Must Emancipate the Mind to Achieve the Shift in Our Work Priorities], RMRB, 31 January 1979.

⁶³ Zhao Ziyang, "共产党人的高尚品德" [Noble Character of a Communist], RMRB, 23 March 1979.

⁶⁴ Tian Jiyun, "Zhao Ziyang in Sichuan."

⁶⁵ Teiwes and Sun, *Paradoxes*, 107.

production and methods of management,” and “to distribute their own products and money.” Most controversially of all, it diminished the prohibition on household contracting (包产到户), a practice that allowed collectively-owned land to be leased to individual households, which were then required to produce the quota necessitated by state planning authorities but could sell any surplus freely—although the Decision stopped short of a full endorsement of this policy, which Wan Li had experimented with in Anhui and which Zhao had tolerated on a small scale in Sichuan.⁶⁶

Deng was not the only senior central leader who took an interest in Zhao’s work. In comments made at an economic work conference on 10 October 1979, Li Xiannian noted other provinces’ interest in emulating Sichuan and made explicit that the leadership viewed Sichuan as having been successful in introducing reforms to both agriculture and rural industry.⁶⁷ (As we shall see, by the end of the 1980s, Li would become critical of Zhao, but at this point he supported Sichuan’s reformist leader.) These views received more formal ratification at a State Council National Planning Conference on implementing the 1980 Plan that ran from 21 November to 22 December. The conference endorsed the “Sichuan model” of reforms to advance the readjustment and address fiscal problems in fifteen provinces (every province excluding Guangdong, Fujian, Jiangsu, Guangxi, Yunnan, Inner Mongolia, Xinjiang, Ningxia, Qinghai, Tibet, and Guizhou). In a period of concern about deficits and unbalanced growth, Zhao’s policies in Sichuan seemed to promise substantial increases in production without dangerously rapid growth, as well as steady revenues for the state.⁶⁸ In the year after the third plenum, Zhao’s policies had become a model for vast swaths of the nation.

⁶⁶ Ibid., 107–114; ZZYZSC, 206–221; Zhao, *Prisoner of the State*, 138–140.

⁶⁷ ZFLZQJ 1979, 202. These remarks are not recorded in 李先念年谱 [*Chronology of Li Xiannian*], 6 vols. (Beijing: Zhongyang wenxian chubanshe, 2011) (cited hereafter as LXNNP), 6:80.

⁶⁸ ZFLZQJ 1979, 218–219, 271.

Yet it was clear that Deng Xiaoping and the central leadership were not only looking for policy inspiration from the provinces; Deng was also looking for new national leaders. Zhao had shown that he had distinctive competence in the economic matters that were at the heart of the “reform and opening” agenda and that he was loyal to Deng. Hua Guofeng was clearly on the way out after the third plenum, which meant that the posts he held—including Premier of the State Council—might become available. By late 1979, Zhao was in a strong position to be considered for promotion. However, he would also need the support of Chen Yun, the CCP elder who was viewed as the highest authority on economic matters, and Li Xiannian, who had already praised the Sichuan model. Zhao knew that these figures believed strongly in the readjustment agenda that was closely associated with Chen; indeed, Li had said in the speech where he praised the “Sichuan model” that “readjustment is the key.”⁶⁹ Thus Zhao opportunistically decided to publish a major endorsement in the January 1980 issue of *Red Flag* (红旗) of not only the readjustment policies, but also explicitly of Chen Yun’s views.⁷⁰

Even so, as Zhao described in a newly available internal speech to the Sichuan leadership on 1 January, he remained committed to “striving for more substantial growth in agriculture and industry.” In this internal context, he critiqued one effect of the “national economic readjustment”: numerous enterprises “had no tasks to perform,” which was problematic not only because of the stress it placed on these enterprises but also because of the ironic situation in which many factories lay idle but people “need many things that they can’t buy.” He urged these enterprises to devote themselves to “researching the market, changing the production structure, improving enterprise potential, innovation, and transformation” so that the time would not be wholly wasted.

⁶⁹ ZFLZQJ 1979, 202. Chen Yun had used the same phrase on 3 October 1979 (CYNP 3:253).

⁷⁰ Shambaugh, 102.

Throughout these remarks, Zhao stressed the urgency and importance of reform, even as he accepted the readjustment policies.⁷¹ Zhao's agreement with the readjustment was far from total, but he knew that in order to climb up the ranks into the central leadership, he had to curry favor with Chen and others by publicly endorsing their readjustment agenda.⁷²

Finally, the next month, Zhao's efforts paid off. At the Fifth Plenum of the Eleventh CCP Central Committee on 23–29 February 1980, Zhao was promoted to the Standing Committee of the Politburo and given chief responsibility for economic policy. Hua Guofeng remained premier for the time being, but Zhao was made the head of the Central Finance and Economics Leading Small Group (CFELSG), taking over those responsibilities from Chen Yun. Zhao would work closely with colleagues who were also tasked with lower-ranking economic positions including Yu Qiuli (余秋里), Fang Yi (方毅), Wan Li (万里), Yao Yilin (姚依林), and Gu Mu (谷牧). At the same time, Hu Yaobang, Deng's longtime protégé, was promoted to the position of CCP General Secretary.⁷³ Several weeks later, on 17 March, Yao Yilin was placed in charge of the State Planning Commission (SPC).⁷⁴ Deng's new leadership team was taking shape—and Zhao, who had risen through the ranks while proving himself competent, pragmatic, and loyal, was at its center.

⁷¹ ZZYWJ 1:9–10, 16–17.

⁷² See Xiao Donglian 肖冬连, *中华人民共和国史, 第10卷: 歷史的轉軌 從撥亂反正到改革開放, 1979–1981* [*History of the People's Republic of China, vol. 10: The Turning Point of History: From Bringing Order out of Chaos to Reform and Opening, 1979–1981*] (Hong Kong: Dangdai Zhongguo wenhua yanjiu zhongxin, Zhongwen daxue, 2008), 545–547. Deng also continued to seek opportunities to prepare Zhao for assuming greater responsibility. For example, on 27 January 1980, Deng included Zhao in a decision-making process about the Dongfeng No. 5 intercontinental ballistic missile alongside Hua Guofeng, Li Xiannian, Hu Yaobang, and others (DXPNP 1:598).

⁷³ ZFLZQJ 1980, 15–16; Sheng Ping 盛平 and Wang Zaixing 王再兴, *胡耀邦思想年谱1975–1989* [*Chronicle of Hu Yaobang's Thought, 1975–1989*] (Hong Kong: Taide shidai chubanshe, 2007) (cited hereafter as HYBSXNP), 1:481.

⁷⁴ ZFLZQJ 1980, 20.

BECOMING THE PREMIER

In his new capacity as a member of the Standing Committee and national economic policy leader, the most prominent challenge that Zhao confronted was how to handle the readjustment agenda. Seeking to complicate interpretations of Zhao as substantively aligned in policy terms with Chen Yun on the readjustment, this section argues that Zhao's behavior is best understood as highly opportunistic: seeking simultaneously to demonstrate his competence to Chen and to Deng Xiaoping as distinctively able to implement both growth-focused reforms and readjustment policies.

In assessing Zhao's behavior in the early 1980s, it is crucial to understand that, at this early stage, he had not yet developed strong views on the best direction for the nationwide economic reforms. In Sichuan, his approach had emphasized local conditions and circumstances, but now he had responsibility for a country of one billion people with immense variation on nearly every metric. Thus, Zhao wrote in his memoirs of this moment: "My earliest understanding of how to proceed with reform was shallow and vague. . . . I did not have any preconceived model or a systematic idea in mind."⁷⁵ His undeveloped understanding concerned not only the substantive "model" of a reformed economic system, but also "how to proceed" day to day as a national political leader. Zhao further acknowledged his relatively low status in a central government still dominated by elders such as Deng, Chen, and Li Xiannian. When the Finance and Economics Commission (the predecessor to the CFELSG) had been established in 1979, Chen had underscored in his remarks that many of the officials there had "done financial and economic work in the comprehensive state organs since liberation . . . Government departments have changed over and over again for 30 years,

⁷⁵ Zhao, *Prisoner of the State*, 113. Yu Guangyuan, for his part, recalled that "reform ideas were generally embryonic" at this stage. See Yu Guangyuan, *That Historical Turning Point*, 71–72, 272.

but we veterans are still here.”⁷⁶ The contrast to the newcomer Zhao when he took over the economics portfolio the following year was clear. “I had just joined the central leadership and was not yet familiar with the economic situation,” Zhao recalled.⁷⁷ Further, although Deng was Zhao’s primary patron in the central government, Zhao was aware that Deng had much longer-standing ties to Hu Yaobang, the new general secretary, who had prior experience serving in important posts in Beijing. In 1978, Hu had played a prominent role in undermining Hua Guofeng by developing the argument that “practice is the sole criterion of truth,” in contrast to Hua’s so-called “two whatevers,” which upheld Mao’s words and decisions as the CCP’s guide to action. This important collaboration had further solidified the Deng-Hu connection while Zhao was still working in Sichuan.⁷⁸

In these circumstances, Zhao pursued a path that reflected his distinctive competencies and his sense of a major opportunity to solidify his control over the economic policymaking process. This section argues that the opportunistic path that he pursued centered on a balance between two views: he would present himself as a more accomplished reformer than conservative competitors such as Chen’s protégé Yao Yilin and as a more effective implementer of readjustment than reformist competitors such as Hu Yaobang. This strategy was successful. Zhao was officially made premier by September 1980.

The readjustment agenda of this period has recently been subject to a significant scholarly reappraisal. Teiwes and Sun have shown that the readjustment (调整) was introduced in early 1979, shortly after the third plenum, as a way of responding to “the over-commitment of resources in 1977–78” and breaking with rapid growth-focused

⁷⁶ *Selected Works of Chen Yun* (Beijing: Foreign Languages Press, 1999) (cited hereafter as SWCY), 3:255; Teiwes and Sun, *Paradoxes*, 169.

⁷⁷ Zhao, *Prisoner of the State*, 97.

⁷⁸ Michael Schoenhals, “The 1978 Truth Criterion Controversy,” *China Quarterly*, no. 126 (June 1991): 243–268.

economic policies that would henceforth be ascribed to Hua Guofeng. It was part of a broader “eight-character policy” of “readjustment, reform, consolidation, and improvement” (调整、改革、整顿、提高) that would guide economic policymaking in this period.⁷⁹ The content of readjustment flowed from the longstanding economic ideas of Chen Yun and his work in creating the First Five-Year Plan in the 1950s: prioritizing balanced growth and economic stability, and especially keeping heavy industry, light industry, and agriculture in balance. Revenues and expenditures should also be balanced, as Chen had long opposed running up deficits, and inflation was to be avoided. The readjustment policy of 1979–1980 sought to bring the conditions of the Chinese economy to this balanced state.⁸⁰ However, Teiwes and Sun, following from Xiao Donglian, demonstrate that due to Chen Yun’s poor health, the responsibility for implementing the readjustment fell to other leaders, including Zhao, Yao Yilin, and Li Xiannian. Deng backed the policy, but his interest was based on his view that it could “put the house in order quickly before a renewal of substantial growth.”⁸¹ One of Teiwes and Sun’s most striking arguments is their contention that Zhao personally agreed with the readjustment, prioritizing it over reform and “a renewal of substantial growth.” However, previously unavailable sources contain substantial information about Zhao’s activities in this period that complicates this interpretation. Instead, it seems more plausible to interpret Zhao’s behavior regarding the readjustment policies as consistent with his opportunism, as this section will demonstrate.

In the spring of 1980, Zhao faced considerable pressures from both conservative, readjustment-oriented leaders and growth-oriented reformist leaders. Chen was in direct

⁷⁹ Teiwes and Sun, “China’s Economic Reorientation after the Third Plenum: Conflict Surrounding ‘Chen Yun’s’ Readjustment Program, 1979–80,” *China Journal*, no. 70 (July 2013): 163, 170.

⁸⁰ SWCY, 2:245–257, 264. See also Zhao, *Prisoner of the State*, 95–97.

⁸¹ Teiwes and Sun, “China’s Economic Reorientation,” 167; Xiao, *The Turning Point*, 473–479. See also 李先念传1949–1992 [*Biography of Li Xiannian, 1949–1992*] (Beijing: Zhongyang wenxian chubanshe, 2009) (cited hereafter as LXNZ), 2:1131; DXPNP 1:471–472. For Chen’s comment on his health, see CYNP 3:253.

communication with the likeminded Yao Yilin and stated in a private conversation on 5 March that “a crisis is lurking” in the economy, necessitating further readjustment.⁸² At a meeting with Deng on 2 April, on the sidelines of an important Long-Term Planning Conference that ran from 31 March to 22 April, Yao presented his plan for the readjustment to the paramount leader, who stated that he “very much agreed with Comrade Yilin’s proposals” to limit spending and increase efficiency.⁸³ On the other side of this debate, Hu Yaobang was aggressively arguing for faster growth rates and higher levels of investment, contravening the readjustment agenda.⁸⁴

On 22 April, Zhao addressed the closing of the Long-Term Planning Conference, his first major speech since coming to Beijing to join the Politburo Standing Committee and lead the CFELSG. In this address, his opportunism was on full display. Praising the decision to “engage in Chinese-style modernization,” Zhao highlighted his experiences in Sichuan—the rapid reform and development that had brought him to Beijing—while also endorsing many elements of the readjustment, especially eliminating redundancy and waste, preventing the emergence of inflation, and preparing “production and consumption” for faster future development. He also emphasized the importance of reform and, in particular, the need to overcome backwardness and improve people’s livelihoods through reform.⁸⁵ He elaborated even more clearly on this in an internal speech to the CFELSG on 26 April. “From this year for the next three years we must do a good job with the readjustment and not make large changes,” Zhao stated. “But in the next three years, we must also actively engage in system reform work,” including expanding enterprise autonomy, market regulation,

⁸² ZFLZQJ 1980, 20. See also Xiao Donglian, *The Turning Point*, 548.

⁸³ ZFLZQJ 1980, 21; DXPNP 1:614–616. See also ZFLZQJ 1980, 25–37; LXNZ 2:1123–1124; CYNP 3:257–258. CYNP gives the dates of this conference as 30 March to 24 April (CYNP 3:257).

⁸⁴ Xiao Donglian, *The Turning Point*, 557–558.

⁸⁵ ZZYWJ 1:37–47; ZFLZQJ 1980, 38–44.

and fiscal policy changes.⁸⁶ The effect of these speeches was to affirm his commitment to both readjustment and reform, even if he accepted prioritizing readjustment in the short term.

This balancing of interests remained Zhao's approach through the summer. Discussions also continued on the best direction for agricultural reform, with Zhao again taking an opportunistic approach even in this area of his longstanding expertise. Initially, Zhao took a critical attitude toward the controversial household contracting policy. Yet after Deng Xiaoping stated on 20 May that "policies should be relaxed a bit more," an implicit endorsement of household contracting that was justified as likely to reduce the "burden" placed on the state and therefore facilitate the readjustment, followed by similar comments on 31 May, Zhao began to aggressively push forward this newfound central focus on household contracting and take ownership of the idea. Zhao deputized his longtime colleague Du Runsheng (whom he had worked with in the 1950s, as noted above) to manage this agricultural policy shift.⁸⁷ Zhao also worked in tandem with Wan Li, Hu Yaobang, and other officials on this policy beginning in June.⁸⁸ Central Document No. 75, released in September 1980 after intensive discussion managed by Du, provided an official if still not full-throated endorsement of the value of household contracting policies in conducting agricultural reforms; as we shall see, Zhao would take an even more prominent leading role in advancing household contracting the following year.⁸⁹ Zhao had quickly responded to Deng's shift

⁸⁶ ZZYWJ 1:38. Zhao later reflected, "I genuinely trusted Chen Yun . . . Still, in retrospect, the readjustment was too severe" (Zhao, *Prisoner of the State*, 97, 99).

⁸⁷ Teiwes and Sun, *Paradoxes*, 125, 136–146, 154–155, 156–158, 166–169; ZFLZQJ 1980, 62–66; GSJTL 241–243. Teiwes and Sun demonstrate that Deng's full-throated endorsement of household contracting as contained in "On Questions of Rural Policy" (SWDXP-2, 297–299) was in fact a later revision of an ambiguous endorsement of the policy at the time. Zhao gives a different account, persuasively critiqued by Teiwes and Sun, in Zhao, *Prisoner of the State*, 140–143.

⁸⁸ See, for example, ZZYWJ 1:44–47.

⁸⁹ Teiwes and Sun, *Paradoxes*, 186–187.

in position, changing his own views as he sought to maintain his newfound dominance in central economic policy and display his competency and loyalty to Deng.

Over the same period, Zhao continued to demonstrate his broad economic expertise, refusing to allow himself to be cast as simply an agricultural expert. On 28 May, in an internal letter to the top leadership about the Canton Trade Fair, Zhao criticized the analysis of conservative officials that “the reform of the foreign trade system has brought chaos.” A “coordinated” and “unified” readjustment policy was important, but, Zhao stated, “We must not permit nostalgia for the past era of being closed off to the outside world” to prevent the leadership from recognizing the benefits of “reform and opening.”⁹⁰ On 16 July, Zhao met with Shahid Husain, the vice president of the World Bank, which China had rejoined on 15 May 1980.⁹¹ (In mid-April 1980, World Bank president Robert McNamara visited China, meeting with Deng, who said, “We are very poor. We have lost touch with the world. We need the World Bank to catch up.”⁹²) Speaking with Husain, Zhao once again voiced this middle-of-the-road approach combining a commitment to readjustment with an advocacy of reform: “Every step we take in the reforms has contributed to developing production. We have also achieved considerable success in the two years of readjustment, which is inseparable from our reform.” Zhao told Husain that he hoped China would be able to receive large loans from the World Bank to finance reforms and

⁹⁰ ZZYWJ 1:43.

⁹¹ 世界银行决定恢复我代表权” [World Bank Decides to Restore China’s Representation], RMRB, 17 May 1980; Louis Galambos, et al., “Interview with S. Shahid Husain,” World Bank Group Oral History Program (18 March, 20 April, and 14 June 1994, Washington, D.C.), available at <http://documents.worldbank.org/curated/en/128041468161098257/pdf/790330TRN0Husa0200and0June014001994.pdf>

⁹² “世界银行行长麦克纳马拉抵京” [World Bank President McNamara Arrives in Beijing], RMRB, 12 April 1980; “谷牧会见世界银行行长麦克纳马拉” [Gu Mu Meets World Bank President McNamara], RMRB, 15 April 1980; DXPNP 1:620–621; Liqun Jin and Chi-kuo Wu, eds., 回顾与展望: 纪念中国与世界银行合作十五周年 [*Past and Future: Fifteen Years of Cooperation between China and the World Bank*] (Beijing: Ministry of Finance and Xinhua News Agency, 1995), 4–5, 25.

the development of infrastructure and key sectors of the economy.⁹³ On 25 July, in an internal letter, Zhao proudly informed Deng, Chen, Hua, and Li Xiannian about his pursuit of these “long-term, low interest” loans—further suggesting that Zhao’s priority was demonstrating his distinctive competency in economic affairs to the elders who held final sway over major decisions, including the possible enlargement of Zhao’s authority.⁹⁴ In early September, Zhao trumpeted that “the basic balance (of the economy) can now be achieved,” citing rising savings and a falling deficit—and taking credit for effectively steering these policies that he claimed were producing the desired results.⁹⁵

By September, it was evident that the sixty-year-old Zhao had navigated the competing interests in reform and readjustment in the senior leadership and further demonstrated his capacity for managing the economy. On 10 September, at a meeting of the National People’s Congress, Zhao was made Premier of the State Council, replacing Hua Guofeng. Deng Xiaoping, Chen Yun, Li Xiannian, and other CCP elders stepped down from their roles as vice premiers.⁹⁶ When Deng told Zhao of his promotion and the younger man protested modestly, Deng replied, “Practice will toughen you up, and you’ll do a good job.”⁹⁷ Zhao’s opportunism had guided his behavior in his ascension to the premiership. Rather than demonstrating a strong personal commitment to readjustment, Zhao presented himself as both an accomplished reformer and an effective implementer of readjustment, as a means of solidifying his

⁹³ ZZYWJ 1:49–51.

⁹⁴ ZZYWJ 1:52. For other examples of Zhao taking an opportunistic position embracing elements of both reform and readjustment in this period, see his 11 August remarks on enterprise autonomy (ZZYWJ 1:61–67), his 31 August remarks on energy policy and scientific research (ZZYWJ 1:77–78), and especially his 2 September report to the Politburo (ZZYWJ 1:79–88).

⁹⁵ ZZYWJ 1:79.

⁹⁶ DXPNP 1:673; CYNP 3:259.

⁹⁷ Tian Jiyun, “Zhao Ziyang in Sichuan.”

control over economic affairs and strengthening his relationships with the elders who controlled the central government.

In the broader context of elite Chinese politics in this period, the decision to appoint Zhao as premier and to have Deng, Chen, Li, and other elders step down from their positions reflected a broader set of political reforms that Deng raised in 1980. These so-called “*gengshen* reforms” (庚申改革) were hotly debated among intellectuals and officials; in their initial formulation, they were designed to separate party and government functions (hence the CCP elders leaving their governmental posts as vice premiers), to limit what Deng described as an “over-concentration of power,” and to reform systems and institutions that were inefficient and outdated. Deng had also stated on 18 August that a new generation of leaders would be essential for China’s success; it was the task of “the older comrades” to “find worthy successors.” “Give young and middle-aged comrades the job,” he said, “and they will gradually become competent.”⁹⁸ Although these reforms would be “watered down considerably,” in Lowell Dittmer’s words, they formed one significant basis for Deng’s decision to promote Zhao in 1980.⁹⁹

However, it quickly became clear that Zhao’s handling of the economy had not actually produced the strong results that he initially claimed. Shortly after he was made premier, new data from the Ministry of Finance revealed a spike in state investment, a decline in revenues, an increase in the deficit, and a rising inflation rate as high as 8.4 percent in urban areas.¹⁰⁰ Yao Yilin emphatically told the CFELSG on 7–9 October,

⁹⁸ SWDXP-2, 302–303, 307; DXPNP 1:662–665. Although a full analysis of the *gengshen* reforms falls outside the scope of this dissertation, political reform in the 1980s is discussed further in Chapters 4 and 5. See also Su Shaozhi 苏绍智, “邓小平时代中共政治体制改革的理论和实践” [The Theory and Practice of Political System Reform in the Deng Xiaoping Era], *Modern China Studies*, no. 3 (1999), at <<http://www.modernchinastudies.org/cn/issues/past-issues/66-mcs-1999-issue-3/503-2012-01-01-10-06-23.html>>.

⁹⁹ Dittmer, *China’s Continuous Revolution*, 227.

¹⁰⁰ Teiwes and Sun, 182; Shih, *Factions and Finance in China*, 99.

“The problems are very large,” with deficit estimates upwards of 14 billion RMB, up from an original estimate of approximately 10 billion.¹⁰¹ In a State Council meeting on 11 October, Zhao admitted that he could now “see the emergence of some new problems” and “latent dangers that might emerge” in the economy, requiring the leadership to double down on readjustment. He also acknowledged that plans to expand reforms promoting enterprise autonomy that he had championed a month earlier might have to be scaled back.¹⁰² Zhao was clearly frustrated that his plans had been stymied by this new data; on 20 October, he complained in a letter to the other senior leaders that China’s “statistical information is incomplete and not accurate enough.”¹⁰³ Yet Zhao could see that he had come close to a serious misstep and that readjustment would indeed now need to be paramount. On 24 October, briefing Deng alongside Yao Yilin and Wan Li, Zhao endorsed a new doubling-down on readjustment, which Deng approved.¹⁰⁴

With characteristic opportunism, Zhao proceeded to embrace the readjustment agenda with a newfound intensity. At a 21 November meeting to discuss ways to “put the breaks on the chaos” with Yao Yilin and other senior economic officials, Zhao worried aloud, “Now we’re unable to control [prices], or our control isn’t good, and I worry that by next year’s Spring Festival there may be a really substantial rise.”¹⁰⁵ A few days later, on 24 November, he declared at a meeting with Yao, “Our whole spirit must be to retreat.” At a meeting on 28 November of the Politburo Standing Committee and the Secretariat to revise the 1981 Plan, including Deng Xiaoping and Chen Yun, Yao Yilin presented a report outlining the troubling economic situation. Zhao stated, “The most dangerous problem is the inflation that will emerge next year if we don’t

¹⁰¹ ZFLZQJ 1980, 141.

¹⁰² ZZYWJ 1:93, 100. See also Zhao, *Prisoner of the State*, 95–96.

¹⁰³ ZZYWJ 1:107.

¹⁰⁴ ZFLZQJ 1980, 155.

¹⁰⁵ ZZYWJ 1:123–124.

manage things well. It's a hidden crisis, and it will explode." These leaders also worriedly discussed events in Poland, where economic instability and inflation had produced a political crisis. The decision was made to "take a step back" (一步退够) from advancing with reform and development and instead focus on readjustment.¹⁰⁶ These internal decisions were presented at the Central Work Conference of 16–25 December, which Zhao opened by warning of a potential "economic crisis" that might cause "all the economic benefits to farmers and workers since the third plenum to be lost." Although Zhao had previously discussed the readjustment as a finite period of at most three years, he now suggested that "the entirety of the Sixth Five-Year Plan period" (1981–1985) might require the continuation of the readjustment agenda. He promised a more centralized, cautious economic policy in the coming years, reasserting central control over capital construction, the fiscal system, price liberalization, foreign trade, and foreign borrowing. He affirmed the cancellation of plans to further expand the enterprise autonomy pilot (though the 6,000 enterprises already piloting the reforms would not lose their new autonomy) "As long as we retreat enough and plant our heels firmly, we will be better able to move forward in the future." Of the four components of the "eight-character policy," readjustment was now decisively Zhao's priority.¹⁰⁷ On the closing day of this conference, Deng delivered a speech lending his personal approval to the readjustment and stressing the "far-reaching importance" of these policies.¹⁰⁸

Zhao's energetic embrace of the readjustment agenda in October–December 1980 was a dramatic shift from his middle-of-the-road attitude earlier in the year. This shift occurred just as he became premier and received the potentially damaging news

¹⁰⁶ ZFLZQJ 1980, 183, 185, 187, 195; DXPNP 1:695–696; Ruan Ming, *Deng Xiaoping Empire*, 103, 106–108; Teiwes and Sun, "China's Economic Reorientation," 182; CYNP, 3:262; LXNZ 2:1132–1138. On the Polish example, see Yang Jisheng, 204.

¹⁰⁷ ZZYWJ 1:129–136. On 16 December 1980, Chen Yun praised Zhao's shift (SWCY 3:280).

¹⁰⁸ SWDXP-2, 335–356.

that the economy was in worse condition than he had suggested as he sought to win allies at the center and strengthen his control of the economic portfolio. Earlier in the readjustment period, Zhao had eagerly embraced both reform and readjustment as complementary policies, and had even criticized the readjustment on occasion. But sensing a potential crisis that would have negative effects on the Chinese economy and perhaps on his own new role if it spiraled out of control, Zhao decisively embraced a highly centralized, control-oriented readjustment policy that seemed to offer a safe way to resolve this high-risk situation. At this early stage of Zhao's career in the central leadership—a moment at which, as he admitted later, he only a “shallow and vague” sense of his priorities for China's future—Zhao must be understood not as consistently advocating either reform or readjustment, but rather as consistently opportunistic. This approach had guided his provincial career, and it remained his primary *modus operandi* once he arrived in Beijing. Yet Zhao had also witnessed an important lesson: the triumph of the readjustment agenda associated with Chen Yun underscored that policymaking as a top-level leader in post-Mao China required the ability to combine an analysis of facts and experience with a cogent set of ideas that others could support and carry out.¹⁰⁹ Zhao would soon prioritize developing his own economic ideas and policies—a process that the next section of this chapter will analyze.

POLICY IDEATION AND THE PRICE SYSTEM

Even as he oversaw the policies of readjustment, Zhao increasingly began seeking to develop his own economic ideas, separate from Deng, Chen, or other CCP elders. To do so, Zhao developed networks of advisers including Ma Hong (马洪), the vice president of the Chinese Academy of Social Sciences (CASS), and Xue Muqiao

¹⁰⁹ Zhao, *Prisoner of the State*, 99–100.

(薛暮桥), a septuagenarian State Council official and perhaps China's most prominent economist, who embarked on an intensive process of policy ideation (that is, the formation of new economic policy ideas). At the State Council, Zhao had inherited a cluster of four small groups on reform, which initially had been organized in summer 1979 to conduct "large-scale investigations" and to "mobilize research," with senior members such as Xue, Ma, Zhang Jingfu (张劲夫), Wang Daohan (汪道涵), Fang Weizhong, Liao Jili (廖季立), and Yu Guangyuan (于光远).¹¹⁰ Zhao sought to deploy these economic officials to take a more active role in advising him and providing him with policy ideas. The goal was both political and intellectual: As Zhao's confidence and authority grew, he gradually strengthened this process of policy ideation to achieve his objectives and gain greater authority over economic affairs in a process of policy competition—an ongoing contestation of influence over the content of the economic reforms, the speed and manner of implementation, and the implications for official ideology. This, in turn, had direct ramifications on Zhao's successes in the elite politics of the subsequent period.

However, in early 1981, Zhao remained focused on readjustment. On the first day of the year, Zhao delivered remarks at the traditional "tea party" for senior leaders where he stated that the leadership must "work hard to stabilize the economy." He identified five main areas of success in 1980: improvements in the conditions of farmers and rural residents, industrial production exceeding expectations, an increase in the supply of commodities (which produced "improvements in the people's lives"), the elimination of poverty and the creation of wealth in ethnic minority areas, and, finally, progress made in the overall economic reforms, especially in increasing enterprise

¹¹⁰ LXNNP 6:49; ZFLZQJ 1979, 80–132; Yao Yilin 姚依林, "同心协力做好经济改革的调查研究" [Cooperate to Complete Survey Research on Economic Reform], 金融研究 [*Financial Research*], no. 13 (1979): 1–8; See also Fewsmith, *Dilemmas of Reform*, 70–74.

autonomy and competition. Yet he stated, “Readjustment is not an emergency measure, but rather a fundamental change in the guiding policy and guiding ideology for [China’s] economic construction.”¹¹¹ These remarks were designed to reassure the assembled CCP elders and remind them of his support for doubling down on the readjustment agenda in the final quarter of 1980.

However, Zhao soon observed that simply ramping up centralized control over the economy would not actually resolve the long-term, structural problems that had prompted the deterioration in the economy to begin with. Thus, by March, Zhao began to evince interest in pushing forward with reforms that, at least in his initial presentation, were not at odds with the readjustment agenda. He convened a meeting at the State Council to discuss “how to properly handle reform in the period of readjustment” and underscored that he sought not to resort to “old methods” but instead to “implement new methods [and] take a new path.” This would involve “using economic levers and economic methods.” One such “economic lever” was the sensitive issue of prices. Zhao stated, “In the period of readjustment, prices should remain basically stable. They cannot make any large movements, but small movements are acceptable . . . Therefore, we must come up with a long-term plan for price reform as soon as possible.” Well-planned reforms to rationalize the price system would “encourage enterprises to increase the quality of their products,” among other positive effects. He called on the State Council’s reform small groups to “research how to bring economic levers into play.”¹¹²

The issue of reform to the price system was particularly sensitive because, as Zhao’s comments indicated, it was inextricably bound up in maintaining economic stability. Prices had been essentially frozen; from 1965 to 1979, general retail prices

¹¹¹ ZZYWJ 1:145-147.

¹¹² ZZYWJ 1:154-156.

had increased by an annual rate of only 0.2 percent, and similar rates had applied to industrial prices. Under this system, both incentives and information were profoundly distorted.¹¹³ As part of the readjustment agenda, CCP leaders had determined that reform should begin with a reorientation away from investment (total state fixed investment declined from 18.6 percent of gross national product in 1978 to 14 percent in 1981, most of which came from heavy industry, the traditional focus of central planning) and toward production of consumer goods in light industry, which increased output by 36 percent during 1980 and 1981.¹¹⁴ However, they knew that these quick successes would have limited long-run effects as long as the price system remained unchanged. Despite these sensitivities, prices may have seemed like a natural place for Zhao to start because this was the non-agricultural issue on which his networks were strongest; much of the economic instability of late 1980 had manifested in the price system, so Zhao had already been frequently consulting with pricing experts and discussing problems in the price system with his economic advisers.¹¹⁵ The case of the price system thus offered a combination of (1) the opportunity to further build and deploy an intellectual network in a process of policy ideation and (2) a widely recognized problem area where Zhao might eventually be able to succeed in the process of policy competition. At this stage, however, we will focus on policy ideation.

Later that month, Zhao's call for "coming up with a long-term plan for price reform as soon as possible" received assistance when the Czech economist Ota Šik, the author of *Plan and Market under Socialism*, visited China beginning on 19 March 1981. Šik advocated for "socialist commodity-money relationships," involving "a constant confrontation and direct mutual balancing of people's interests as producers and as

¹¹³ Dwight H. Perkins, "Reforming China's Economic System," *Journal of Economic Literature* 26, no. 2 (June 1988): 623.

¹¹⁴ Barry Naughton, *Growing out of the Plan: Chinese Economic Reform, 1978–1993* (New York: Cambridge University Press, 1995), 81, 82, 86.

¹¹⁵ See, for example, ZZYWJ 1:123–124.

consumers”—an apt description, albeit in socialist terms, of market prices as the equilibrium result of supply and demand.¹¹⁶ In his lectures, Šik argued that “price reform” should be “the primary step of reform of the economic system,” noting that this “incremental” adjustment was particularly important when demand exceeded supply as it did in China.¹¹⁷ Ma Hong immediately sent reports on these lectures to Zhao, who responded by proposing that Šik be hired as a consultant to CASS, visit China once a year, and hold an additional seminar with the highest-level economists in order to further discuss his recommendations. CASS officials quickly moved to arrange the seminar the premier had suggested.¹¹⁸ In early April, Šik met with Xue Muqiao, Ma Hong, and other senior economic officials, as well as one of Zhao’s secretaries, Bai Meiqing (白美清).¹¹⁹ Xue recalled in his memoirs that he felt more strongly than ever that price reform would be the “key link” to the overall success of the reforms.¹²⁰

Shortly thereafter, Bai Meiqing gave an account of the meeting to Zhao, and the premier responded with a decision: The State Council would create a Price Research Center under the leadership of Xue Muqiao and Ma Hong, two of his trusted economic

¹¹⁶ Ao'ta Xike [Ota Šik], “论社会主义经济模式” [On the Socialist Economic Model], in 论社会主义经济体制改革, comp. Wu Jinglian 吴敬琏, Rong Jingben 荣敬本, et al. [*On Reform of the Socialist Economic System*] (Beijing: Falü chubanshe, 1982), 45–115; Ota Šik, “Lebenslauf und Verzeichnis der wichtigsten wissenschaftlichen Arbeiten” [Curriculum Vitae and List of Primary Scientific Works] (1974), Papers of Ota Šik, Professor Universität St. Gallen und Zürich, 1984–1999 (Dossier) ZDA 2/2.19.0088; Ota Šik, *Plan and Market under Socialism*, trans. Eleanor Wheeler (White Plains, NY: International Arts and Sciences Press, 1967), 167; Gewirtz, *Unlikely Partners*, 92–93.

¹¹⁷ Šik, “On the Socialist Economic Model,” 108, 115; Rong Jingben, “忆改革开放三十年中的一段往事” [Remembering One Episode in Thirty Years of Reform and Opening], *经济学家茶座* [*Teahouse for Economists*], no. 37 (2008): 46–47. Šik also suggested that the Chinese government make use of advanced computer price calculations to conduct large-scale input-output analyses under a two-channel price system based on both labor and capital (Šik, “On the Socialist Economic Model,” 112–113).

¹¹⁸ Liu Hong *The Eighties*, 292. Due to political sensitivities that would emerge the following year, Šik would not become a consultant to CASS. See Rong Jingben, “Remembering One Episode” and Ota Šik, letters of 3 March, October, and November 1982, and 4 April 1983, “Korrespondenz Ausland 1980–1983,” Schweizerisches Sozialarchiv, Zürich.

¹¹⁹ 薛暮桥年谱 [*A Chronology of Xue Muqiao*], unpublished document, no pagination (cited hereafter as XMQNP); Liu, *The Eighties*, 292.

¹²⁰ Xue Muqiao, *Memoirs*, 301.

advisers.¹²¹ Zhao clearly sensed an opportunity to move expeditiously on price policy, despite the readjustment agenda in place, and thus he provided personnel and institutional support to this initiative. The Price Research Center began to implement a transitional pricing strategy, hiring several price-calculation consultants who had been recommended by Šik and training officials who could oversee the price reforms.¹²² With Zhao's approval, the center began to calculate prices that better reflected the real conditions in the economy. Selecting 1,200 categories of products, the center surveyed 7,000 enterprises, 10,000 farms, and 5,000 shopping centers. With this extraordinary quantity of data, the center used a two-channel price system to calculate prices derived from both labor and capital inputs, which price experts praised as significantly "more rational" than earlier pricing schemes.¹²³ These changes were not sweeping reforms, but they constituted a first step toward reconciling China's ossified price system with economic realities.

The case of the creation of the Price Research Center in the early 1981 shows several emerging characteristics of Zhao's economic governance. Zhao had first identified a policy that he felt was urgently needed: in this case, a plan for price reforms. He took advantage of a helpful coincidence and international engagement to deploy senior Chinese economists to engage with new ideas and bring them to bear on domestic Chinese problems—a process of reform-oriented policy ideation. He created a new institution to bring together those economists to advance that policy, rather than allowing this new initiative to languish in a ministry or buried in the bureaucracy. It

¹²¹ Xue Muqiao, 我国国民经济的调整 and 改革 [*China's National Economic Adjustment and Reform*] (Beijing: Renmin chubanshe, 1982), 387; ZFLZQJ 1981, 238; "薛暮桥工作笔记" [Work Notes of Xue Muqiao], cited in XMQNP.

¹²² Ota Šik, letter, 13 November 1983, "Korrespondenz Ausland 1980–1983," Schweizerisches Sozialarchiv, Zürich.

¹²³ Lu Nan and Li Mingzhe, "Use of Input-Output Techniques for Planning the Price Reform," in *Chinese Economic Planning and Input-Output Analysis*, ed. Karen R. Polenske and Chen Xikang (New York: Oxford University Press, 1991), 83–85.

was not a dramatic transformation or a profound breakthrough, which the readjustment agenda would have stymied; rather, it was a successful instance of incremental progress on a sensitive issue that laid the groundwork for future reforms.

In the months that followed, Zhao began to give voice to a newfound independence by questioning the readjustment agenda. The primary reason for this subtle shift was the emergence of positive indicators in the economic data. At a 10 April CFELSG meeting, he emphasized, “In the first quarter of this year, the [economic] conditions were good,” thereby undercutting the rationale for continuing with readjustment. He warned against the risks of “left” thinking and gave prominence to the Dengist principle of “scientifically seeking truth from facts” in economic policy.¹²⁴ Several days later, at a State Council meeting on 14 April, Zhao discussed both readjustment and reform in a tone far closer to his views in early 1980 rather than his dramatic embrace of readjustment in October–December 1980. “Through readjustment and reform, on the foundation of a stable economy, we will gradually bring about the rationalization of the national economic structure, the rationalization of the economic system, [and] the rationalization of enterprise organization,” he stated, suggesting once again that readjustment was a means to achieve the overall goal of reform. “We should also see the benefit of reform to readjustment, and that many readjustment policies require coordination with reform in order to be effective,” he said, highlighting price, tax, the production of consumer goods, raising the efficiency of existing enterprises, and bolstering the economic uses of S&T. He added, “These reforms, which have benefits for readjustment, should be actively implemented.” Yet Zhao confessed that he did not yet know “what path China’s economic construction should take” in the longer term, echoing his recollection decades later in his memoirs that he did not have “any

¹²⁴ ZZYWJ 1:158, 161.

preconceived model or a systematic idea in mind” about the path for China’s reforms. To address this question, Zhao issued what would become a signature imperative: “We must conduct research from every angle.”¹²⁵

Zhao’s emphasis on policy ideation at this moment was a reminder of a point that may be easy to overlook but is essential to understanding Zhao’s evolution in the early 1980s: For Zhao, new and better policy ideas served an essential function, not only in the potential impacts on “the rationalization of the national economic structure,” but also in assisting his ability to succeed in the ongoing political wrangling and policy competition over China’s direction. Chen Yun and other longstanding advocates for readjustment had a clearly defined vision and set of priorities for China’s economy. Zhao, too, now placed great emphasis on generating his own vision for China’s economic development.

Yet Zhao may have had even deeper reasons for this emphasis on developing his own intellectual networks and policy ideas. Of course, one simple explanation is that any self-respecting senior leader would pursue such a strategy: Zhao had been an innovative provincial leader, and as he became increasingly comfortable operating in the central government, he sought to return to this identity. A second explanation is that Zhao’s patrons—Tao Zhu and Deng Xiaoping—both made use of networks of this sort; as Zhao had said in his March 1979 eulogy for his former mentor, Tao “thirsted for talented people.” Yet a third additional explanation comes from drawing a contrast with the leader whom Zhao replaced as Premier, Hua Guofeng. Hua had been branded as having no compelling ideas of his own and simply parroting Mao, and this alleged failing was used as justification for his removal from power—a fate that Zhao was clearly eager to avoid as he reinvented the role of Premier for the post-Mao era.

¹²⁵ ZZYWJ 1:163-164, 168, 175, 178-179.

Zhao's desire to contrast himself with Hua Guofeng was particularly acute because, at the same time that Zhao was developing his networks and ideas in the first half of 1981, the senior leadership was producing a formal Resolution on Party History (promulgated at the close of the Sixth Plenary Session of the Eleventh Central Committee on 29 June 1981), which would, among numerous other objectives, justify the decision to remove Hua from his posts despite his status as Mao's designated successor. Although the Resolution on Party History is understandably more often interpreted in relation to Mao's legacy, for Zhao—as Hua's replacement as premier—the handling of Hua was of intense interest.¹²⁶ The primary critique of Hua that the Politburo chose was blaming him for a failure in policy ideation and ideological orientation: “Putting forward the ‘two whatevers’ was in reality simply a continued copying of Mao Zedong's ‘left’ ideas in his later years,” the Politburo, including Zhao, decided on 12 December 1980.¹²⁷ Thus the Resolution on Party History, in addition to bringing closure to the Mao era, solidified Hua's downfall in the political arena. “Obviously, under his leadership it was impossible to correct ‘Left’ errors [in the guiding ideology] within the Party, and all the more impossible to restore the Party's fine traditions.” By contrast, Deng's solidification of power at the third plenum in December 1978 was “a crucial turning point of far-reaching significance in the history of our Party,” when Deng “made the strategic decision to shift the focus of work to socialist modernization.” Deng had won out in the struggle for control, and Hua's brief interregnum was marginalized and maligned as derivative of the worst elements of the

¹²⁶ SWDXP-2, 326–329; Vogel, *Deng Xiaoping*, 366; Xiao Donglian, *The Turning Point of History*, 249–258; Deng Liqun, 十二个春秋: 邓力群自述 [*Twelve Springs and Autumns: An Autobiography of Deng Liqun*] (Hong Kong: Bozhi chubanshe, 2006), 103–104, 160–162; CYNP, 3:270–272. Once the basic approach to Mao's tenure was determined, the handling of Hua Guofeng's tenure was perhaps the most complex and sensitive matter in the text. See GSJTL 1:303, 308; Vogel, *Deng Xiaoping*, 367–368. Unsurprisingly, the document's primary drafters—Hu Qiaomu, Deng Liqun, and Hu Yaobang—had all supported Deng over Hua Guofeng, and Hu Qiaomu had given an influential speech on observing “objective economic laws” on 28 July 1978.

¹²⁷ ZFLZQJ 1980, 155–156.

Mao era. Deng claimed credit for launching the “reform and opening” and called that decision a “turning point” of world-historic stature—the result of his own “strategic decision,” a stark contrast to Hua’s “continued copying” of Mao’s ideas.¹²⁸

Hua’s “erroneous,” derivative approach to policy making was thus presented as a major reason to remove him from power, and Zhao saw that developing compelling new ideas and policy proposals could strengthen his political position. Zhao even used the content of the Resolution on Party History to clarify to his advisers the ideas that he wanted them to investigate. Speaking to Ma Hong on 24 June 1981, just a few days before the final draft of the Resolution received formal internal approval on 27 June, he praised the resolution as “very good” and drew attention to the fact that “the current draft of the Resolution has been amended on the matter of the utility of market regulation to the planned economy,” which he called “an important guiding ideology for the economic reforms going forward.” Zhao instructed his advisers that he was extremely interested in ideas about how to “take full consideration to the needs of the market.”¹²⁹ In discussing these ideas with Ma, Zhao did not mention readjustment; his mind was moving back to prioritizing the reforms.

REFORM AMID READJUSTMENT

By the summer of 1981, Zhao’s subtle maneuvers to question readjustment had continued to progress in line with the arguments that he had made in April. To move forward, he encouraged an intensification of the process of policy ideation centered on cautious reforms that would further build up his credibility and produce results. Put another way, Zhao and his network of reformers had begun to lay the groundwork for a new wave of reforms within the framework of the readjustment agenda.

¹²⁸ CCP Central Committee, *Resolution on Certain Questions in the History of Our Party* (Beijing: Foreign Languages Press, 1981). See also Teiwes and Sun, “China’s Economic Reorientation,” 186.

¹²⁹ *ZZYWJ* 1:190.

Speaking with Ma Hong on 24 June, Zhao was blunt: “The period of readjustment means that our speed cannot be too fast, but it also won’t do to have no speed at all.”¹³⁰ This statement paralleled his earlier approach to the price system, in which Ma Hong had also played an important role. Of course, Zhao made clear that the leadership would continue to operate within the framework of readjustment, but Zhao’s comments to Ma Hong also contained more assertive suggestions. “There are large differences between this instance of readjustment and the 1962 readjustment,” he stated, encouraging Ma Hong to conduct research on the “points of difference” between the two episodes.¹³¹ (The 1962 episode that Zhao referenced had followed the disastrous Great Leap Forward and had been a signature policy success for both Deng Xiaoping and Chen Yun.)¹³² At a meeting several days later that included not just Ma Hong but also Xue Muqiao, the SPC official Fang Weizhong, the financial official Yang Peixin (杨培新), and others, Zhao repeated these points and made clear that he still expected his economic advisers to help “enliven” (搞活) the economy despite the readjustment. (The term “enliven” generally meant to increase responsiveness to market forces.) He sketched out new ideas for banking and enterprises, calling on his advisers to “research the experiences of capitalist countries” and methods of “economic management.” In addition to this work preparing for future reforms, Zhao explicitly stated that economic officials should work to “enliven heavy industry and enliven the economy,” requesting that the assembled economic advisers conduct analysis and submit policy suggestions to him.¹³³ Operating within the framework of the readjustment agenda in his remarks, Zhao suggested that the time had arrived to move

¹³⁰ ZZYWJ 1:187.

¹³¹ ZZYWJ 1:187. See also Xiao Donglian, *The Turning Point*, 576.

¹³² See David M. Bachman, *Chen Yun and the Chinese Political System* (Berkeley: Institute of East Asian Studies, University of California, 1985) and Ezra Vogel, “Chen Yun: His Life,” *Journal of Contemporary China* 14, no. 45 (November 2005): 741–759.

¹³³ ZZYWJ 1:191–192, 194.

ahead with placing a greater emphasis on economic development. This seemed to be underscored by a comment that Deng made on 15 July at a meeting with economic officials including Yao Yilin, Vice Premier Gu Mu, and Vice Premier Wan Li: “If economic work isn’t handled well, we’ll have to step down.”¹³⁴

Zhao’s continued efforts to push ahead with agricultural reform provided one example of his renewed commitment to faster reform and development. As Teiwes and Sun have shown, during August–October 1981, Zhao and Du Runsheng, working with Wan Li and others, accepted the recommendation of the Agricultural Development Group led by Chen Yizi (陈一咨) to spread the household contracting system more widely. The policy remained controversial, with continued debate about whether it was “surnamed socialist or capitalist,” but it would be fully endorsed in Central Document No. 1 of January 1982, the culmination of several years (or even, viewed more broadly, several decades) of experimentation and debate about socialist agriculture in China.¹³⁵

Despite this progress with agricultural reform, by the autumn of 1981, Zhao was increasingly focused on industrial reform and China’s enterprises. As we have seen, Zhao’s impatience to return to focusing on economic development was bolstered by new data, including the unexpectedly positive first-quarter results. Furthermore, by the autumn of 1981, as Barry Naughton has demonstrated, new retail and distribution channels outside of the plan were developing, which meant that enterprises were increasingly handling procurement—perhaps even as high as 40 percent of consumer manufactures—through voluntary contracts rather than planned allocations.¹³⁶ These changes supported Zhao’s search for a way of rectifying China’s enterprises, strengthening autonomy and responsibility in their operation and governance, and

¹³⁴ ZFLZQJ 1981, 91.

¹³⁵ Teiwes and Sun, *Paradoxes*, 232–238, 246–247. See also, for example, ZZYWJ 1:274–275.

¹³⁶ Naughton, *Growing out of the Plan*, 112–116.

increasing central government revenue.¹³⁷ Combined with the broader political direction exemplified by the Resolution on Party History, the trends in late 1981 seemed to bode well for the reform agenda.

However, Zhao demonstrated a clear desire to remain in Chen Yun's good graces. In late August, he delivered brief, readjustment-focused remarks at the State Council on "seeking truth from facts" in the economy and maintaining a stable pace of growth, which he sent to Chen in early September, enclosing a deferential request for his "instructions, if any"; in response, Chen wrote, "I am in complete agreement."¹³⁸ Even as Zhao began to encourage the development of new reform ideas and policies, he sought to reassure the powerful Chen.

Inconsistent messages also emerged in Zhao's comments for public and internal consumption, as new sources demonstrate. In an internal conversation on 6 October with Ma Hong, Fang Weizhong, and other advisers, Zhao raised the possibility of large new capital construction that could potentially "greatly increase revenues and produce benefits." Zhao further stated that he felt the industrial readjustment was "basically nearly completed."¹³⁹ However, on 16 October, speaking to a group preparing his report for the National People's Congress meeting slated for late November and early December, Zhao provided guidance on how to characterize the past year in this public setting and highlighted the need to give deference to the readjustment policy: "Achievements from this year that do not connect to readjustment should not be discussed."¹⁴⁰ This provides a clear illustration of Zhao's opportunism in action.

¹³⁷ ZZYWJ 1:218. For other reform discussions underway, see, for example, Zhao's comments on finance in August 1981 (ZZYWJ 1:238-241).

¹³⁸ ZZYWJ 1:244-246.

¹³⁹ ZZYWJ 1:307-310. However, with regard to small enterprises and TVEs, Zhao suggested that further readjustment might be necessary.

¹⁴⁰ ZZYWJ 1:315. See also ZZYWJ 1:361-363.

Even so, it soon became clear that Zhao and his network of advisers were preparing to focus with renewed intensity on advancing economic reform in the year ahead. In doing so, they were bolstered by comments on the pursuit of prosperity and modernization that undergirded “Chinese-style socialism” that Deng made to the U.S. Treasury Secretary Donald Regan on 17 November.¹⁴¹ In a conversation with Xue Muqiao, Ma Hong, Liao Jili, Fang Weizhong, SPC official Song Ping (宋平), and others on 7 January 1982, Zhao encouraged them to prioritize economic reform work over the coming year.¹⁴² Meanwhile, numerous economists associated with Zhao were advocating economic reforms that gave greater prominence to renewed growth and market forces, as Joseph Fewsmith has shown. Advisers to Zhao including the economists Liu Guoguang (刘国光) and Xu Dixin (许涤新) published articles that garnered attention for arguing that the market ought to take on a larger role in the Chinese economy, while giving less emphasis to the superiority of economic planning and the necessity of continued readjustment—going beyond the utterances that Zhao himself made.¹⁴³ The economists who were part of Zhao’s nascent efforts at policy ideation were already developing a reform-oriented agenda for the upcoming year. Although in public Zhao himself remained deferential to Chen Yun and the readjustment agenda that he had helped develop, Zhao was gradually developing his own priorities for China’s economy while also providing encouragement to a network of economists and officials who were more openly ambitious.

By early 1982, these shifts in Zhao’s circles—alongside resistance to the readjustment from Hu Yaobang and other officials—were causing consternation to the conservative leaders who had successfully advocated for the readjustment agenda and

¹⁴¹ ZFLZQJ 1981, 210.

¹⁴² ZZYWJ 1:389-391; Xiao Donglian, *The Turning Point*, 580–581.

¹⁴³ Fewsmith, *Dilemmas of Reform in China*, 111–114.

dominated much of the economic policy process over the preceding year. Chen Yun used the Spring Festival of 1982 to call together a group of officials, including SPC director Yao Yilin and deputy director Song Ping, so that he could express his frustration and concern that other officials might be planning to prioritize more market reforms, diminish the emphasis placed on readjustment, and perhaps even not to adhere to the principle of “the planned economy as primary and market regulation as supplementary.” Song Ping concurred: “It’s well and good to bring out [enterprises’] initiative, but the national plan should still be binding over everything.” Chen Yun explained that he had gathered his planners together “on the first day of the new lunar year” because he feared that “planning is not welcome” among other officials and he wanted personally to instruct his allies to push back against this perceived trend.¹⁴⁴ Deng Liqun (邓力群), closely associated with Chen as head of the Policy Research Office of the CCP Secretariat, echoed Chen’s claims. “We must be careful not to ‘enliven’ the planned economy out of existence,” he wrote in *Red Flag*, sarcastically borrowing a favorite term of Zhao’s (“enliven”) and pointedly referring to the plan as China’s “lifeblood.”¹⁴⁵

The conservatives were ramping up the tenor of policy competition. The impact on both personnel and policy was immediate. Deng Liqun led the preparation of materials that directly attacked the reform-oriented views of Xue Muqiao, Liu Guoguang, and several other economists, who were consequently pressured to offer

¹⁴⁴ ZFLZQJ 1982, 28–31. The published version of this conversation, which includes only Chen’s comments, is SWCY 3:305–307.

¹⁴⁵ Deng Liqun 邓力群, “正确处理计划经济和市场调节之间的的关系” [Correctly Handle the Relation between the Planned Economy and Market Adjustments], in 计划经济与市场调节文集 [Collected Essays on the Planned Economy and Market Adjustments], ed. Hongqi chubanshe bianjibu (Beijing: Hongqi chubanshe, 1982), 1:79–83.

self-criticisms.¹⁴⁶ On the policy side, new initiatives targeted areas where the reforms were taking hold, such as the Special Economic Zones (SEZs). With the approval of the senior leadership, Guangdong Party Secretary Xi Zhongxun (习仲勋) and Vice Premier Gu Mu had taken the lead in early 1979 in organizing the initial SEZs—Shantou, Shenzhen, Xiamen, and Zhuhai—to pursue trade and foreign investment more freely and with less central government involvement.¹⁴⁷ Yet Chen now decided to target the influence of “capitalists” in coastal cities, where joint ventures and foreign trade were flourishing but where Chen perceived the insidious presence of smuggling and graft.¹⁴⁸ In January 1982, the Central Committee sent out a message warning about these problems, with a handwritten note from Chen that demanded “a hard and resolute strike, like a thunderbolt.” This was the start of what, in March and April, became a “Strike Hard Campaign” against economic crimes. As part of the campaign, Chen and the conservative official Hu Qiaomu (胡乔木) insisted on “preserving the purity of communism” and sought to force the SEZs to “uphold ‘the planned economy as primary,’” according to Zhao’s recollection of internal discussions. As these statements make clear, the campaign, nominally targeting smuggling and corruption, had larger implications for the process of policy competition at the highest levels of the CCP. As a national campaign, it included an ideological component so powerful that Zhao recalled that he found himself unable even to move forward with the incremental, cautious reforms that he had been pursuing during 1981. Zhao clearly felt betrayed by Chen’s dramatic actions, which rejected the compromise position that Zhao had struck for the

¹⁴⁶ Yu Guangyuan 于光远, “二十三个年头改革的功过是非” [Achievements and Failures in Twenty-Three Years of Reform], in 现代化、全球化与中国道路 [*Modernization, Globalization, and China's Path*], ed. Cao Tianyu 曹天予 (Beijing: Shehui kexue wenxian chubanshe, 2003), 21–55.

¹⁴⁷ Vogel, *Deng Xiaoping*, 396–397. Hua Guofeng presided over the meeting at which the SEZs were approved, though Deng would later take the credit (Teiwes and Sun, “China’s New Economic Policy,” 1, 23).

¹⁴⁸ CYNP, 3:287; LXNNP 6:159.

preceding year.¹⁴⁹ Yet Deng supported Chen's initiative, stating, "We must not underestimate the gravity of all this . . . This is not just alarmist talk."¹⁵⁰

This external pressure constituted a crisis of Zhao's strategy of opportunism. Even small, seemingly safe shifts to emphasize reform while displaying deference to readjustment had triggered an intense response—undercutting the processes of both policy ideation and policy competition and putting him apparently out of sync with both of the most powerful elders. In the face of these substantial challenges, Zhao and other CCP reformers determined that a new high-level institution would be necessary to serve as a gathering point for their efforts. That spring, Zhao and the economic official An Zhiwen (安志文) established the System Reform Commission (经济体制改革委员会, abbreviated as 体改委). On 30 March 1982, with Vice Premier Bo Yibo (薄一波), Xue Muqiao, Ma Hong, and An Zhiwen present, Zhao described his ambitions for the new organization. It would "unify theory and practice," pulling together the efforts of the government's many different research units and experts to propel the reforms forward.¹⁵¹ In October of the previous year, Zhao had complained to Ma Hong, "Currently the State Council has many units, as well as many commissions, which are often intertwined. We must consider how to reform the current structure in order to resolve the problem of arguing back and forth [over portfolios and responsibilities] and increase the efficiency of our work."¹⁵² With the establishment of the System Reform Commission, Zhao had taken a decisive step toward centralizing and institutionalizing both policy ideation and the reformers' efforts in the process of policy competition. Zhao himself took on the title of the commissioner, and he named An Zhiwen as his

¹⁴⁹ Zhao Ziyang, *Prisoner of the State*, 101–105.

¹⁵⁰ SWDXP-2, 380.

¹⁵¹ ZZYWJ, 1:453–454. The founding date of the System Reform Commission has been the subject of disagreement prior to this dissertation; see, for example, Liu Hong, *The Eighties*, and Fewsmith, *Dilemmas of Reform*, who give May dates.

¹⁵² ZZYWJ 1:310.

deputy who would administer the System Reform Commission's daily affairs. An Zhiwen made his vision clear: "I have done two things in my life. The first was to sincerely study the planned economy, and the second is to sincerely study how to transform the planned economy."¹⁵³ Replacing the State Council research groups on reform discussed earlier in this chapter, the System Reform Commission drew on a core group of experts and maintained strong networks throughout the central and regional governments to disseminate the ideas and policies it would develop.¹⁵⁴ With Zhao's support, the System Reform Commission was poised to play an influential role in policy ideation and implementation.

New initiatives began almost immediately. On 4 May 1982, the System Reform Commission partnered with other State Council reform researchers to release a draft document calling for "further developing discussion of theoretical questions in economic system reform," especially "the relationship between the commodity economy and the planned economy." They explicitly pushed back against the view of "some comrades" who believed that these two systems were "diametrically opposed." Socialism could encompass a commodity economy, they contended.¹⁵⁵ It is important to note that the meaning and usefulness of the term "commodity economy"—which would become increasingly important in the period ahead, as discussed in the next chapter—were clear to Zhao and the reformers at the System Reform Commission, CASS, and elsewhere. Ma Hong once asked Zhao, "What is the difference between a socialist

¹⁵³ Zhou Chenghua 卓成华, "安志文: 中国改革的思考者" [An Zhiwen: Mind of China's Reform], 中国老年 [China's Elderly], no. 3 (2010), available at <reformdata.org/index.do?m=wap&a=show&catid=100&typeid=&id=15066>.

¹⁵⁴ Yu, "Achievements and Failures in Twenty-three Years of Reform," 35–37; Liu, *The Eighties*, 204–206.

¹⁵⁵ ZFLZQJ 1982, 64–66. This date is erroneously given as the beginning of Zhao's involvement with the System Reform Commission in Zhang Xianyang 張顯揚 and Shi Yijun 史義軍, eds., 趙紫陽中南海十年紀事 [A Record of Zhao Ziyang's Ten Years at Zhongnanhai] (Kowloon, Hong Kong: Shijie kexue jiaoyu chubanshe, 2005), a secondary source that contains much intriguing but unattributed information, and which I have therefore used sparingly in this dissertation, only when a detail could be corroborated elsewhere.

commodity economy and a socialist market economy?” Zhao replied that there was “no difference,” explaining, “Using ‘commodity economy’ is simply a matter of decreasing commotion, since many people find it easier to accept.”¹⁵⁶ Following Zhao’s lead, the new System Reform Commission would frequently employ strategies of this sort, seeking to “decrease commotion” in policy competition even as it advanced a strongly reform-oriented agenda.

The creation of the System Reform Commission revealed that, despite the Strike Hard Campaign, both the Dengist agenda and Zhao personally had made significant strides in the course of 1981–1982; a new era was underway, defined by the Resolution on Party History’s evaluation of a “turning point” in the direction of reform and opening after 1978. Zhao had gained significant experience in the central government and began to subtly shift away from the strict readjustment policies. His confidence in taking risks had increased, and he was able to begin distancing himself from Chen Yun. Although the establishment of the System Reform Commission in 1982 was certainly a defensive reaction to conservative pressures, it was also significant as revealing a shift in the strategy and thinking of the reformist leaders of the CCP and especially Zhao himself. With its unifying institutional arrangement and ambitious scope, it indicated a readiness to prioritize the development of a more aggressive and comprehensive reform agenda. Zhao’s initial approach to governing in the central leadership, defined by consistent caution and opportunism, had evolved into a more active and independent-minded approach with this step to build an intellectual network and promote new reform policies—a dynamic with far-reaching consequences for his development as a leader and thus for the trajectory of China’s reforms.

¹⁵⁶ Chen Yizi 陈一谘, 陈一谘回忆录 [*Memoirs of Chen Yizi*] (Hong Kong: Xin shiji chubanshe, 2013), 314.

Assessing Zhao's provincial career and his initial tenure in the central government, this chapter has sought to dispel two inaccurate images of Zhao—as either an inborn reformer or as fundamentally in agreement with Chen Yun. Instead, drawing on important new sources, it has demonstrated Zhao's gradual evolution into his identity as premier and as a reformer, focusing in particular on his handling of the readjustment agenda and his perception of the pragmatic need to grow the economy in a way that produced concrete improvements in people's livelihoods. This evolving identity led him to begin developing his intellectual networks and economic policy ideas that would serve as the groundwork on which the policy agenda of his premiership would be built in the subsequent period.

Zhao's rise—through provincial leadership positions in locations such as Guangdong and Sichuan and eventually to the premiership—provides a remarkably vivid illustration of the dynamics of the political opportunism that was necessary during both the Mao era and the post-Mao era, and the limitations of that opportunism. In particular, this chapter has illustrated a core theme of this dissertation: the particular dynamic in post-Mao China of pursuing the difficult balance between political self-preservation and advancement on the one hand, and intellectual, policy, and ideological commitments on the other hand. As we shall see, this would remain a defining challenge during Zhao's entire career in the central leadership.

CHAPTER II
TOWARD A “SYSTEMATIC IDEA”: COMBATING SPIRITUAL POLLUTION
AND DEVELOPING THE “PLANNED COMMODITY ECONOMY,” 1982–1985

This chapter examines the operation of Zhao’s networks and the development of economic policies in 1982–1985, with a particular focus on his desire to determine a “systematic idea” of how China’s economy should develop. After a brief overview of the period between mid-1982 and mid-1983, this chapter centers on two detailed case studies in the period 1983–1984: (1) Zhao’s opposition to the Campaign to Eliminate Spiritual Pollution; and (2) the policy agenda developed ahead of the Third Plenum of the Twelfth Central Committee in October 1984, especially the “planned commodity economy” concept endorsed at that meeting. Using new sources that permit an unprecedented degree of detailed insight into these major events, this chapter examines the distinctive ways in which Zhao drew upon his intellectual networks to develop policy ideas and operated in a competitive policy environment shaped by powerful conservative pushback against the direction of the reforms. In doing so, this chapter illustrates the continued precariousness of the reforms and Zhao’s central role in defending them. This chapter then briefly chronicles the developments between the October 1984 plenary meeting and the National Conference of Party Delegates of September 1985, which witnessed intensive conflict over the direction of the reforms but ultimately saw the reformers take major steps to put the “planned commodity economy” concept into practice. The chapter concludes by assessing the implications of these case studies for understanding the elite politics of this period of China’s “reform and opening,” underscoring that policy debates in this period were not simply manifestations of political conflict, as some scholars have suggested, but were also substantive in nature, and highlighting the continued centrality of ideological matters to the senior leadership even in the era of “seeking truth from facts.”

A HOUSE DIVIDED: IMPEDIMENTS TO REFORM, 1982–1983

By the summer of 1982, positive economic indicators—from falling budget deficits to rising growth rates—had given new impetus to the reforms, which were further strengthened by the creation of new institutions like the System Reform Commission and the development of new policy ideas. Conservative leaders including Chen Yun, Yao Yilin, and Deng Liqun had pushed back against a shift from the readjustment agenda to rapid growth and even encouraged a campaign to “strike hard” against “economic crimes.” Yet, for Zhao, the essential factor for his ability to move ahead with his agenda remained Deng Xiaoping’s backing—and although Deng was concerned about negative effects of the “reform and opening” that might undermine the Four Cardinal Principles, his primary message in 1982 was impatience: Deng wanted China to quadruple its industrial and agricultural output by the year 2000. It was Zhao’s responsibility to figure out what policies would permit China to achieve that objective. Thus his attention turned to developing policies that he could successfully push through the process of policy competition. The Twelfth Party Congress, scheduled for September of that year, initially seemed well timed to be an opportunity for reformers to further depart from the readjustment policy and solidify their gains.

In meetings with the SPC and other economic officials on 12–14 June 1982, Zhao revealed that he was devoting particular attention to the challenge of reconciling reforms to China’s enterprises with his ongoing commitment to socialism. “We can’t eliminate a lot of enterprises like capitalism does, but it also won’t do to eliminate none at all,” he stated.¹ Enterprise reform had the potential to penetrate the heart of China’s socialist system, presenting what Joseph Fewsmith has called “critical and sensitive

¹ ZZYWJ 1:483.

ideological questions at the same time that it inevitably caused economic problems and threatened the fiscal interests of the state.”² By preparing to address issues related to enterprise reform, Zhao was taking on a formidable challenge. In November, working with the Ministry of Finance and the System Reform Commission, Zhao would announce a “tax for profit” (利改税) policy that sought to reform enterprises by changing their fiscal relationship to the state over the coming three years. Previously, enterprises paid their financial obligations to the state through a profit-sharing system, but now they would shift to a system in which income tax paid on profits would constitute a large part of their payments to the state, although profit sharing would persist in the short run.³ This approach was strikingly different from the profit-contracting model that Zhao had advocated for the rural reforms—and which Hu Yaobang believed should be the model for industry as well.⁴ Yet Zhao believed that this economic realities of the urban economy were simply too different for the same decentralizing approach to be used; stressing that over 80 percent of state revenue came from this sector of the economy, Zhao would offer his clearest expression of this idea the following year: “We should draw from the rural reform experience on what is common to both and must not mechanically apply the specific forms of operation and management suited only to agriculture to urban industrial and commercial enterprises.”⁵

Yet two important fissures undermined progress and impeded reform in this period: (1) divisions among senior reformers in the CCP leadership, and (2) intensifying pushback from Chen Yun and his allies regarding Zhao’s shift away from readjustment. The reformers were certainly not monolithic, and in particular Hu

² Fewsmith, *Dilemmas of Reform*, 116.

³ ZZYWJ 1:645 and 653-654. For a detailed account of the tax-for-profit reforms, see Shirk, 251–260.

⁴ HYBSXNP 2:746–748; Shirk, 262–263, 245–246; Edward S. Steinfeld, *Forging Reform in China: The Fate of State-Owned Industry* (Cambridge: Cambridge University Press, 1998), 189.

⁵ Zhao Ziyang, “Report on the Work of the Government” (6 June 1983), trans. in Foreign Broadcast Information Service, FBIS-CHI-83-109, June 1983, K8–K16.

Yaobang, the CCP General Secretary, found himself increasingly isolated in his economic views. Hu disagreed with other reformers who wanted the reforms to maintain centralized control over the economy as well as conservatives who focused on the importance of central planning. On 27 May, Yao Yilin and Song Ping had submitted a letter to the senior leadership of Hu, Zhao, Chen, and Li Xiannian, that discussed long-term economic goals and criticized Hu's economic ideas (and which included a suggestion that they Deng Xiaoping's backing in making this criticism) as "not in accordance with the central government's strategy." They accused Hu of impatience with the readjustment and disregarding the importance of maintaining stability in the economy, as well as an excessive interest in delegating authority from the center to ministries, provinces, and workplaces. They warned in strong terms that this decentralization could have pernicious effects on the economy and even on political stability.⁶ The irony of the conflict among reformers was that Zhao—who remained a strong supporter of centralized economic decision-making in the next stage of the reforms, even as he supported a degree of enterprise autonomy—substantively agreed with this critique of Hu's arguments for greater decentralization, although it was made by officials with whom he otherwise disagreed on many issues. This tension between Hu and the other reformers would continue to grow in the months ahead.

As reformers clashed with each other, Chen Yun and his allies took a dominant role in preparations for the Twelfth Party Congress scheduled to begin on 1 September 1982. In the run-up to the Twelfth Party Congress, Zhao was devoting a great deal of his attention to bolstering his national profile, visiting numerous provinces (including Shanxi, Gansu, Qinghai, and Ningxia) for inspections focused on both industry and

⁶ ZFLZQJ 1982, 70-74. Chen Yun discussed economic problems with Yao Yilin the next day, 28 May (CYNP 3:298).

agriculture.⁷ Zhao solidified his shift away from the readjustment agenda, stating on 30 June, “The most economically difficult period has passed,” although financial problems in particular remained.⁸ He experimented with new ideas, including making comments regarding the importance of S&T to economic development (discussed further in the next chapter).⁹ Yet Zhao had only just begun to develop his intellectual networks, and they were clearly not yet prepared to actively contest Chen’s vision for the economy. Thus the Twelfth Party Congress was a success for the conservatives under Chen, who played an outsize role in the drafting of its major documents.¹⁰ Its report, penned in Hu Yaobang’s name as CCP General Secretary, echoed Chen’s public statements, asserting the primacy of the planned economy and the “supplementary . . . subordinate and secondary” role of market mechanisms “within the scope determined by the state’s unified plan.”¹¹ At the Congress itself, Zhao played a relatively minor role, whereas Deng and Chen delivered major addresses.¹² The reformers, stymied by their disagreements and only beginning to develop new ideas that they could deploy in policy competition, had lost an opportunity to solidify their gains and instead saw Chen take advantage of an opportunity to reinforce his vision. Although the fifth session of the Fifth National People’s Congress approved the new Constitution of the PRC on 4

⁷ See, for example, ZZYWJ 1:492, 498, 530. He also held several rounds of wide-ranging talks with Prime Minister Margaret Thatcher on her visit to China in mid-September. “No.10 record of conversation (MT-Premier Zhao Ziyang of China),” The National Archives, PREM19/962 f149 and PREM19/962 f120; “Visit of the Prime Minister to China,” The National Archives, PREM19/962 f8.

⁸ ZZYWJ 1:509–510.

⁹ ZZYWJ 1:589–603.

¹⁰ CYNP, 3:299–305; Fewsmith, *Dilemmas of Reform*, 114; Lowell Dittmer, “The 12th Congress of the Communist Party of China,” *China Quarterly*, no. 93 (March 1983): 108–124.

¹¹ Hu Yaobang, “Report to the Twelfth Party Congress,” Xinhua News Agency, 1 September 1982, trans. in Foreign Broadcast Information Service, FBIS-CHI-82-170, September 1982, K4–K6.

¹² For Zhao’s speech to provincial and municipal officials, see ZZYWJ 1:554–555. Deng was impatient to pursue more rapid growth and raised concerns about the gap between the low planned targets and reality (Vogel, 452).

December, which Deng intended to provide a stronger legal basis for China's reforms, the overall policy environment posed significant challenges to the reformers.¹³

At a meeting on 2 December on the sidelines of the fifth session of the Fifth National People's Congress, Chen delivered the most vivid articulation to date of his views. Comparing the relationship between the market and the plan to a bird and a cage, he said, "You mustn't hold the bird in your hands too tightly, or it would be strangled. You have to turn it loose, but only within the confines of the cage; otherwise it would fly away. The size of the cage should be appropriate." In case his metaphor was not clear, he added, "In short, enlivening the economy and regulation through the market can only operate within the framework of state plans, and must not depart from the guidance of planning."¹⁴ For the moment, reform seemed stalled, locked up in Chen's birdcage. Zhao was frustrated and attempted to reassure international investors who feared a major policy swing away from "reform and opening." On 9 December, a week after Chen's remarks, Zhao stated, "As we implement the policy of reform and opening and utilizing foreign capital, we will take care of the interests of investors If you come to the mainland to invest, you should not worry about [changes in the direction of] our policies." In the following days, Zhao also held internal conversations with senior officials where he called for Hainan and Chongqing to become more open to foreign investment.¹⁵ These comments and actions indicated not only Zhao's frustration with Chen, but also his growing confidence in his ability and authority to steer the reforms in the direction that he believed was correct.

¹³ *Constitution of the People's Republic of China* (adopted on 4 December 1982), at <<http://english.people.com.cn/constitution/constitution.html>>.

¹⁴ CYNP, 3:312–313; "Chen Yun Supports Constitution, Zhao Report," Xinhua News Agency, 2 December 1982, trans. in Foreign Broadcast Information Service, FBIS-CHI-82-233, 3 December 1982, K4–K5.

¹⁵ ZZYWJ 1:663–666.

The year-end data from 1982 provided Zhao with a significant boost, because it was even clearer that, beyond the fact that “the most difficult period had passed,” in fact the readjustment policies had achieved their desired effects and the incremental reform policies designed to promote growth were producing results. Industrial production had risen by 7.7 percent, and the budget deficit had fallen to 2.6 percent of revenue from 11.7 percent in 1981.¹⁶ Thus, Zhao declared in his Spring Festival remarks on 13 February 1983: “Political and economic conditions are better and better.” He added, “In the economic sphere and other areas we must speed up the pace of reform.”¹⁷ He also returned to the challenge of enterprise reform in comments to the executive committee of the State Council on February 5, when he called for speeding up the reform of industrial and commercial enterprises and discussed the implementation of the “tax for profit” system that had been announced the previous year.¹⁸

Despite these ambitious statements, the friction between Zhao and Hu over economic policy persisted. Speaking in Hainan on 18 February 1983, Hu made lightly veiled criticisms of Zhao’s economic work as ineffective and insufficiently fast.¹⁹ Through this and other public statements from Hu, Zhao recalled in his memoirs, “[P]eople became aware of the differences between Yaobang and me on economics.” By March, Deng Xiaoping decided to intervene. On 15 March (following a conversation with Chen Yun on an unspecified topic on 14 March), Deng called a meeting at his house with the two men at which he sided with Zhao. With Deng’s support for Zhao’s role and displeasure with Hu now clear, the three leaders determined

¹⁶ Wu Jinglian, *Understanding and Interpreting Chinese Economic Reform* (Mason, OH: Thomson/South-Western, 2005), 362. Other statistics are drawn from Barry Naughton, *Growing out of the Plan: Chinese Economic Reform, 1978–1993* (New York: Cambridge University Press, 1995).

¹⁷ ZZYWJ 2:20.

¹⁸ ZZYWJ 2:17.

¹⁹ ZFLZQJ 1983, 42-43; HYBSXNP 2:841. For Deng Liqun’s perspective on these events, see GSJTL 7:247.

that the State Council and CFELSG, which fell under Zhao's purview, would manage economic affairs without interference from Hu.²⁰ Hu's role was diminished, and Zhao had become the preeminent leader of the reformers in economic affairs. With this strengthened authority, Zhao continued to move away from the readjustment agenda and to put into action several new initiatives in early 1983, including measures designed to rationalize and unify the fiscal system and address concerns about wages and bonuses.²¹ In the context of Zhao's competition with Hu, it is important to recall that Hu, in keeping with his interest in decentralizing economic authority, had favored an alternative path for enterprise reform centered on profit contracting. With Hu sidelined in economic affairs, Zhao was now free to push ahead with his preferred "tax for profit" system.²² Over the course of that spring, Zhao continued to call for increasing the speed of reform, including the implementation of the "tax for profit" system and, more broadly, tackling the numerous challenge of urban reform, of which enterprise reform constituted a central part.²³ Zhao and Deng were in sync on the best direction for the reform policies and the need for faster growth. Deng had made his broad goals clear and now had empowered Zhao to realize those objectives.

By the summer, Zhao seemed bullish. At the First Session of the Sixth National People's Congress on 6 June 1983, Zhao delivered a wide-ranging Work Report, which heralded the renewed focus on reform. The most important element of the report was its emphasis on the need to change direction from the readjustment agenda presented at the Twelfth Party Congress. "It is imperative to speed up structural reform of the economy," Zhao contended. Pushing for a higher growth rate while nodding to readjustment, Zhao emphasized that China should "fulfill or overfulfill" plan targets

²⁰ DXPNP 2:895; CYNP 3:322; HYBSXNP 2:852; Zhao Ziyang, *Prisoner of the State*, 115-117.

²¹ See, for example, ZZYWJ 2:42-47 and 2:84.

²² Shirk, 251-252.

²³ ZZYWJ 2:67-72. See Shirk, 260 (on "tax for profit") and Fewsmith, *Dilemmas of Reform*, 126 (on "comprehensive urban reform").

and he noted that investment and construction in the fields of energy and transportation—necessary to lay “a solid foundation” for growth—“had failed to reach the amount planned” during the time of readjustment. “For a considerably long time to come, we will strive to expand socialist production and commodity exchange,” he declared. The invocation of “commodity exchange” prompted Zhao to deal with the sensitive subjects of ideology and economic thought. The CCP’s goals for China were “essentially different from the profit-grabbing and anarchic commodity production characteristic of the capitalist system of private ownership,” he argued, decrying “the decadent ideology of ‘putting money above everything else.’” In line with this distinction, Zhao praised the fact that “the persistent, erroneous tendency to belittle knowledge and discriminate against intellectuals has gradually been corrected,” but he made clear that his embrace of intellectual networks such as the economic officials at the System Reform Commission did not relieve Chinese thinkers of continuing obligations to socialism.²⁴ Zhao’s comments in June 1983 demonstrated that he had fostered strong intellectual networks, asserted his authority over economic policy, begun generating new policy ideas, and advanced with the reforms. His own priorities were becoming more fully formed, with the beginnings of “a systematic idea” of how China should develop its economy gradually emerging.

THE CAMPAIGN TO ELIMINATE SPIRITUAL POLLUTION

A pivotal episode in Zhao’s solidification of his authority occurred in the autumn of 1983: the Campaign to Eliminate Spiritual Pollution. As with many of the important moments that defined Zhao’s emerging vision and authority, this episode was shaped by policy competition and ideological conflict. It was, however, unique among

²⁴ ZZYWJ 2:86-111; DXPNP 2:911; for a translation, see Zhao Ziyang, “Report on the Work of the Government,” 6 June 1983, trans. in Foreign Broadcast Information Service, FBIS-CHI-83-109, June 1983, K8-K16.

the various occurrences of conservative opposition during the 1980s, because, as we will see, it constituted a campaign authorized and overseen by the central leadership with Deng Xiaoping's personal approval. The Campaign to Eliminate Spiritual Pollution ranks as the most intense incident of conservative reaction prior to 1989. It helped shape both the substance of elite policy debate and the political dynamics of the rest of the decade.

The Campaign to Eliminate Spiritual Pollution arose out of the concerns of conservative CCP officials who worried that the policies of reform and opening had led to ideological laxness and permissiveness toward cultural production that was critical of socialist ideology and the CCP. At the same time, reformist leaders were successfully moving away from the readjustment agenda and in the direction of faster reform. In a letter to Zhao, Chen Yun suggested that he felt a much stronger message about the continuing centrality of socialism was necessary.²⁵ In internal meetings that summer, the senior ideology and propaganda official Deng Liqun and his allies denounced what they called "spiritual pollution" (精神污染), which referred to a range of new ideas and styles in art, literature, and intellectual thought that broke with the conventions of socialist cultural production. The work they criticized ranged from explorations of classical liberalism to dark novels that they believed portrayed society as difficult or hopeless. Their concern, however, was not simply that these ideas were different or culturally inferior. They saw a potent ideological threat embedded in these "polluting" ideas. "Spiritual pollution" was, in the words of one Chinese theoretician reflecting on this episode, "a shorthand for the dangerous ideas being propounded by these thinkers

²⁵ CYNP 2:337–338.

that, as Party propagandists argued, could in the long run threaten the Communist Party's ideological supremacy and its monopoly on power."²⁶

In this sense, denunciations of "spiritual pollution" can be seen as part of a long history of movements to rectify ideology in CCP history, connecting back to the Yan'an Rectification Movement (延安整风运动) of the 1940s. Deng Liqun had risen to prominence during the Yan'an era by helping to purge the writer Wang Shiwei (王实味), who was expelled from the CCP after criticizing Mao in 1942 and was secretly executed in 1947.²⁷ As he sought to confront "spiritual pollution" in 1983, Deng Liqun reached back to the strategies of the era in which he had first made his name, gradually building momentum to promote this cause. In a speech to the Central Party School on 4 June 1983, he called on cadres to "eradicate spiritual pollution."²⁸ Later that month, Wang Zhaoguo (王兆国), the first secretary of the Communist Youth League, warned against "spiritual pollution" in a speech. The term continued to appear in remarks and discussions in the autumn.²⁹ Finally, Deng Xiaoping himself used the term in a speech at the Second Plenum of the Twelfth Central Committee in October 1983. His usage of the term signaled the start of the official Campaign to Eliminate Spiritual Pollution by publicly revealing the paramount leader's approval of the attacks on "spiritual pollution" over the summer and his encouragement of a wider initiative to address it. In a 12

²⁶ Xu Jilin 许纪霖, "The Fate of an Enlightenment: Twenty Years in the Intellectual Sphere (1978–98)," trans. Geremie R. Barmé and Gloria Davies, in *Chinese Intellectuals between State and Market*, ed. Edward Gu and Merle Goldman (London and New York: RoutledgeCurzon, 2004), 186. See also Richard Baum, *Burying Mao*, 427. Scholars could also assess this campaign from a sociological or anthropological perspective; this dissertation will only treat the campaign from the perspective of elite politics.

²⁷ Geremie Barmé, "History for the Masses," 264. It also connects to a broader pattern of denunciations of foreign influences and culture throughout China's modern history; see, for example, Education Minister Chen Lifu's (陈立夫) attacks on Hollywood films as "traps of decadence" in the 1930s (Paul A. Cohen, "Ambiguities of a Watershed Date: The 1949 Divide in Chinese History," in *China Unbound: Evolving Perspectives on the Chinese Past* [London and New York: RoutledgeCurzon, 2003], 136).

²⁸ GSJTL 4:446.

²⁹ Xu Guangyao 徐光耀 and Li Guangru 李光茹, 人大代表王兆国说: 青年决心为祖国振兴而英勇劳动 [The Youth Are Determined to Work Bravely for the Rejuvenation of the Motherland], RMRB, 23 June 1983.

October speech on “The Party’s Urgent Tasks on the Organization and Ideological Fronts,” written by Hu Qiaomu and Deng Liqun, China’s paramount leader declared bluntly, “People working in the ideological field must not spread spiritual pollution.”³⁰ However, despite the much broader focus of Deng Liqun and other conservatives’ ambitions for the campaign, Deng Xiaoping’s focus was primarily on the “liberal trend among intellectuals,” Zhao argued in his memoirs.³¹ “The ideological field covers a broad area, but I shall chiefly discuss theoretical work and literature and art,” Deng had stated, making clear that his focus was indeed on intellectuals, artists, and writers who did not conform to the CCP’s vision of cultural production. Equally, Deng asserted that he remained committed to the economic policies that the CCP had pursued since the 1978 Third Plenum. “It is right for us to carry out the economic policy of opening to the outside world, and we must adhere to it for a long time to come,” Deng declared. In economic affairs, “We keep our doors open, but we are selective, we don’t introduce anything without a purpose and a plan, and we firmly combat all corrupting bourgeois influences,” he explained. “Why is it, then, that when it comes to cultural exchanges, we have allowed harmful elements of bourgeois culture to be introduced without impediment?”³² Deng called for this same “selective” approach to be applied to the cultural sphere. This objective, in essence, was his goal for the Campaign to Eliminate Spiritual Pollution.

As Deng’s remarks revealed, he believed that there had been an important error in the execution of his policy of reform and opening in the cultural sphere, which had permitted the introduction of “harmful elements . . . without impediment.” Unlike the

³⁰ DXPNP 2:939–940. This followed a September 30 conversation with Deng Liqun on ideological matters (DXPNP 2:937–938).

³¹ Zhao, *Prisoner of the State*, 162

³² *Selected Works of Deng Xiaoping, 1982–92* (Beijing: Foreign Languages Press, 1994) (cited hereafter as SWDXP-3), 47–58. This version translated 精神污染 as “mental pollution,” but I have used “spiritual pollution” for both accuracy and consistency.

economic sphere, the cultural and intellectual sphere had been mismanaged. “The Party must strengthen its ideological leadership. The guiding principles . . . are correct and clear-cut. The problem is that they have not been resolutely put into practice.”³³ Writing in his memoirs, Zhao asserted that Deng “believed Hu Yaobang should be held responsible for it, since this realm was under Hu Yaobang’s management.”³⁴ However, in private, Deng Liqun and Hu Qiaomu strongly criticized Hu Yaobang to Deng Xiaoping during the Campaign to Eliminate Spiritual Pollution, though Deng Liqun recalled later that Deng Xiaoping had not endorsed their criticisms, at least to their faces.³⁵ Although Zhao’s claim that Deng Xiaoping blamed Hu Yaobang for the ideological situation seems too extreme, Zhao’s characterization of Deng’s substantive focus—on the views of Chinese intellectuals—is accurate. However, Deng may have underestimated the extent to which, by criticizing intellectual and cultural liberalization, he opened the door to a much wider range of efforts to turn back China’s reform and opening, because the intellectual sphere was closely connected to economic policy and ideological strictures.

With Deng Xiaoping’s imprimatur, the Campaign reached a ferocious peak in the following months. Articles and meetings decried the “sugarcoated bullets” of “bourgeois ideology,” like detective novels and pornography. Despite his earlier statements about the risks of “leftist” tendencies, Deng’s endorsement of the campaign allowed conservatives to explicitly target “right” tendencies that were “spreading the feeling of lacking confidence in socialism, communism, and the leadership of the Party,” including “academic research” laden with “capitalist germs.”³⁶ Barry Naughton has observed that conservative clout was so powerful in this period that Deng even

³³ Ibid.

³⁴ Zhao, *Prisoner of the State*, 162.

³⁵ GSJTL 7:190.

³⁶ Shi Youxin, “No Spiritual Pollution Is Allowed on the Ideological Front,” 红旗 [Red Flag], no. 20 (October 1983), 35–38, trans. in FBIS-CHI-83-224, 18 November 1983, K5–K9.

permitted himself to be “censored”: In a new volume of his *Selected Works* published that year, his controversial proposal for enterprise reform by creating a factory manager responsibility system vanished without explanation.³⁷ Criminals were even executed for offenses that were traced back to “spiritual pollution”; at one execution in the southern city of Fuzhou, a reporter noted that twenty-seven of the twenty-eight people executed had fallen “into the abyss of perdition after having watched pornographic video tapes.”³⁸ Even so, Zhao sought to caution Minister of Public Security Liu Fuzhi (刘复之) to focus on reeducating minor offenders, rather than more severe punishments.³⁹

In the face of this sweeping campaign sanctioned by the paramount leader, Zhao adopted a strategy that reflected the specific focus of Deng Xiaoping’s initial comments in October 1983. Zhao recalled that he saw that what had begun as an effort to rectify the thinking of intellectuals was now “strong enough to threaten economic policies and reform.” Working with Vice Premier Wan Li, Zhao signaled that the campaign should not apply to economic or agricultural matters. His goal, he recollected, was “to avoid a disruption to the economy.”⁴⁰ Zhao’s overriding priority was to preserve the gains that he had made in the preceding period in advancing the economic reforms. Zhao made an argument that delineated the spheres of policy activity that the government oversaw, separating economic policy from ideological work. In other words, he framed his opposition to the widening scope of the Campaign to Eliminate Spiritual Pollution by advocating for continued implementation of the Dengist economic policies of reform and opening and by emphasizing the paramount importance of separating economic policy from ideological rectification.

³⁷ Naughton, *Growing out of the Plan*, 121.

³⁸ Geremie Barmé, “China Blames the West for ‘Spiritual Pollution,’” *National Times*, January 1984, 12.

³⁹ ZZYWJ 2:195.

⁴⁰ Zhao, *Prisoner of the State*, 163.

Before examining Zhao's arguments in greater detail, it is important to note that proposing a separation of this sort—which had clear ramifications for both policy and ideology—would have been unthinkable even a decade previously, in the late Mao era. Although Mao had sometimes made statements suggesting an independent economic sphere (for example, in his speech on “The Ten Major Relationships” in 1956), other statements left little doubt about his position. During the Cultural Revolution, in January 1967, Mao said, “Political work is the lifeline of all economic work.”⁴¹ A *Red Flag* editorial declared during the same period that in socialist society all elements of policy and academic work must be “subordinate” to ideological goals.⁴² However, Zhao now moved assertively to show that he intended to keep economic work as separate as possible from the ideological domain.

On 25 November 1983, only a month after Deng Xiaoping's speech at the Second Plenum, new sources reveal that Zhao presented his case for imposing limitations on the Campaign to Eliminate Spiritual Pollution at a meeting of senior officials to discuss the national economic plan for 1984. After delivering remarks on economic development and the challenges ahead, he turned to the campaign:

Reform and opening, and invigorating the domestic economy, are the unswerving policy of the central government. Now we are talking about spiritual pollution and opposing bourgeois liberalism, but this mainly refers to the ideological front. The central government does not use these formulations on the economic front.⁴³

Zhao underscored with these carefully chosen words that he saw the “ideological front” and “economic front” as distinct lines of effort. Both were important and enduring areas of activity, but the goals on the “economic front”—which centered on economic

⁴¹ “毛主席论反对经济主义” [Chairman Mao Discusses Anti-Economism] (unsigned news report), 光明日报 [*Guangming Daily*], 18 January 1967.

⁴² “无产阶级文化大革命万岁” [Long Live the Great Proletarian Cultural Revolution], 红旗 [*Red Flag*] (no. 8, June 1966) in Harold C. Hinton, ed., *The People's Republic of China: A Documentary Survey* (Wilmington, DE: Scholarly Resources, 1980), 3:1304.

⁴³ ZZYWJ 2:249.

modernization and development under the umbrella of reform and opening—were “unswerving” goals, whereas the current movement against spiritual pollution was temporary, an issue that was being discussed at that particular juncture but which could not be allowed to undermine the “unswerving policy of the central government.” He added, “At present, there are some questions in the economic sphere that are not clear, and we can continue to investigate them. No matter what kind of opinion you have, you can talk about it all.”⁴⁴ These were more than just words of encouragement. Delivered at a meeting focused on economic policy-making, they drew a clear contrast between the economic work underway and the sweeping initiative that Deng Xiaoping had launched to redress perceived problems in “theoretical work and literature and art.” Because both the economic reforms and the Campaign itself were portrayed as having originated from Deng, Zhao made an argument for keeping separate economic and ideological work that presented the “economic front” as a distinct portfolio. Even as he made this argument on the terrain of ideology, Zhao suggested that he could be trusted to provide definitive policy guidance over the distinct tasks of economic work, even if others were using paramount leader Deng’s words about spiritual pollution in an attempt to stymie the economic reforms. In other words, he placed what he called “policy limits” on the Campaign to Eliminate Spiritual Pollution, attempting to wall off the economic sphere.⁴⁵

Hu Yaobang also attempted to stem the tide of the Campaign to Eliminate Spiritual Pollution. At a meeting of provincial and municipal officials on 13 December, Hu criticized the extension of the campaign beyond “the theoretical front and the literary front” that Deng Xiaoping had prescribed, asking the group why this had happened. Wan Li responded that he felt it was “leftist thinking,” and Hu agreed.

⁴⁴ ZZYWJ 2:249–250.

⁴⁵ ZZYWJ 2:275.

“Opposing spiritual pollution must not be allowed to arbitrarily expand beyond the scope of Comrade Deng Xiaoping’s remarks,” he stated. According to the recollection of one participant, Wei Jiuming (魏久明), the room burst into applause.⁴⁶

In private, Zhao recalled that he argued to Deng Xiaoping that the conservatives’ campaign would cause serious damage to China’s development, condemning China to further backwardness, and that it must be stopped. He specifically focused on the risk to economic growth and international perceptions of China.⁴⁷ Zhao’s attempts to persuade Deng that the momentum in the economic sphere was too important to risk were bolstered by the economic indicators that were presented to the paramount leader throughout the winter.⁴⁸ Fewsmith has argued that “overwhelmingly positive economic news,” especially a 10.2 percent increase in the output value of industry and agriculture due to the reforms, “undercut the credibility of conservatives.” Enterprise losses, for example, fell from RMB 5.6 billion in 1982 to RMB 3.7 billion in 1983.⁴⁹ Deng was persuaded. He used his paramount authority to halt the campaign, and met privately with Hu Qiaomu and Deng Liqun at his home on January 18.⁵⁰ Reports soon appeared in the Western press announcing, as the *New York Times* wrote, “China’s formal campaign against ‘spiritual pollution’ has been effectively canceled The officials passed down the word to have the campaign ‘stop immediately.’”⁵¹ The reformers had scored a major victory, causing Deng Xiaoping to end a campaign that he had endorsed just over two months earlier. Zhao’s arguments, which centered on the

⁴⁶ HYBSXNP 2:942–944; Wei Jiuming 魏久明, “胡耀邦谈‘反对精神污染’” [Hu Yaobang Discusses “Opposing Spiritual Pollution”], 炎黄春秋 [*China Annals*], no. 6 (2008): 38–42.

⁴⁷ Zhao, *Prisoner of the State*, 163. It is not known on what dates these conversations between Deng and Zhao took place, but they must have occurred before 7 January 1984, when Zhao departed for a state visit to the United States and Canada.

⁴⁸ ZFLZQJ 1983, 143; DXPNP 2:949–950.

⁴⁹ Fewsmith, *Dilemmas of Reform*, 127–129.

⁵⁰ DXPNP 2:954; Zhao, *Prisoner of the State*, 163.

⁵¹ Christopher S. Wren, “China Is Said to End a Campaign to Stop ‘Spiritual Pollution,’” *New York Times*, 24 January 1984.

need to make further progress on the “economic front” rather than subsuming it under the “ideological front,” had won the day for the reformers. As a result of this struggle against the Campaign to Eliminate Spiritual Pollution, Zhao’s policy portfolio had become more solid than ever before.

Many economists in Zhao’s intellectual networks quickly took steps that demonstrated their enthusiasm for the agenda represented by Zhao’s strengthened position on “the economic front.” Figures such as Xue Muqiao and Liu Guoguang called for a renewed effort to forge ahead with economic reform and intellectual opening to the outside world, including in areas such as studying liberal economic ideas, which had been extremely sensitive during the campaign.⁵² One such economist, Chen Daisun (陈岱孙), a distinguished professor at Peking University who had received his doctorate in economics from Harvard University, published an article in the university’s newsletter that was reprinted in the *People’s Daily* on 16 November 1983. Chen prescribed further intensive study of “modern Western economics” as a means of solving specific economic problems. He asserted that the shift in attitude toward new economic ideas at the end of the 1970s had helped to propel the early-stage reforms to success and he argued that Chinese economists could not turn their backs on the “speculative analysis, quantitative techniques, and management methods” that would enable them to develop effective policies.⁵³ Speaking to reporters in Ottawa as part of a visit to Canada and the United States in January, Zhao said, “To say that there is an anti-West campaign in China now is not true. There is nothing of the sort.”⁵⁴ As

⁵² XMQNP.

⁵³ Chen Daisun 陈岱孙, “现代西方经济学的研究和我国社会主义经济现代化” [Research on Modern Western Economics and China’s Socialist Economic Modernization], RMRB, 16 November 1983. This essay was originally published in 北京大学学报：哲学社会科学版 [*Peking University Journal: Philosophy and Social Sciences*], no. 3 (1983): 2–5.

⁵⁴ Christopher S. Wren, “China Is Said to End a Campaign.”

1983 came to a close and 1984 began, Zhao and his network of reformist economists began to regain the ground they had lost during the campaign.

Implementation of reform policies returned to the top of the agenda. On the rural and agricultural side, on 1 January 1984, the Central Committee released a document that permitted an extension of land contracts in rural areas and further facilitated the marketization of the rural economy.⁵⁵ On the urban and industrial side, first, Deng Xiaoping reaffirmed his support for the reform and opening, and especially the SEZs, by visiting Shenzhen, Zhuhai, and Xiamen in late January and early February 1984 and opening up more coastal cities. “In establishing special economic zones and implementing an open policy, our guiding ideology is clear: not to restrain, but to free,” Deng said.⁵⁶ Second, Zhao made a major push on enterprise reform, an issue that he had grappled with over the preceding years. On 27 March, at a speech to the State Council, Zhao praised the results of early experiments in “comprehensive urban reform,” including the reform of commercial distribution channels by creating China’s first “trading center” in Chongqing, and urged the expansion of reforms to state-owned enterprises and the labor system.⁵⁷ A few days later, the *People’s Daily* published a letter from fifty-five factory managers pleading, “Please Untie Us!”⁵⁸ Zhao and the CFELSG held repeated discussions to develop and refine a document on “deepening reform and enlivening the enterprises,” which expanded enterprise decision-making powers and was approved by the State Council on 10 May 1984. State-owned enterprises could now freely produce above state quotas, sell such goods at prices within 20 percent of the state-set price, and retain 70 percent of the funds allocated to

⁵⁵ ZFLZQJ 1984, 5.

⁵⁶ DXPNP 2:954–959; ZFLZQJ 1984, 11–13. See also SWDXP-3 61–62.

⁵⁷ ZFLZQJ 1984, 37–52. See also Fewsmith, *Dilemmas of Reform*, 131.

⁵⁸ “福建省五十五名厂长、经理给省委领导写信：请给我们‘松绑’” [Fifty-Five Fujian Factory Directors and Managers Write to Members of the Provincial Party Committee: Please “Untie” Us], RMRB, 30 March 1984.

buy new fixed assets.⁵⁹ Within the following month, the State Council also approved a report, written by the Ministry of Commerce, on advancing urban reform.⁶⁰ Even the SPC, long a conservative holdout against reforms, finally agreed to a further reduction of its control over enterprises and pricing.⁶¹ Fewsmith persuasively argues that the SPC “felt that it had no other choice given the political atmosphere [in favor of reform] prevailing at the time.”⁶²

Zhao’s goal of increasing the market’s pressure on enterprises was clear. In negotiating the terms of these regulations at a CFELSG meeting on 4 May 1984, Zhao had emphasized that this document must “contain items we can implement; it’s not enough just to mention a problem,” and promised, “We will necessarily remain committed to planning, so what could be wrong with freeing up the enterprises a bit on this basis?”⁶³ Zhao continued to placate conservatives by gesturing to their concerns, but in the wake of the Campaign to Eliminate Spiritual Pollution and amid this resurgence of reform policies, he had the political clout to make concrete progress without deference of the sort that he had shown to the readjustment agenda.

Yet it remained to be seen how CCP leaders would address the Campaign to Eliminate Spiritual Pollution’s legacy in retrospect. On 11 February 1984, Hu Yaobang—who had spoken out against the Campaign in December of the prior year—decided to publicly denounce it. He criticized the phrase “eliminating spiritual pollution” as “not suitable,” claiming that it had led to “overreaching” by conservatives that

⁵⁹ ZZYWJ 2:373–379; “Provisional Regulations of the State Council on Further Expanding the Decision-Making Powers of State-Owned Enterprises,” Xinhua News Agency, 11 May 1984, trans. in Foreign Broadcast Information Service, FBIS-CHI-84-096, 16 May 1984, K15–K17.

⁶⁰ Hua Sheng, Xuejun Zhang, and Xiaopeng Luo, *China: From Revolution to Reform* (Basingstoke, UK: Macmillan, 1993), 103.

⁶¹ ZFLZQJ 1984, 108–112; “State Planning Commission to Conduct Major Reform of Planning System,” 经济日报 [*Economic Daily*], 6 October 1984, trans. in Foreign Broadcast Information Service, FBIS-CHI-84-198, 11 October 1984, K1–K2.

⁶² Fewsmith, *Dilemmas of Reform*, 132. Fewsmith notes, however, that officials there would subsequently stall and undermine implementation.

⁶³ ZFLZQJ 1984, 73; ZZYWJ 2:373. See also Hua, Zhang, and Luo, *China: From Revolution to Reform*, 103.

contravened Deng Xiaoping's intentions.⁶⁴ By taking on this specific phrase, however, Hu risked incurring Deng's ire, because, as Zhao subsequently observed, "Everyone knew that the campaign was waged according to Deng's remarks." As a result, Zhao recollected, "Deng was not happy with this kind of talk from Yaobang."⁶⁵ This attempt from Hu had not resolved the question of what would be the proper way to handle the legacy of the campaign.

In May 1984, Zhao made an attempt of his own to address the campaign's legacy in his work report to the second session of the Sixth National People's Congress. Zhao acknowledged that the campaign had spilled beyond its initial bounds and had damaged China's international reputation. Initially, "Because we were not clear enough about some of the policy limits [set by the central authorities], inappropriate practices appeared in some locations and work units," he acknowledged, an oblique reference to the nationwide campaign that had spread from the work of artists, writers, and intellectuals into many parts of society and across the economy. However, Zhao insisted, "When they were discovered, they were promptly corrected."⁶⁶ Zhao, of course, had played a central role in ensuring those "inappropriate practices" were "corrected." By highlighting the importance of "policy limits," he signaled to the assembled cadres—and to all who would subsequently read his comments—that the goal of setting out a distinct, protected economic policy portfolio would remain a priority. Yet, as we shall see, it would not always be easy to separate economic work and ideological work in China's socialist system.

Zhao emerged stronger from the Campaign to Eliminate Spiritual Pollution, with a more defined portfolio and a strengthened position overseeing economic policy.

⁶⁴ HYPXNP 2:974.

⁶⁵ Zhao, *Prisoner of the State*, 164.

⁶⁶ ZZYWJ, 2:382. The next day, Li Xiannian's secretary called Zhao to praise this report (LXNNP 6:242).

Conservatives had overreached, and Deng Xiaoping had called an abrupt end to this campaign that he himself had approved. As soon became clear in the run-up to the Third Plenum of the Twelfth Central Committee scheduled for October 1984, Zhao sought to use his increased stature not only to introduce new policies, but also to redefine the parameters of the Chinese economy itself.

THE BREAKTHROUGH OF THE “PLANNED COMMODITY ECONOMY”

The other critical policy debate of 1984 focused on whether China ought to be characterized as a “planned commodity economy” (有计划商品经济) which had been a controversial term in Chinese political and ideological circles since the early 1980s. The issue of the “commodity economy” is illustrative of how seemingly arcane Marxist vocabulary had major implications for economic activity and advancing concrete economic reforms. The term “commodity economy” was traditionally contrasted with a “product economy” in Marxian economics, most famously in Stalin’s 1951 *Economic Problems of Socialism in the USSR*. In a product economy, the sale of a product from one state-owned enterprise to another did not involve a change of ownership because both enterprises are owned “by the whole people”—but, in a commodity economy, ownership changed with a sale.⁶⁷ The ideological implications were enormous, as were the real economic implications. In the context of this dissertation, the debate over whether to embrace the “planned commodity economy” concept demonstrates how Zhao deployed his intellectual networks to make a major breakthrough in both policy and ideology—the “systematic idea” for which Zhao had searched—which helped to lay the groundwork for the rest of the decade’s economic reforms.

⁶⁷ See Joseph Stalin, *Economic Problems of Socialism in the USSR* (Moscow: Foreign Languages Publishing House, 1952).

Zhao recollected in his memoirs that he felt strongly that China should endorse the “planned commodity economy” concept in some form as the goal for China’s system at the third plenum of the Twelfth Central Committee scheduled for October 1984. This concept seemed to offer the potential to “tackle the fundamental problems” of China’s economy by “stress[ing] the importance of the national laws of supply and demand and the power of the market.”⁶⁸ As noted in the previous chapter, Zhao believed, “Using ‘commodity economy’ is simply a matter of decreasing commotion, since many people find it easier to accept.”⁶⁹ However, reformers were now proposing to turn this “easier to accept” phrase into the governing ideology of China’s economy. The challenge for Zhao was to find an interpretation of this concept that would placate the conservatives while also advancing the reform agenda.

Initially, Zhao’s attempts to reassure conservative officials sought to downplay the ideological implications of these new ideas. In remarks to the CFELSG on 4 May 1984, Zhao rejected “capitalist” reforms and exclaimed, “What a difference there is between our enterprises and capitalist enterprises!” In the same session he emphasized that he was committed to enlarging the role of market activity, stating, “That which happens outside of the plan belongs to the sphere of market coordination.”⁷⁰ On 15 May, delivering the Work Report at the second session of the Sixth National People’s Congress, Zhao took an additional step to clarify the meaning of his early May remarks: “We must remain in accordance with the principle of the planned economy as primary, and market regulation as secondary, and work hard to adapt to the *requirements* of developing socialist commodity production and commodity exchange . . . and develop a socialist unified market” (emphasis added).⁷¹ As he continued to defer to the overall

⁶⁸ Zhao, *Prisoner of the State*, 113, 119.

⁶⁹ Chen Yizi 陈一谔, 陈一谔回忆录 [*Memoirs of Chen Yizi*] (Hong Kong: Xin shiji chubanj, 2013), 314.

⁷⁰ ZZYWJ 2:377-378.

⁷¹ ZZYWJ 2:388. See also CYNP 3:354; Zhang Xianyang and Shi Yijun, 15 May 1984.

guiding “principle of the planned economy as primary,” he experimented with characterizing the role of the market in China’s transforming economy by suggesting that commodity relationships might be a “requirement” of the new system.

Despite these trial balloons in the spring, the push to endorse a “planned commodity economy” was languishing by that summer. In each draft report for the third plenum of the Twelfth Central Committee that Zhao and the economic officials on the System Reform Commission produced, they experimented with using the term “commodity economy.” Every time that the document was returned after being edited by more conservative officials, the term “commodity economy” was crossed out.⁷² In the spring and summer, Chen Yun was regularly consulting with senior officials including Yao Yilin and Li Xiannian who helped ensure that his views were a major part of these deliberations.⁷³ Li—who had led economic work with Zhou Enlai during the Cultural Revolution and then helped Hua Guofeng develop his economic policies in the period after 1976—became increasingly dissatisfied with the direction of the reforms and felt personally slighted by the continual criticism of economic work prior to 1978; Zhao recalled that Li “often complained” and impeded the reform policies.⁷⁴ In mid-1984, the leadership had reached an impasse.

This well-defined challenge—how to justify a “planned commodity economy” in internal debates—prompted Zhao to look to a specific member of his policy network whom he thought combined the stature, expertise, and originality to help him break through the impasse: the economist Ma Hong, a close advisor over the preceding years who had been appointed president of CASS. Zhao’s request prompted Ma in turn to invite a middle-aged economist, Wu Jinglian (吴敬琏), to join him on a trip to

⁷² Gao Shangquan 高尚全, *改革历程* [*The Course of Reform*] (Beijing: Jingji kexue chubanshe, 2008), 9.

⁷³ For example, Chen discussed economic matters with Yao on 30 May and Li on 6 June and 23 July (CYNP 3:355–356; LXNNP 6:249, 258).

⁷⁴ Zhao, *Prisoner of the State*, 92.

northeastern China to focus on this problem and devise a solution.⁷⁵ Wu had just returned from three semesters studying economics at Yale University and observing life in the United States, and Ma clearly hoped to draw on Wu's greater familiarity with the workings of a market economy and the latest developments in international economic theory. At a "theoretical level," many of the older generation of Chinese economists "supported the idea of a socialist commodity economy," recalled Xue Muqiao—but he admitted, their "understanding" of the term and its implications "was not deep."⁷⁶ Thus younger scholars who had actually lived in countries with functioning market economies and who had studied modern economics could provide important insights.

Drawing on research by other scholars in the intellectual network centered on Zhao, including Xue, Zhou Shulian (周叔莲), and Zhang Zhouyuan (张卓元), the intergenerational pair of Wu and Ma agreed to emphasize the necessity of high-level ideological support to help legitimate and encourage urban reform. This support, they contended, could only be provided by the formulation "planned commodity economy." Asserting the continued primacy of the plan, their draft argued that guidance planning and indirect administration, rather than mandatory planning and direct administration, were the keys to the next stage of China's "reform and opening." They concluded, "For both national macroeconomic policy making and microeconomic enterprise operations, admitting that the socialist economy is a commodity economy with planning obeys the law of value . . . and will increase economic efficiency."⁷⁷ In July, Ma submitted their document to Zhao at the end of their northeastern retreat.⁷⁸ This document was the targeted result of Zhao reaching out to a specific member of his policy network to

⁷⁵ Chen, *Memoirs of Chen Yizi*, 313; David Barboza, "Interviews with Wu Jinglian, Shelley Wu, and Wu's Biographer," *New York Times*, 26 September 2009, at www.nytimes.com/2009/09/27/business/global/27spy-text.html.

⁷⁶ XMQNP.

⁷⁷ Ma Hong 马洪, "关于社会主义制度下我国商品经济的再探索" [Further Exploration of China's Commodity Economy under a Socialist System], in ZFLZQJ 1984, 136–137.

⁷⁸ Barboza, "Interviews with Wu Jinglian, Shelley Wu, and Wu's Biographer."

address one of the most intractable issues in CCP political economy, and this outreach had produced results.

With this detailed document under the name of a trusted economic advisor in hand, Zhao was increasingly empowered to push forward his goals for the upcoming third plenum. In August, Zhao met with the team writing the Decision that would be issued at the plenum to discuss their draft and delivered extensive guidance. He opened his comments by stating that the draft was not yet sufficiently clear and focused. “In my view, it is completely correct that we have chosen socialism, but the problem is that we have not set up the correct model,” and this Decision needed to forcefully address that problem.⁷⁹ After surveying the history of the development of the Soviet economy from Lenin’s New Economic Policy to Stalinism, Zhao returned to the question of China’s “correct model.” He stated, “According to China’s conditions, reform must involve a variety of economic configurations, [such as] household contracting and commodity production.” While discouraging the drafters from mentioning “more than thirty years of errors” in running China’s economy, he articulated what he believed to be the most important objective of the document: “The key is to clearly state what is the nature of the economic system reform.”⁸⁰

With this broad framing for his comments, Zhao identified three key challenges to resolve. First, he emphasized the broad need to reform “the system of planning”: “If the system of planning is not reformed, then the enterprises will never be enlivened.” Second, he stressed the necessity of “utilizing economic methods, primarily prices” to move forward with the reform. “Without a rational price policy, there will be no way to conduct successful planning work.” Third, from a bureaucratic perspective, he discussed the importance of “reforming the management functions of the country’s

⁷⁹ ZZYWJ 2:453.

⁸⁰ ZZYWJ 2:454.

[governing] bodies,” so that the government could facilitate the emergence of competition in the economy and the formation of “rational” economic (rather than political) relationships among enterprises and sectors, thereby “enlarging the scope of guidance planning” rather than economic governance by incessant commands from the central planning authorities. As a result, China would “unite together planning and the law of value” and prove that “a socialist country could develop commodity production.”⁸¹ These challenges made clear that Zhao wanted the Decision to clearly endorse a market-oriented agenda that would “enliven” state-owned enterprises by reforming the planned economy, make progress on price reform, and diminish the role of command planning in favor of indirect guidance planning. These priorities, as we will see, became the basis of redefining “the nature of the economic system reform” as a “planned commodity economy.”

Of the three challenges that Zhao identified, price reform perhaps seemed the most concrete—prices, after all, were a fact of economic life that was familiar to every household and firm—but it was in fact only loosely defined and did not have a clear endpoint. As discussed in the previous chapter, Zhao had been grappling with taking measures to rationalize the price system since at least early 1981, even creating a Price Research Center run by Xue Muqiao. Yet in deciding to return to price reform in 1984, Zhao pursued a different mode of utilizing his intellectual networks than either the creation of the Price Research Center or the specific assignment that Zhao had given to Ma Hong earlier that year. Now that he had a clearer and more expansive vision for China’s economy in mind, Zhao sought to take more ambitious steps to develop new policy ideas for the price system and to turn those ideas into policy.

⁸¹ ZZYWJ 2:455-456.

Officials knew that, because of state subsidies, the urban consumer price index was artificially low (indeed, after the reforms were implemented, prices rose by nearly 12 percent in 1985). According to the World Bank, in the mid-1980s the government was devoting well over 20 percent of its total expenditures to subsidies, the majority of which went to subsidize daily necessities.⁸² The situation was similar for industrial products and raw materials: in 1985, the prices of raw materials skyrocketed by 18 percent, and ex-factory product prices rose by 8.7 percent (by contrast, in 1986 they only rose by 3.8 percent).⁸³ This suggests that prices in China remained seriously distorted and had been kept artificially low due largely to state intervention. The urgency of the need for price reform was highlighted by a visit in late August 1984 from the deputy prime minister of Hungary, József Marjai, who held meetings with Zhao and Ma Hong.⁸⁴ Marjai also met with vice premiers Yao Yilin and Li Peng (李鹏). Li, a trained engineer who had been raised by Zhou Enlai and his wife Deng Yingchao after Li was orphaned as a child (and who had another powerful mentor in Chen Yun), told Marjai, “Our two countries’ overall goals of building socialism are identical.”⁸⁵ During his Beijing meetings, Marjai stressed that Hungary’s most important error in its reform process had been not taking advantage of the period of rapid growth during the early part of the reform process to implement price reform. With Marjai in mind, Zhao stated in his 28 August remarks to the team writing the Decision that would be issued at

⁸² World Bank Country Study, *China: The Achievement and Challenge of Price Reform* (Washington, DC: World Bank, 1993), 6, 9.

⁸³ Naughton, *Growing out of the Plan*, 250–251.

⁸⁴ Marjai was widely perceived to be the foremost market reformer in the senior Hungarian leadership at the time, to the point that British Prime Minister Margaret Thatcher had invited him for a meeting to praise his “independence of action.” See “Visit by Mr Jozsef Marjai, Hungarian Deputy PM,” The National Archives, PREM19/1271 f154.

⁸⁵ “李鹏在宴请匈牙利部长会议副主席马尔亚伊时说：中匈两国建设社会主义总目标是一致的” [Li Peng Says during Banquet with the Hungarian Deputy Prime Minister Marjai József: China and Hungary Share the Same Overall Goal of Building Socialism], RMRB, 21 August 1984. See also “赵紫阳会见马尔亚伊时希望特别注意发展中匈经济技术合作” [Zhao Ziyang Meets Marjai and Particularly Hopes to Develop China and Hungary’s Economic and Technological Cooperation], RMRB, 25 August 1984; “姚依林会见马尔亚伊” [Yao Yilin Meets Marjai], RMRB, 26 August 1984.

the third plenum, “Economists from Eastern European and capitalist countries all agree that it will not do to conduct system reform without price reform.” He reflected on his meeting with Marjai: “A few days ago, Deputy Prime Minister of Hungary Marjai told me that right now China is in a golden period for price reform.”⁸⁶ According to the recollections of three officials associated with Zhao at the System Reform Commission, Marjai’s advice produced “a greater sense of urgency about reform of the price structure” among China’s top leadership.⁸⁷

To make progress on this “urgent” need ahead of the autumn’s third plenum, Zhao turned to a different part of his developing intellectual network: the younger generation of economists, born in the 1940s and 1950s, who in general had more advanced training and greater familiarity with Western economics than their elders. Many members of this generation of economists had their educations disrupted by the Cultural Revolution and then returned to the cities to complete their studies after Mao’s death. By 1984, they were beginning to emerge as independent voices, often mentored by older economists and also influential in their own right. Some of these younger economists joined a new research organization created during this period, called the Institute for Chinese Economic Structural Reform (中国经济体制改革研究所, abbreviated 体改所). The new group, led by the more senior official Gao Shangquan (高尚全), who also served on the System Reform Commission, began to draw up proposals targeting price reform as the key to advancing overall reform. One of these younger economists, Chen Yizi, who had moved to this new group after several years of working on rural policy, explained this emphasis was the result of “experts who participated in reform in Eastern Europe” who had “all mentioned that price reform was

⁸⁶ ZZYWJ 2:456-457. For an example of Zhao’s thoughts on price reform prior to the Marjai meeting, see ZZYWJ 2:374.

⁸⁷ Hua, Zhang, and Luo, *China: From Revolution to Reform*, 108.

key” in their meetings with the top leadership.⁸⁸ This new institute provided an institutional base that served two primary purposes. First, it brought together a core group of young reform-oriented economists to develop new ideas. Second, it served as a way of gathering and distilling the ideas of a much wider network of economic thinkers, to refine those ideas for the senior leaders, especially Zhao.

Other young economists beyond Zhao’s policy apparatus, seeing the power that organized networks of economic thinkers within CCP institutions were amassing in influencing the top leadership, decided to build their own networks. In addition to the Institute for Chinese Economic Structural Reform, a variety of other young economists vied for attention with bold proposals. These economists, mostly in their early thirties, decided that the best way to organize their efforts and gain the attention of the top CCP leadership would be to plan a conference. The organizers, who included the economists Zhu Jiaming (朱嘉明) and Lu Mai (卢迈), chose as the location the mountain resort of Moganshan, which would lend its name to the Moganshan Conference (莫干山会议) planned for 3–10 September 1984.⁸⁹ This organizational and policy entrepreneurship marked a bold step for Chinese economists. Many of these figures were affiliated with other institutions that had a place in Zhao’s policy networks, such as CASS, but these upstart younger economists were making a play for influence outside of the bureaucratic organizations in which they held junior positions. By emphasizing merit rather than seniority, they claimed to be applying the Dengist philosophy of “seeking truth from facts” and suggested (in their own interests, of course) that the policy

⁸⁸ Chen Yizi 陈一谔, 中国: 十年改革与八九民运 [*China: Ten Years of Reform and the 1989 Pro-Democracy Movement*] (Taipei: Lianjing chuban shiye gongsi, 1990), 75–77; idem, *Memoirs of Chen Yizi*, 309; Liu Hong, *The Eighties*, 204–205.

⁸⁹ Zhang Jun 张军, “莫干山上论战的价格改革” [The Price Reform War at Moganshan], in 不为公众所知的改革 [*The Reform Little Known to the Public*] (Beijing: Zhongxin chubanshe, 2010); for the number of participants, see Liu, *The Eighties*, 433. (Liu is the wife of Zhu Jiaming, one of the conference’s organizers, and her account is largely drawn from his diary.)

process would benefit from incorporating younger, more diverse voices. In doing so, they were both responding to the openness of senior leaders, especially Zhao, as well as asserting themselves, their value to the policymaking process, and their shared mission of advancing China's economic development.

Reflecting Zhao's uncertainty about how to proceed, two primary approaches to price reform held sway over many of the economists at the conference. First, officials at the Price Research Center proposed a sweeping recalculation of state-set prices in one large step. Second, young economists adept at computer modeling of the economy, including Tsinghua University graduate student Zhou Xiaochuan (周小川) and CASS graduate student Lou Jiwei (楼继伟), proposed a series of small, swift recalculations of prices.⁹⁰ These two factions initially set the agenda of the price reform debate at Moganshan, until Zhang Weiying (张维迎), a graduate student from Xi'an's Northwest University, intervened, insisting that both approaches were unrealistic and calling for prices determined by supply and demand. A debate raged through the night and into the early hours of the morning. The CASS graduate student Hua Sheng (华生) and several of his peers were inspired. By dawn, the young economists had devised a novel approach to reforming China's ossified price system. What they settled on was called the "dual-track price system" (价格双轨制). This system required the prices for goods within the plan to remain at state-set levels, while permitting goods outside the plan to be sold at market prices.⁹¹ Coal, for example, was priced under the plan at RMB 22 per metric ton, but the market price was over RMB 100.⁹²

⁹⁰ Hua Sheng 华生, "双轨制始末" [The Whole Story behind the Dual-Track System], 中国改革 [China Reform], no. 1 (2005): 22–25.

⁹¹ Chen, *Memoirs of Chen Yizi*, 310–311; Hua Sheng, "The Whole Story." The question of whether Zhang Weiying, Hua Sheng, or others deserve credit for "inventing" the dual-track price system remains a controversial subject among Chinese economists, with competing claims of sources and witnesses. I have sought to tell a neutral account.

⁹² Hua, Zhang, and Luo, *China: From Revolution to Reform*, 124.

With this powerful and innovative policy idea in hand, following the conclusion of the conference on 10 September, Hua Sheng and his colleagues used personal connections to bypass the formal bureaucracy and directly submitted their report on the dual-track price system to Zhao's immediate staff. Zhao and the CFELSG quickly approved the plan.⁹³ Zhao also instructed that the Material Supply Bureau, which controlled input allocations, hold constant the size of the central plan, laying the groundwork for the dual-track system to produce sustained increases to output outside the plan.⁹⁴ The dual-track system would become a defining and controversial feature of China's reforms. That it found favor with Zhao was not entirely surprising, because it displayed some of his preferred qualities in new economic policies: the new price system did not overtly impinge upon the planned economy, but it created tremendous new space for market activity to take place. This combination, at once conciliatory and innovative, showed that the economists who attended the Moganshan Conference had learned well the characteristics of Zhao's policymaking in the early 1980s.

Two crucial policy innovations to advance Zhao's agenda had been produced by the end of the summer: Ma Hong's forceful argument for the concept of the "planned commodity economy" and the Moganshan Conference's development of the dual-track price system. In September 1984, a group of twenty of China's most senior economists convened to hammer out the final draft of the report for the October third plenum of the CCP Central Committee. Ma Hong and Gao Shangquan both wrote letters to Zhao and the Standing Committee about the draft. They argued, as Ma stated, that the formulation (提法) "planned commodity economy" should be "explicitly written into

⁹³ Hua, "The Whole Story"; ZFLZQJ 1985, 35–36.

⁹⁴ System Reform Commission 中国经济体制改革委员会, ed., 中国经济体制改革十年 [Ten Years of China's Economic System Reform] (Beijing: Jingji guanli chubanshe, 1988), 454. The goal here was clearly to avoid a situation in which planners would play "catch up" with the gains in production enterprises made under the increased incentives of the dual-track system.

the plenum decision.” Ma explained, “Because of the great importance of this issue, if we do not address it clearly, the basic principles of our economic system reform and the series of important economic policies that are currently underway cannot be clearly articulated.”⁹⁵ Knowing that officials and economists would read this letter carefully, one of the government’s most distinguished economic advisers argued that both the “basic principles” and “important economic policies” of China’s reform and opening required an endorsement of the “planned commodity economy” term at the upcoming plenum.

With Ma Hong’s letter in hand, Zhao next took the step of submitting the latest version of the plenum decision that included the “planned commodity economy” to the Politburo Standing Committee on 9 September 1984. Zhao included a message addressed to Deng Xiaoping, Hu Yaobang, Li Xiannian, and Chen Yun, which explicated the document. Zhao traced its development through his intellectual networks from “specialized groups and relevant ministries and commissions,” emphasizing that the CFELSG had “discussed it many times.” He stressed, “China is implementing a planned economy, not a market economy.” However, he noted, “Taking the planned economy as primary is not equivalent to taking directive planning as primary . . . Our method should be to gradually lessen the role of directive planning and to increase the role of guidance planning.” Following this path and using “economic methods,” Zhao stated clearly that China was implementing a “planned commodity economy with public ownership as the basic form.” He further explained the price reforms underway, once again citing Marjai’s advice that China was in a “golden period” for pushing forward with price reforms. Finally, he discussed the decision’s fundamental emphasis on reforming the relationship between the state and the economy, following logically

⁹⁵ ZFLZQJ 1984, 171–174. That September, Gao Shangquan had organized a series of seminars on the “commodity economy” at the Xiyuan Hotel (see Liu, *The Eighties*, 194–198).

from the prioritization of shifting away from “directives” and towards “guidance.”⁹⁶ With this measured explanation and endorsements from senior economists like Ma Hong, Zhao found a receptive audience at the top of the CCP leadership. Deng Xiaoping approved the document on 10 September, and Li, Hu, and Chen all followed suit.⁹⁷ Zhao had come far since he first became premier: whereas at the beginning of the decade, Zhao had possessed “no systematic idea” about his vision for the path of China’s development, by September 1984—drawing on a wide network to generate economic policy ideas—Zhao successfully garnered the approval of the rest of China’s senior leadership for building China into a “planned commodity economy,” a fundamental refashioning of China’s economic and ideological parameters.

Yet Chen Yun, despite his acquiescence to the Decision, had not yet had his final say. At the plenum meeting, Chen asked his colleagues on the Standing Committee that he be permitted to address the assembled cadres. In his remarks, he admitted that China’s problems were far larger and more complex than they were in the 1950s, so the solutions he had developed then could not be “copied indiscriminately.” However, he nonetheless defended those decisions as well as his legacy for China’s economic policy. Chen emphasized that his economic policy ideas had always been developed “on the basis of the actual situation in China.” He ended by referring to the need to pursue both “material civilization and spiritual civilization,” an idea that recalled both the Campaign to Eliminate Spiritual Pollution and tracked back at least as far as the thinkers of China’s May Fourth Movement in 1919, which had brought together much of the group that would subsequently establish the CCP in 1921. “We are a socialist country,” Chen concluded. “This is the goal toward which we must

⁹⁶ ZZYWJ 2:484-488. See also Central Party Literature Research Center 中共中央文献研究室, ed., 十二大以来重要文献选编 [*Important Documents since the Twelfth National Party Congress*] (Beijing: Renmin chubanshe, 1986), 1:533-538.

⁹⁷ For Deng’s decision, see ZFLZQJ 1984, 179; DXPNP, 994; for Chen’s decision, see ZFLZQJ 1984, 179-180; CYNP, 3:360-361; see also LXNNP 6:267-268.

always struggle.”⁹⁸ Chen made clear that although he had supported the Decision, he would not stop fighting for the ideological views and corresponding policies to which he had been committed with great consistency for his entire career in the CCP leadership. He signaled to his allies as well as to the reformist officials that policy competition and the conservative contestation of market reform would remain enduring themes in the period ahead, even if China would be operating under the banner of the “planned commodity economy.”

On 20 October 1984, the CCP Central Committee issued the Decision on the Reform of the Economic Structure, formally endorsing the “planned commodity economy.”⁹⁹ Deng congratulated Zhao, describing the formulation as a “new theory of political economy.”¹⁰⁰ In a speech two days later, likely with Chen Yun and his allies in mind, Deng added that some comrades “have been devoted to socialism and communism all their lives” and “are horrified by the sudden appearance of capitalism.” But, he promised, “It will have no effect on socialism. No effect.”¹⁰¹ As Deng’s comments indicated, although the “planned commodity economy” formulation signaled a step forward for the reformers, the ambiguous formulation promised further debate. How would subsequent economic policies interpret and implement the October 1984 decision? Ma Hong, writing in November, indicated that it remained unclear even to economists who participated in the document’s drafting what such an economy would entail in practice, because there had not yet been time to develop a full agenda for how to implement this new formulation.¹⁰²

⁹⁸ ZFLZQJ 1984, 181–184; CYNP 3:365–366.

⁹⁹ DXPNP 2:1006; LXNNP 6:274; “Decision of the Central Committee of the CPC on Reform of the Economic Structure,” Xinhua News Agency, 20 October 1984, trans. in Foreign Broadcast Information Service, FBIS-CHI-84-205, 22 October 1984, K1–K19.

¹⁰⁰ Zhao, *Prisoner of the State*, 119.

¹⁰¹ DXPNP 2:1006–1009; SWDXP-3 90–99.

¹⁰² Ma Hong, “A Commodity Economy as It Can Exist under a Socialist System” (November 1984), in Ma Hong, *Chinese Economists on Economic Reform: Collected Works of Ma Hong*, ed. China Development Research Foundation (London: Routledge, 2014), 113.

This situation revealed an important emerging characteristic of China's reform process: Because of the compromises necessary to achieve a consensus on an ideological formulation, such phrases often contained components in opposition (in this case, "planned" and "commodity"). This, in turn, created a situation in which state ideologies were not self-interpreting but, rather, were highly generative and required further interpretation. Naughton has observed that Zhao and other reform-oriented leaders were likely "purposely using the vagueness of [these] concepts as a stratagem to overcome resistance to reform."¹⁰³ This may well be true, but it does not explain how the economists who were charged with proposing and developing policies under the banner of these formulations dealt with the challenges that such purposeful "vagueness" created. The task for Chinese economists was thus to develop a "best" interpretation, a process that often involved the same actors who formulated the phrase in the first place. Even once they had arrived at a "systematic idea," the challenges of interpretation, revision, and implementation remained unresolved. As we will see, these challenges defined the next several years of economic work under Zhao Ziyang.

DEBATING THE IMPLEMENTATION OF ZHAO'S "SYSTEMATIC IDEA"

The two case studies examined above demonstrate how Zhao's networks developed and operated and especially how Zhao and his advisers formulated economic policy in the crucial period ahead of the third plenum of the Twelfth Central Committee. In the wake of the consequential endorsement of the "planned commodity economy" concept, intense debates raged within the reformist camp about how China should proceed—fundamental questions regarding the policies that would implement the "planned commodity economy." These debates occurred against the backdrop of a

¹⁰³ Naughton, *Growing out of the Plan*, 179.

takeoff of several key enterprise reforms, particularly an increase in factory manager responsibility, as well as gradual increases in the ability of enterprises to determine their own output. Market prices also increased substantially in scope as enterprises began to conduct transactions outside the plan under the dual-track system.¹⁰⁴ The in-plan price of coal, for example, was raised to RMB 31 per metric ton (from RMB 22, a 41 percent increase), and enterprises were free to sell coal produced beyond the plan quota at market prices. As these changes occurred, gross industrial output boomed; in the first quarter of 1985, it increased by 22.97 percent over the same period in 1984.¹⁰⁵ Some voices raised concerns that the Chinese economy might be overheating, which Zhao acknowledged as a possibility at a 4–5 January 1985, meeting of the State Council at which he called for China to “control the issuance of currency.”¹⁰⁶ However, at a meeting of the National People’s Congress on 27 March, Zhao stated emphatically that China would “continue reform unflinchingly,” drawing special attention to the need for price reform and enterprise reform.¹⁰⁷ Zhao recollected that he worried privately about how to stabilize the economy as “overheating got worse,” but he felt that he needed to strike a positive note in public and forge ahead with the reforms.¹⁰⁸ This context—a sense of urgency about the need to reform enterprises and the price system, fears of overheating, and Zhao’s push for progress—shaped the economic debates of 1985.

Several prominent groups of economists with ties to Zhao and his intellectual network emerged in this period; their views are important to sketch at this point in the dissertation, because their ideas would have substantial influence on Zhao in the latter

¹⁰⁴ Deng Xiaoping, 建设有中国特色的社会主义：增订本 [*Building Socialism with Chinese Characteristics: Revised Edition*] (Beijing: Renmin chubanshe, 1987), 86; Naughton, *Growing out of the Plan*, 205, 220.

¹⁰⁵ Hua, Zhang, and Luo, *China: From Revolution to Reform*, 112, 125.

¹⁰⁶ ZZYWJ 3:16–18.

¹⁰⁷ ZZYWJ 3:105–121; Zhao Ziyang, “Report on the Work of the Government,” 27 March 1985, trans. in Foreign Broadcast Information Service, FBIS-CHI-85-061, 29 March 1985, K1–K17. See also ZZYWJ 3:40–45, 72–74, 83–85.

¹⁰⁸ Zhao, *Prisoner of the State*, 127–128. These comments are affirmed by a letter that Zhao wrote to Hu Qili on February 26, 1985 (ZZYWJ 3:79–80).

half of the decade. Wu Jinglian, whom Ma Hong had newly appointed to a senior position at the State Council's Development Research Center, emerged as the leader of one group of economists focusing on "coordinated reform" (配套改革).¹⁰⁹ This group, which included several younger economists who would rise to prominence, argued for steadily advancing price reform beyond the dual-track system, which they criticized as a temporary holdover at best. They posited that China required comprehensive price reform before the government could develop new policies to use market mechanisms to guide the economy. In February 1985, Wu published an assertive commentary in the *People's Daily* laying out his views. In the short run, Wu argued, China should readjust its high-growth orientation, slowing down the growth rate, the rate of investment in capital construction, and increases in wages and bonuses, to ensure the reform did not spiral out of control.¹¹⁰ Several months later, Wu expanded on his arguments to emphasize the role that macroeconomic policy, particularly with regard to the banking sector, should play in keeping both enterprises and the economy as whole from growing too quickly, or "overheating."¹¹¹ Speaking on 15 July about the draft of the seventh five-year plan, Wu argued to China's top economic policy makers that they could not isolate issues like increasing enterprise autonomy from an overall plan that also supported more competitive markets and better indirect control of the economy—in other words, Wu called for the seventh five-year plan to be formulated on the basis of his "coordinated reform" agenda.¹¹² Other economists joined Wu's calls to formulate a "comprehensive" vision of reform, including Guo Shuqing (郭树清), a twenty-nine-

¹⁰⁹ Barboza, "Interviews with Wu Jinglian, Shelley Wu, and Wu's Biographer."

¹¹⁰ See, for example, Wu Jinglian 吴敬琏, "经济改革初战阶段的发展方针和宏观控制问题" [Development Policy in the Beginning Stages of Economic Reform and Problems in Macro-control], RMRB, 11 February 1985.

¹¹¹ Wu Jinglian 吴敬琏, Li Jiange 李剑阁, and Ding Ningning 丁宁宁, "把国民经济的增长速度控制在适度的范围内" [Keep the Growth Rate of the National Economy within a Moderate Range], RMRB, 17 May 1985.

¹¹² ZFLZQJ 1985, 164–166.

year-old doctoral student at CASS born in Inner Mongolia, who argued at Beidaihe in the summer of 1985 for the importance of a coordinated reform plan.¹¹³

Other economists refuted Wu's emphasis on moderating growth and prioritizing price reform. In the circle of younger economists who had risen to prominence around the time of the 1984 Moganshan Conference and were linked to the Institute for Chinese Economic Structural Reform, the pursuit of rapid growth was widely held as the top objective. This view had no more ardent supporter than one of the organizers of the 1984 event, the young economist Zhu Jiaming.¹¹⁴ He believed that, in the course of China's development, it was necessary to follow both developed and developing countries in undergoing a radically "high-speed growth phase."¹¹⁵ Citing data from economies as diverse as the United States, the Soviet Union, Japan, and Brazil, Zhu contended that during this "high-speed growth phase," inflation was "typical" and not to be feared. He claimed that the high-speed growth phase, however inflationary, would usher in an era of "economic prosperity" and provide an "excellent environment" for systemic reform.¹¹⁶ Inflation, in Zhu's view, was not an insidious force undermining reform; rather, it was a signal that China was booming and catching up with the rest of the world.

Another major group of reformist economists led by Li Yining (厉以宁), a professor at Peking University, contended that Wu's emphasis on price reform was fundamentally misguided and that, instead, enterprise reform should be given priority. "Ownership reform is the crux of reform," Li would write in May 1986, arguing,

¹¹³ Guo Shuqing, *Chinese Economists on Economic Reform: Collected Works of Guo Shuqing*, ed. China Development Research Foundation (London: Routledge, 2012), xix; Guo Shuqing, Liu Jirui, and Qiu Shufang, "Comprehensive Reform Is in Urgent Need of Overall Planning" (April 1985), in *ibid.*, 28–36.

¹¹⁴ Zhu Jiaming 朱嘉明 and Liu Suli 刘苏里, "走世界, 看中国" [Travel the World and See China], *领导者* [Leaders], no. 43 (2011): 120–130.

¹¹⁵ Zhu Jiaming 朱嘉明, "论我国正经历的经济发展阶段" [On China's Current Stage of Economic Development], *中青年经济论坛* [Young Economists' Forum], no. 2 (April 1985): 20; Shirk, *Political Logic*, 284.

¹¹⁶ Zhu Jiaming, "On China's Current Stage," 22.

“Economic reform can fail because of the failure of price reform but cannot succeed because of success of price reform alone; that will take reform of the ownership system.”¹¹⁷ Economists associated with Li, who also included individuals such as Hua Sheng (who had helped develop the dual-track system) and Zhang Xuejun (张学军), argued for “restructuring of the microeconomic base starting with the reform of [enterprise] ownership.” They proposed an “asset management responsibility system” as the goal of restructuring, in which “returns on assets” would be the only metric of enterprise success, creating market incentives driven by the pursuit of profit.¹¹⁸

To clarify these policy positions, it is also important to reflect on the distinctions between possible positions on macroeconomic policy and economic reform policy. One can advocate stable, conservative macroeconomic policy and serious economic reform, as, for example, Wu Jinglian did. One can support stable, conservative macroeconomic policy and oppose reform policies, as Chen Yun did. And one can promote expansionary, inflationary high-growth policy with reforms, a combination associated particularly with Zhu Jiaming. (Of course, as the Chinese economy in recent years has shown, there are also advocates for an expansionary policy without reforms, particularly bureaucrats at the local levels who have overseen the country’s unbridled development boom.) Thus, advocates of policies designed to stabilize the economy and rein in growth were not necessarily opposed to reform. When Wu advanced retrenchment policies, he did so out of a sense that inflation posed dangers to the Chinese economy, not because he had changed his mind about reform; when Chen Yun and his allies favored retrenchment policies, however, they also often intended to slow down the reform policies and to undermine the reformers.

¹¹⁷ Li Yining 厉以宁, “改革的基本思路” [The Fundamental Idea of the Reform], 北京日报 [*Beijing Daily*], 19 May 1986, 3; Fewsmith, *Dilemmas of Reform*, 186.

¹¹⁸ Hua Sheng 华生, et al., “微观经济基础的重新构造” [Restructuring the Microeconomic Base], JYJ, no. 3 (1986): 21–24.

Often economists disagreed not only about the relative risk of an inflationary high-growth policy but also about whether inflation was in fact occurring in the economy. Conservatives were perhaps somewhat more likely to decry perceived overheating because it allowed them to criticize growth-oriented reform policies, but the more realistic reformers acknowledged inflation when their research indicated it. Yet the policy pendulum also often swung back and forth in response to the macroeconomic cycles of inflation and overheating, particularly in the negative case: when inflation soared, conservative influence tended to increase, as Victor Shih has demonstrated.¹¹⁹ Yet in 1984 and 1985, the perception of overheating and the resulting policy disagreements created new fissures in the reform camp among groups that would, as we shall see, compete to persuade Zhao of the validity of their views and the necessity of their policy prescriptions.

These debates also prompted economic officials to reach out to foreign economic experts who had experience in handling inflationary growth in socialist and capitalist economies. On 2–7 September 1985, at Zhao’s direction, an important weeklong conference organized by the System Reform Commission and CASS in partnership with the World Bank convened onboard a cruise ship sailing down the Yangtze River. Advisers to Zhao including Xue Muqiao, Ma Hong, An Zhiwen, Wu Jinglian, and Gao Shangquan attended, meeting with a diverse group of foreign economists who included the American Nobel laureate James Tobin, the Hungarian Harvard professor János Kornai, and the Polish Oxford professor Włodzimierz Brus. The foreign visitors warned the Chinese economists about the risks of inflation and advocated for an interpretation of the “planned commodity economy” in which

¹¹⁹ See Victor C. Shih, *Factions and Finance in China: Elite Conflict and Inflation* (Cambridge: Cambridge University Press, 2008) and Naughton, *Growing out of the Plan*.

enterprises faced greater market pressures and harder budget constraints—which the Chinese officials reported back to Zhao, who studied their recommendations.¹²⁰

The continuation of extremely rapid industrial growth rates in the second quarter of 1985—an increase of 23.4 percent—further intensified concern about uncontrolled “overheating.”¹²¹ Thus the National Conference of Party Delegates, which was held 18–23 September 1985, witnessed serious disagreement on the status of the reforms and the best direction for the next five-year plan. Both Hu Yaobang and Zhao spoke on the opening day, with Zhao again striking an optimistic tone and emphasizing the progress made in the course of the reforms.¹²² Chen Yun delivered a more critical speech focusing on the continued importance of planning. “From the point of view of national economic work,” he said, “the principle of ‘the planned economy as primary, with market regulation as supplementary’ has not gone out of style.”¹²³ Chen might have acquiesced in calling China a “planned commodity economy” in 1984, but a year later he still put nearly all his emphasis on the “planned” part of the system, continuing to relegate the “commodity economy” to a secondary role at best. The gulf between Zhao and Chen was evident and widening.

Despite this conservative pushback, the document published at the conclusion of the National Conference of Party Delegates revealed it had been a success for Zhao’s economic reform agenda.¹²⁴ The major significance of the document involved its articulation of “three related areas” that were the keys to the “success” of China’s reform: making enterprises bear “complete responsibility for profits and losses,”

¹²⁰ Julian Gewirtz, *Unlikely Partners: Chinese Reformers, Western Economists, and the Making of Global China* (Cambridge, MA: Harvard University Press, 2017), 136–155.

¹²¹ Fewsmith, *Dilemmas of Reform*, 150; Hua, Zhang, and Luo, 112.

¹²² ZZYWJ 3:180–186; HYBSXNP 2:1140–1142; Zhang Xianyang and Shi Yijun, 18–23 Sept. 1985.

¹²³ CYNP 3:383–385; *Selected Works of Chen Yun: Volume III (1956–1994)* (Beijing: Foreign Languages Press, 1999), 349–353.

¹²⁴ “Proposal of the Central Committee of the Chinese Communist Party for the Seventh Five-Year Plan for National, Economic and Social Development,” Xinhua News Agency, 25 September 1985, trans. in Foreign Broadcast Information Service, FBIS-CHI-85-187, 26 September 1985, K2–K3. See also LXNNP 6:327–328; DXPNP 2:1078–1080.

expanding commodity and capital markets, and shifting from direct to indirect management of enterprises and the economy.¹²⁵ These principles would become central aspirations of the “planned commodity economy” under Zhao’s guidance.

Over the period 1982–1985, Zhao Ziyang’s views and priorities underwent a crucial evolution. Zhao participated in an intensive process of policy competition to advocate for these ideas and sparred with both conservatives and other reformers for authority over economic policy. He successfully overcame the Campaign to Eliminate Spiritual Pollution while advancing his favored policy proposals. By 1984, he was able to promote his own “systematic idea” of China’s economic development as a “planned commodity economy” and to enshrine this vision in that autumn’s Decision on the Reform of the Economic Structure. He had beaten back renewed opposition following the promulgation of this Decision, strengthening the hand of economic reformers in the government and, despite Chen Yun’s urging to the contrary, seized on the opportunity of the National Conference of Party Delegates in September 1985 to implement policies that would further develop China’s “planned commodity economy.”

Assessing Zhao’s economic policies and intellectual networks in the period 1982–1985, especially in the crucial episodes of his resistance to the Campaign to Eliminate Spiritual Pollution and the breakthrough of the “planned commodity economy” concept, sheds light on important and underappreciated dynamics about the early reform era. In contrast to the views of scholars who, as discussed in the Introduction, see the debates over reform ideas and policy as largely or wholly subordinate to a “political logic,” this chapter argues that policy debates were substantive and not simply a veil for personal clashes or conflict between purported

¹²⁵ “Proposal of the Central Committee of the CCP for the Seventh Five-Year Plan.”

factions. Policy ideation and policy competition were both important processes that influenced political dynamics, rather than simply being manifestations of those dynamics. Zhao clearly believed that new ideas would strengthen his position, and thus he invested in developing intellectual networks that could bolster policy ideation and committed to supporting those ideas in policy competition. In other words, clashes over policy were determined not only by political dynamics, but also by substantive disagreement over the best direction for China's economic development. This point may seem almost to be stating the obvious, but it has been overlooked to a remarkable degree in the scholarly literature on this period.

Second, this chapter illustrates the continued centrality of ideological matters in the politics of this period. Even as Zhao sought to separate economic and ideological work, he was repeatedly confronted by the reality that ideological campaigns (the Campaign to Eliminate Spiritual Pollution) and formulations (the "planned commodity economy") still played an essential role in political processes and indeed in some cases even drove events. These case studies show that ideological questions remained at the center of the elite politics of the 1980s and were an essential part of Zhao's economic policy making and governance. Deng had proclaimed an era of "seeking truth from facts," but ideas and ideologies remained powerful features of elite politics in the PRC.



Figure 1: Guangzhou leadership celebrates the defeat of the United States in Vietnam, with Tao Zhu (center) and Zhao Ziyang (second from right), 10 February 1965 (人民日报 *People's Daily*).



Figure 2: Zhao Ziyang (front row, second from right) visits earthquake victims in Songpan, Sichuan Province, 19 August 1976 (多维新闻 *Duowei News*).

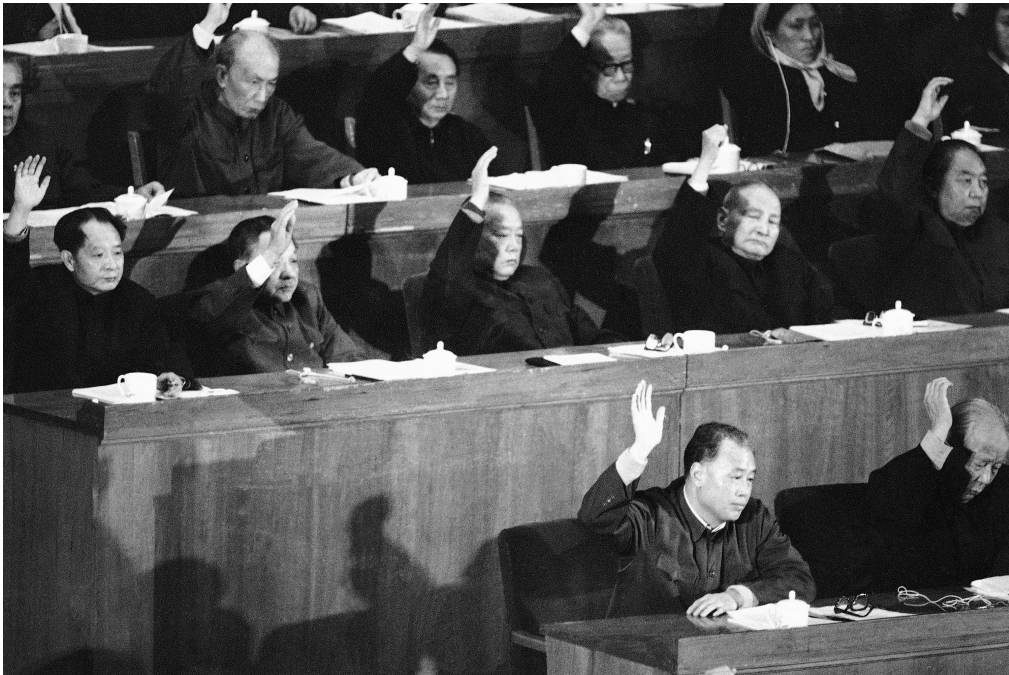


Figure 3: Chinese leaders vote “Yes” to the economic report made by Premier Zhao Ziyang, lower left, at the National People’s Congress in Beijing, 1981. In the second row, left to right, are Hu Yaobang, Deng Xiaoping, Li Xiannian, Chen Yun, and Hua Guofeng (AP Photo/LHS).



Figure 4: Xue Muqiao (center), Ma Hong (third from left), and other senior economists at Zhongnanhai, 1980 (photo courtesy of Xue Xiaohe).



Figure 5: Zhao Ziyang (left) speaks with Deng Xiaoping, 1982 (EFE/File).



Figure 6: Deng Xiaoping (left) speaks with Chen Yun, Chen Haosu, and Hu Yaobang, 20 December 1982 (Zhu Jiamu/*Research on Contemporary Chinese History*).



Figure 7: Zhao Ziyang (front row, center) with the System Reform Commission, 11 January 1986 (中国改革信息库/ReformData.org).



Figure 8: Deng Xiaoping, Zhao Ziyang, Li Xiannian, and Hu Yaobang (front row, left to right) at the Thirteenth Party Congress, 1987 (中国共产党新闻网/CPCNews.cn)



Figure 9: Zhao Ziyang (right) speaks with Deng Xiaoping at the Thirteenth Party Congress, 1987 (Forrest Anderson/The LIFE Images Collection/Getty Images).



Figure 10: Zhao Ziyang (right) meets the press after the conclusion of the Thirteenth Party Congress, 1987 (Jamie FlorCruz/CNN).



Figure 11: Zhao Ziyang (left) meets with Jiang Zemin in an undated photograph (*Epoch Times*).



Figure 12: Milton Friedman (left) meets with Zhao Ziyang, 19 September 1988 (Hoover Institution Archives, Stanford University)



Figure 13: Zhao Ziyang, Deng Xiaoping, and Li Peng (left to right) attend Hu Yaobang's funeral, 22 April 1989 (Jia Guorong/Xinhua News Service).



Figure 14: Li Peng (left) and Zhao Ziyang (center) visit hunger-striking students, May 1989 (人民日报 *People's Daily*).



Figure 15: Zhao Ziyang (center) speaks to students in Tiananmen Square, with General Office Director Wen Jiabao (third from right), 19 May 1989 (AFP/Getty Images).

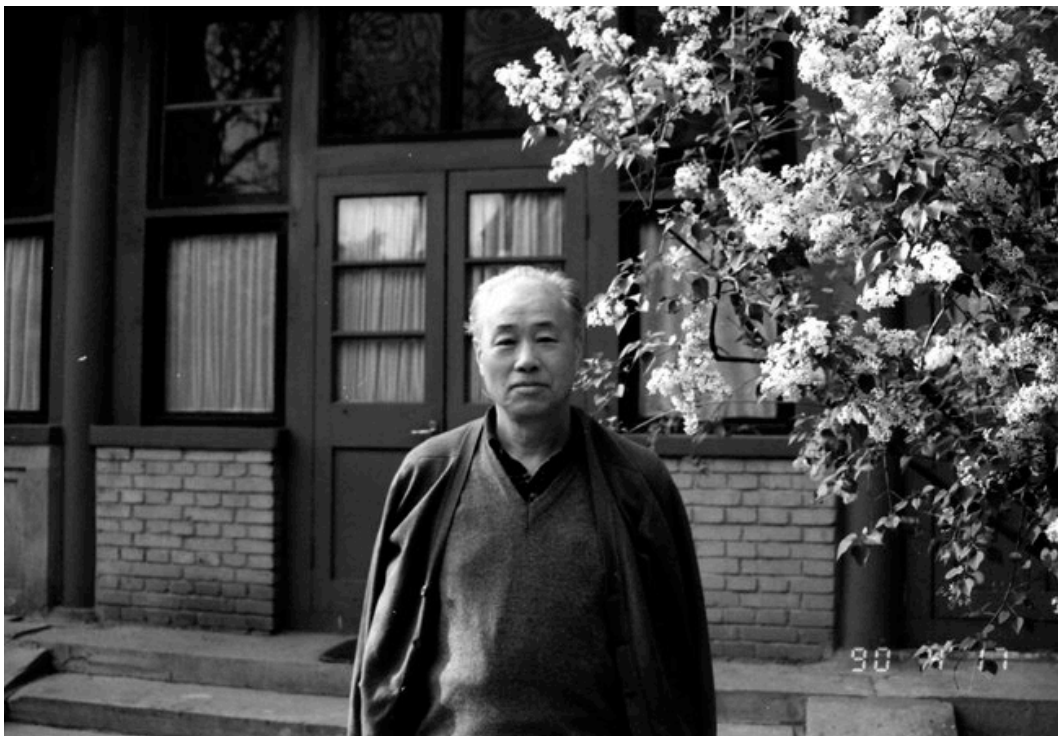


Figure 16: Zhao Ziyang in the garden of his home in central Beijing where he lived under house arrest, 17 April 1990 (Reuters).

CHAPTER III
BRINGING THE “NEW TECHNOLOGICAL REVOLUTION” TO CHINA:
ZHAO ZIYANG, ALVIN TOFFLER, AND THE CREATION OF THE 863 PROGRAM

This chapter offers a detailed case study of a major policy initiative of the 1980s that illustrates two central themes of this dissertation: (1) the distinctiveness of Zhao Ziyang’s policy vision, and (2) the importance of reassessing critical episodes in the political history of China in the 1980s that in conventional accounts have too often exaggerated Deng Xiaoping’s role. Specifically, this chapter focuses on Zhao Ziyang’s interest in futurist ideas and policies to respond to a “Third Wave” or “New Technological Revolution.” This came about as a result of his and his advisers’ engagement with the ideas of Alvin Toffler and other futurists. Drawing on previously unstudied archival materials in Toffler’s personal papers, this chapter describes his interactions with China in the early 1980s. Then, using Chinese sources including the *Collected Works of Zhao Ziyang* and an unpublished internal chronicle of the State Council’s Development Reform Commission and its predecessor organizations, this chapter demonstrates how Zhao and other senior Chinese officials received and interpreted Toffler’s ideas. It argues that Zhao, his intellectual networks, and top policy makers, particularly the senior official Ma Hong, deployed these ideas about a global New Technological Revolution to advocate for a distinctive set of major and far-reaching policies blending S&T and economic development. Finally, this chapter shows that Zhao’s policy vision provided the crucial context for the creation of the 863 Program, which has been called “China’s premier industrial R&D program.”¹ In explicating Zhao’s role, this account greatly revises the often-repeated Deng-centered

¹ Evan A. Feigenbaum, *China’s Techno-Warriors: National Security and Strategic Competition from the Nuclear to the Information Age* (Stanford, CA: Stanford University Press, 2003), 142.

story of the 863 Program's origins that erases Zhao from the record or greatly minimizes his important role.

This chapter, coming at the dissertation's midpoint, steps out of the main narrative and offers a focused and thematic narrative that illustrates these important dynamics during the years from 1981 to 1986. To do so, it provides a unified case study spanning from the first notable Chinese encounter with *The Third Wave* (1980)—the translator Dong Leshan's visit to the United States in the spring of 1981—through the development of Zhao's policy agenda to respond to the "New Technological Revolution," and to the creation of the crucial 863 Program in 1986.

This chapter makes several new claims about Chinese policy making in the 1980s. First, more than has previously been understood, "Third Wave fever" and other related trends were far more than intellectual fads; they directly impacted the evolution of China's strategies for economic development and agenda for S&T policy, including, most prominently, the 863 Program. Previous studies of Chinese politics and intellectual debates in the reform era have occasionally taken note of the extraordinary level of interest in Toffler's ideas. Lucian Pye, writing contemporaneously in 1986, presented Chinese interest in Toffler as helping to motivate China's then-nascent efforts to "gain the most advanced technologies and move to the forefront of electronics and biotechnology," noting that the individuals in China with the greatest interest in Toffler's ideas were often "considered to be the most pragmatic."² Carol Lee Hamrin concurred with this assessment while situating Chinese interest in Toffler in the context of the Campaign to Eliminate Spiritual Pollution, writing that the Campaign was "overcome by [Chinese] leaders and intellectuals committed to bringing China into the

² Lucian W. Pye, "On Chinese Pragmatism in the 1980s," *China Quarterly*, no. 106 (June 1986): 227.

twentieth century before it became the twenty-first.”³ However, Merle Goldman dismissed the interest in Toffler and futurism, writing of Chinese intellectuals: “They indiscriminately latched on to the newest Western intellectual fads, such as post-modernism and symbiotics, South American literature and the Tofflers’ concept of the ‘third wave.’”⁴ This dismissal of Chinese interest in Toffler as faddish, “indiscriminate,” and inconsequential was the dominant tone in other scholarly writing that mentioned this trend.⁵ Yet as we shall see, while Toffler certainly became a vogue among Chinese intellectuals and officials, his ideas also shaped substantive policies and the views of some of China’s most senior leaders, and thus his influence must be taken seriously. With this argument in mind, this chapter depicts an arc of reception, interpretation, and policy development. This perspective enables a new understanding of the development of policies to respond to what Zhao called the “New Technological Revolution.” This chapter argues that these important and little-understood visions of a future defined by new technology were informed directly by Toffler’s ideas and shaped Zhao’s policy vision throughout the 1980s.

Second, building on that argument, this chapter seeks to reframe scholarly assessments of the 863 Program and thus the broader development of China’s S&T policy. The 863 Program is conventionally described as Deng Xiaoping’s brainchild: the result of his “strategic vision and resolution,” in the words of one official CCP account.⁶ However, its evolution was profoundly shaped by Zhao and his networks and is thus inextricable from Zhao’s broader ideas and policies about technological change

³ Carol Lee Hamrin, *China and the Challenge of the Future: Changing Political Patterns* (Boulder, CO: Westview Press, 1990), 75–80.

⁴ Merle Goldman, “Politically-Engaged Intellectuals in the Deng-Jiang Era: A Changing Relationship with the Party-State,” *China Quarterly*, no. 145 (March 1996): 36.

⁵ See, for example, Baum, *Burying Mao*, 166. For a brief treatment of Zhao’s interest in Toffler that calls the New Technological Revolution a “well chosen” concept, see Fewsmith, *Dilemmas of Reform in China*, 127.

⁶ “National High-tech R&D Program (863 Program),” 5 March 2016, Consulate General of the PRC in New York, available at <<http://newyork.china-consulate.org/eng/kjsw/std/t1345403.htm>>.

and economic development. Writing on this dynamic, Jiabo Lu argued that Zhao's interpretation of Toffler's ideas should be seen as primarily motivated by a desire to determine "how China's economy could survive and thrive with the coming information revolution and knowledge economy."⁷ Embedded in the wider context of Zhao's evolving vision for China's economy, which is the primary subject of this dissertation, this chapter shows how the 863 Program—frequently seen as a military research and development program that prioritized dual-use (e.g., military and civilian) research—must also be understood as a broad and far-reaching initiative that sought to deploy new S&T as a foundation of long-term economic development.

Third, this chapter seeks to demonstrate the historiographic value of studying conceptions of the future and technological change in the Cold War era.⁸ Beyond the primary China-centered focus of this dissertation as a whole, this chapter fits into a small but growing literature addressing what David C. Engerman has called "histories of the future," and especially "the politics of the future—how visions of the future both reveal and shape the exercise of power."⁹ This scholarship points toward a significant opportunity to examine how the future became what Jenny Andersson, in a recent special Forum in the *American Historical Review* dedicated to this subject, called "a category of action" in countries and contexts where it has gone understudied.

Andersson acknowledged that "language competency has unfortunately been a barrier" in gaining new perspectives on "histories of the future" not seen through "the eyes of European and American intellectuals," citing China as one of several regions

⁷ Jiabo Liu, "Inaugurating China's information age: Zhao Ziyang's visionary role in China's information revolution," in Wu and Lansdowne, *Zhao Ziyang and China's Political Future*, 68–69.

⁸ Jenny Andersson, "The Great Future Debate and the Struggle for the World," *American Historical Review* 117, no. 5 (2012): 1414. In his essay on "the Communist future," S.A. Smith has examined the Chinese and Russian Revolutions and their orientation toward the futures; see S.A. Smith, "Imagining the Communist Future: the Soviet and Chinese Cases Compared," Paul Corner and Jie Hyun-Lim, eds., *The Palgrave Handbook on Mass Dictatorship* (London: Palgrave Macmillan, 2016), 9–21.

⁹ David C. Engerman, "Introduction: Histories of the Future and the Futures of History," *American Historical Review* 117, no. 5 (2012): 1402–1410.

particularly in need of additional scholarship.¹⁰ This chapter hopes to take a first step toward overcoming this “barrier” in the Chinese case by reassessing China’s future as seen through the eyes of Zhao Ziyang and other senior Chinese officials in the reform era. In doing so, it attempts to reconstruct Zhao’s large-scale, actionable vision of the future and to assess its implications.

BRINGING TOFFLER TO CHINA, 1981–1983

The introduction of Toffler’s ideas into Chinese debates occurred in a context in which a wide range of scholars and officials were actively engaged in learning from the outside world throughout the early part of the 1980s, as noted in the previous chapter. These interactions were highly substantive and arose from a desire on the part of Chinese thinkers and policy makers to make up for decades of relative intellectual isolation under Mao and determine whether ideas from other countries could be of service to China’s development. In doing so, they responded to strong encouragement from Deng Xiaoping, Hu Yaobang, and Zhao Ziyang.¹¹ Zhao’s networks, as we have seen, were particularly focused on economic policy making; accordingly, their interactions with foreign experts centered on economic matters.

However, beyond Zhao’s immediate intellectual networks that this dissertation has examined, a wide range of Chinese intellectuals were also searching the world for new ideas and creating their own networks within China to organize their efforts and foster collaboration.¹² Yet it is equally important to note that many of these semiofficial

¹⁰ Andersson, 1414, 1429–1430.

¹¹ See Gewirtz, *Unlikely Partners*.

¹² Edward X. Gu, “Cultural Intellectuals and the Politics of the Cultural Public Space in Communist China (1979-1989): A Case Study of Three Intellectual Groups,” *Journal of Asian Studies* 58, no. 2 (May 1999), 393. Gu has shown that outside of “the establishment,” intellectuals were able to “create public spaces for nonofficial intellectual activities” even as they maintained relationships with “establishment” organizations, drawing members and even leaders from those institutions—perhaps an inevitable result of an “institutional setting” that those “establishment” players dominated.

or unofficial intellectual activities were not necessarily primarily focused on influencing policy, but rather simply to engage imaginatively with foreign ideas that might prove useful or stimulating. The Chinese Society for Futures Studies (中国未来研究会) was one such organization. It was founded in Beijing on 16 January 1979, with a broad mission. “Under the direction of Marxism, it has been created to research the future of China and the world.”¹³ The Chinese Society for Futures Studies (CSFS) described its projects with the ambition characteristic of much futurology: “to serve the long-term planning and the modernization construction of the country, and to serve the progress of mankind.” Drawing from the State Science and Technology Commission, the Chinese Academy of Sciences (CAS), CASS, and numerous universities, CSFS included prominent engineers, physicists, economists, and officials.¹⁴ As China under Deng Xiaoping set out to “cross the river by feeling for the stones,” the longstanding Marxist understanding of the future as oriented toward the rapid achievement of full communism began to be questioned even in official discourse.¹⁵ Thus the study of alternative futures had become a matter of great interest to many Chinese intellectuals.

Amid this rising attention to futurology and translations of foreign texts into Chinese, the scholar and translator Dong Leshan (董乐山) traveled abroad in the spring of 1981. He recalled, “Everyone I met and with whom I discussed American intellectual trends talked about the book *The Third Wave*.” He even managed briefly to meet Toffler in person.¹⁶ Indeed, Alvin Toffler’s *The Third Wave*, which had published the previously year, remained on best-seller lists and frequently cropped up in media

¹³ “Introduction,” in Alvin Toffler 阿尔温·托夫勒, 第三次浪潮 [*The Third Wave*], trans. 朱志焱 Zhu Zhiyan, et al. (Beijing: Sanlian chubanshe, 1983), 1.

¹⁴ Eleonora Masini, J. Dator, S. Rodgers, eds., *Futures of Development: Selections from the Tenth World Conference of the World Futures Studies Federation (WFSF), Beijing, People's Republic of China, 3-8 Sept. 1988*, (Paris: Future-oriented Studies Programme, 1991), 491.

¹⁵ Hamrin, 1–2, 31–38.

¹⁶ Dong Leshan 董乐山, “托夫勒的‘三次浪潮’”论 [On Toffler’s “Third Wave”], 读书 [*Dushu*], no. 11 (1981): 146.

coverage of topics such as a “Rising Trend of [the] Computer Age: Employees Who Work at Home,” as the *New York Times* trumpeted on 12 March 1981.¹⁷ Popular interest in the dramatic changes that the future might bring had risen rapidly in Western countries in the 1970s, thanks to prominent publications such as Toffler’s *Future Shock* (1970), the Club of Rome’s report *The Limits to Growth* (1972), and Daniel Bell’s *The Coming of Post-Industrial Society* (1973).¹⁸ These books were at once descriptive and predictive; they described the economic and social changes wrought by technological change and predicted which structural and personal consequences were likely to be most enduring. In 1980, working closely with his wife and longtime collaborator Heidi, Alvin Toffler followed on the success of *Future Shock*—which had more than five million copies in print and was adapted into a documentary narrated by Orson Welles¹⁹—with *The Third Wave*, which would become his most popular work in China.

In *The Third Wave*, Toffler sketched a unified theory of the past, the present, and the future as three evolving “waves” of change. The “First Wave” had arrived as humans settled into agricultural society. (Many developing countries, he noted, remained in this “First Wave” state—including China, which he called “the world’s biggest First Wave nation.”)²⁰ The “Second Wave” of change came with the Industrial Revolution, with changing economic structures and social mores that created or gave new prominence to institutions such as the high school and university, mass media, and large corporations.²¹

¹⁷ Andrew Pollack, “Rising Trend of Computer Age,” *New York Times*, 12 March 1981.

¹⁸ Alvin Toffler, *Future Shock* (New York: Random House, 1970); Donella H. Meadows, et al., *The Limits to Growth: A Report for the Club of Rome’s Project on the Predicament of Mankind* (New York: Universe Books, 1972); Daniel Bell, *The Coming of Post-industrial Society: A Venture in Social Forecasting* (New York: Basic Books, 1973). As Susan Greenhalgh has shown, the predictions of the Club of Rome report were influential on Chinese population planning. See Susan Greenhalgh, *Just One Child: Science and Policy in Deng’s China* (Berkeley, CA: University of California Press, 2008).

¹⁹ See *Future Shock*, directed by Alex Grasshoff, released 22 February 1972, 43 minutes.

²⁰ Alvin Toffler, *The Third Wave* (New York: William Morrow, 1980; New York: Bantam, 1981), 10, 64.

²¹ Toffler, *The Third Wave*, 13–14

However, Toffler argued that all of these institutions would change in the face of the “Third Wave.” His predictions about this new era centered on the impact of scientific discoveries and technological breakthroughs, as well as innovative applications and adaptations. This transformation was already underway, he wrote, and “will sweep across history and complete itself in a few decades.” The “Third Wave” would inaugurate an “emerging civilization” that would be “based on diversified, renewable energy sources; on methods of production that make most factory assembly lines obsolete; [and] on new, non-nuclear families,” among others. It would require advanced “Second Wave” nations to reconsider the fundamentals of their systems, even “that most fundamental of our institutions: the market” and new “root principles” for “twenty-first century democracy.”²² In the dramatic, television-ready language that helped make him an international celebrity, Toffler urged his readers to begin to “invent scores of innovative strategies” to address “the emergent future”—in other words, to prepare for the technological and social changes that he predicted.²³

Considering *The Third Wave* from the perspective of a Chinese reformer in early 1981—the moment at which Dong Leshan encountered it on his trip to the United States—a mixed picture emerges. Some of the book’s ideas seem to be readily compatible with the Dengist agenda of “reform and opening,” “seeking truth from facts,” and the Four Modernizations. Toffler wrote, “Old ways of thinking, old formulas, dogmas, and ideologies, no matter how cherished or useful in the past, no longer fit the facts,” which was a statement of the type that was frequently appearing in the official Chinese press around this time. Other statements, however, were clearly problematic, especially Toffler’s proud admission that he had been a Marxist as a teenager but had renounced the ideology. “When I was a Marxist,” he wrote, “I, like

²² Ibid., 10, 275, 419.

²³ Ibid., 336.

many young people, thought I had all the answers. I soon learned that my ‘answers’ were partial, one-sided, and obsolete.”²⁴ Toffler became a critic of Marxism, and indeed his book offered an alternative vision of the progression of history that—as Chinese conservatives would soon angrily observe—blatantly disregarded Marx’s dialectical materialism and the orthodox understanding of historical development.

Yet these elements of *The Third Wave*, ideologically anathema though they may have been, did not detract from Dong Leshan’s enthusiasm for bringing Toffler’s ideas to China. Dong was well connected and quickly published a summary of *The Third Wave* in the leading magazine *Dushu* in late 1981. Dong Leshan’s précis, appearing only a year after the book’s U.S. publication, marked the first significant introduction of Toffler’s ideas to China. Dong’s treatment, published in two parts in successive issues of the magazine, explained the major elements of the book’s framework. The initial installment focused especially on Toffler’s analysis of “second wave” of the Industrial Revolution, and the following installment highlighted a range of “third wave” changes. He added, “We may not completely agree with Toffler’s theories, but it is important to understand his predictions about the development of the productive forces and the future of society.”²⁵ Plans were also made to translate the entire book for publication by the liberal Joint (Sanlian) Publishing House.²⁶

This introduction to Toffler’s “theories” and “predictions” remained limited to the elite audience of Chinese intellectuals who were interested in foreign ideas, but the leaders of CSFS were keenly interested in what they read. Dong Lehsan initially served

²⁴ Ibid., 2, 6.

²⁵ Dong Leshan, “On Toffler’s ‘Third Wave,’” 146. The précis continues, under the same title, in 读书 [*Dushu*], no. 12. See Wang Yan 王焱, “阿尔文·托夫勒：第一次浪潮” [Alvin Toffler: The First Wave], *Financial Times (Chinese)*, 30 Dec. 2008, available at <www.ftchinese.com/story/001023927?full=y>.

²⁶ Sanlian Publishing House occasionally ran into trouble when the political headwinds shifted against its liberal orientation. Gu recounts the banning of some of its texts and even reports that one of its editors committed suicide as a result of one such “political event” (Gu, “Cultural Intellectuals and the Politics of the Cultural Public Space in Communist China,” 399).

as their intermediary, informing a delighted Toffler of the précis that had appeared in *Dushu* and of Chinese intellectuals' curiosity about his ideas. In the spring of 1982, several months after Dong's translation appeared, CSFS formally invited Toffler to visit Beijing and Shanghai to deliver lectures. Toffler had long harbored a desire to visit the world's most populous country, as he acknowledged in a letter to his friend Paul Raffaele, a journalist based in Hong Kong, on 14 May 1982: "As you know, we have been waiting for this." Toffler asked for Raffaele's help with making "top political contacts."²⁷ Writing to Dong on the same day, Toffler outlined his broad goals for the trip. He requested "a program of meetings and interviews with your leading political figures and with persons responsible for long-term planning in fields such as the economy, technology, and international relations and related matters. Naturally, we would also wish to meet social and political scientists." Toffler—who normally commanded a hefty speaking fee for international engagements—was indeed so eager to visit China that he also informed Dong that he was willing to pay personally for the cost of the trip.²⁸

To prepare for what would be his first sojourn in China, Toffler met with several Chinese visitors to New York and read books on the country, including Simon Leys' *Chinese Shadows*.²⁹ Writing to Hu Zhengqing, a Chinese scholar based at Princeton University's Woodrow Wilson School of Public and International Affairs, Toffler outlined his hopes about the potential relevance of his ideas to China. "If my theories prove correct, they will also raise fresh questions about economic organization and development in China and other primarily agricultural societies. They must, in addition, force a reexamination of international relations and military doctrine," he

²⁷ Letter to Paul Raffaele, 14 May 1982, Box 20, May 1982 Folder, Papers of Alvin and Heidi Toffler, Columbia University Rare Books & Manuscripts (cited hereafter as Toffler Papers).

²⁸ Letter to Leshan Dong, 14 May 1982, Box 20, May 1982 Folder, Toffler Papers.

²⁹ Letter to Paul Raffaele, 28 July 1982, Box 20, July 1982 Folder, Toffler Papers. See also Letter to Mrs. Ruan, Consulate General of the PRC, 1 December 1982, Box 20, December 1982 Folder, Toffler Papers.

wrote, underscoring, “The implications of THE THIRD WAVE for China are politically significant.”³⁰ Toffler was planning a major play for influence in a country he had been “waiting” to visit.

Despite this enthusiasm, Toffler’s schedule of speaking engagements meant that he did not formally confirm his plans until just over a month prior to his departure. On 19 November 1982, he described his vision for the trip in a lengthy letter to CSFS: lecturing to his hosts at CSFS, meeting with CASS, CSFS, and other organizations, as well as with “those responsible for the publication of THE THIRD WAVE” at the Joint (Sanlian) Publishing House. He also specifically requested meetings with a list of senior officials including Hu Qiaomu, Yao Yilin, Xue Muqiao, Minister of S&T Fang Yi (方毅), Minister of Communications Li Qing (李清), Chief of the General Staff of the People’s Liberation Army Yang Dezhi (杨得志), and others—an extremely ambitious list even for a prominent foreign writer.³¹ In a follow-up letter, Toffler also requested the opportunity to lecture to students in both Beijing and Shanghai and added one more name, Minister of Radio and Television Wu Lengxi (吴冷西), to the extensive list of meeting requests that he had previously sent.³² Toffler clearly hoped to personally make the case for his predictions about the future to many of the high-level officials who would be best positioned to turn those ideas into policies.

Alvin Toffler departed New York on 29 December 1982, traveling to Beijing via Hong Kong; his wife Heidi flew separately, stopping in Paris en route. On their first evening in Beijing, the couple was welcomed with a lavish banquet. Heidi Toffler recalled that she sat next to Minister of Communications Li Qing—one of many

³⁰ Letter to Hu Zhengqing, 22 June 1982, Box 20, June 1982 Folder, Toffler Papers.

³¹ Letter to Du Dagong [Dagong], 19 November 1982, Box 30, Correspondence–Foreign–1982–II, Toffler Papers.

³² Letter to Du Dagong [Dagong], 10 December 1982, Box 30, Correspondence–Foreign–1982–II, Toffler Papers.

individuals whom the Tofflers had requested the opportunity to meet—and informed him about the implications of “Third Wave” transformations in the communications sector and beyond.³³ On 2 January 1983, Alvin Toffler delivered a speech at CASS. Interest was high, but the conservative ideological official Hu Qiaomu reportedly sought to prevent too large a group from attending the lecture because he felt that Toffler was dismissive of socialism.³⁴

While many of the meetings that Toffler requested did not occur, the Tofflers were received by Minister of Radio and Television Wu Lengxi, CASS Vice President Huan Xiang (宦乡), and Zhou Peiyuan (周培源), the Vice Chairman of the Chinese People’s Political Consultative Conference who also served as chairman of the China Association for S&T.³⁵ The Tofflers also visited a genetics-engineering laboratory at the North China Computing Institute and the first fiber-optics plant in China, among other locations. He recalled that his Chinese interlocutors consistently asked questions with similar preoccupations: “Do we have to go through the traditional industrial revolution in order to feed our people? . . . Or are there other alternatives [for] development, and other alternatives for culture as well?”³⁶ These questions revealed wide-ranging interest in new ideas from abroad that might be useful to the intellectuals and officials who were tasked with reimagining China’s future.

³³ Letter to Mr. Lennart Oldenburg, 28 December 1982, Box 30, Correspondence–Foreign–1982–I, Toffler Papers; Alvin Toffler and Heidi Toffler, “Creating a New Civilization: The Politics of the Third Wave,” C-SPAN Booknotes, 16 April 1995.

³⁴ Baum, 166; Hamrin, 77.

³⁵ Miao Qihao 缪其浩, “托夫勒助上海推《第三次浪潮》” [Toffler Visits Shanghai to Promote *The Third Wave*], 29 November 2016, <<http://www.china-sorsa.org/n195/n203/n214/n227/u1ai11098.html>>. Zhang Weiwei claims that Toffler met with both Zhao Ziyang and Hu Yaobang on this Winter 1982–1983 trip (see Wei-wei Zhang, *Ideology and Economic Reform under Deng Xiaoping* [Abingdon, Oxon.: Routledge, 1996], 91–94), but there is no reliable primary source evidence to support this claim. Zhao would indeed champion Toffler’s ideas shortly after the trip, and Toffler and Zhao would hold a meeting in Beijing in 1988, but the usual venues that recorded the premier’s meetings with foreign visitors (such as the *People’s Daily* and Xinhua News Service) make no mention of such a meeting on the 1982–1983 trip, nor is there any record of it in the Toffler Papers.

³⁶ Transcript of “Creating Alternative Futures,” television interview, Box 23, June 1984 Folder, Toffler Papers.

The Tofflers next traveled south to Shanghai. They met with Wang Daohan (汪道涵), the mayor of Shanghai, as well as a group of city officials and senior researchers. A photograph from this meeting showed the couple in a chilly room, bundled up in heavy winter coats, with Alvin Toffler sipping hot tea as Heidi Toffler gestured animatedly to the listening Chinese participants, all clad in Mao jackets. On the table rested an English-language version of *The Third Wave*. The Tofflers also presented these researchers with a newly released documentary film based on *The Third Wave*.³⁷ Departing China shortly thereafter, Toffler felt the visit had been a great success for his objective of spreading his ideas in the world's most populous country. On 28 January 1983, he wrote cheerfully to a friend, "Heidi and I are back from China filled with fresh observations, insights, and Asian flu bugs."³⁸ Yet the Tofflers' engagement with China was just beginning.

RESPONDING TO THE "NEW TECHNOLOGICAL REVOLUTION," 1983

In March 1983, just two months after the Tofflers' visit, a thick translated volume appeared in Beijing, with undulating shapes in green, peach, and yellow adorning the cover: the Chinese-language edition of *The Third Wave*.³⁹ Zhu Zhiyan (朱志焱), the lead translator, had collaborated with economists, theoreticians, engineers, philosophers, and others.⁴⁰ Like many translated works from abroad in this period, the book was marked for "internal" (内部) circulation only. Its table of contents gave some indication of the reason why: alongside the distinctly non-Marxist theory of history's

³⁷ Although a Chinese participant recalled that the Tofflers gave them permission to reproduce the film for a Chinese audience, the Tofflers later complained, "They have no concept of intellectual property." It allegedly played at a total of 176 theaters to as many as 230,000 viewers in Shanghai, and soon spread nationally. See Toffler and Toffler, "Creating a New Civilization" and Miao, "Toffler Visits Shanghai."

³⁸ Letter to Mr. & Mrs. Phil Album, 28 January 1983, Box 20, January 1983 Folder, Toffler Papers.

³⁹ Alvin Toffler 阿尔温·托夫勒, 第三次浪潮 [*The Third Wave*], trans. 朱志焱 Zhu Zhiyan, et al. (Beijing: Sanlian chubanshe, 1983).

⁴⁰ *Ibid.*, 571.

three waves, Toffler's chapter on "Twenty-First Century Democracy" had been retained, as well as numerous other subjects that did not align with official orthodoxy at a time when even the concept of a "planned commodity economy" remained verboten. Zhu and his team had eliminated what they thought might be the most offensive material: many of the critical references to Marx that appeared throughout the English-language version were cut, as were the sections on "The Invisible Economy" and some material on the concept of the "prosumer," a prominent feature of Toffler's predicted economy in which the distinction between producers and consumers blurred. The publisher seemed not to be expecting widespread interest; reflecting its "internal" circulation, only 3,000 copies of this first Chinese edition were printed.⁴¹

The book circulated swiftly among China's political and intellectual elites. Several journals published summaries of *The Third Wave*, drawing on the Chinese translation, and interest in Toffler continued to develop following his visit.⁴² On 4 August 1983, Zhao Ziyang approved a research outline for a project on "China in the Year 2000," reflecting Deng's goals for quadrupling output by that year, and shortly thereafter CSFS held a symposium on "China in the Year 2000" at Huang Shan, in Anhui Province, where Toffler's ideas were prominently discussed.⁴³ This project involved the State Council Technological and Economic Research Center and other elements of Zhao's intellectual network.⁴⁴ This initiative facilitated the dissemination not only of CSFS's work but also of the translated edition of *The Third Wave*, which

⁴¹ Ibid.; Wang Yan, "Alvin Toffler: The First Wave."

⁴² See, for example, Yao Cong 姚琮, "托夫勒的三次浪潮理论" [Toffler's Three Waves Theory], 世界知识 [World Knowledge], June 1983: 24–26.

⁴³ 国务院发展研究中心大事记 (1980–2011) 征求意见稿 [Record of the State Council Development Research Center, 1980–2011, Draft for Comments] (Beijing: Guowuyuan fazhan yanjiu zhongxin dashiji bianweihui, 3 September 2013) (cited hereafter as DRC Record), 34–35. Internal document provided by a source who requested not to be identified. See also: Letter from Jan Berris, 19 January 1984, Box 22, February 1984 Folder, Toffler Papers.

⁴⁴ Ma Hong 马洪, "为我国社会主义现代化建设献计献策" [Advice and Suggestions for China's Socialist Modernization Construction], 经济问题 [Economic Problems], no. 1 (1984): 5–6.

made its way into CCP offices, government ministries, and eventually to the State Council itself, where it soon came to Zhao Ziyang's attention.⁴⁵

Zhao had been grappling with the question of how to develop China's S&T capacities and prepare for the future for several years. On 14 October 1982, Deng Xiaoping had issued his call for China to "try to quadruple the gross annual value of industrial and agricultural output by the year 2000" and had emphasized the need to develop their capabilities: "There are no limits to the development of S&T or to the effect they can have" if China could "make proper use of the talents of the scientists and technicians throughout the country," Deng said. He stressed, "We are in a race against time."⁴⁶ The "China in the Year 2000" project was one element of the initial research underway to respond to Deng Xiaoping's sense of urgency as well as Hu Yaobang's guidance "to build up scientific and technological information about China's population, economic, food, natural resources, energy, transportation," and other key areas.⁴⁷ These initiatives necessarily would have to look far ahead—toward the goalpost of quadrupling output by 2000 and beyond—to conceptualize and implement an elevated role for S&T in China's future.

Despite these initial efforts, by the autumn of 1983, Zhao had not yet determined how to respond to this challenge. The futurist ideas circulating in elite circles that summer provided an unexpected answer, with their detailed and optimistic vision of a technological revolution, powered by scientific innovations, that would dramatically boost productivity while transforming society. One of Zhao's advisers, Huan Xiang (who had met with Toffler), submitted a report to Zhao on these trends, entitled "Some Issues Related to China's Foreign Economic and Trade Development Strategy," which captured Zhao's imagination. The report offered a clear exposition of

⁴⁵ ZZYWJ 2:197.

⁴⁶ SWDXP-3, 26–28; DXPNP 2:859–861.

⁴⁷ Ma Hong, "Advice and Suggestions," 5–6.

the three types of industry that Huan Xiang argued China needed to develop—labor-intensive, capital-intensive, and knowledge/technology-intensive—a schematic that corresponded, broadly speaking, to Toffler’s three waves.⁴⁸ China, CCP leaders often remarked, had missed out on the Industrial Revolution. At a moment when they were rethinking the most fundamental assumptions about their country’s socialist economy, here was a vision of the future in which China could take part—a wave of technological and economic change, which Zhao now believed he should bring to China.⁴⁹

On 9 October 1983, Zhao called a major State Council conference on the subject of the “New Technological Revolution” (新的技术革命). The conference gathered officials from coastal cities and provinces, State Council departments, and government work units with responsibility for S&T, including the Technological and Economic Research Center, the State S&T Commission, the SPC, and CASS.⁵⁰ Zhao delivered an opening speech that outlined his goals for the conference and offered a futurist vision for China’s technological development. The assembled officials had been gathered to discuss the global “new Industrial Revolution” brought about by emerging technologies. The goal of the meeting was “to research what we should learn from” and “what can help speed up China’s socialist modernization.” Citing Toffler’s *Third Wave* alongside other books and media reports, Zhao explained that the revolution underway was centered on important innovations such as electronic computers, genetic engineering, optical fiber, and laser technology, which can “cause the social productive forces to increase by leaps and bounds.”⁵¹ Zhao’s preferred term for this transformation was the “New Technological Revolution.” However, he continued:

⁴⁸ ZZYWJ 2:200.

⁴⁹ ZZYWJ 2:197.

⁵⁰ DRC Record, 14, 36.

⁵¹ ZZYWJ 2:197–198. Zhao’s speech was entitled 应当注意研究世界新技术革命和我们的对策 (We Must Pay Attention to Research on the Global New Technological Revolution and Our Responses).

Whether we call it the Fourth Industrial Revolution or call it the Third Wave, [these writers] all believe that Western countries in the 1950s and 1960s reached a high degree of industrialization and are now moving to an information society, or a knowledge or intelligence society . . . At the end of this century and the beginning of the next century, or within a few decades, there will be a new kind of situation in which breakthroughs in new technology that are happening now or will happen soon will be used for production and for society. This will bring a new leap in social productivity and thus a corresponding set of new changes in social life. This trend is worthy of our attention and must be carefully studied, based on our actual situation, in order to determine the next ten to twenty years of our long-range planning, especially regarding our economic strategy and technology policies . . . For us and for the future of the Four Modernizations, this is both an opportunity and a challenge.⁵²

Zhao's clearly believed that the stakes were high: Either China would take advantage of this New Technological Revolution to develop its economy and narrow its technological and economic gap with the rest of the world, or China would be left even farther behind.

While acknowledging that China must be "realistic" and "must not violate the laws of historical development," Zhao encouraged the assembled group to look for areas where it might be possible to skip "some of the stage of traditional industrial development" and move directly into "utilizing more advanced scientific and technological achievements." He stated specifically that these views had come from Toffler. "Toffler's *Third Wave* has a similar view. He believes that today's Third World countries may not have fully experienced the 'Second Wave' of development, but that they can take an entirely new route to achieve a 'Third Wave' civilization. This view is worthy of our attention." The challenge for the gathered officials was thus to determine whether China could "directly adopt the results of the New Technological Revolution," perhaps through rapidly developing "knowledge-intensive industries" in the coastal

⁵² ZZYWJ 2:198.

regions invited to the meeting, which included Shanghai, Tianjin, Jiangsu, and Guangzhou.⁵³

Zhao concluded his comments by establishing two high-level groups to conduct additional research and to facilitate collaboration. One group would be based at the State Council and would be led by Ma Hong, the president of CASS and a senior official serving under Zhao at the State Council, with additional leadership from mid-level officials including one Zhu Rongji (朱镕基, who would later become China's premier) and drawing on a broad range of experts. The second group would be based in the city of Shanghai, led by Wang Daohan, the mayor who had met with Toffler earlier that year. These two groups would seek to provide policy solutions addressing “the global New Technological Revolution and China's modernization.”⁵⁴ Zhao had identified an urgent priority and tasked some of his most capable and trusted officials to develop a response. The significance was clear; one former official stated decades later that this moment on 9 October 1983 “inaugurated China's information age.”⁵⁵

Given the great importance that the premier had attached to this work, Ma Hong wasted no time in organizing his research group. On 21 October, he delivered a speech at the State Council following up on Zhao's instructions. Although he acknowledged that his own views on the matter were still “very immature,” Ma emphasized, “Comrade Zhao Ziyang attaches great importance to the issue” of “the economic and social changes in post-industrial capitalist countries,” which were being discussed by “economists, sociologists, and futurists in the capitalist world,” including the concept of “the Third Wave.” Ma committed that his group would “seriously devote ourselves to this research” and to developing “economic strategy and technology policy” that would

⁵³ ZZYWJ 2:199-200.

⁵⁴ ZZYWJ 2:204. See also DRC Record, 14. Although Zhao encouraged the groups to find their own direction, he stated that he was particularly interested in the potential of “the applications of micro-computers” (ZZYWJ 2:201).

⁵⁵ Jiabo Liu, “Inaugurating China's information age,” 68–69.

respond to Zhao's "important instructions for researching and setting China's long-term development strategy."⁵⁶ Shortly thereafter, in early November, Ma Hong and the State Council Technological and Economic Research Center organized an internal conference designed to spread the message and mobilize research on the New Technological Revolution. Approximately 1,600 cadres, experts, and scientists—including the CASS vice president and economist Yu Guangyuan—attended this gathering, reflecting the importance attached to this new initiative. Given this high level of interest, following the meeting, the State Council Technological and Economic Research Center also held several additional seminars with Ma Hong, Zhu Rongji, and others and presented to a group of several dozen vice ministers on their research on 3 November 1983.⁵⁷

That same month, *Dushu* published a précis of John Naisbitt's *Megatrends* (大趋势), with a recommendation that it should be read by "the many readers who have requested a deeper understanding of foreign trends" after reading the magazine's précis of "Toffler's *Third Wave*."⁵⁸ *Megatrends* had been published in the United States in 1982, carrying a jacket blurb from Toffler that praised Naisbitt, a social forecaster and publisher of the quarterly *Trend Report*, as "one of the shrewdest observers of the changes sweeping America today." The book centered on ten "megatrends," which included the shift from "national economies" to a "global economy" and the devolution from "hierarchical structures" to "informal networks," but the book became perhaps

⁵⁶ Ma Hong, "Advice and Suggestions," 2, 4–5.

⁵⁷ Xiao Donglian 萧冬连, "1978–1984年中国经济体制改革思路的演进" [The Evolution of China's Economic System Reform, 1978–1984], 当代中国史研究 [Research on Contemporary Chinese History], vol. 11, no. 5 (September 2004): 69. Xiao Donglian gives a date of 3 November 1983, agreeing with CCP Central Organization Department 中国共产党中央组织部, 迎接新的技术革命—新技术革命知识讲座 [Welcoming the New Technological Revolution—Lectures on the New Technological Revolution] (Changsha: Hunan kexue jishu chubanshe, 1984). Some debate regarding the date of this briefing persists, however; Liu Hong gives a date of 5 November (Liu Hong, *The Eighties*, 135).

⁵⁸ Yao Cong 姚琮, "大趋势: 改变我们生活的十个新方向" [Megatrends: Ten New Directions Transforming Our Lives], 读书 [Dushu], no. 10 (1983): 97–110.

best known for the first “megatrend” that it identified: the Tofflerian shift from an “industrial society” to an “information society.” Citing developments including satellite communications, cable television, and computing companies such as Intel and Apple (then called Apple Computer), Naisbitt described the “information society” as “based on the creation and distribution of information”—that is, an economy in which “the strategic resource is information” (emphasis in the original) rather than capital. “The information society is an economic reality, not an intellectual abstraction,” he declared.⁵⁹ Naisbitt’s *Megatrends* contributed to China’s strong and growing public attention to what Zhao had labeled the New Technological Revolution.⁶⁰

Despite this potent interest, the broader political environment in late 1983 was not necessarily conducive to an open embrace of non-Marxist foreign thinkers. As discussed in the previous chapter, Deng Xiaoping had lent his backing to the Campaign to Eliminate Spiritual Pollution on 12 October, just three days after Zhao’s speech on the “New Technological Revolution” (though there is currently no evidence to suggest that Deng’s decision to do so was motivated by Zhao’s speech).⁶¹ Perhaps with these headwinds in mind, Ma Hong warned in his 21 October remarks that cadres who would be “considering some reference works by bourgeois scholars” such as *The Third Wave* should remain aware that that “fundamentally speaking, these views go against the basic principles of Marxism.” They contained important lessons, but Chinese officials studying them should also “pay great attention to avoiding capitalist spiritual

⁵⁹ John Naisbitt, *Megatrends: Ten New Directions Transforming Our Lives* (New York: Warner Books, 1982), 1–2, 15, 19.

⁶⁰ See, for example, Yao Cong 姚琮, “信息社会经济的特点和发展趋势——奈斯比特的《大趋势》一书介绍” [The Characteristics and Development Trend of the Information Society Economy—An Introduction to Naisbitt’s *Megatrends*], *世界经济* [*World Economy*], no. 2 (1984): 74–77, 16.

⁶¹ SWDXP-3, 50; DXPNP 2:939–940.

pollution.”⁶² Ma Hong remained cautious, but the research and policy agenda that Zhao had articulated on October 9 had begun to move forward.

CATCHING “THIRD WAVE FEVER,” 1984

With this intensive top-level support, terms like “New Technological Revolution,” “New Industrial Revolution” (新产业革命), and the “Third Wave” (第三次浪潮) spread throughout the country. As Zhao’s speech indicated, in the Chinese context, these terms were frequently used interchangeably. A fusillade of articles followed the premier’s endorsement of these concepts: in the *People’s Daily* alone, more than a dozen articles per month using the term “New Technological Revolution” appeared between January 1984 and October 1984.⁶³ Lower-level officials quickly produced examinations of this trend’s applications to their fields of responsibility and the need “to act in an integrated, resolute, and swift way to find solutions.”⁶⁴ An article in the *People’s Daily* on the “New Industrial Revolution” on 4 December 1983, called these developments “worthy of our careful study,” discussing Toffler’s ideas while also mentioning Daniel Bell’s concept of “post-industrial society” and Naisbitt’s *Megatrends*. Noting Toffler’s use of the concept of an “information revolution,” the article argued for the centrality of computers in emerging industries that “may be even more meaningful and impactful than the Industrial Revolution.” However, the author Lu Hengjun (陆亨俊) argued that capitalism remained in a state of crisis, with slowing growth and stagflation, and asserted that a more pessimistic future lay in wait for the capitalist world. This statement may have primarily aimed to protect the author from ideological criticism, but another implication was clear: drawing on this “information

⁶² Ma Hong, “Advice and Suggestions,” 4–5.

⁶³ CNKI Database Search for the term “新的技术革命,” conducted on 6 July 2017.

⁶⁴ Zhang Qiren 张启人, “抓住机会 迎接挑战” [Seize the Opportunity, Welcome the Challenge], *系统工程* [*Systems Engineering*], vol. 1, no. 2 (1983): 1–3.

revolution,” China could catch up to and potentially surpass the declining capitalist world.⁶⁵ A prominent article in *Dushu*, the journal that had first published Dong Leshan’s translated excerpts of *The Third Wave*, advanced a similar argument: “If we do not pay attention to the fact that the advanced countries have already started to transition in the direction of a technological revolution and continue on the old path trodden by these countries, then that will enlarge the gap between these countries and China,” wrote the author, Yang Mu (杨沐). “On the other hand, if we attach importance to this information and make corresponding adjustments in China’s technological development strategy, then we can greatly shorten the time that it will take for China’s economy to catch up with the world’s developed countries.”⁶⁶

Despite the ongoing Campaign to Eliminate Spiritual Pollution, Zhao moved to demonstrate his commitment to making continued progress on both the economic reforms and, specifically, China’s response to the New Technological Revolution. On 28 January 1984, Zhao—freshly returned from a state visit to the United States on which he had approved an extension of the U.S.-China Agreement on Cooperation in S&T and a new Accord on Industrial and Technological Cooperation between the two countries⁶⁷—toured a microelectronics exhibition in Shanghai, accompanied by the city’s mayor, Wang Daohan, who had met with Toffler in 1983. A news report made clear why Zhao was there: “Microelectronics are the basis of the ‘information society’

⁶⁵ Lu Hengjun 陆亨俊 “新产业革命”的背景 [The Background of the “New Industrial Revolution”], RMRB, 4 December 1983.

⁶⁶ Yang Mu 杨沐, “一个值得注意的信息 读西方关于新产业革命的几部著作” [Information Worthy of Our Attention: Reading Several Western Works on the “New Industrial Revolution”], 读书 [*Dushu*], no. 2 (1984): 15–20. This *Dushu* article noted, however, that these futurist ideas remained controversial in Western countries as well, even quoting a negative *New York Times* assessment of Toffler’s *Third Wave* that criticized the book as “in such a hurry to package his ideas in flashy conceptual wrappers.” (See Langdon Winner, “Postindustrial Man,” *New York Times Book Review*, 30 March 1980, BR1.)

⁶⁷ Remarks of the President and Premier Zhao Ziyang of China on Signing Two United States-China Agreements, 12 January 1984, available at <<https://www.reaganlibrary.archives.gov/archives/speeches/1984/11284a.htm>>.

and is an important measure of a country's level of modernization.”⁶⁸ Shortly thereafter, on 16 February, Deng Xiaoping visited this same exhibition on a tour of Shanghai, lending his personal support to this initiative. (On the same trip, at Baosteel, Deng wrote an inscription exhorting the giant state-owned enterprise to “master new technology—excel at learning and excel even more at innovation.”)⁶⁹ Both microelectronics tours were prominently covered in official media, reflecting the importance attached to Zhao's agenda regarding the New Technological Revolution. In this vein, other articles also highlighted the importance of the “information revolution,” citing the newfound prominence of Toffler and Naisbitt—with one publication even declaring that, in China, “Many people worship them as idols.”⁷⁰

This degree of idolatry caught the attention of CCP conservatives. Despite the cautious statements by Ma Hong and other senior officials, Toffler and *The Third Wave* soon received stinging criticism. On 14 February 1984, a central propaganda publication, *Propaganda Trends* (宣传动瑞), published a wide-ranging attack on Toffler's ideas and relevance for China. “Recently, in internal discussions as well as in open reporting, the argument has been made that as we face a ‘Third Wave’ we should pay even greater attention to the promotion and utilization of ‘sci-tech’ intellectuals,” the guidance stated. “The so-called Third Wave is not a scientific concept. To make use of it when setting forth the party's policies is inappropriate, and likely to create ideological confusion.”⁷¹ Furthermore, the propaganda guidance explained:

The concept Toffler created is not a purely scientific or technical one, but one used to express laws said to govern the development of society .

⁶⁸ Wang Zijin 王子瑾, “赵紫阳在上海参观微电子技术及其应用汇报展览” [Zhao Ziyang Visits the Exhibition of Microelectronics Technology and Its Applications in Shanghai], RMRB, 28 January 1984.

⁶⁹ Guo Lihua 郭礼华, “邓小平王震视察宝钢” [Deng Xiaoping, Wang Zhen Inspect Baosteel], RMRB, 17 February 1984; DXPNP 2:961.

⁷⁰ Ju Yan'an 居延安, “谈谈信息革命” [Discussing the Information Revolution], 新闻大学 [Journalism Bimonthly], no. 2 (1984): 21–24.

⁷¹ “关于‘第三次浪潮’提法的一点意见” [Alvin Toffler's “Third Wave”], 宣传动态 [Propaganda Trends] no. 6 (1984), translated in *Chinese Law & Government*, 24:4 (1991): 31–33.

. . . His book does have reference value, since many of the problems he points to are ones that were not previously encountered. But to use the “Third Wave” as a concept for demarcating stages in the historical development of society is obviously incorrect, because it neglects or even opposes the historical-materialist explanation of the laws that govern the development of society . . . We can see that this concept has been formulated in opposition to the theory of social revolution that describes the victory of socialism over capitalism, and the victory of the proletariat over the bourgeoisie. It is clearly meant to supersede this theory.⁷²

This denunciation of Toffler’s ideas was significant for several reasons. First, most fundamentally, it showed the remarkable seriousness with which the CCP viewed these ideas, for good or for ill. Second, it criticized on ideological grounds a specific concept that had been championed by China’s premier. Although the propagandists’ document attempted to limit its criticism of Zhao by excusing his October 9 speech as only using Toffler’s ideas for “reference value,” this justification was clearly superficial: the actual contents of the speech and policy makers’ immediate subsequent focus on the New Technological Revolution were clearly designed to influence policy outcomes, not just serve as “reference” information. Zhao clearly wanted to use the concept precisely in “setting forth the party’s policies,” which this critical document labeled as “inappropriate.” Third, the *Propaganda Trends* attack sought to dispute both the elevated role of S&T and, more essentially, the vision of the future implied in Chinese responses to Toffler’s work. For decades, the Chinese state had officially defined the future, in accordance with Marxism, as “the victory of socialism over capitalism, and the victory of the proletariat over the bourgeoisie.” With the new era of “reform and opening,” this understanding of the future seemed newly precarious. The extraordinary risk that conservatives saw in Toffler’s work was the introduction of a concept that might “supersede” the “theory of social revolution.” The battle over *The Third Wave*

⁷² Ibid.

was thus not only a battle over a foreign text or a set of technology policies—it was also, fundamentally, a fight over China’s future.

As a result, *The Third Wave* was temporarily banned.⁷³ Shortly thereafter, Ma Hong delivered a speech on social science at a meeting of provincial officials, in which he showed how potently this pressure had affected his public statements on the New Technological Revolution. Despite his prominent advocacy and his role in leading research on these concepts at the State Council, Ma’s remarks indicated a dramatic shift in stance that closely mirrored the instructions in *Propaganda Trends*. His remarks discussed the “currently popular so-called ‘Third Wave,’ which as comrades know was proposed by Alvin Toffler.” Ma Hong stated that the book’s analysis of “the great influence of S&T, especially the information technology revolution,” has “reference value.” However, Ma admitted, “In his view, society’s development is not related to production relations and the social system, and this is contrary to historical materialism.” After similarly criticizing Naisbitt, Ma returned to Toffler and stated, “This material does not support and even opposes Marxism.” Ma acknowledged that some officials thought these writings should be viewed as “heretical” or even were “bourgeois sugar-coated bullets.” He had been deeply troubled, he said, by a comment that he had heard from a graduate student at the Peking University Department of Economics. “Marxism is out of date,” the student had said, adding, “Toffler’s *Third Wave* is the most correct way of thinking.” Ma concluded that his speech by warning that social science researchers needed to be more careful in providing commentary and criticism of the foreign texts that they introduced; “otherwise, when we publish a book,

⁷³ Yang Jisheng 杨继绳, 邓小平时代：中国改革开放二十年纪实 [*Deng Xiaoping’s Era: A Record of China’s Twenty Years of Reform and Opening Up*] (Beijing: Zhongyang bianyi chubanshe, 1998), 1:238.

it's as if we're providing propaganda for that person.”⁷⁴ It was a striking shift by a prominent reformer who had praised Toffler's ideas just a few months earlier.

Despite these criticisms, Ma continued to work behind the scenes on the Toffler-influenced policy initiative that Zhao had assigned to him. On 23 February 1984, the SPC submitted a draft document to the CFELSG on the Seventh Five-Year Plan, which included a short section on the “New Technological Revolution and industrial revolution” and reiterated, “Comrade Ma Hong is leading this group, based on Comrade Zhao Ziyang's instruction to carry out this research.”⁷⁵ Ma Hong's State Council Technological and Economic Research Center continued to partner with the SPC, the State Economic Commission, the State S&T Commission, and CASS. On 13 March 1984, they delivered an initial report on their research to Zhao and the CFELSG. Their presentation focused on the relationship between traditional industries and emerging technologies. They discussed strategies for helping China to “jump” stages (i.e., move directly from a largely agricultural economy to a “Third Wave” economy without going through a lengthy process of industrialization). The research led by Zhu Rongji, which focused on the development of electronics, especially microelectronics, received particular attention.⁷⁶ Several days later, *Red Flag* magazine published an optimistic essay by Ma Hong on the New Technological Revolution, which Ma had drafted by the previous December but which had not been published until 16 March 1984.⁷⁷

This surge of activity was more than a coincidence; as discussed in the previous chapter, the Campaign to Eliminate Spiritual Pollution was diminishing at this time as a

⁷⁴ Ma Hong 马洪, “开创社会科学事业的新局面” [A New Situation in the Cause of Developing the Social Sciences], 江苏社联通讯 [*Jiangsu Federation Communication*], no. 7 (1984): 14–16. The exact date of this speech is not known.

⁷⁵ ZFLZQJ 1984, 25.

⁷⁶ DRC Record, 36; Liu Hong, *The Eighties*, 137.

⁷⁷ Miao Zuobin 苗作斌, “胡耀邦与《红旗》杂志” [Hu Yaobang and *Red Flag Magazine*], 8 March 2007, available at <<http://cpc.people.com.cn/GB/64093/67507/5449646.html>>.

result of pushback by Zhao, Hu Yaobang, and finally Deng Xiaoping himself. Wind was once again in the reformers' sails. That spring, the Central Committee and State Council held a series of lectures on the subject of the New Technological Revolution, which helped to raise the nationwide profile of the futurist ideas even higher.⁷⁸ One such seminar at Beijing's Jingfeng Hotel, on 24 March, featured remarks from Ma Hong, Yu Guangyuan, and Qian Xuesen (钱学森), and highlighted a range of specific technologies that Ma's group had identified as having significant potential for China, including microelectronics and biotechnology. Less than a week later, on 30 March, Zhao presided over a briefing on this research by Ma Hong to an audience of approximately seventy senior central government officials, underscoring the continued importance that Zhao placed on these efforts. The State Council formally approved the implementation of Ma's agenda shortly thereafter, initiating the next stage of work on policies to encourage the development of key new technologies (again, microelectronics and bioengineering were the most prominent examples), the alignment of traditional industries and emerging industries, and the goal of "jumping" developmental stages. Participants in these meetings, intoxicated by the sense of opportunity, bandied about fantasies of China's future: A group of young officials imagined having the capacity, by the centenary of the founding of the PRC in 2049, to clone people and recreate the exact scene that had filled Tiananmen Square when Mao Zedong spoke on 1 October 1949. One former official at the State Council Technological and Economic Research Center recalled the feeling of "a great ideological liberation of the development of S&T."⁷⁹ Enthusiasm for futurist ideas among reformist officials was once again unleashed.

⁷⁸ Xiao Donglian, "The Evolution of China's Economic System Reform."

⁷⁹ Liu Hong, *The Eighties*, 137–140.

As the political atmosphere warmed, this high-level attention to Toffler also led to a surge of popular interest. The “internal” designation for the Chinese edition of *The Third Wave* was eliminated; despite the fact that propaganda organs had denounced the book in February, it now rocketed to bestseller status. According to the former CASS researcher and Dushu editor Wang Yan (王焱), the Joint (Sanlian) Publishing House printed as many as 860,000 copies of the book between 1983 and 1988. Wang further estimated that if other editions were included, the total number of copies in circulation in China in the 1980s likely exceeded one million. This extraordinary interest became known as “Toffler fever” or “Third Wave fever.”⁸⁰

Alvin Toffler was delighted with these developments surrounding his work in China. He maintained correspondences with several Chinese interlocutors and was “most interested” when he learned of Zhao’s “reference to THE THIRD WAVE theory and the emerging discussion of the relationship between Third Wave changes in the West and China’s four modernizations.”⁸¹ He was contacted by the Chinese Embassy in the United States, which asked follow-up questions about the changes that “the new industrial revolution [may] bring about to the economic, industrial and technological structures.”⁸²

By February, Toffler wrote proudly to inform Jan Berris, Vice President of the National Committee on U.S.-China Relations, of the reception of his ideas in China. “So you see that our efforts have not been wasted,” he concluded.⁸³ Berris responded,

⁸⁰ Wang Yan, “Alvin Toffler: The First Wave.” See also Alvin Toffler and Heidi Toffler, “Creating a New Civilization: The Politics of the Third Wave,” C-SPAN Booknotes, 16 April 1995.

⁸¹ Letter to Yao Zong, 17 November 1983, and Letter to Yao Zong, 23 December 1983, Box 22, December 1983 Folder, Toffler Papers.

⁸² Letter from Li Yong Wei, 17 January 1984, Box 23, March 1984 Folder (included with their subsequent correspondence), Toffler Papers. He received other letters from China that praised his work and shared that his books had become “well-known in China” (Letter from Shian-fong Yao, September 1983, Box 22, September 1983–#2 Folder, Toffler Papers; Letter from Daniel Burstein, 30 May 1984, Box 23, May 1984 Folder, Toffler Papers).

⁸³ Letter to Jan Berris, 21 February 1984, Box 22, February 1984 Folder, Toffler Papers.

“I’m delighted to see how popular you’ve become in China. Now if only we could do something about royalties!”⁸⁴ (Indeed, because the Tofflers had not signed a publishing agreement in China, they did not directly profit from the massive sales of *The Third Wave* there.⁸⁵) Some American reporters even picked up on the unusual craze for Toffler’s ideas in China. “China’s dilemma—progress vs. control—is manifested in ‘Third Wave fever,’” wrote John Woodruff of the *Baltimore Sun* on 20 May 1984. He added, “The party’s promotion of ‘Third Wave fever’ is also testimony that today’s communist rulers find it as hard to cope with the approach of the Twenty-first century as the last rulers of the Qing Dynasty found it to deal with the coming of the Twentieth.”⁸⁶ Yet to Zhao, the futurist ideas of Toffler and other writers were a reason for optimism about China’s ability to catch up and meet the challenge posed by the New Technological Revolution.

CHINA’S EVOLVING S&T POLICIES, 1984–1986

After the Campaign to Eliminate Spiritual Pollution subsided, the Chinese leadership’s initiative to respond to the New Technological Revolution continued apace. The CCP’s Organization Department issued formal instructions to cadres around China to focus on policy responses to the New Technological Revolution.⁸⁷ On 15 May 1984, in the Work Report of the Second Session of the Sixth National People’s Congress, Zhao’s ideas appeared prominently: “At present, there is a global New Technological Revolution. For China’s economic development, this presents both an opportunity and a challenge. We should seize the opportunity to selectively apply new

⁸⁴ Letter from Jan Berris, 9 July 1984, Box 23, July 1984 Folder, Toffler Papers.

⁸⁵ Alvin Toffler and Heidi Toffler, “Creating a New Civilization.”

⁸⁶ John Woodruff, “China’s dilemma—progress vs. control—is manifested in ‘Third Wave fever,’” *Baltimore Sun*, 20 May 1984, B4. See also Andrew Mendelsohn, “Deng’s Big Bang: Alvin Toffler in China,” *The New Republic*, 4 April 1988: 15.

⁸⁷ H. Lyman Miller, *Science and Dissent in Post-Mao China: The Politics of Knowledge* (Seattle: University of Washington Press, 1996), 109.

scientific and technological achievements, speed up the process of China's modernization, and narrow the economic and technological gap with the developed countries.”⁸⁸ Closely mirroring Zhao's language in his 9 October 1983, speech, this document solidified the official status of these concepts after several tumultuous months of debate and underscored the priority that the Chinese government would place on “narrow[ing] the economic and technological gap with the developed countries” in the period ahead.

Indeed, the CCP Central Committee's Decision on the Reform of the Economic Structure, issued on 20 October 1984 (which endorsed the “planned commodity economy” concept, as discussed in the previous Chapter), further ratified this idea. It prominently featured the “new challenges and new opportunities” that confronted China as a result of “the emerging global New Technological Revolution.” Further, it articulated the need for China to “utilize the latest scientific and technological achievements, producing scientific and technological advancement and generating new productive forces.” This Decision would shape the direction of the reforms for the remainder of the 1980s, and two dynamics were clear: the New Technological Revolution was presented as an incontrovertible fact (rather than as a foreign idea simply to be discussed or examined), and the efforts to respond to it were firmly presented as matters of the greatest importance. The initiative that Zhao had developed over the preceding year was now a central part of the official agenda.⁸⁹

Zhao continued to deliver this message with regularity. For example, upon the successful launch of China's first geostationary communications satellite in April 1984, Zhao praised the launch as reflecting the rapid progress of China's S&T drawing on

⁸⁸ ZZYWJ 2:391.

⁸⁹ “Decision of the Central Committee of the CCP on Reform of the Economic Structure,” Xinhua News Agency, 20 October 1984, trans. in Foreign Broadcast Information Service, FBIS-CHI-84-205, 22 October 1984, K1-K19.

“effective organization” as well as “the introduction of foreign advanced technology and management experience,” which together would enable China to make progress on the Four Modernizations and “meet the New Technological Revolution.”⁹⁰ This policy environment also continued to reinforce the “Third Wave fever” and broader interest in futurist ideas. Responses emerged in a wide range of venues, including elite internal journals and popular outlets. A typical example of the former was the scholar Zhou Xuezheng’s (周学曾) report on “The New Technological Revolution and China’s Response,” which was published as the cover story of the inaugural issue of the internal journal *Theoretical Explorations*. Calling *The Third Wave* a “masterpiece,” Zhou summarized the book’s argument, defining the “Third Wave” as “the New Technological Revolution now brewing in the fields of S&T, which will bring a new leap in social productivity.” Like many other scholars writing on these changes, he urged China to act swiftly, proposing that China should develop “technology-intensive industries,” such as computing, biotechnology, and fiber optics. (In computing, for instance, he estimated that China was “approximately fifteen to twenty years behind the developed countries.”)⁹¹ Two chapters of Toffler’s *Previews and Premises* (1983) were also translated in the *World Economic Herald* in 1984.⁹²

Beyond these elite periodicals, popular interest was widespread. On 24 June 1984, an article in the *People’s Daily* discussed the “Third Wave”-type changes around the world, drawing on reporting from both Japan and the United States, including a computer company in Poughkeepsie, New York. “In the United States and Japan we can see that this wave really is sweeping across society,” the article noted, while

⁹⁰ ZZYWJ 2:372.

⁹¹ Zhou Xuezheng 周学曾, “新的技术革命与我国的对策” [The New Technological Revolution and China’s Response], 理论探索 [*Theoretical Explorations*], vol. 1, no. 1 (April 1984): 2, 8, 15. From Naisbitt’s *Megatrends* Zhou took the lesson that as it shifted from an “industrial society” to an “information society,” China should increase the education level of its population (18).

⁹² Cheng Li and Lynn T. White III, “China’s Technocratic Movement and the *World Economic Herald*,” *Modern China*, vol. 17, no. 3 (July 1991): 361.

reporting on phenomena such as “diversification,” “miniaturization,” “decentralization,” and the idea that “knowledge is wealth.”⁹³ In the first half of 1985, *The Third Wave* continued to sell rapidly; for example, in Changsha, the capital of Hunan Province, over 13,000 copies were sold in this period.⁹⁴

In addition to Zhao’s high-level policy initiative, the popularity of futurist ideas fueled a wider range of domestic Chinese endeavors. One such activity was the publication of a book series entitled *Towards the Future*, which involved several intellectuals and officials in Zhao’s intellectual network, including Yan Jiaqi and Zhu Jiaming. (Many of these individuals were also actively involved with *Dushu*, where Dong Leshan’s Toffler précis had appeared in 1981.) Organized by the idiosyncratic intellectual Jin Guantao (金观涛), who had previously served as an editor of the *Journal of the Dialectics of Nature*, the series featured works by both Chinese and foreign authors on new international ideas such as systems theory, cybernetics, and game theory, ranging from a translation of the Club of Rome’s influential *Limits to Growth* (published in China in 1984) to Mao Yushi’s (茅于軾) *The Optimal Allocation of Resources* (1985). Many of the books became bestsellers, illustrating a widespread hunger for new ideas about the future.⁹⁵

Further policy reforms soon came out of these efforts, particularly focused on the CCP’s system for managing S&T policy. Discussing the Seventh Five-Year Plan with Song Jian (宋健) of the State S&T Commission on 12 September 1984, Zhao told Song that in the period ahead:

⁹³ Tan Feng 谈锋, 在“第三次浪潮”冲击下 [The Impact of *The Third Wave*], RMRB, 24 June 1984.

Perhaps the most unusual *People’s Daily* report on these ideas appeared on 24 August 1984, when two prominent theoreticians argued that Marx had actually predicted the advent of the Information Age. See Su Shaozhi 苏绍智 and Ding Xueliang 丁学良, 马克思对信息时代的预见 [Marx’s Predictions about the Information Age], RMRB, 24 August 1984.

⁹⁴ Alexander Woodside, “The Asia-Pacific Idea as a Mobilization Myth,” in *What is in a Rim?: Critical Perspectives on the Pacific Region Idea*, ed. Arif Dirlik (Lanham, MD: Rowman & Littlefield, 1998), 41.

⁹⁵ This account of the *Towards the Future* series draws on Gu, “Cultural Intellectuals and the Politics of the Cultural Public Space in Communist China.”

The rapid transformation of information technology and the increasingly wide range of applications, such as making bioengineering practical, new materials, new energy sources, and marine engineering, will cause great breakthroughs in some areas and open up new applications, causing the global New Technological Revolution to enter into a new stage. Our economic development strategy must develop policies to respond to this, in order to realize our strategic objectives by the end of this century.⁹⁶

Several days later, at a meeting of the State Council on 19 September 1984, Zhao declared, “We must not fail to seize the opportunity to use emerging technologies to accelerate the transformation of the traditional industries. In these new circumstances, we can use the experiences and results of the New Technological Revolution to cause our traditional industries to leap over several development stages and attain a new technological level.”⁹⁷ Then, at a speech delivered to the National S&T Work Conference on 6 March 1985, Zhao emphasized the need to develop both “economic construction” and “personnel talent,” declaring, “Facing the global New Technological Revolution, at the moment many countries are discussing the issues of their S&T systems and researching policy measures. The Soviet Union and Eastern Europe are researching this, and some capitalist countries are also researching this.” China, too, must “adapt to the new situation of the New Technological Revolution,” he told this audience of S&T officials.⁹⁸ Zhao’s broad vision had developed with one overriding priority: using new technology to propel China’s “economic development” in competition with the rest of the world.

As Zhao’s reference to the Soviet Union indicated, the late Cold War context shaped the Chinese leadership’s sense of the potential stakes of the New Technological Revolution. The Soviet Union’s scientific and technological prowess earlier in the Cold

⁹⁶ ZZYWJ 2:521.

⁹⁷ ZFLZQJ 1984, 7:166. For other usages of the term by Zhao in 1984–1985 pertaining to topics as diverse as coastal development and petroleum extraction, see ZZYWJ 2:348, 350, 358, 424, 428–429, 465; ZZYWJ 3:74, 206.

⁹⁸ ZZYWJ 3:86.

War era—memorably encapsulated in the launch of Sputnik 1 on 4 October 1957, but also including important research in nuclear physics and chemistry, including a 1956 Nobel Prize in Chemistry for Nikolai Semenov and several Nobel Prizes in Physics between 1958 and 1978—had helped its attainment of superpower status.⁹⁹ Scientific research became a state-led domain for the pursuit of national objectives, and Soviet technological and political visions were deeply interconnected.¹⁰⁰ However, despite Zhao’s perceptions of continued Soviet ambition and progress in this field, the reality by the mid-1980s was that the intensive progress of the early Cold War period had grown diffuse and sluggish: In computing, for example, excessive quantities of computerized information rendered cybernetic systems that were supposed to facilitate analysis and decision-making inordinately byzantine, and numerous unsuccessful large-scale projects had undermined the leadership’s enthusiasm for further investments.¹⁰¹ The Soviet Union was not moving as swiftly to develop information technologies as Zhao feared.¹⁰² After Mikhail Gorbachev became General Secretary of the Communist Party of the Soviet Union in 1985, he issued calls that were similar to Zhao’s—describing the Soviet Union’s need to catch up in the development of “high-tech industries requiring skilled labor”—and the next year even explicitly referenced developments in China and elsewhere in Asia as part of an international “whirlwind of changes—social, scientific, and technological.”¹⁰³ International comparisons intensified

⁹⁹ Alexander Vucinich, *Empire of Knowledge: The Academy of Sciences of the USSR (1917-1970)* (Berkeley: University of California Press, 1984); Loren Graham, *Science, Philosophy, and Human Behavior in the Soviet Union* (New York: Columbia University Press, 1987).

¹⁰⁰ Sonja D. Schmid, “Celebrating Tomorrow Today: The Peaceful Atom on Display in the Soviet Union,” *Social Studies of Science* 36, no. 3 (2006): 331–365.

¹⁰¹ Slava Gerovitch, “‘Mathematical Machines’ of the Cold War: Soviet Computing, American Cybernetics, and Ideological Disputes in the Early 1950s,” *Social Studies of Science* 31, no. 2 (2001): 253–287; Christopher J. Ward, *Brezhnev’s Folly: The Building of BAM and Late Soviet Socialism* (Pittsburgh: University of Pittsburgh Press, 2009), 1–11.

¹⁰² See Marshall I. Goldman, *Gorbachev’s Challenge: Economic Reform in the Age of High Technology* (New York: W.W. Norton, 1987).

¹⁰³ Chris Miller, *The Struggle to Save the Soviet Economy: Mikhail Gorbachev and the Collapse of the USSR* (Chapel Hill, NC: University of North Carolina Press, 2016), 29, 61.

these leaders' sense of urgency in the mid-1980s, just as ideas from abroad had shaped Zhao's vision.

However, it would require a concerted domestic effort to meet these epochal challenges. This included changes to the handling of scientific training and funding that would facilitate scientific and technological advancement. Several days after Zhao spoke to the National S&T Work Conference, the Central Committee announced on 13 March the "Decision on Reform of the S&T Management System," which, as H. Lyman Miller has shown, "spelled out a series of changes in scientific research funding, organizational structure, and technology diffusion that sought to stimulate and enforce the orientation of the science sector towards technological problems of national development."¹⁰⁴ These policy changes were reinforced and broadcast in prominent media outlets, often including mentions of the "best-selling book, *The Third Wave*," and its prediction that the changes underway "would cause the social productive forces to advance and develop at an unprecedented speed," as the *People's Daily* wrote on 27 March. This article also quoted the prominent scientist Qian Xuesen—a key figure in China's space program and a CSFS member who had been familiar with Toffler's ideas since the early 1980s¹⁰⁵—on the need to "develop and reform (science) education, and cultivate every kind of talent on a large scale to meet the needs of the new era."¹⁰⁶

Institutional changes accompanied this evolving approach to handling S&T policy and personnel. On 29 June 1985, Zhao formally created a new group within the State Council, which would be called the Economic, Technological, and Social Development Research Center (国务院经济技术社会发展研究中心, abbreviated as

¹⁰⁴ Miller, 112–114.

¹⁰⁵ "钱学森同志的爱国豪情和对科学事业的献身精神" [Comrade Qian Xuesen's Patriotic Feelings and Spirit of Dedication to Science], 6 November 2009, available at <www.csfs.org.cn/n1313041/n11372268/11590863.html>.

¹⁰⁶ Xiang Ji 湘辑, "新的技术革命及其特点" [The New Technological Revolution and Its Characteristics], RMRB, 27 March 1985.

DRC), combining the Economic Research Center, the Technological and Economic Research Center, and the Price Research Center into a single high-level organization that would report directly to the senior leadership of the State Council and the CFELSG. Document No. 81 of 1985, which announced the creation of the DRC to cadres across the country, presented it as having a unified focus on the full range of questions related to economic, technological, and social development. It was designed to achieve “comprehensive, strategic, long-term, and integrated” policy making, the notice stated. Under Ma Hong’s leadership, the DRC continued the work to respond to the New Technological Revolution that had been underway since 1983—an initiative which was now even more fully incorporated into broader economic policy making.¹⁰⁷

Thus, by the end of 1985, the Chinese leadership had responded to their perception of a New Technological Revolution sweeping the globe—a perception informed and popularized by Toffler and others—with a wide-ranging agenda focused on the nexus between economic development and S&T policy. Toffler remained a prominent figure in domestic Chinese discussions and debates: A 1986 article about the “overwhelming popularity” of Toffler reported that in a survey of college students, as many as 78.6 percent of respondents said that they had read *The Third Wave*.¹⁰⁸ His name, to some writers, even became a part of their impressionistic soundscape of Beijing; one lyrical 1986 essay described street book peddlers shouting Toffler’s name in the city’s alleyways, hawking his works alongside writers such as Li Zehou (李泽厚) and Sigmund Freud.¹⁰⁹

¹⁰⁷ DRC Record, 50–52.

¹⁰⁸ Pan Jianxiong 潘建雄, Zhao Zhiyi 赵志一, He Kuang 何况, and Zheng Xuping 郑绪平, “中国现代化过程中的文化冲突与社会发展” [Cultural Conflict and Social Development in the Process of China’s Modernization], 社会学研究 [Sociology Research], no. 2, 1986: 64.

¹⁰⁹ Wu Jincan 吴锦才, “请听北京街头书摊小贩吆喝声：李泽厚、弗洛伊德、托夫勒...” [Please Hear Beijing’s Street Vendors Shouting: Li Zehou, Freud, Toffler...], RMRB, 14 December 1986. See also Gu Jian 顾健, “从一本书看西方新的经济思潮—阿·托夫勒的新著《适应性公司》” [Seeing a New

Yet the negative reactions and ideological suspicions that had accompanied Toffler's ideas in China from the beginning also persisted alongside "Third Wave fever." Some intellectuals set out to subject his ideas to more sustained analysis and critique than they had received previously in China. A team of theoreticians led by Gao Fang (高放), a scholar of Marxism at Renmin University, produced a book entitled *Critiquing "The Third Wave"*, which was released in July 1986 by the publishing house of the *Guangming Daily*, a leading official newspaper for intellectuals. This new book ascribed significant value to Toffler's observations and acknowledged his widespread popularity but criticized the "anti-Marxist" orientation of both the author and the book. Toffler was described as a former Marxist who had shifted to opposing the ideas in which he had once believed. The Third Wave, meanwhile, was critiqued for posing a "severe challenge to Marxism" in its content and for having a negative effect on Chinese readers. *Critiquing "The Third Wave"* even prominently recounted Ma Hong's 1984 story of the graduate student who suggested that Toffler had become more relevant than Marx. The authors offered a "method" for reading the content of *The Third Wave* by dividing the book into three categories: "spots that have value to emulate," "questions to discuss deeply," and "that with which we cannot agree or which even has harmful fundamental ideas."¹¹⁰ Even after several years of wide circulation in China, *The Third Wave* remained controversial and, to some thinkers, even seemed dangerous. Yet in this environment of continuing debate about Toffler's ideas and the New Technological Revolution, these S&T policies that had begun under Zhao's

Trend of Western Economic Thought from a Book—A. Toffler's New Work *The Adaptive Corporation*], RMRB, 9 March 1986.

¹¹⁰ Gao Fang 高放 ed., 评《第三次浪潮》 [*Critiquing "The Third Wave"*] (Beijing: Guangming ribao chubanshe, 1986), 1–4, 10. The book was also critical of the Chinese translation, which had "excised many sentences in which the author opposes Marxism"; the authors explained that this decision was "understandable" on the part of the translators and publisher, who wanted to avoid criticism, but which had little effect on the alleged anti-Marxist implications of the book's theories as a whole and thus "produced confusion in readers" (1–2).

supervision in the period from late 1983 to early 1986 were about to receive a transformational boost from Deng Xiaoping himself.

CREATING THE 863 PROGRAM, 1986

The most enduring and significant policy to result from the ferment surrounding futurist ideas about the “Third Wave” and the New Technological Revolution was the “863 Program” (八六三计划), which has been called “China’s premier industrial R&D program” and has focused on developing advanced technologies for civilian and military uses. The conventional narrative of the origins of the “863 Program” is straightforward and ascribes the motivating force to Deng Xiaoping. This narrative is true in part, and indeed it remains important to acknowledge the crucial role that Deng played through the PRC’s history in supporting S&T. This conventional narrative also emphasizes the national security context and impetus for the program’s creation.¹¹¹ However, this narrative overlooks the rich context of elite debate about S&T and economic development that preceded Deng’s directive to establish this project; problematically, it also erases Zhao Ziyang’s role in the development of the 863 Program, primarily because of a reliance on distorted official CCP source material.

The book that has been perhaps most influential in shaping this conventional narrative about the 863 Program is Evan A. Feigenbaum’s *China’s Techno-Warriors* (2003), which offers a detailed and insightful analysis of the 863 Program. To describe the program’s origins, however, Feigenbaum draws primarily on a Chinese source, Yang Lizhong’s *High-Technology Strategy: Challenges and Opportunities in the New*

¹¹¹ Feigenbaum, 141–188. Feigenbaum’s narrative is the basis of many subsequent accounts; however, Gregory Kulacki and Jeffrey G. Lewis, *A Place for One’s Mat: China’s Space Program, 1956–2003* (Cambridge, MA: American Academy of Arts and Sciences, 2009) supplements Feigenbaum’s narrative with Chinese-language secondary sources that allow them to present a more nuanced story. Interestingly, despite this widespread Deng-centered narrative, Vogel includes only one mention of the 863 Program, in the section on military modernization, and does not connect it directly to Deng or any other senior official (Vogel, *Deng Xiaoping*, 550).

Century (1991), published by the Military Science Publishing House, a subsidiary of the People's Liberation Army's Academy of Military Sciences. Unsurprisingly, given the official status of the press and the publication date shortly following the Tiananmen crackdown of 1989, Zhao Ziyang's name does not appear in the book, nor does Hu Yaobang's name (Li Peng, by contrast, appears repeatedly).¹¹² The narrative of the 863 Program that Feigenbaum derives from this source centers on a crucial moment on 3 March 1986, when four leading Chinese scientists—Wang Daheng (王大珩), Wang Ganchang (王淦昌), Chen Fangyun (陈芳允), and Yang Jiachi (杨嘉墀), who had all served the state in their various disciplines—“approach[ed] paramount leader Deng Xiaoping with a proposed response to the ‘new technological revolution.’ Together, the four traded on their collective status and standing with the political leadership, circumvented ‘routine’ bureaucratic channels, and took their case directly to Deng on an essentially personal basis.” The four scientists requested an urgent focus from the top leadership on the need to invest in advanced technologies. Feigenbaum continues: “Two days after receiving it, [Deng] scribbled on his copy of the report, ‘Action must be taken on this now; it cannot be put off!’” This quotation ascribed to Deng is taken directly from the Yang Lizhong source.¹¹³ Its implications are significant—showing Deng behaving with decisiveness and foresight, personally pushing the slow-moving bureaucracy into action. In this telling, these events triggered the birth of the 863 Program, which would soon be approved by the Politburo and remained “insulated from sustained opposition because of Deng’s personal imprimatur.”¹¹⁴

¹¹² Yang Lizhong 杨立忠, et al., 高技术战略: 跨世纪的挑战与机遇 [*High-Technology Strategy: Challenges and Opportunities in the New Century*] (Junshi kexue chubanshe, 1991). For Li Peng, see, for example, pages 243–244.

¹¹³ Feigenbaum, 141–142; Yang Lizhong, *High-Technology Strategy*, 226.

¹¹⁴ *Ibid.*

However, newly available sources reveal noteworthy gaps in this narrative. One important instance relates to Deng's handwritten message in response to the four scientists' proposal. Deng actually delivered a somewhat lengthier response on 5 March 1986. The full message from Deng read: "This proposal is very important. Comrade Ziyang should take charge of this and find some experts and comrades with relevant responsibilities to discuss it and make suggestions, which can be the basis of our decision-making. We should make a decision on this matter right away and must not delay."¹¹⁵ (In addition, the original letter from the scientists was submitted not only to Deng Xiaoping, but also to Hu Yaobang and Zhao Ziyang, meaning that Deng's instructions would not have come as a surprise.¹¹⁶) In other words, as soon as Deng approved the initiative, he explicitly assigned Zhao the task of making it a reality. As we have seen, this assignment was a natural one, because Zhao had been leading a wide-ranging effort to respond to the New Technological Revolution—the same phenomenon that the scientists cited in their proposal to Deng. The 863 Program thus must be understood as an initiative that sought to deploy new S&T to bolster economic development as well as the better-known national security dimensions. It is this fuller narrative—and the strategy for China's future that it represented—that this section of the dissertation will examine.

On 8 March, three days after receiving Deng's instruction, Zhao held a meeting with Song Jian of the State S&T Commission. The premier personally passed along the news to Song: "Four scientists including Wang Daheng and Wang Ganchang recently made a proposal to Comrade Xiaoping," Zhao said. "Comrade Xiaoping attaches great

¹¹⁵ DXPNP 2:1107–1108; Lu Jia 卢佳, "邓小平和中国高科技发展" [Deng Xiaoping and China's High-Tech Development] originally published in 湘潮 [Xiang Chao], no. 12 (2014), republished by 中国共产党历史网 [CCP History Web], 23 December 2014, available at <<http://www.zgdsw.org.cn/n/2014/1223/c244522-26259979.html>>.

¹¹⁶ Peng Ru, *Scientists' Impact on Decision-making: A Case Study of the China Hi-Tech Research and Development Program* (London and New York: Routledge; Beijing: Tsinghua University Press, 2017), 69.

importance to this matter and wants us to come up with some suggestions and make decisions.” Zhao added that the State Council would manage a process to develop ideas and would draw on both “military and civilian cutting-edge technology,” before putting forward a report to the Standing Committee, which would discuss the program further. Noting the need to compete with the United States, Western Europe, and the Soviet Union, Zhao asked, “How much money do we need? In addition to existing investment, during the period of the Seventh and Eighth Five-Year Plans, will 200 million RMB per year be enough?” He instructed Song to organize a “capable team” and said that they would work together to produce a preliminary plan by July or August.¹¹⁷ Zhao would also subsequently suggest that the project be labeled the “863 Program,” reflecting the March 1986 date of the proposal to establish it.¹¹⁸

These events, with both Deng and Zhao at their center, were the immediate context for the creation of the 863 Program. Yet restoring Zhao’s role to these events immediately surrounding Deng’s response to the scientists reveals a direct connection between the March 1986 proposal and the groundwork laid within the highest levels of the leadership from 1983 onward. Zhao’s continual advocacy of the concept of the New Technological Revolution and his agenda for China’s response shaped the policy environment in which the proposal for the 863 Program originated. This context casts in a clearer light the scientists’ specific way of articulating their proposal and presenting their ideas to the paramount leader. The four scientists began their proposal with an analysis of “the development of the global New Technological Revolution,” discussing in detail its “tremendous influence on changing social production methods and the structure of industry,” as well as the “fierce international competition” that was underway to take advantage of these technological transformations. Mentioning

¹¹⁷ ZZYWJ 3:300–301.

¹¹⁸ ZZYWJ 3:324.

international efforts including the U.S. Strategic Defense Initiative, they urged the creation of a unified “high-technology strategy” for China based on the principle of “civilian and military integration, placing civilian interests first” (军民结合,以民为主). This phrase, which would be frequently repeated in subsequent years, showed clearly that the scientists believed that the priority should be placed on S&T research that could advance “civilian interests”—among which economic development was paramount. Accordingly the scientists suggested that China should prioritize seven key areas: biotechnology, space technology, information technology, laser technology, automation, energy technology, and materials engineering. Thus the New Technological Revolution, Toffler’s ideas, and Zhao’s development-focused agenda all constituted the foundation upon which the 863 Program rested.¹¹⁹

Indeed, Zhao already had the bureaucratic elements in place when he received the order from Deng to develop the 863 Program—a process that would involve continuing to coordinate the State S&T Commission, CAS, and the SPC, among other institutions, to develop a systematic strategy and implement it in practice. Zhao had established both a vision of the need for China to respond to the New Technological Revolution and a structure that allowed him to foster a regular working relationship to address these issues with figures such as Ma Hong and Song Jian. Indeed, as we have seen, Zhao was able to meet with Song Jian within three days of Deng’s decision to inform the State S&T Commission of these developments and task Song with coordinating the initial response.

On 22 March 1986, less than three weeks after Deng’s show of support for the idea, Zhao called a meeting with the senior officials who were newly responsible for the 863 Program. The assembled group included Ma Hong, Song Ping of the SPC, Song

¹¹⁹ Yang Lizhong, 226–228.

Jian of the State S&T Commission, Wu Shaozu (伍绍祖) of the National Defense Science and Industry Commission, and others. Having assembled this group of both civilian and military leaders, Zhao framed their challenge in long-range terms, differentiating this initiative from five-year plans by emphasizing that these goals targeted “the end of this century” and even “the next century.” S&T, Zhao said, “will have a large influence on our international position as a major country.” First, Zhao discussed the substance of the initiative. The 863 Program would focus initially on several priority areas, which were still in the process of being defined. First, Zhao discussed efforts already underway on space weapons, explaining that such research would also serve not to “complete with the two superpowers, the United States and the Soviet Union”—that is, a military application—but rather to use the resources and manpower available in this important field “to promote China’s high-tech development.” Second, Zhao tasked the assembled group to determine which areas should be prioritized under the 863 Program and suggested the need to devote resources to bioengineering. Third, Zhao discussed the process and organization that he wished to see govern the project. He emphasized the need for interdisciplinary work, stressing that the organization and workflow should be “horizontal, not vertical . . . Otherwise, we’ll spend a lot of money and not produce major results.” Similarly, he requested that the group develop a flexible and efficient appropriations and funding system. Zhao committed that he would remain personally engaged as the 863 Program developed from what he called these initial “intentions” and “principles for approaching the matter,” and proposed that he should speak with the group of experts being formed to work under the high-level officials who would oversee the 863 Program.¹²⁰

¹²⁰ ZZYWJ 3:323–326. Zhao’s particular interest in space weapons, rocket engineering, and related strategic issues at the intersection of scientific and military development arose at least partly as the result of an ongoing dialogue with Qian Xuesen and Ma Hong over the course of 1986, including an April letter

In the spring of 1986, the 863 Program continued to be a priority for Zhao, reflecting both the high-level guidance from Deng and the opportunity to implement his own ideas about the potential benefits of S&T for China's future. Meeting with a large group of scientists regarding the 863 Program on 7 April 1986, Zhao explained the initiative's guiding philosophy of "civilian and military integration, placing civilian interests first," and announced that the government would be willing to allocate two billion RMB per year—ten times the number that he had suggested to Song Jian on 8 March—to this high-priority initiative. Striking an optimistic note, Zhao urged the scientists to see themselves as embarking on a historic initiative to allow China to command the world's respect in the future. But he also reminded them of his personal role in developing this vision of the need for China to respond to "the New Technological Revolution and high-tech developments, which we have discussed frequently," beginning with his October 1983 speech and the creation of the group that Ma Hong had led, which "included many comrades who are sitting here today." Zhao underscored an additional point: "The development of advanced technology is not an end in itself," he said, but rather must always aim at ultimately "serving economic construction." Furthermore, he acknowledged that it was not yet possible to know exactly what technologies would best serve this goal and drew a distinction with the strategic weapons program in the Mao era, when "everyone could just focus on the two bombs" (i.e., an atomic bomb and a hydrogen bomb). Under the management of Song Jian of the State S&T Commission and Ding Henggao of the National Defense Science and Industry Commission, with the involvement of senior officials such as Ma Hong and Song Ping and preeminent scientists such as Qian Xuesen, Zhao had established the

from Qian and a report that Ma Hong delivered to Zhao in August, which subsequently led to the creation of the National Grand Strategy Decision, Consultation, and Research Coordinating Small Group on 18 September 1986, as noted below (DRC Record, 62).

structure within which a new drive toward the future would take place.¹²¹ The 863 Program responded to the New Technological Revolution with a broad initiative designed to last well into the twenty-first century.

The broader economic context was not particularly favorable to this new initiative. China's industrial growth rate slowed markedly in early 1986 due to policies put into place to address the overheating of 1985 (discussed in the previous chapter), which Zhao promised would allow for an aggressive reform push as the situation cooled. However, the policies worked all too well, and in February the government reported that GDP had not grown at all over the previous month, causing great consternation among economic officials.¹²² Among the reformers, conflict intensified between individuals who favored Wu Jinglian's "comprehensive reform" approach and those who supported Li Yining's prioritization of microeconomic reform. Zhao vacillated between these two approaches, making comments in March 1986 that suggested his support for Wu's agenda.¹²³ However, on 11–12 June 1986, at a meeting with An Zhiwen, Ma Hong, and Yao Yilin, Zhao emphasized the critical problem of enterprise autonomy and, further, hypothesized about enterprise reforms that would "gradually produce market prices." Although this meeting concluded with Zhao calling for further research, it was clear that Zhao was demonstrably leaning toward the prioritization of enterprise reform.¹²⁴ By November, Zhao would make his decision:

¹²¹ ZZYWJ 3:360–365. Feigenbaum, drawing on Xie Guang 谢光, ed., 当代中国的国防科技事业 [*Contemporary Chinese National Defense S&T*] (Beijing: Dangdai Zhongguo chubanshe, 1992), 1:168–169, does not mention Zhao's attendance at this meeting or his speech (Feigenbaum, 164–165).

¹²² Wu Jinglian, *Understanding and Interpreting*, 364–367.

¹²³ ZFLZQJ 1986, 36–37.

¹²⁴ *Ibid.*, 72–82. See also "体改所兄弟姐妹唁文" [Message of Condolence from Chen's Friends at the Institute for Chinese Economic Structural Reform], 19 April 2014, 陈一谔先生纪念网站 [Memorial Website for Chen Yizi], available at <<http://chenyizi.com/2014/04/19/tgs/>>.

“Enlivening the enterprises must be resolved first.”¹²⁵ The implications of these debates will be discussed further in the next chapter.

By the autumn of 1986, work on the 863 Program had progressed rapidly. On 18 August, an executive meeting of the State Council convened to discuss the latest updates to the 863 Program and give feedback. After this, Zhao was finally ready to provide a formal update to Deng Xiaoping and the rest of the Standing Committee of the Politburo. On 25 September, nearly seven months after Deng received the four scientists’ proposal, Zhao submitted a letter that informed the Standing Committee of fifteen projects developed by a team of 124 experts and requested their response. By the end of the century, Zhao estimated, no less than 10 billion RMB would be required for the 863 Program.¹²⁶ On 6 October, Deng responded affirmatively. “This should be immediately organized and implemented,” he instructed, adding, “If there are shortcomings or deficiencies, it will be possible to make modifications and additions in the course of implementation.” To garner maximum consensus, Deng instructed Hu Yaobang to review the plan carefully, followed by Chen Yun, after which the entire Politburo could discuss and approve the plan.¹²⁷ The initiative and the projected budget of 10 billion RMB—a sum amounting to approximately half of China’s annual defense budget in 1986—were approved.¹²⁸ Deng was clearly delighted with the 863 Program;

¹²⁵ ZFLZQJ 1986, 140–141.

¹²⁶ ZZYWJ 3:455–456. Zhao clearly felt optimistic about the reaction that he would get to this proposal: on September 18, a week before submitting the letter to the Standing Committee, he initiated a longer-term effort to develop this agenda by assigning Ma Hong and Qian Xuesen to jointly lead a National Grand Strategy Decision, Consultation, and Research Coordinating Small Group (国家大战略决策咨询研究协调小组). DRC Record, 62.

¹²⁷ Lu Jia, “Deng Xiaoping and China’s High-Tech Development.”

¹²⁸ Kulacki and Lewis, 24. This estimate was quite accurate; according to the Ministry of Science and Technology, during the period from 1986 to 2001, the government allocated RMB 11 billion to the 863 Program. (Science and Technology Newsletter, no. 380, 30 September 2004, available at <http://www.most.gov.cn/eng/newsletters/2004/200411/t20041130_17780.htm>). In 2009, one estimate for funding to the 863 Program was RMB 5.0 billion (Micah Springut, et al., for Centra Technology, “China’s Program for Science and Technology Modernization: Implications for American Competitiveness,” U.S.-China Economic and Security Commission, January 2011: 6; available at <www.uscc.gov/sites/default/files/Research/USCC_REPORT_China%27s_Program_forScience_and_Te

several days later, on 18 October, he met with the Chinese-American physicist Tsung-Dao Lee, a Nobel laureate, and the Italian physicist Antonino Zichichi, and told them:

I am a layman in science, but I am enthusiastic about promoting its development. China cannot advance without science. We still lag behind . . . We have only just begun the modernization drive. We shall probably have made considerable progress by the end of the century and even more notable progress 30 or 50 years after that.¹²⁹

With these remarks, Deng underscored the centrality of the 863 Program to China's future. He did not praise Zhao by name, but the lineage of these new policies was clear. The intellectual and scientific project of responding to the international trends of rapid technological change, which the writings of Toffler and others had crystallized for Zhao, had now become a central strategic policy initiative of the Chinese leadership.

This chapter has provided a detailed case study examining Zhao Ziyang's engagement with futurist ideas, his conception of the global New Technological Revolution, and the policy initiatives that he developed and oversaw in response (including, most prominently, the 863 Program), situated in the context of elite Chinese policy making in the period from 1981 to the autumn of 1986. The particular narrative arc of the Tofflers' involvement in China was not yet over by September 1986; as we shall see in Chapter 6, Alvin and Heidi Toffler would return to China in September 1988, at which time they would finally meet Zhao in person. This chapter also offers a distinctive perspective on changing visions of the future and Toffler's influence on those changes, which constituted one of the most unusual and significant cases of foreign ideas affecting Chinese policy making in the history of the PRC and, indeed, in modern Chinese history. This narrative has been centered on Zhao and his network of

chnology_Modernization.pdf>, quoted in Joel R. Campbell, "Becoming a Techno-Industrial Power: Chinese Science and Technology Policy," *Issues in Technology Innovation*, no. 23 [Washington, DC: Brookings Institution, 2013], 7).

¹²⁹ SWDXP-3, 184; DXPNP 2:1145-1146.

policy makers and researchers—whose efforts, this chapter has shown, extended far beyond what is narrowly understood as the domain of economic policy and even S&T policy.

Zhao clearly possessed a large-scale, actionable vision for China's future. This evolving vision, encompassing economic, scientific, and technological policy, must be understood not only as a pragmatic or technocratic agenda. Zhao was developing and implementing an explicitly futurist vision with a time horizon that stretched well into the new millennium; in other words, he acted both to prepare for and to shape the future as he imagined it, which meant a radical transformation brought about by information technology. The political effects of this futurism were considerable. In tandem with Deng, Zhao sought to mobilize substantial resources and manpower to develop the scientific and technological capacities that he believed would be necessary. Most fundamentally, this futurist vision reframes our understanding of the policies of economic development that Zhao pursued. It is a commonplace observation that the “reform and opening” sought to empower China to catch up with the world after falling behind as a result of decades of stagnation and chaos under Mao. This goal of making up for lost time is primarily backward looking, focused on compensating for the errors of the past. Of course, China's leaders also looked forward as they developed policies, set targets, and continued the practice of developing five-year plans. Yet in contrast to that well-known approach to the future reflected in specific targets and plans, these large-scale, actionable visions for the future throughout China's modern history also merit much closer examination—not only focused on Chinese leaders' political and economic aspirations, but also drawing on their technological, social, spatial, and environmental visions, to name only a few possible additional categories.

Scholars have established that “the victory of socialism over capitalism” ceased to be the exclusive or even primary vision of the future for many Chinese leaders in the period after Mao’s death. More work remains to be done to write the “histories of the future” that seek to understand what those Chinese leaders envisioned instead. At moments of great change in the organization of societies, conceptions of the future—like narratives of the past—often take on increased sensitivity and heightened meaning. In considering the figure of Zhao Ziyang, this chapter has argued that Zhao’s vision of the future must be understood as central to his historical role. Well beyond this dissertation, however, for historians assessing China’s past, it will remain a fruitful and illuminating endeavor to examine how our subjects conceived of and understood their futures.

**CHAPTER IV:
BECOMING GENERAL SECRETARY:
BOURGEOIS LIBERALIZATION, THE INITIAL STAGE OF SOCIALISM,
AND ZHAO ZIYANG'S EXPANDED AUTHORITY OVER IDEOLOGY, 1986–1987**

This chapter analyzes Zhao Ziyang's ascent to the position of General Secretary of the Central Committee of the Communist Party of China (or, more simply, CCP general secretary) and, in particular, the expansion of his authority over ideology. In contrast to scholarly accounts that have downplayed or disregarded the role of ideological work in Zhao's solidification of power in the winter of 1986–1987, this chapter argues that these ideological matters must be seen as crucial to the enlargement of Zhao's political power as he became general secretary and thus to the elite politics of this tumultuous period. Drawing on a wide range of previously unavailable primary source material, this chapter deepens and enlarges scholarly understandings of a pivotal transition in Chinese politics.

With Deng Xiaoping's support, Zhao capitalized on the dismissal of Hu Yaobang to substantially expand his portfolio, and this necessitated that he deal with ideological matters more extensively than ever before. Even as CCP elders launched a powerful new attack on "bourgeois liberalization" (资产阶级自由化), Zhao was named acting general secretary while continuing to serve as premier, maintaining his authority over economic policy and gaining greater authority over ideology and politics. Zhao had frequently engaged with ideological work before, and indeed had used ideological concepts and formulations to his benefit throughout the 1980s, but now he was ultimately responsible for those matters. As Zhao, Deng, and other leaders prepared the agenda for the Thirteenth Party Congress scheduled for the autumn of 1987, Zhao and his advisers rediscovered a potent concept, the "initial stage of socialism" (社会主义初级阶段). This chapter traces in detail the development and deployment of this

important concept, which offered a long-term orientation toward the future and formed the basis for explaining and justifying the ambitious reform-oriented agenda for the Thirteenth Party Congress. By the summer of 1987, Zhao had at least temporarily overcome the forces that had stymied Hu Yaobang and emerged as an empowered general secretary, consolidating day-to-day authority over both policy and ideology.

This chapter argues that the dynamics of how Zhao assumed and utilized the position of general secretary immediately after his promotion reveal important characteristics of elite Chinese policy making in the latter part of the 1980s: (1) the diminished day-to-day role of Deng Xiaoping, (2) the relative autonomy of Zhao; and (3) the continuing, intensive contestation over the best direction for China's development, underscoring the contingency and precariousness of the reforms even at this stage. This chapter concludes by arguing that Zhao's initial activities as general secretary were largely shaped by two seemingly paradoxical forces: the ostensible continuity in reform policy direction that he represented and his distinctive capacity to advance ideology and policy debates in tandem to make progress on his agenda.

THE REMOVAL OF HU YAOBANG

The year 1986 encapsulated many of the tensions at the heart of China's "reform and opening." From one perspective, despite enduring challenges and ongoing contestation about the optimal direction of the reforms, the year marked substantive progress on reform policies on a wide range of economic matters. Several examples in addition to those discussed in the previous chapter suffice to give a sense of the range of concrete progress. First, in the banking sector, the State Council introduced a set of regulations to define the ambiguous relationship of the People's Bank of China (PBOC), established in 1948, to specialized banks, credit cooperatives, and new financial

institutions, such as trust and investment companies. Nicholas Lardy has written that this was an important step on the bank's path to assuming "the supervisory and regulatory roles usually associated with central banks."¹ Second, in enterprise management, that autumn the CCP leadership also introduced a new law to regulate enterprise bankruptcy, a step toward creating a system in which enterprises would be more accountable for their own loss making. Third, in modernizing China's financial system, several major cities began to experiment with the creation of small-scale capital markets, and state-owned firms received authorization to sell bonds. The leadership also made reforms to the labor system and lifted price controls on some consumer goods.² Finally, in the realm of international trade and economic governance, Zhao also spearheaded China's application to regain its membership in the General Agreement on Tariffs and Trade (GATT), of which it had been a founding member in 1947. The predecessor to the World Trade Organization (WTO), the GATT had requirements that were far more stringent than China was able to meet only ten years after Mao's death—but, as the Chinese economist Wu Jinglian has written, "this very act signified China's determination to further open itself to the outside world."³ On 14 July 1986, China formally announced its intention to become a full member in the GATT, although China would not join the WTO until 2001.⁴

¹ Nicholas Lardy, *China's Unfinished Economic Revolution* (Washington, DC: Brookings Institution Press, 1998), 63–64.

² Henry Harding, *China's Second Revolution: Reform after Mao* (Washington, DC: Brookings Institution Press, 1987), 73; Lardy, *China's Unfinished Economic Revolution*, 131–132. On the bankruptcy law, Lardy notes that, despite its intentions, the law was "rarely applied" and the more painful and effective reforms to state-owned enterprises did not truly begin until after 1993 (*ibid.*, 23).

³ Wu Jinglian, *Understanding and Interpreting Chinese Economic Reform* (Mason, OH: Thomson South-Western, 2005), 294. In January 1986, Arthur Dunkel, director-general of the GATT, visited China to discuss what it would take for China to become a full member. During a meeting with Dunkel, Zhao vigorously argued that China's "planned commodity economy" could fit with what Harold K. Jacobson and Michel Oksenberg call "the market-oriented principles of GATT." See Jacobson and Oksenberg, *China's Participation in the IMF, the World Bank, and GATT* (Ann Arbor: University of Michigan Press, 1990), 83, 87–88, 91–92.

⁴ GATT Document L/6017, "China's Status as a Contracting Party—Communication from the People's Republic of China," available at <<https://docs.wto.org/gattdocs/q/GG/L6199/6017.PDF>>.

On the other hand, despite these demonstrations of progress on economic reform and opening, the year 1986 also witnessed the emergence of new, destabilizing political and social tensions. As described in the previous chapter, growth rates slow markedly, causing concern among the leadership. Turbulence on China's university campuses reached a new peak of intensity in late 1986, cohering around many students' growing awareness of alternative political and economic models outside of China and their frustration at the lack of political reforms to accompany the economic reforms. Fang Lizhi (方励之), a prominent astrophysicist and administrator at the University of S&T in Hefei, Anhui, toured the country delivering speeches that called for democracy and education reform.⁵ He declared China's socialist system a "failure."⁶ Popular protests had broken out across Asia that year, from the "people power" revolution in the Philippines to demonstrations in Taiwan, which Ezra Vogel has argued also influenced the Chinese students.⁷ In early December, students at Fang's university in Hefei staged a series of short protests, which quickly spread to Beijing, Shanghai, and other major Chinese cities.⁸ The Shanghai protests received particular attention after 19 December, when students marched to the municipal government offices.⁹ Jeffrey Wasserstrom's study of student protests has shown convincingly the majority of students in 1986 did not want to strengthen the hand of the opponents of reforms or to undermine the progress of Deng Xiaoping, Hu Yaobang, and Zhao Ziyang. Instead, the students

⁵ Orville Schell, "Fang Lizhi: China's Andrei Sakharov," *Atlantic Monthly* (May 1988): 35–52.

⁶ Fang Lizhi 方励之, "民主、改革、现代化" [Democracy, Reform, and Modernization], (November 18, 1986), in Fang Lizhi, *危机感下的责任* [*Responsibility under Crisis*] (Singapore: Shijie keji chubanshe, 1989), 231.

⁷ Vogel, 576.

⁸ Julie Kwong, "The 1986 Student Demonstrations in China: A Democratic Movement?" *Asian Survey* 28, no. 9 (September 1988): 970–971.

⁹ Jeffrey Wasserstrom, *Student Protests in Twentieth-Century China: The View from Shanghai* (Stanford: Stanford University Press, 1991), 299; "Obituary: Fang Lizhi," *Economist*, 14 April 2012.

sought to make clear that their worldviews were based on liberal values and to add their voices to calls for reforms, especially reforms of the political and education systems.¹⁰

In a speech in late December 1986, the CCP elder Bo Yibo took a strong stance on these matters. Bo had become closely allied with Chen Yun's brand of conservatism, holding at least three private tête-à-têtes with Chen in 1986, no small number for two ailing gerontocrats who were in and out of the hospital.¹¹ Bo claimed that the unrest was directly linked to the students' fixation on "bourgeois" ideas and values, which had been facilitated and encouraged by intellectuals like Fang Lizhi. Bo argued that Chinese thinkers should not wholeheartedly admire liberal ideas, especially those of foreign origin, without thinking of China's distinctive needs and circumstances; to do so would be "tantamount to forgetting historical factors and our own origins." This disregard for "historical factors and our own origins," Bo emphasized, would be unforgivable.¹² Despite more moderate words from Hu Yaobang, these remarks from a senior CCP elder signaled that powerful elements of the central government intended to take a firm stance against the protests.¹³

On 30 December, the 82-year-old Deng Xiaoping delivered a speech strongly criticizing "bourgeois liberalization," stating that the student unrest was "the result of failure over the past several years to take a firm, clear-cut stand against bourgeois liberalization" and that remedying this failure was an "indispensable" struggle, thereby giving these attacks his imprimatur. (Deng also criticized Fang Lizhi by name: "I have read Fang Lizhi's speeches. He doesn't sound like a Communist Party member at all. Why do we keep people like him in the Party? He should be expelled, not just persuaded to quit.") "We cannot do without dictatorship," Deng stated in the speech on

¹⁰ Wasserstrom, *Student Protests in Twentieth-Century China*, 299.

¹¹ CYNP 3:390, 392, 395.

¹² "Hu Qiaomu, Deng Liqun on Nihilism, Liberalism," Xinhua News Agency, 28 December 1986, trans. in Foreign Broadcast Information Service, FBIS-CHI-86-250, 30 December 1986, K7.

¹³ HYBSXNP 2:1297.

bourgeois liberalization. “We must not only reaffirm the need for it but exercise it when necessary.”¹⁴ Deng had made up his mind to take severe measures if needed.

These criticisms of “bourgeois liberalization” made clear that China’s elders believed that the student protesters and their leaders in 1986 had erred seriously. The protests gradually subsided as CCP leaders made clear that participating in the protests would damage students’ futures. However, given the nationwide scope of the protests, Deng, Bo, and other elders also felt that Hu Yaobang, as general secretary, was responsible for the conditions that had allowed the protests to emerge. In a private conversation the prior October, Deng Xiaoping had criticized Deng Liqun for slanting Party documents “to the left” and undermining Hu and Zhao, but now the situation had changed.¹⁵ Deng Xiaoping was “shocked” by the protests, Zhao recalled, and in addition to criticizing the intellectuals who had stirred up discontent, Deng placed the blame on Hu Yaobang by name in his 30 December remarks. Deng had made up his mind to remove Hu as general secretary.¹⁶

On 2 January 1987, Hu made an internal announcement that he was resigning as general secretary.¹⁷ The CCP leadership simultaneously targeted certain intellectuals perceived to have instigated the students’ discontent, most prominently Fang. He was accused of having “disseminated many erroneous statements reflecting ‘bourgeois liberalization’” and “denying socialism, calling for complete westernization, and advocating the capitalist road.” On 12 January, Fang was fired from his job and expelled from the CCP, which was then announced to the public a week later.¹⁸

¹⁴ DXPNP 2:1160–1162; SWDXP-3, 194–197.

¹⁵ Deng Liqun *Twelve Springs and Autumns*, 401–407; Kwong, “The 1986 Student Demonstrations in China,” 987. Deng Liqun recalled that, as early as 1983, he and Chen Yun had criticized Hu Yaobang, but Deng Xiaoping had protected his then-protégé (GSJTL 7:190).

¹⁶ DXPNP 2:1160–1162; CYNP, 3:400; Zhao Ziyang, *Prisoner of the State*, 172. See also HYBSXNP 2:1298–1299.

¹⁷ HYBSXNP 2:1302.

¹⁸ Fang Lizhi, *The Most Wanted Man in China: My Journey from Scientist to Enemy of the State*, trans. Perry Link (New York: Henry Holt, 2016), 246, 264; Edward A. Gargan, “Deng’s Crushing of Protest Is

The leadership also moved forward with Hu's removal by subjecting his record to sustained criticism in order to build a case against him. On 10–15 January, the 78-year-old Bo Yibo chaired a series of sessions to criticize Hu's errors. Some of these were quite lengthy; Deng Liqun's criticism lasted more than five hours over two days. Hu Yaobang also performed a detailed self-criticism.¹⁹ On 15 January, it was Zhao Ziyang's turn to criticize Hu. Zhao purportedly spoke cautiously at first but soon raised serious criticisms of Hu's "weaknesses." Hu "startles people with his unconventional, unorthodox behavior and refusal to be restrained by organizational principles," Zhao said. Speaking to Hu directly, he allegedly added:

You are already like this while the older people are still around. This may become a serious problem when, in the future, the situation changes and your authority grows . . . I have thought about this in the past. We are working together well today, but it is very difficult to say whether we will work together well if such a situation occurs in the future.²⁰

Zhao's remarks suggested that he believed Hu was not suited to lead China in the long term, and that Hu's "authority" should not be permitted to "grow." The next day, on 16 January, the Politburo publicly "accepted the resignation" of General Secretary Hu.

One senior leader, Xi Zhongxun (习仲勋), protested the decision, saying, "Don't repeat what Mao did to us." However, the decision was final: Hu would resign as general secretary and a summary of the criticism against him would be published as Document No. 3 of 1987, although he would be permitted to retain temporarily a seat on the Politburo and permanently on the Central Committee.²¹

Described," *New York Times*, 14 January 1987, at <http://www.nytimes.com/1987/01/14/world/deng-s-crushing-of-protest-is-described.html>; James H. Williams, "Fang Lizhi's Expanding Universe," *China Quarterly*, no. 123 (September 1990): 479.

¹⁹ HYBSXNP 2:1302–1307; Deng Liqun, *Twelve Springs and Autumns*, 417–445. Deng Xiaoping discussed Hu Yaobang's errors with Yang Shangkun on 14 January 1987 (DXPNP 2:1165).

²⁰ Yang Jisheng 杨继绳, "一访赵紫阳" [First Visit to Zhao Ziyang], in *中国改革年代的政治斗争* [*Political Struggles in China's Age of Reform*] (Hong Kong: Excellent Culture Press, 2004), 568–586. See also HYBSXNP 2:1307.

²¹ ZFLZQJ 1987, 56; DXPNP 2:1166; Richard Baum, *Burying Mao*, 206–207; CYNP, 3:401–402; for Document No. 3, see HYBSXNP 2:1313–1314.

According to some reports, Hu's ouster had long been in the works. Several accounts, including Zhao's recollections, seek to explain why Deng Xiaoping saw Hu as responsible for the rise in "bourgeois liberalization." These accounts note that in 1984, at the Fourth Congress of China's Writers' Association, Hu had allowed open elections without guidance from the Organization Department; the individuals elected in 1984 railed against the Campaign to Eliminate Spiritual Pollution and praised liberal ideas. Deng evidently believed that Hu Yaobang's permissiveness had allowed these "bourgeois liberal" ideas to fester until they resurfaced during the unrest in late 1986.²² Other accounts highlighted a range of missteps made by Hu, including a 1985 interview with the Hong Kong journalist Lu Keng (陸鏗) where Hu had discussed sensitive topics more openly than CCP elders deemed appropriate and allowed himself to be portrayed as an ardent liberal.²³ As early as the summer of 1986, Deng Xiaoping told the Party elders gathered for the annual conclave at the seaside resort of Beidaihe that his greatest "error of the last few years" was to "misjudge that man, Yaobang," recalled Zhao, who believed this statement rendered inevitable Hu's eventual removal from the position of general secretary.²⁴ Conservative elders had also attacked Hu's embrace of the capitalist world, saying, "A Communist Party's general secretary should not be so enthusiastic about visiting capitalist countries."²⁵ Hu had mismanaged the crisis in late 1986 and the student protests, but he had also been guilty of ideological failings in his basic orientation. Deng's "big mistake" had been to misjudge both of these qualities. However, the swiftness with which the CCP elders removed this popular, charismatic reformer after years of dedicated leadership appeared to many Chinese intellectuals,

²² Yang Jisheng, "First Visit to Zhao Ziyang," 568–586. See also Joseph Fewsmith, "What Zhao Ziyang Tells Us about Elite Politics in the 1980s," *China Leadership Monitor*, no. 30 (Fall 2009): 1–20.

²³ Lu Keng 陆鏗, 胡耀邦访问记, 百姓 [*Ordinary People*], June 1, 1985; HYBSXNP 2:1303–1304.

²⁴ Zhao, *Prisoner of the State*, 176–179; Yang Jisheng, "First Visit to Zhao Ziyang," 568–586.

²⁵ Zhao, *Prisoner of the State*, 169–170.

officials, and students to be an injustice; as we shall see, several years later, Hu's death would trigger an outpouring of support for the former general secretary.

Zhao Ziyang was the natural successor as general secretary, given the widespread perception of his success as premier. On 7 January, even before Hu's resignation was made public, Zhao began to step into this new role by presiding over a memorial service for Huang Kecheng (黄克诚), a senior former official on the Central Military Commission and Central Commission for Discipline Inspection.²⁶ Zhao was swiftly named acting general secretary, and he would serve as both acting general secretary and premier in the coming months. He continued to serve on an "acting" basis until the formal ratification of his promotion at the Thirteenth Party Congress that autumn, at which point Li Peng, previously a vice premier, would become premier. (However, according to Zhao's recollections, Deng determined that Zhao would retain control over economic policy as general secretary while Li became better acquainted with the wide range of issues for which he now was responsible.) Between Hu's forced resignation and the Thirteenth Party Congress, the Standing Committee of the Politburo ceased to function, and Deng instead appointed a five-man committee of Bo Yibo, Hu Qili, Wan Li, Yang Shangkun, and Zhao Ziyang to run the country on a day-to-day basis. Bo Yibo was tasked with administering the official personnel changes that would occur at the Thirteenth Party Congress. The formal Standing Committee now existed in name only.²⁷

Did Zhao help to orchestrate or accelerate Hu's fall, as rumors have sometimes suggested? Many of Hu's allies believed that Zhao had stabbed him in the back in order

²⁶ Zhang Yaxin 张雅心, "黄克诚同志追悼会在京举行" [Comrade Huang Kecheng's Memorial Service Held in Beijing], RMRB, 8 January 1987. See also Zhang Xianyang and Shi Yijun, 7 January 1987; DXPNP 2:1163.

²⁷ Yang Jisheng, "First Visit to Zhao Ziyang," Vogel, 583.

to seize the general secretaryship.²⁸ Unsurprisingly, Zhao vehemently denied this charge in his memoirs.²⁹ (Of course, one can believe Zhao without giving full credence to some of his justifications, such as the claim that he had never coveted the position of general secretary and believed himself better suited to the more pragmatic and managerial concerns of the premiership.³⁰) There can be no doubt that tension existed between the two men, that Zhao criticized Hu in January 1987, and that Zhao benefitted from Hu's removal. Certainly, Zhao did not exert himself extensively to protect Hu, and he did participate in the criticism of Hu. Yet Deng did not make a practice of engaging with Zhao on the highest-level personnel decisions, which remained the purview of the CCP elders. Indeed, Deng tasked Bo Yibo—not Zhao—to manage personnel changes and, as we have seen, often negotiated other personnel decisions with Chen Yun via intermediaries.³¹ Although Zhao received a promotion from premier to general secretary as a result of Hu's ouster, the available evidence certainly does not suggest that Zhao orchestrated Hu's fall. The most plausible interpretation of Zhao's role in Hu's removal is that Zhao acted opportunistically and pragmatically: he took the easier path of not standing up to defend Hu in late 1986 and early 1987 and, in making criticisms of Hu at the struggle session, he did what Deng expected of him in a context

²⁸ See Wu Jiang 吴江, 十年的路—和胡耀邦相处的日子 [*The Ten-Year Road: My Days with Hu Yaobang*] (Hong Kong: Jingbao wenhua qiye youxian gongsi, 1995); Hu Jiwei 胡绩伟, with Yao Jianfu 姚监复, 论胡赵十年新政 [*On Hu and Zhao's Decade of New Policies*] (China: Publisher Not Identified, 2009), available in the Fairbank Collection, Harvard University; Deng Liqun, *Twelve Springs and Autumns*, 447–448.

²⁹ Zhao, *Prisoner of the State*, 176–179.

³⁰ Ibid., and Yang Jisheng, “First Visit to Zhao Ziyang,” 568–586. Zhao claimed that he did not want the position of general secretary and repeatedly attempted to persuade Deng to allow him to remain only as premier (Zhao, *Prisoner of the State*, 201)—a claim that Ruan Ming says he believes was “sincere,” because Zhao believed that he could hold more power as premier than as “a general secretary without any real power as Hu had been” (Ruan Ming, 191). Of course, such deflections are common even among aspirants to high office who intend to run in open elections, let alone an individual inside the CCP's opaque selection system.

³¹ Zhao, *Prisoner of the State*, 212. Navigating the tensions between Chen and Deng remained a challenge for Zhao. Reportedly, Chen requested to have a Politburo Standing Committee in 1987 at a time when Deng opposed holding such a meeting, leaving Zhao to tell Chen that if he felt strongly he should take up the matter directly with Deng; Zhao demurred that he was simply “a big secretary” (大秘书长一个) (Yang Jisheng, *Political Struggles*, 299).

where Hu's loss of power was already a *fait accompli*. Following Hu's removal, at a speech given at Zhongnanhai on 28 January 1987, regarding the efforts against bourgeois liberalization, Ruan Ming claims that Zhao stated that "not everything Hu Yaobang has done has been bad"—yet, in the same speech, he declared, "In the entire history of struggles within the Party, Hu Yaobang was dealt with in the most perfect way possible."³² Reflecting his longstanding strategy of political opportunism, Zhao seized this opportunity even if he did not act decisively to bring it about.

Zhao's power had increased, but the conservative elders did not see him as above attack. Li Xiannian sent a warning to Zhao through Yang Shangkun. Li cautioned Zhao not to move too quickly with reform in the direction of the market and to avoid copying foreign ideas, which constituted the sort of "bourgeois liberal" views that Hu Yaobang had supposedly tolerated in both policymakers and intellectuals. "Continuing in this is unacceptable," Li said to Yang. "You should tell [Zhao] that."³³

The conservative leaders had decried the protests and successfully removed one of their longtime antagonists from power. They were empowered and emboldened to move forward with a broader initiative to attack the problem of "bourgeois liberalization." On 28 January, the central government circulated Document No. 4 of 1987, which attacked "bourgeois liberalization" and described the initiative to combat it, following from Deng's remarks on the subject. In this same period, Zhao also repeatedly used language that endorsed the need to push back against bourgeois liberalization, although he was emphatic in his Spring Festival address on 29 January

³² Ruan Ming, 174–175. Ruan cites a version of a document published in 十二大以来重要文献选编, in which—at least in the published version—these comments do not appear (see CCP Central Committee Document Research Office, ed. 十二大以来重要文献选编 [*Important Documents since the Twelfth National Congress*], [Beijing: Renmin chubanshe, 1986], 3:1251–1259). See also Wu Wei, 119–120, for comments in this speech by Zhao. Even so, this characterization echoes Deng Xiaoping's personal assessment; as Deng told U.S. Secretary of State George Schultz in March 1987, "Bearing in mind the lessons of the past, we have handled Comrade Hu Yaobang's case quite gently" (SWDXP-3, 207).

³³ *Ibid.*, 173. On 5 January 1987, Yang Shangkun traveled to Shanghai to brief Li Xiannian on the meeting and the decisions regarding Hu and Zhao; see LXNNP 6:372.

that “we are not engaged in a political campaign.”³⁴ Yet the high-level conservative forces that had toppled Hu still saw China as headed down a dangerous path, and they intended to attempt to exert their authority in the face of the new general secretary. With his new, expanded portfolio, Zhao would have to compete directly with these conservatives on the terrain of ideology.

REDISCOVERING THE “INITIAL STAGE OF SOCIALISM”

Facing this situation, Zhao knew that he would need to make a powerful case for the necessity of new reform policies in order to consolidate his own power and push forward with a suitably ambitious agenda. The Thirteenth Party Congress, the CCP’s major quinquennial event to set personnel and policy, was scheduled to occur in the autumn of 1987, and in his new role as general secretary, Zhao would be presiding. Zhao had been preparing a “Development Report” (发展报告) to accompany what would have been Hu Yaobang’s Work Report, but now Zhao would deliver the sole Work Report.³⁵ At the same time, the freshly issued criticisms of “bourgeois liberalization” were still actively circulating—and indeed China’s fundamental commitment to socialism not only could not be called into question, but also seemed particularly sensitive at this charged moment. This challenging set of circumstances underscored the continuing centrality of ideology in CCP politics and policy making. Within these constraints, Zhao would have to leverage his new position to advance policies that would make concrete progress with the reforms and build a strong foundation for his term as general secretary without giving new ammunition to the attacks on “bourgeois liberalization.”

³⁴ ZZYWJ 4:20–24. See also ZZYWJ 4:17, ZZYWJ 3:470–471, ZFLZQJ-1987, 43–44. Baum dates this document to March 1987 (Baum, 210).

³⁵ HYBSXNP 2:1279.

Zhao identified a major problem that limited his ability to make progress. “There had been no explanation” of the “theoretical basis for reform,” Zhao explained in his memoirs. “Reform needed to be powerfully backed up with theory.”³⁶ Zhao’s eventual solution was itself ideological in nature and drew on a characteristic strategy that he had employed repeatedly in his career: he embraced an inherited ideological formulation that was, on the face of it, widely acceptable even to conservatives, but he and his intellectual network then reworked the interpretation of this formulation to encompass a far broader range of reform-oriented activities. In early 1987, the phrase that Zhao settled on was indeed seemingly innocuous: he would declare that China was in the “initial stage of socialism.”

The “initial stage of socialism” was a concept intended to explain China’s unusual circumstances as a socialist country with a largely agricultural economy and an underdeveloped industrial base, which had implemented movements under Mao Zedong to eradicate numerous and variably defined “class enemies.” It derived from Mao’s remarks at the First Zhengzhou Conference in November 1958, where Mao had stated that Chinese socialism was at an early stage of a “long-term transition” that would require the development of the productive forces.³⁷ (This idea had clear parallels to the Stalinist two-stage theory, which had been a central tenet in Stalin’s Soviet Union and in international debates about Marxism.³⁸) However, Mao had not elaborated on this idea of a “long-term transition” based on the idea of China being at an initial or primary stage of developing socialism.

³⁶ Zhao, *Prisoner of the State*, 205.

³⁷ Mao Zedong 毛泽东, 第一次郑州会议 [The First Zhengzhou Conference], available at <<http://dangshi.people.com.cn/GB/151935/176588/176596/10556159.html>>. As the timing of this speech indicates, Mao was using this concept to explain the intensive focus on developing production under the Great Leap Forward—though the speech cautioned against impatience with attaining communism. This usage itself suggests the extreme malleability of the concept. For Deng Liqun’s reflections on Mao’s usage, see GSJTL 7:306.

³⁸ Michael Löwy, *The Politics of Combined and Uneven Development: The Theory of Permanent Revolution* (London: Verso, 1981).

Some reformist theoreticians in the late 1970s had returned to the phrase, sensing its potential usefulness to explain why China under Deng Xiaoping had chosen to focus intensively on economic development and to place these changes in a much longer-term framework. Some commentaries suggested that this initial stage might last one hundred years or longer.³⁹ In 1979, the prominent scholar of CCP ideology Su Shaozhi (苏绍智) repeatedly used the term “underdeveloped socialism” (不发达的社会主义), rather than “initial stage,” as a means of describing the circumstances in the Chinese economy that required the development of the “productive forces” before China could progress farther down the path to socialism and eventually full communism.⁴⁰ This usage also had appeared in Xue Muqiao’s 1979 book *Research on Questions about China’s Socialist Economy*, in which Xue argued that, in China’s condition of “underdeveloped” socialism, economic policy ought to begin from an accurate assessment of “the level of the productive forces.” Eventually, Xue promised, China would reach a higher level of economic development that would permit the implementation of the Marxist ideal of “from each according to his ability, to each according to his need,” but China had not yet developed sufficiently.⁴¹ Conservative ideologues such as Deng Liqun were displeased, with Deng Liqun issuing a stinging criticism of Su’s usage of the phrase.⁴² However, theoreticians loyal to Deng Xiaoping saw that the concept had value to justifying the policies of “reform and opening,” and in the intensive negotiations over the Resolution on Party History of 1981 (discussed in

³⁹ This extraordinarily long timeframe has continued to be applied; in 2007, for example, Premier Wen Jiabao stated, “We must keep a firm grasp on the basic principles of the Party in the initial stage of socialism, without wavering, for 100 years.” See Richard Spencer, “China promises socialism for 100 years,” *The Daily Telegraph* (London), 28 February 2007.

⁴⁰ Su Shaozhi 苏绍智, “‘社会主义初级阶段论’评析” [An Analysis of the “Initial Stage of Socialism Theory”], *Modern China Studies*, no. 4 (1998), available at < <http://www.modernchinastudies.org/cn/issues/past-issues/63-mcs-1998-issue-4/464-2011-12-29-18-13-29.html>>. See also Merle Goldman, *Sowing the Seeds of Democracy in China* (Cambridge, MA: Harvard University Press, 1994), 245.

⁴¹ Xue Muqiao 薛暮桥, *中国社会主义经济问题研究* [*Research on Questions about China’s Socialist Economy*] (Beijing: Renmin chubanshe, 1979).

⁴² Fewsmith, *Dilemmas of Reform in China*, 69–70.

Chapter One), they returned to Mao's language and ensured that this slight variation on the "underdeveloped" socialism phrase ("primary") was included in the description of China's system. However, once again, despite appearing in an official text and seemingly being endorsed by the CCP leadership, the term did not receive a full explanation. At the Sixth Plenary Session of the Twelfth CCP Central Committee, held in September 1986, the published Resolution again included this term without full explanation.⁴³

The unique potential of the "initial stage of socialism" term was at least twofold. First, its status—approved but unexplained—meant that the term presented an opportunity for creative usage, at least in theory. Second, in characterizing the direction of the process of China's evolution, it opened up a long-range vista toward the future—what Mao had called a "long-term transition." In the context of Zhao's long-term objectives for economic and technological development discussed in the previous chapter, this "initial stage of socialism" concept seemed to offer a way simultaneously to justify his reform-oriented policies and to bolster his orientation toward the future. Indeed, Zhao would soon state that the initial stage of socialism would last "at least one hundred years."⁴⁴

With these advantages in mind, Zhao and his political secretary and chief of staff Bao Tong (鲍彤), returned to the term in late 1986. New sources enable a remarkable degree of information regarding Zhao's development of this concept. Initially, they demonstrated interest in the term in the context of sketching their plans for political reform. Zhao's political reform agenda was being formulated by the Central Research Office on Political System Reform (CROPSR, 中央政治体制改革研

⁴³ CCP Central Committee, *Resolution on Certain Questions in the History of Our Party* (Beijing: Foreign Languages Press, 1981). See also GSJTL 7:305.

⁴⁴ ZFLZQJ 1987, 288.

究室), which he had created in October 1986 and appointed Bao to administer.

CROPSR, which will be discussed in greater detail later in this chapter, emphasized restructuring China's political leadership system to reflect the new focus on economic development, rather than armed struggle or mass mobilization, and to gradually shift away from the inefficient, hierarchical organization that had been built to implement command planning during the Mao period, which would also involve more clearly delineating the functions and authority of the CCP and the government.⁴⁵ On 7–8 November, CROPSR briefed Zhao and other senior officials, including Bo Yibo and vice premiers Hu Qili and Tian Jiyun (田纪云) on their priorities and progress, including the near-term objectives.⁴⁶ On 18 November 1986, Zhao sent a summary of this meeting to the most senior CCP leaders—Deng Xiaoping, Hu Yaobang, Li Xiannian, and Chen Yun. In this document, Zhao reintroduced the “initial stage of socialism” concept into the leadership's discourse. “We are currently in the initial stage of socialism,” he stated, and thus China's political structure was not yet fully institutionalized in line with the goals that Deng and others had enunciated; political reform would be “gradual” and would have to occur alongside the development of both “material civilization” and “spiritual civilization.”⁴⁷ Zhao was pointing toward the implications of this long-term concept, using it in the context of political reform to explain a system that deviated from the goals which Marxist theoreticians and CCP leaders had articulated. This was his first known usage of the term, and it is apparent

⁴⁵ Wu Wei, 74–80; Chen Yizi 陈一咨, 陈一咨回忆录 [*Memoirs of Chen Yizi*] (Hong Kong: Xin shiji chuban ji chuanmei youxian gongsi, 2013), 383–386; Wu Guoguang 吳國光, 趙紫陽與政治改革 [*Zhao Ziyang and Political Reform*] (Taipei: Yuanjing chubanshe, 1997) (cited hereafter as ZZYZZG), 23–25, 32–33.

⁴⁶ ZZYWJ 3:490–492. These objectives included “reforming the leadership system and adjusting the relationship and functions between various social organizations, to advance institutionalization,” including increasing institutionalization, decentralization, and increasing efficiency; “rationalizing” the relationship between the Party and the government; increasing intra-Party democracy; advancing decentralization and institutional reform; and reforming the cadre personnel system. See also Wu Wei, 91–97; Chen Yizi, *Memoirs*, 403–410.

⁴⁷ ZZYWJ 3:493. Wu Wei, 98–99.

that by November 1986 he and the officials at CROPSR had come to believe that it had the potential to justify major incongruities in China's system.⁴⁸

Few issues that the Party leadership might address were more sensitive than political reform. The immediate framework for political reform in 1986 was a series of comments that Deng had made that year, building on his 1980 remarks on the subject that had envisioned the *gengshen* reforms discussed in Chapter 1. "Whenever we move a step forward in economic reform, we are made keenly aware of the need to change the political structure," Deng said in the autumn of 1986. "If we fail to do that, we shall be unable to preserve the gains we have made in the economic reform and to build on them, the growth of the productive forces will be stunted and our drive for modernization will be impeded," though it was "a very difficult question."⁴⁹ In seeking to handle this "very difficult" topic, Zhao deployed the "initial stage of socialism" to justify the work that CROPSR was undertaking. He seemed to sense the concept's potential as a means of justifying reforms that conservative officials might deem contrary to a traditional socialist system or a traditional Leninist party. Yet at that moment in November 1986, Zhao did not further elaborate on the concept as he awaited additional guidance on how to proceed with the political reforms.

However, with the unexpected unrest in December 1986 and the removal of Hu Yaobang, the question of political reform was temporarily postponed. Yet Zhao and Bao realized that the "initial stage of socialism" term that they had begun to revive had even more sweeping potential. This phrase, they discerned, would not visibly undercut China's commitment to socialism but would shift the emphasis to the notion that

⁴⁸ This usage of the term—in the context of political reform in November 1986—has not been previously noted in scholarship of the term's development, likely because this internal document was not previously available. This is several months earlier than the first usage by Zhao as described in Fewsmith, Naughton, Gucheng Li's *Glossary of Political Terms of the People's Republic of China*, or other secondary source material examined.

⁴⁹ SWDXP-3, 178–181; Wu Wei, 74–76.

China's historical moment—its current “stage”—was preliminary and evolving. As a result, if China were in the “initial stage of socialism,” increasing production became the indisputable and critical task so that China could move to a more “advanced” stage of socialism in the future. This “initial stage of socialism” thesis provided a long-term ideological justification for further market-oriented reforms without “sparking major theoretical debates,” Zhao recollected, because it did not endorse capitalism or fundamentally question the basic tenets of China's system; it simultaneously appeared to affirm China's continuing commitment to socialism while redefining what was possible under China's conditions.⁵⁰

In early January, even as the ideological attacks on bourgeois liberalization continued, Bao Tong tested out this application of the concept in a talk entitled “The Young Horse of Socialism, the Old Horse of Capitalism, and Other Matters,” which was subsequently published in the *People's Daily*. In an elaborate metaphor, Bao argued that just as comparing the abilities of a foal and a fully-grown horse was a comparison of maturity and not of quality, so too was socialist societies' lack of economic development best understood as a question of maturity. Socialism was the superior system, but “socialism in China has only thirty years of history. The vast majority of capitalist countries have hundreds of years of history,” he explained. “China is currently in the initial stage of socialism. This is an extremely important contention,” he declared. “In my view, this is the starting point for considering and resolving every sort of social problem in China currently . . . By confirming that we are currently in the initial stage of socialism, many ideological problems can be solved.” He listed, as examples, a wide range of such problems, including “why we must work hard for a long time to develop the planned commodity economy” and “why we must still guard

⁵⁰ Zhao, *Prisoner of the State*, 205. At the same time, Zhao also continued to use it in discussions of the political system (see, for example, ZZYWJ 3:472).

against the tendency toward bourgeois liberalization.”⁵¹ In addition to its direct application to “solving ideological problems,” Bao’s metaphor also pointed toward the future, rather than the past; precisely by emphasizing China’s relative lack of history (“only thirty years”), he argued for imagining China’s reforms as part of a long-term process of maturation. Shortly thereafter, Zhao discussed the “initial stage of socialism” in the wider context to which Bao had applied it, urging progress on both reform and economic construction.⁵² The concept, reworked to apply to far more than political reform, was gaining traction.

SHIFTING THE FOCUS BACK TO REFORM

Zhao’s embrace of the “initial stage of socialism” concept reflected his goal in early 1987 of shifting the leadership’s focus back to the future of the reforms after several months spent prioritizing criticisms of “bourgeois liberalization.” To do so, he was directly engaging the conservatives on the ideological front. As acting general secretary, Zhao pushed Deng Xiaoping to limit the campaign and reemphasize the overall correctness of the reforms.⁵³ On 6 February, less than two months after his fervid denunciations of “bourgeois liberalization” and his praise for the necessity of “dictatorship,” Deng drew attention to the Thirteenth Party Congress and signaled his intention to continue on a reformist path. Speaking to leading members of the Central Committee, Deng said that, despite the “student disturbances,” he believed that the leadership had been “much too cautious” in advancing reform:

Why do some people always insist that the market is capitalist and only planning is socialist? Actually they are both means of developing the productive forces. So long as they serve that purpose, we should make use of them. If they serve socialism they are socialist; if they serve

⁵¹ Bao Tong 鲍彤, 社会主义的幼驹和资本主义的老马及其他 [The Young Horse of Socialism, the Old Horse of Capitalism, and Other Matters], RMRB, 5 January 1987.

⁵² ZZYWJ 4:14. See also ZZYZZZGG 312.

⁵³ Vogel, *Deng Xiaoping*, 586; Wu Wei, 118–125.

capitalism they are capitalist.⁵⁴

Although Deng did not repudiate the aggressive movement against bourgeois liberalization that had dominated the winter, this statement decisively shifted his emphasis and made plain his frustration with CCP conservatives. He had agreed that Hu should resign and authorized a strict clampdown following the student unrest, but Deng stressed that his overall goals for China's "reform and opening" remained intact. Yet because of the considerable emboldening of conservatives who had cheered Hu Yaobang's removal, Deng also went even further to show his support for the economic reforms by announcing a break with Chen Yun's economic ideology. Deng said, "We said [historically] that in a socialist economy planning was primary. We should not say that any longer."⁵⁵ This favorite phrase of Chen Yun's—emblematic of the overall ideological agenda of the conservative wing of the Party leadership—was no longer operative, and the message was clear to elders such as Chen and Li Xiannian and their protégés such as Li Peng and Yao Yilin. In tandem with Zhao, Deng had once again undercut the conservatives and begun to return the leadership's focus to the reforms.

Reformist officials quickly moved forward with drawing up plans for the Thirteenth Party Congress. In March, An Zhiwen of the System Reform Commission and Fang Weizhong, a senior official at the SPC, presented a report to Zhao based on their consultations with a wide variety of Chinese economists. Calling for a transformation of China's "undeveloped" commodity economy, they drew attention to the diverse range of ideas then in circulation about how to define the relationship between the plan and the market, prominently including a model of the economy in which "the state plan adjusts and controls the market through a variety of economic

⁵⁴ SWDXP-3, 203. See also ZFLZQJ 1987, 76–77; DXPNP 2:1168.

⁵⁵ Ibid.

means, and, through the market, guides the enterprises.”⁵⁶ This new model would give greater status to the market than it was accorded under the “planned commodity economy” model, and this model remained a topic of intensive debate in the months ahead.

Many Chinese reformers felt that the need for new policies and even an updated economic model was particularly urgent because of the serious distortions that had emerged in the economy. The dual-track price system (discussed in Chapter Two) had succeeded at increasing production and efficiency, but tensions remained high as the production of key industrial commodities had climbed steadily even as the in-plan requirements remained basically unchanged; for example, production of steel increased by nearly 10 million metric tons between 1984 and 1987 (an increase of over 25 percent), essentially all of which was produced outside the plan.⁵⁷ Enterprise management remained a serious challenge, as attempts to boost autonomous decision-making foundered, and the old system remained deeply entrenched.⁵⁸ Thus, at this moment marked by both significant economic pressures and ambitious reform plans, Zhao swiftly moved to head off additional challenges that might emerge to the reformers’ agenda and, in particular, to diminish the intensity of the push against bourgeois liberalization. Once again, as acting general secretary, Zhao engaged directly on the ideological front.

First, on 5 March 1987, Zhao addressed the ideological challenge of bourgeois liberalization in a meeting with CASS and Peking University representatives. The struggle against bourgeois liberalization would be a long-term undertaking, he argued,

⁵⁶ ZFLZQJ 1987, 82–86.

⁵⁷ Naughton, *Growing out of the Plan*, 223.

⁵⁸ Zhao Minshan 赵岷山, “二十个城市推行承包责任制的调查” [An Investigation into the Implementation of Long-Term Contracting in Twenty Cities], in 优秀统计分析报告选编 [*Selected Exemplary Statistical Analysis Reports*], ed. State Statistical Bureau 国家统计局办公室 (Beijing: Zhongguo tongji chubanshe, 1989), 442–448.

which could take “several decades,” did not depend on “one or two movements,” and could not be solved through “impatient, simple” methods, but rather “long-term, deep, and meticulous education work.” In other words, Zhao recast the basic nature of what had briefly been an intensive campaign against bourgeois liberalization into a much longer timeframe, thereby substantially diluting its force. As he had done with the Campaign to Eliminate Spiritual Pollution, Zhao also emphasized that opposing bourgeois liberalization was fundamentally a “political” task, one that “does not connect to the economic reform policies.” Finally, he asserted that the “tremendous importance” and “guiding significance” of the “initial stage of socialism” concept was actually part of this broad, long-term struggle against bourgeois liberalization, which it would achieve by advancing socialist reform and promoting the stable growth of the national economy.⁵⁹ It was a somewhat forced argument, but it sufficed to make clear that the period of intensive efforts against bourgeois liberalization was over and a new agenda was paramount.

Second, at a nationwide gathering of propaganda officials on 13 March, Zhao elaborated on these points as he explained the new line that the CCP would adopt under his leadership regarding the balance between reform and “bourgeois liberalization.” “The spread of bourgeois liberalization in the preceding period exposed the weakness of our theoretical work,” he acknowledged, which had comprised a substantial part of the criticism of Hu Yaobang. “The socialist system and socialist public ownership are fundamentally superior to the capitalist system and capitalist private ownership. The reform [seeks to] to fully demonstrate the superiority of the socialist system fully and to consolidate and strengthen the socialist system.”⁶⁰ Thus Zhao reminded the officials responsible for the CCP’s ideological messaging that the reforms were socialist in

⁵⁹ ZZYWJ 4:28–30. See also Zhang Xianyang and Shi Yijun, 5 March 1987.

⁶⁰ ZZYWJ 4:35. See also Wu Wei, 128, which dates this propaganda meeting to 15 March.

nature and that he was not opposed in principle to the need to criticize bourgeois liberalization. But he continued to discuss a concept that was “extremely important and has an extremely important guiding significance for China's reform and construction”—namely, the fact that “China is now at the initial stage of socialism.” Its significance was twofold: “First, it points out that China is engaged in socialism and not engaged in capitalism . . . Second, it points out that China is still in the initial stage of socialism and cannot leap beyond this most important national condition.”⁶¹ As his economic officials churned away producing ambitious policy proposals for the Thirteenth Party Congress, Zhao put his full weight behind the “initial stage of socialism” concept to an audience of senior Party propagandists, presenting this broad ideological justification for the ambitious reforms that he was planning.

Third, speaking to the Standing Committee of the Chinese People’s Political Consultative Conference on 15 March, Zhao discussed the campaign against bourgeois liberalization, calling it “a major event in political life,” while also stressing the small scale and duration of the student protests, saying “99 percent of the people were disgusted with the disturbance, and do not wish for any factors that could lead to social unrest . . . Now the situation has already subsided” and “returned to normal.” Tellingly, in this setting, in front of a more elite and conservative audience, Zhao did not use the “initial stage of socialism” concept, which might have raised questions about his intentions in using the phrase. Rather, he trained his focus on delivering a stern message about the nature of the criticism of bourgeois liberalization. He emphasized that the campaign must not “spread beyond the party” because “the problems have mainly appeared within the party”; with this in mind, as he had done at Zhongnanhai earlier in the month, Zhao emphasized the “policy limits” that he had established to

⁶¹ ZZYWJ 4:36.

govern this struggle against bourgeois liberalization so that it would not affect the progress of reform, again echoing his approach to the Campaign to Eliminate Spiritual Pollution. “The goal of opposing bourgeois liberalization is to create a better political environment and social environment for reform and construction,” he stated plainly. Above all else, in the year ahead, China must “take a step forward with opening up.”⁶²

After spending the first half of March 1987 sending clear messages above his ideological priorities to senior officials in the leadership and the propaganda apparatus—and having sought to strictly limit the remaining attacks on bourgeois liberalization—Zhao immediately began to move forward with his reform agenda. On 21 March, following a discussion with Bo Yibo, Yang Shangkun, Wan Li, Hu Qiaomu, and Hu Qili that had taken place on 18 March, Zhao sent a letter to Deng Xiaoping on the drafting of the main Work Report for the Thirteenth Party Congress. All the senior officials at the meeting had agreed that the initial guiding draft was ready for Deng’s review, he reported. Summarizing the report for Deng, Zhao stated clearly, “The report emphasizes that our country is currently in the initial stage of socialism, and this must be the fundamental basis for our policy orientation and other policies.” He continued: “The entire document is based on the initial stage of socialism. This term, ‘the initial stage of socialism,’ does not generally refer to the initial stage of the proletariat’s seizing of power, but rather specifically refers to the situation determined by historical conditions and social conditions of China, which must be passed through,” because Chinese socialism was not born out of capitalism but rather out of semi-colonial, semi-feudal conditions.⁶³

⁶² ZZYWJ 4:43–45. See also Richard Baum, “The Road to Tiananmen: Chinese Politics in the 1980s,” in Roderick MacFarquhar, ed., *The Politics of China: Sixty Years of The People’s Republic of China* (Cambridge: Cambridge University Press, 2011), 399–402.

⁶³ ZZYWJ 4:47–48; DXPNP, 1173–1174; ZFLZQJ 1987, 112–114. On the March 18 meeting, see Wu Wei, 255–257.

Zhao explained the advantages of this formulation to Deng. By including “socialism,” he wrote, it emphasized that China remained socialist and was not pursuing capitalism or “harmful” Westernization. In addition, the term underscored that China could only develop “step by step,” over the long-term. This provided an explanation of the necessity of building the socialist commodity economy, to maintain distribution in accordance with the principle of distribution according to work, and to create a unified socialist market. “It seems that the initial stage of socialism thesis can avoid the two problematic tendencies of ‘left’ and right, and can also articulate clearly the nature and basis of China’s reform,” he stated, reminding Deng that it had previously appeared in the Resolution on Party History and other documents, “but it has never been fully brought into play.” Zhao concluded, “If you agree, the work to prepare the draft report will start to follow this line of thinking,” proposing a timeline of producing a draft by early May, circulating for “scrutiny” until July, then bringing a final draft to Beidaihe in August for final review by the senior leadership.⁶⁴ Zhao seemed confident that Deng would approve the idea; on the same day that he sent this letter, speaking to a delegation from Mozambique, Zhao stated, “China is in the initial stage of socialism . . . We are now developing policies to reform, open, and enliven [the economy], which are based on this idea.”⁶⁵ Indeed, a few days later, on 25 March, Deng responded to Zhao’s letter and approved the plan with just five characters—“这个设计好,” or “This plan is good.”⁶⁶

From this interaction and the larger process of developing the political uses of the “initial stage of socialism” concept, it is possible to discern several important characteristics of Zhao’s role in governing both policy and ideology in China in the

⁶⁴ Ibid.

⁶⁵ Liu Shaoshan 刘少山, “赵紫阳会见莫桑比克解放阵线党代表团” [Zhao Ziyang Meets with Delegation of the Mozambique Liberation Front], RMRB, 22 March 1987.

⁶⁶ ZZYWJ 4:47–48; DXPNP 2:1173.

latter part of the 1980s. First, and most fundamentally, Zhao used ideology to assert and expand his political power in his new role as general secretary. Second, Zhao acted with a large degree of autonomy, despite the extraordinary importance and potential sensitivity of the “initial stage of socialism” concept. Zhao only elevated the concept to Deng Xiaoping’s attention after nearly half a year of internal usage and three months of public usage. This concept was a major ideological shift that had wide-ranging implications for the entire future of the reform agenda, but Zhao did not even discuss it with Deng in person.⁶⁷ Instead, Zhao oversaw a wide-ranging process to develop the concept and garner high-level support for it. This included an important shift from using the concept as the basis of a proposal for political reform to seizing an opportunity, in the context of the struggle against bourgeois liberalization, to elevate the concept as part of the long-term ideological basis of the reforms going forward. Zhao deployed aides and proxies such as Bao Tong to test possible applications of the concept and personally mastered its details. Deng’s characteristically succinct agreement was the final stage of a lengthy process of planning and developing this concept in the context of the reformist leadership’s goals for 1987. With this approval in hand, as we shall see, Zhao could now move to use the concept and fill out his agenda ahead of the Thirteenth Party Congress.

UNDERCUTTING RIVALS AND SHAPING POLICY PRIORITIES

With the ideological foundations for his reform push in place, Zhao’s efforts in the late spring and summer of 1987 focused on two tasks that he viewed as essential to success at the Thirteenth Party Congress: (1) dramatically undercutting the CCP conservatives, and (2) making choices among various policy alternatives that his

⁶⁷ Vogel’s biography of Deng acknowledges that although Deng gave the concept his “approval,” he was not involved in its development; Vogel nevertheless calls the concept “marvelous” (Vogel, 469).

networks of advisers had developed. The following section of this dissertation will address these two tasks separately and then reflect on their implications for scholarly understandings of Zhao's process of becoming general secretary.

Conservative efforts to attack bourgeois liberalization had not been entirely dispelled, despite Zhao's efforts to assert himself and his agenda. Despite the momentum of the reformers during this period, some conservative officials—deeply troubled by the student protests and emboldened by the purge of their longtime antagonist, Hu Yaobang—refused to fall into line. As news of Deng Xiaoping's statements dismissing the leftist notion of “planning as primary” spread through the leadership, Deng Liqun, Hu Qiaomu, and others attacked both “speaking liberalism” and “doing liberalism,” suggesting that the Chinese leadership should go after individuals whose actions were “doing liberalism,” regardless of their outward ideological affiliations, in addition to punishing individuals such as Fang Lizhi, who had explicitly promoted liberal ideas. This veiled attack targeted Zhao as someone who was “doing liberalism” while walking a fine rhetorical line.⁶⁸ Even more dramatically, Zhao recalled that he also received a confidential letter from the Propaganda Department revealing that Deng Xiaoping's statements had led some of the department's bureau chiefs to realize they were facing a renewed focus on opposing the left and to call for continuing resistance.⁶⁹ Deng Liqun and his allies were gearing up for a new wave of pushback against liberalization.

To respond to this resistance, Zhao drew on an important formulation that he attributed to Deng Xiaoping: “one central focus and two basic points” (一个中心, 两个基本点). This idea characterized the broad strategy that Deng had developed since the third plenum of the Eleventh Central Committee in 1978 as having “one central focus”

⁶⁸ Zhao, *Prisoner of the State*, 188; Ruan Ming, 180.

⁶⁹ Zhao, *Prisoner of the State*, 187.

of building socialism with Chinese characteristics, and “two basic points” of simultaneously “upholding the Four Cardinal Principles” and “adhering to the policy of reform and opening, and enlivening the economy.” Zhao stated in January 1987 that it was unacceptable “to talk about one but not to talk about the other.”⁷⁰ Combating bourgeois liberalization was frequently framed in terms of “upholding the Four Cardinal Principles,” so this typically Zhaoist strategy was designed to placate conservatives by seeming to reaffirm part of their agenda while simultaneously seeking to bolster the status of reform.⁷¹

In the spring of 1987, Zhao turned this seemingly anodyne concept of “one central focus and two basic points” against the conservatives who opposed his agenda. At a Central Committee meeting on 27 April, Zhao again discussed the importance of this concept, signaling that he intended to deploy it to strengthen his own authority in a contentious political environment.⁷² The next day, on 28 April, Zhao went directly to Deng Xiaoping to inform him of the extent of the enduring conservative opposition to his agenda, framed in the context of their favoring of only one of the “two basic points,” and the “discoveries” that he had made about the resistance to his agenda in the propaganda apparatus.⁷³ “This attitude was incompatible with the goals of making the Thirteenth Party Congress a meeting that supported reform,” Zhao recalled that he explained to Deng, “so it was important, if we wanted the Thirteenth Party Congress to be successful, for us to start right away to highlight reform in the media.”⁷⁴ In response,

⁷⁰ ZZYWJ 4:20–21; Ruan Ming, 177.

⁷¹ Zhao, *Prisoner of the State*, 207–208.

⁷² ZZYWJ 4:107–108.

⁷³ ZZYWJ, frontispiece of Zhao’s handwritten communication with Deng; DXPNP 2:1183; Ruan Ming, 181; Wu Wei, 130–131.

⁷⁴ Zhao, *Prisoner of the State*, 194.

Deng Xiaoping instructed Zhao to prepare a speech on “the fields of propaganda, theory, media, and party schools” and committed to supporting him.⁷⁵

Zhao immediately prepared a wide-ranging speech to undercut the CCP conservatives and especially Deng Liqun. Zhao’s trusted aide Bao Tong led the drafting of the speech, which Zhao would deliver on 13 May 1987.⁷⁶ On 9 May, with his core arguments developed, Zhao convened a meeting of Bo Yibo, Yang Shangkun, Wan Li, Hu Qili—and Deng Liqun. In the presence of the conservative ideologue who had vigorously opposed his agenda, Zhao delivered a powerful rebuke of Deng Liqun’s actions. Zhao opened by stating, “Some people do not agree with discussing the two basic points and only agree to discuss one of the basic points,” but this directly contradicted Deng Xiaoping’s vision. These individuals who criticized the “two basic points” as “unscientific” were just “making excuses,” Zhao declared, for their desire to “oppose liberalization and give very, very little attention to reform.” Zhao voiced his frustration with those comrades who “belittle the role of reform,” asking angrily, “Without reform, what is socialism with Chinese characteristics?” He warned the conservatives that they could use the excuse of “opposing liberalization” all they liked, but that this “will never make the ‘leftist’ things grow again or resurrect.”⁷⁷ This stunning attack made clear that Zhao felt deeply confident in his ability to decisively undercut the conservative agenda.

On 11 May, Zhao previewed the speech in detail at the Secretariat. Citing the upcoming Thirteenth Party Congress, Zhao attributed the impetus for the speech to Deng Xiaoping himself. “We had a problem with bourgeois liberalization last year,” which merited a strong response, Zhao said. “But this should not affect our propaganda

⁷⁵ ZZYWJ, frontispiece of Zhao’s handwritten communication with Deng.

⁷⁶ Wu Wei, Bao Tong’s former chief of staff, offers a detailed account of the drafting (Wu Wei, 129–134), as does Wu Guoguang, a former speechwriter to Zhao (ZZYYZZGG 392–413).

⁷⁷ ZZYWJ 4:108–110.

for reform. As a result, Comrade Xiaoping has asked me to call a meeting of comrades involved with propaganda, theory, media, and party schools, and to address the question of how to conduct propaganda for reform.” Both domestically and internationally, he added, great attention was already focused on “how China was proceeding” with its reforms, so it would be necessary to “strengthen” propaganda and publicity ahead of the Party Congress.⁷⁸ Yet his comments to his senior colleagues just two days earlier revealed the powerful political rationale for this so-called “strengthening” of the propaganda around reform. Delivering an advance draft of his speech to Deng Xiaoping for his approval, Zhao reminded him of their 28 April conversation in a note handwritten in blue ink around the margins of the speech. Deng, writing in red pen, responded simply, “Completely agree” (完全赞成).⁷⁹ Zhao’s gambit had worked, and his speech on 13 May would mark the decisive moment of his ascendance over the conservatives.

On 13 May, Zhao opened his speech with an unambiguous statement. “The tide of bourgeois liberalization has been reversed,” he announced. “The climate has changed, and the situation is under control.” Reminding the audience that China remained in the “initial stage of socialism,” Zhao acknowledged a certain degree of bourgeois liberalization would persist until the superiority of socialism could be finally proved following a “long-term struggle.” Yet the dominant message of Zhao’s speech was that “reform and opening” was the topmost priority of the leadership and that the Thirteenth Party Congress would mark an important step forward. Zhao rested his credibility firmly on Deng: “A few days ago, I reported to Comrade Xiaoping, and Comrade Xiaoping said that the storm that occurred last year must not affect the reform and opening, and that reform and opening should not only persist but must speed up.”

⁷⁸ ZZYWJ 4:105–106.

⁷⁹ ZZYWJ, frontispiece of Zhao’s handwritten communication with Deng; Wu Wei, 133.

Reiterating the concept of the “one central focus and two basic points,” Zhao chastised “some cadres” who held the “vague and erroneous view of adhering to the Four Cardinal Principles but opposing reform and opening”—precisely the criticism that Zhao had levied against Deng Liqun.⁸⁰ By beating back the conservative attacks, Zhao had solidified his new role and taken further command of ideological and theory work.

Even by the standards of elite Chinese politics, Zhao’s outmaneuvering of Deng Liqun was swift—and, with Deng Xiaoping’s support, this senior propagandist had further indignities to suffer. Zhao passed along to Deng a letter from the reformist elder Li Rui (李锐) accusing Deng Liqun of improprieties while the CCP leadership was camped out in Yan’an; these accusations, despite referring to events that had taken place four decades earlier, provided enough of a pretext for Deng Xiaoping to act. On 7 July 1987, Deng summoned the top leaders to his home—including Zhao, Yang Shangkun, Wan Li, Bo Yibo, and Hu Qili—and announced his decision to remove Deng Liqun from his positions at the Propaganda Department and in the Secretariat, because his opposition was undermining reform, and to dissolve the Research Office of the Secretariat that he had led. Deng Liqun would, however, be permitted to keep a seat on the Politburo and to air his views from that perch—but his power was dramatically curtailed.⁸¹ The man whom Deng Xiaoping had once called stubborn “like a Hunan mule” had seen his staunch resistance to reform become his undoing. Even Deng Liqun’s loyal protectors, most prominently Chen Yun and Li Xiannian, could not push back against Deng Xiaoping’s decision to dramatically reduce Deng Liqun’s power.⁸²

⁸⁰ ZZYZWJ 4:96–101. This is, as far as I can ascertain, the first English-language scholarly treatment of Zhao’s important speech based on direct access to the text itself; see, for example, Vogel, 586–587, which relies only on Baum (1994).

⁸¹ Zhao, *Prisoner of the State*, 199; Deng Liqun, *Twelve Springs and Autumns*, 467–468; DXPNP 2:1200.

⁸² Li Xiannian also wrote a letter supporting Deng Liqun and praising his work, but to no avail (LXNNP, 6:404). For the description of Deng Liqun’s personality, see Zhao, *Prisoner of the State*, 9.

In this sense, Zhao Ziyang's promotion became exactly what conservatives had feared: Instead of a weakened Hu Yaobang, they now confronted in Zhao an empowered reformer who had swiftly eliminated his most persistent ideological rival, taken control over ideological matters, and solidified his own standing in the run-up to an event of extraordinary political significance, the Thirteenth Party Congress.

In addition to dramatically undercutting the CCP conservatives, Zhao also set about making choices regarding the various policy alternatives for the Thirteenth Party Congress that his networks of advisers had developed. The events leading up to this important meeting have received detailed analysis elsewhere and will only be treated briefly in this chapter.⁸³ For these purposes, I offer three areas that Zhao prioritized as he developed his agenda for the Party Congress: economic reform, technology policy, and political reform. Inputs to the process of policy development came from across the wide intellectual network that Zhao had built up as premier. In April, for example, Ma Hong and his staff at the DRC submitted a report to Zhao that contended that a consensus had emerged that the fundamental problem confronting China's economy was an overexpansion of demand (assessing problems such as over-issuance of currency and rises in commodity prices), although opinion remained divided on which "transitional symptoms" were most dangerous to the overall health of the Chinese economy, and offered a long series of policy possibilities for Zhao to consider, on which Zhao offered detailed feedback.⁸⁴ In July, the SPC submitted a lengthy set of "suggestions" that centered on ideas such as increasing the autonomy of both

⁸³ See, for example, Stanley Rosen, "China in 1987," *Asian Survey* 28, no. 1 (1988): 36–40; Shirk, *Political Logic*, 308–312; Michel Oksenberg, "China's 13th Party Congress," *Problems of Communism* 36, no. 6 (November–December 1987); Tony Saich, "The Thirteenth Congress of the Chinese Communist Party: An Agenda for Reform?" *Journal of Communist Studies* 4, no. 2: 203–204; Directorate of Intelligence, *China's 13th Party Congress: A Preview*, 1 October 1987, CIA-RDP04T00907R000300580001-7, released 26 April 2012, General CIA Records.

⁸⁴ ZFLZQJ 1987, 115–122.

ownership and decision-making at large and medium-sized enterprises and implementing new measures to more effectively control consumer demand.⁸⁵ Beyond official channels, in journals and newspapers, numerous economists and intellectuals continued to compete for influence and attention.⁸⁶

Zhao also remained focused on the questions of S&T policy that had been a priority since his 9 October 1983, speech on the “New Technological Revolution.” No doubt Zhao’s focus was enhanced by Deng Xiaoping’s growing interest in these issues; on 26 April, Deng had complained publicly, “China lags behind in science and technology.”⁸⁷ On 7 July, at a meeting discussing a wide range of economic and development topics, especially enterprise reform, Zhao segued to discussing these questions of technological development. He stated, “Combining the real benefits of reform with advancing the technological revolution is very important.” He ordered, “The question of S&T revolution, and the question of technological progress, must also be combined with reform measures . . . In the Work Report of the Thirteenth Party Congress, we must include this content.” Despite the progress made in creating the 863 Program and advancing research in this area, Zhao concluded dramatically, “How to promote technological progress is a matter of China’s future life and death.”⁸⁸ As the congress approached, Zhao clearly felt that the stakes were higher than ever.

At Beidaihe between 29 July and 6 August, Zhao met four times with the CFELSG to discuss economic reform. These discussions produced a policy agenda that would prioritize “deepening the reform of the enterprise management system,” while also developing new policies to govern the investment system, the system for materials

⁸⁵ ZFLZQJ 1987, 210–222.

⁸⁶ See, for example, Zhang Xuejun 张学军, “对我国宏观经济研究中若干基本观点的评价” [An Evaluation of Some Basic Viewpoints in China’s Macroeconomic Research], JJYJ, no. 8 (1987): 5–7; Wu Jinglian 吴敬琏, “关于宏观经济问题的分歧” [Concerning Differences on Macroeconomic Issues], JJYJ, no. 11 (1987): 47–52.

⁸⁷ SWDXP-3, 222.

⁸⁸ ZZYWJ 4:128.

management, and the foreign trade system.⁸⁹ During 1986, as noted in the previous chapter, Zhao had shifted toward supporting the primacy of enterprise reform.⁹⁰ One reason for this was real economic indicators: A 1987 survey of 2,000 enterprises conducted by the Institute for Chinese Economic Structural Reform and the State Statistical Bureau (later renamed the National Bureau of Statistics) revealed that less than 5 percent had implemented a new management structure that officials had encouraged. This more competitive structure would have determined how the enterprise and its superiors divided up profits, selected managers, and compensated workers.⁹¹ Partly as a result of these unsuccessful reform attempts, that summer state-owned enterprises began to implement a contract responsibility system at the central government's direction. Under this system, enterprises and the state set contractual obligations, guaranteeing the state a certain portion of the enterprise revenue but otherwise generally allowing enterprises to make independent operational decisions. Enterprise managers and government agencies would negotiate the terms of the contracts, an arrangement intended to eliminate "ratchet effects," in which enterprises produced at minimum levels so that planners set lower production targets. The new model of a contract responsibility system, which Hu Yaobang had advocated in the early 1980s, went beyond any previous management reform, although it did not target the more basic issue of ownership. By July 1987, over 50 percent of state-owned enterprises had adopted the system.⁹²

⁸⁹ ZFLZQJ 1987, 199–204.

⁹⁰ In November 1986, Zhao listened to a report on several possible methods for reforming national commodity prices. He responded by saying that although price reform deserved attention, "enlivening the enterprises must first be resolved." He added, "Reform is precisely the rationalizing of [economic] relationships. The old ideas won't do." See ZFLZQJ 1986, 140–141.

⁹¹ Zhao Minshan, "An Investigation into the Implementation of Long-Term Contracting," 442–448.

⁹² Fewsmith, *Dilemmas of Reform*, 210–214; Qimiao Fan, "State-Owned Enterprise Reform in China: Incentives and Environment," in *China's Economic Reforms: The Costs and Benefits of Incrementalism*, ed. Qimiao Fan and Peter Nolan (Basingstoke, UK: Macmillan, 1994), 149–150. For comments from Zhao on the contract responsibility system and related policies, see ZZYWJ, 4:61–62, 4:87–89, 4:95, 4:283–288, 4:382, and 4:391–394.

Thus, by August 1987, Zhao and his economic officials had explicitly set deepening the reforms to enterprises—perhaps even addressing the difficult matter of ownership—as their priority. (Even so, underscoring the artificiality of thinking of either enterprise reform or price reform in isolation, on 7 August Zhao led a discussion of a DRC document and discussed price reform in detail, although he warned about the “big political risk” of price reform.⁹³) At Beidaihe, Zhao also issued or clarified assignments of responsibility on what he had articulated as the priority areas for policymaking, delegating State Councilor Zhang Jinfu (张劲夫) to take the lead on materials system reform, Vice Premiers Yao Yilin and Tian Jiyun to lead on investment-related concerns in funding basic construction, and assigned the Ministry of the Economy and Trade to step up its efforts on reform of the trading system.⁹⁴ Yet not all the dilemmas of responsibility were resolved. On 5 August, for example, he spoke frankly with his economic advisers about the operational limitations of the CFELSG, which served primarily to “coordinate” but could not be in charge of “macroeconomic management,” and of the SPC, which had been too focused on micromanaging the economy and had not adequately developed into a new role in a transformed economy.⁹⁵ It was an all-around call for the entire bureaucracy governing economic affairs to mobilize ahead of the Thirteenth Party Congress. Zhao remained focused on deploying the assets that he had available and focusing on the areas that combined his priorities and the realities of the political environment. As he prepared for the Thirteenth Party Congress, Zhao knew that he had tremendous leeway but was equally aware of the need not to overplay his hand in areas where “political risks” might undermine his broader agenda.

⁹³ ZFLZQJ 1987, 224–226; the comment on “political risk” is on page 225.

⁹⁴ ZFLZQJ 1987, 199–204. Zhao was explicit that CROPSR was an important model for this pattern of delegation, group creation, and policy development (see ZZYWJ 4:25).

⁹⁵ ZFLZQJ 1987, 222–224.

In addition to these ambitions for reforms to economic and technological policy, Zhao also ensured that plans for political reform could progress under the leadership of Bao Tong. Although this dissertation focuses on Zhao's economic ideas and policies, this broader topic of political reform is important to address here as the third and perhaps most controversial prong of Zhao's overall agenda for the Thirteenth Party Congress. Although during 1986 Zhao, Bao, and CROPSR had begun to make headway on developing an agenda for political reform—out of which had initially arisen the “initial stage of socialism” thesis, as discussed earlier in this chapter—the dramatic instability in December 1986 and January 1987 had brought these plans to halt. Yet Zhao's consolidation of power over the first half of 1987 also enabled him to return political reform to the agenda for the Thirteenth Party Congress.

Zhao presided over a five-member Political System Reform Research Leading Small Group, which also included Hu Qili, Tian Jiyun, Bo Yibo, and Peng Chong (彭冲), and sat atop Bao Tong's CROPSR.⁹⁶ Zhao soon confronted a fundamental disconnect between his vision of the scope of political reform and Deng's. On 8 March 1987, Deng Xiaoping made clear that he viewed political reform narrowly, telling President Ali Hassan Mwinyi of Tanzania that reform of the “political structure” should focus on “the failings such as bureaucratism, overstaffing, official misconduct and so on.”⁹⁷ Yet Zhao's advisers at CROPSR were more ambitious, discussing a wide range of ideas for updating the structures of both the CCP and the government to reflect the changed realities of the country over which they ruled.

As early as 29 January 1987, Zhao had made comments on political reform that even included “opening up all kinds of permissible democratic consultation and lively

⁹⁶ ZZYWJ 3:468. Chen Yizi, “The Decision Process behind the 1986–1989 Political Reforms,” in Carol Lee Hamrin and Suisheng Zhao, eds., *Decision-Making in Deng's China: Perspectives from Insiders* (Armonk, NY: M.E. Sharpe, 1995), 142.

⁹⁷ SWDXP-3, 212; DXPNP 2:1172–1173.

social dialogue,” as well as “electoral issues” and county-level elections.⁹⁸ He also revived the application of the “initial stage of socialism” concept to the matter of political reform and “socialist democracy.”⁹⁹ The priorities of Zhao’s network for political reform—led by Bao Tong as well as the CASS scholar Yan Jiaqi (嚴家其) and CCP researcher Liao Gailong (廖盖隆), who had helped envision the proposed *gengshen* reforms—included advancing the separation of Party and government functions; decentralizing power; developing a civil service system (or “public service system”) to replace the traditional cadre system; establishing the independence of the judiciary; and bolstering freedom of the press.¹⁰⁰ Deng Xiaoping was emphatic, however, that a “tripartite separation of powers” was completely unacceptable and that no political reforms should resemble this system.¹⁰¹ Zhao complied with Deng’s wishes on this point, even as his advisers heatedly debated how to prioritize the wide range of political reforms that they deemed necessary.¹⁰² Despite ostensibly deriving from Deng’s 1980 speech “On the Reform of the System of Party and State Leadership,” the political reform agenda at the Thirteenth Party Congress went far beyond Deng’s main goals of addressing more limited concerns such as “bureaucratism” and “overstaffing,” and indeed would be, at least on paper, one of its most ambitious elements.

Despite this gap, at this particular moment in 1987, Deng and Zhao agreed on the fundamental guiding principle of political reform: maintaining stability and the primacy of the CCP while, as Deng put it on 12 May, “reforming the political structure

⁹⁸ ZZYWJ 4:22.

⁹⁹ ZZYWJ 3:472. The date of these remarks was 14 February 1987.

¹⁰⁰ ZZYWJ 3:470–477; ZZYZZGG 448–485; Baum 214–214; Hsiao Pen, “Separating the Party from the Government,” in Hamrin and Zhao, eds., 153–163; Yan Huai, “Establishing a Public Service System” in Hamrin and Zhao, eds., 169–175; Hongying Wang, “Zhao Ziyang’s visions: Victims of political turmoil or seeds of a democratic future” in Wu and Lansdowne, 17–28.

¹⁰¹ Wu Wei, 223–225. See also Zhao, *Prisoner of the State*, 208. Zhao added, “Frankly speaking, if there was anything new in the area of political reform in the Political Report for the 13th Party Congress, it certainly was not because of Deng” (ibid.).

¹⁰² Wu Wei, 249–252, 273–278; Chen Yizi, “The Decision Process,” 149–150.

to adapt it to economic development.”¹⁰³ This point bears repeating—especially because, given the events of 1989, it can be tempting to read history backwards and project onto Zhao’s work on political reform in 1987 a somehow fundamentally democratic orientation. Yet, in 1987, Zhao’s policies to advance political reform at the Thirteenth Party Congress cohered with Deng’s authoritarian worldview. The goal of political reform at this moment was to strengthen the functioning of the CCP and the government to allow both entities to more effectively lead the economic reforms. Above all else, this orientation required stability and gradualism in the political reforms. As Deng said about political reform on 29 August 1987, “Every measure we take will affect the interests of thousands upon thousands of people. So we have to proceed one step at a time, in a well-directed and orderly way . . . we cannot allow anarchy.”¹⁰⁴ At least in the summer of 1987, Deng and Zhao remained in agreement on this fundamental point.

As this process of pursuing reforms to the economic, technological, and political systems proceeded apace, Deng Xiaoping continued to indicate that Zhao retained his full support. Speaking with Leonilde Jotti and Renato Zangheri, the leaders of the Italian Communist Party, in the same 29 August comments where Deng discussed political reform (quoted above), Deng sketched a broad outline of the upcoming congress. “Basically, this congress will concentrate on the reform and the opening process,” he stated. It would “call for deepening the reform of the economic structure and carrying out a corresponding reform of the political structure,” while also promoting younger individuals and reaffirming that China was in the “primary stage of socialism.”¹⁰⁵ Less than two months before the event, Deng continued to voice publicly

¹⁰³ SWDXP-3, 233; DXPNP 2:1187–1188.

¹⁰⁴ SWDXP-3, 247–248; DXPNP 2:1191.

¹⁰⁵ *Ibid.* See also Xinhua News Agency, “邓小平向意共领导人约蒂介绍国内情况时说” [Deng Xiaoping Tells Italian Communist Leader Jotti about the Domestic Situation], 30 August 1987.

his high expectations for the results of the process that Zhao was administering. By the end of August 1987, it is clear that Zhao, as general secretary, was poised to aggressively push forward his agenda at the Thirteenth Party Congress.

The events of 1986–1987 were dramatic, unexpected, and consequential. Yet by the autumn of 1987, it became possible to see that Zhao’s promotion to the position of acting general secretary in many ways represented continuity with his premiership and the overall policies that he had pursued from that post. In 1987, Zhao shifted from being an empowered premier to being an empowered general secretary. Even if this situation would not last long, this chapter has used new primary sources to demonstrate the extent to which Zhao started off his tenure as general secretary on remarkably strong footing, despite the conservative resurgence that had removed his predecessor, Hu Yaobang. This chapter has suggested several reasons for this strength. First, Zhao had expanded his authority over ideological matters, in addition to his core duties administering economic reform, which allowed him to transition relatively smoothly into this broader role atop the CCP. Second, Zhao regularly operated with significant autonomy, even though, as has long been known, Deng Xiaoping’s backing remained the fundamental wellspring of his authority. Third, Zhao had developed a series of potent future-oriented ideological and political strategies, epitomized by the “initial stage of socialism,” which he was able to deploy effectively once he assumed the duties of general secretary. Fourth, Zhao’s opportunism proved especially well suited to the shifting political currents of the period 1986–1987, allowing him to seize opportunities to take advantage of favorable dynamics and assert his authority. Fifth, Zhao’s intellectual networks remained strong and flexible, and thus quickly generated policy responses to priorities as he identified them.

Yet no matter how effectively Zhao may have made his initial transition from premier to acting general secretary, the continuity described above underscores an important theme of this dissertation: Zhao was an evolutionary—rather than revolutionary—leader. Even in his new role, he remained bounded by the constraints—whether ideological, political, or economic—of the system that the CCP had constructed. Despite his creative strategies for maximizing his autonomy and authority within that system, Zhao’s leeway was shaped by China’s stage of development and the stage of China’s socialist revolution, which required him to advance ideology and policy in tandem, and the political backing that he received from Deng, who gave him autonomy to manage day-to-day affairs and to develop his own vision for the Thirteenth Party Congress. Zhao did not seek to break out of those constraints or fundamentally overturn the norms that defined the Deng era. Even as the extent of his considerable autonomy and ideological creativity becomes clear, in reckoning with how Zhao “became” general secretary, we must fundamentally see him as a leader in the model that Deng Xiaoping wished to cultivate: ambitious, reformist, and future-oriented, but profoundly a creature of—and within—the CCP.

**CHAPTER V:
THE ZENITH OF THE ZHAO ERA:
THE THIRTEENTH PARTY CONGRESS, THE COASTAL DEVELOPMENT STRATEGY,
AND THE DEBATE OVER ECONOMIC “OVERHEATING,” 1987–1988**

This chapter assesses the zenith of the Zhao era: the period from the Thirteenth Party Congress in October–November 1987 to the launch of the “coastal development strategy” in 1988. While chronicling Zhao’s political activities in this period, this chapter’s analysis centers on three episodes in particular: (1) the Thirteenth Party Congress of 1987, (2) the development of the “coastal development strategy” in the period 1987-1988, and (3) the debate over inflation and economic “overheating” in the first half of 1988. This chapter argues that the vision Zhao presented at the Thirteenth Party Congress should be understood as an agenda that reflected and intensified his longstanding policy priorities, whereas the major economic initiative that Zhao led immediately following the congress—the coastal development strategy—was an important innovation that sought to shift China’s economic development decisively in the direction of long-term integration into the international economic system. However, this chapter contends that a set of assumptions that undergirded this new strategy, particularly regarding the low risk that Zhao believed inflation and economic “overheating” posed to China, triggered a set of unexpectedly fierce debates that quickly undermined the authority he had accumulated and the agenda that he had articulated. These internal debates are now visible in remarkable detail thanks to new sources. This chapter concludes by examining the characteristics of elite Chinese politics in the 1980s that allowed the zenith of the Zhao era so quickly to lead to the fracturing of his authority, suggesting that two key factors were the political meaning of economic overheating and the practical importance of opportunism.

ZHAO'S BREAKTHROUGH: THE THIRTEENTH PARTY CONGRESS OF 1987

The Thirteenth Party Congress marked the solidification of the wide-ranging agenda that Zhao Ziyang had pursued as premier and acting general secretary, and reflected how his policy vision had evolved since the endorsement of the “planned commodity economy” in 1984, as well as other initiatives such as the responses to the New Technological Revolution and the Campaign to Eliminate Spiritual Pollution. With this perspective in mind, this chapter will first offer an analysis of the decisions made at the Thirteenth Party Congress and especially its Work Report, which was the most comprehensive articulation of Zhao’s vision during the entirety of his tenure at the pinnacle of Chinese politics.

As argued in the previous chapter, Deng Xiaoping gave Zhao, then acting general secretary, significant leeway and strong backing to develop his priorities for the Thirteenth Party Congress. Deng also had designated Bo Yibo to run the personnel process, reflecting the continuing influence of CCP elders over the promotion of cadres. By the spring and summer of 1987, Zhao was empowered to draw on his intellectual network to develop an expansive agenda, which would be ideologically justified by the “initial stage of socialism” concept. The Thirteenth Party Congress would mark a substantial breakthrough in the development of China’s reform agenda under Deng and Zhao—marking the culmination of the advances made by Chinese reformers throughout the 1980s and setting goals for the next stage of “reform and opening.”

Before the congress opened, Zhao and Deng made public comments to preview the most significant agenda items. For example, on 11 October, at a meeting with Hungarian leader János Kádár, the General Secretary of the Hungarian Socialist Workers Party, Zhao stated clearly that he viewed the “initial stage of socialism” concept as the central theoretical contribution of the upcoming congress, which would

serve as the basis for what Zhao promised would be a significant step forward in both “theory and practice.” Discussing personnel, Zhao stated that the CCP would promote younger officials and emphasize specialization and knowledge as well as revolutionary spirit.¹ These two aspects—ideology and personnel—would dominate discussion and analysis of the congress.²

On 25 October, the CCP elite from across the country assembled in orderly rows in the Great Hall of the People as the Thirteenth Party Congress began.³ For the purposes of this dissertation, given the enormous significance of this event and its Work Report, this section will briefly summarize the major outcomes of the congress in the context of Zhao’s broader objectives and evolving thinking during the 1980s. (The previous chapter analyzed important elements of the “documentary politics”⁴ of the content of this Work Report; more generally, since 1987, scholars have carefully examined the outcomes of this event, which produced public documents, presented the new leadership to the Chinese people and the world, and even ended with a press conference, so this chapter will provide a compressed account.) This section describes the areas of its greatest consequence: personnel, ideology, economic policy, technology policy, and political reform.⁵

First, the Thirteenth Party Congress prompted a generational shift in the composition of the top CCP personnel. Many of the oldest members of the Politburo retired, replaced by a new generation of leaders, including Shanghai’s mayor, the 61-

¹ Xinhua News Service, 赵紫阳举行宴会欢迎卡达尔 [Zhao Ziyang Hosts Banquet Welcoming Kádár], RMRB, 12 October 1987. For Deng’s meeting with Kádár, see DXPNP 2:1209–1211.

² DXPNP 2:1213–1215; Wu Wei, 278–280. Deliberations leading up to the Thirteenth Party Congress took place, in part, during debates about the proper agenda for 1988. In July 1987, Zhao outlined his priorities for 1988, headlined by “deepening the reform of the enterprise management system” (ranging from increasing “competitiveness” to “perfecting self-restraint”) and including a wide range of other reforms at both the microeconomic and macroeconomic levels. See ZFLZQJ 1987, 226.

³ See Oksenberg, “China’s 13th Party Congress,” 2, 7.

⁴ Wu Guoguang, “‘Documentary Politics’: Hypotheses, Process, and Case Studies,” in Hamrin and Zhao, eds., is the most notable explication of this term.

⁵ Other important areas, such as foreign affairs and national security, received scanty or no mention in Zhao’s Work Report, a fact that previous scholars have noted (Oksenberg, 14).

year-old Jiang Zemin (江泽民), the Tianjin mayor Li Ruihuan (李瑞环), and Song Ping, who led the CCP's Organization Department. All of the CCP's "Eight Immortals" were now officially retired from the Politburo Standing Committee, though Deng Xiaoping retained his post as chairman of the Central Military Commission. (Zhao became the first-ranked vice chairman of the Central Military Commission.) The 82-year-old Chen Yun, meanwhile, was appointed to chair the Central Advisory Commission, with his ally Bo Yibo as his deputy, which gave them a continuing potential power base. Of the members of the previous Standing Committee, which had been temporarily defunct since Hu Yaobang's ouster, only Zhao remained on the body. The 59-year-old Li Peng, a protégé of Chen Yun who was set to take over Zhao's duties as premier, joined the Standing Committee, alongside Hu Qili, Qiao Shi, and Yao Yilin. The ideological balance of this group ensured that the direction of the reforms would remain contested in the period ahead. Yet the generational shift at all levels of the top CCP leadership was clear. As Michel Oksenberg has shown, the average age of Standing Committee was now 63 (down from 77); and of the new Central Committee, including both full and alternate members, 46 percent were now 55 years old or younger and only 20 percent were over 60.⁶ Despite these changes, as discussed below, Deng would continue to wield informal paramount authority in addition to his formal role chairing the Central Military Commission. As a result, for Zhao, the task of continuing to manage his relationship with Deng and the other elders would remain crucial, even if they were nominally retired.

These continuing informal structures were counterbalanced by new personnel initiatives to create institutional processes that would promote the CCP's organization as a "ruling party" rather than a "revolutionary party" (which would be enhanced

⁶ DXPNP 2:1213; LXNNP, 6:416; Chen Yizi, *Memoirs*, 469; Baum, *Burying Mao*, 215–216. Tony Saich, "The Thirteenth Congress"; Oksenberg, "China's 13th Party Congress," 5–7.

further by political reforms discussed below). One such change was a new balloting method for the congress itself, which involved a “preliminary election” with more candidates than spots on the Central Committee. One notable consequence of this change was that the rise of Deng Liqun came to an unexpected end. In the preliminary election, Deng Liqun placed in the bottom ten—a stunning outcome for an official whose patrons, including Chen Yun, had planned for him to join the Politburo—and thus was not selected to the Central Committee and was ineligible to join the Politburo. Despite this humiliation, Chen Yun ensured that Deng Liqun retained access to the amenities of the luxurious life of a senior official.⁷ However, the implications of this decision were significant well beyond Deng Liqun’s personal fate: In 1988, *Red Flag* magazine would be formally shut down—a further strike against the conservatives that was in large part enabled by Deng Liqun’s removal. Personnel matters had significant ramifications for policy.

Second, the congress endorsed an important set of ideological formulations that were articulated in its Work Report entitled “Advancing along the Road of Socialism with Chinese Characteristics.” Indeed, despite the important personnel changes discussed above, the true breakthrough of the 1987 congress was *conceptual*, oriented toward mapping out a direction and justification for reform policy. The Work Report revealed how far Zhao’s views about the proper relationship between the state and the market had come since the codification of the “planned commodity economy” in 1984. Most importantly, the ideological bedrock of the Work Report was the “initial stage of socialism” concept that had been developed and endorsed in the period leading up to the congress. Defining the “main contradiction” in Chinese society as the contradiction between “the backwardness of production” and “the people’s growing material and

⁷ Zhao, *Prisoner of the State*, 199; Ruan Ming, 185–186.

cultural needs” during this “initial stage,” Zhao emphasized the diminishing role of economic planning. “We must gradually shrink the scope of compulsory plans and gradually transform to a management system of primarily indirect management,” he declared. He further emphasized the ideological importance of holding to the “one central focus and two basic points” (discussed in the previous chapter), which denoted pursuing the overall objective of building socialism with Chinese characteristics while simultaneously “upholding the Four Cardinal Principles” and “adhering to the policy of reform and opening, and enlivening the economy.”⁸

Yet Zhao’s Work Report went even farther than these previous statements in the direction of endorsing market-oriented change. In a sweeping gesture, he redefined the goal of the reforms: “Overall, the system must be one in which ‘the state manages the market, and the market guides the enterprises.’” By endorsing this formulation, Zhao established an expansive and pro-market interpretation of the “planned commodity economy.” The ideological significance was enormous: After years of debate, Zhao and the network of economists he supported had achieved a landmark change that solidified the central and explicit role of the market.⁹

Third, building on these ideological justifications and conceptual innovations that bolstered the role of the market in China’s reforms, Zhao addressed economic policy. The three key policy goals endorsed in Zhao’s Work Report were that the economy should move toward giving full play to “market forces,” that enterprises of all ownership types should be fully “guided” by the market, and that macroeconomic controls should be “primarily indirect.” To frame these goals and underscore the stakes of the reforms, Zhao praised the contributions of the reforms to raising people’s living

⁸ Zhao Ziyang 赵紫阳, 沿着有中国特色的社会主义道路前进 [*Advance along the Road of Socialism with Chinese Characteristics*] (Beijing: Renmin chubanshe, 1987), 7–14.

⁹ *Ibid.*, 27.

standards, citing the elimination of acute shortages of consumer goods, as well as 70 million new jobs created for urban residents and 80 million rural residents who had shifted from agriculture to industry and business activities. He cited policies that would focus on the challenges of enterprise management and ownership, as well as seeking to control inflation and bolster foreign trade, including through making improvements to the investment environment for foreign firms.¹⁰ These were characteristic priorities of Zhao's throughout the 1980s, indicating once again that his ascension to the general secretaryship marked a significant continuity in economic policy, which he had led as premier.¹¹ Yet it is also important to note that, on economic policy, the Work Report remained quite notional and general. The specific policies that would permit China to achieve these goals were not fully articulated—which, as we shall see later in this chapter, was one important reason why Zhao embraced the coastal development strategy with such enthusiasm immediately following the congress.

Fourth, Zhao also ensured a prominent place for his priority initiatives related to S&T. Presenting these ideas in the context of China's "development strategy," Zhao stated that China would give "first priority" to science, technology, and education, which could "push forward economic development." He emphasized the "dual task" of applying advanced technologies to traditional industries while also ensuring the emergence of high-technology industries of the sort that the 863 Program was designed to pursue. He returned to his favored phrase for the transformation that China was preparing to undergo, citing the need to meet "the global New Technological

¹⁰ Ibid., 2–6, 18, 22, 27–33; Oksenberg, 12–14. Zhao also discussed economic policies that sought to promote social welfare, ranging from mitigating demographic challenges such as an aging population to the creation of a stronger welfare system for farmers and paying attention to environmental protection. These issues, of course, remain central challenges in the twenty-first century, but this Work Report marked their first appearance as CCP priorities at an event with the stature of a Party Congress.

¹¹ For example, this policy orientation meant that initial emphasis would be placed on enterprise reform, which was consistent with the views he had espoused earlier in 1987 before the congress. See also ZFLQZJ 1987, 335–342.

Revolution.”¹² In this signature document, the Work Report laying out his priorities as general secretary, Zhao ensured that the S&T agenda that he had pursued as premier and which Deng Xiaoping had encouraged would remain central to the leadership’s agenda.

Fifth, Zhao gave significant emphasis to political reforms. This section of the Work Report grew out of the proposals developed by Bao Tong and CROPSR, as discussed in the previous chapter. Zhao had followed Deng’s instruction to reject “anything resembling a ‘tripartite separation of powers.’”¹³ The Work Report presented the logic for pursuing reforms to the political structure as squarely focused on supporting China’s economic development: the goal was to “institute a system of leadership that will help to raise the efficiency, increase the vitality, and stimulate the initiative of all sectors of society.” In the longer term, this would require “building a socialist political system with a high degree of democracy and a complete set of laws,” although without “abandoning the characteristics and advantages” of China’s system led by the CCP and organized along “the principle of democratic centralism.” Specifically, Zhao directly addressed the importance of reforms including separating party and government functions and powers, the delegation of authority to lower levels of the CCP, reforming the personnel system to promote the creation of a civil service, and enhancing dialogue, consultation, and the role of representative assemblies to strengthen “democratic” processes.¹⁴ These ideas sought to strengthen the functioning of the CCP and the government to allow both entities to more effectively lead the

¹² Ibid., 16–18. However, some critics of the regime believe that this strategy, paired with the “initial stage of socialism” concept, was contradictory; Ruan Ming writes, “When put into practice, the ‘primary stage of socialism’ as devised by Zhao Ziyang did not allow China to absorb such innovations in modern capitalism as new developments in science and technology.” (Ruan Ming, 189).

¹³ Zhao, *Prisoner of the State*, 208.

¹⁴ Zhao, *Advance along the Road*, 34–48; see also Wu Wei, 273–278; Baum, *Burying Mao*, 220–222; Hongying Wang, “Zhao Ziyang’s visions: Victims of political turmoil or seeds of a democratic future?” in Wu and Lansdowne, *Zhao Ziyang and China’s Political Future*, 17–29.

economic reforms; they were predicated on a continuing commitment to stability and gradualism in the political reforms, although they were given greater prominence and detail than many analysts expected at the time.¹⁵ Even more fundamentally, they went farther than previous official calls for political reform in suggesting that greater accountability and transparency were essential to the CCP's ability to lead China's reform and opening.

The Thirteenth Party Congress came to an exuberant close on 1 November 1987, as the sixty-eight-year-old Zhao spoke to the press corps. One participant recalled that he was “preternaturally tranquil” and “beamed with a relaxed confidence.” Flanked by his leadership team, including the new acting premier, Li Peng, Zhao wore a double-breasted pinstripe suit—albeit one proudly “made in China.” All the members of the Politburo's new Standing Committee wore Western attire; the Mao jackets always worn by Deng Xiaoping, Chen Yun, and members of the elder generation were notably absent.¹⁶ In both symbol and practice, China seemed to be on a new path.

Yet one additional decision was made on 2 November, at the first plenary meeting of the Thirteenth Central Committee of the CCP that immediately followed the congress. Zhao promised that the new leadership would continue to “seek the advice and help” of the elders, and “Comrade Xiaoping in particular.” (The existence of such a secret protocol has long been known, because, as we shall see in the next chapter, Zhao confirmed it publicly in a meeting with Mikhail Gorbachev on 17 May 1989, with disastrous consequences. However, prior to the *Collected Works of Zhao Ziyang*, its text and precise content had not been available.¹⁷) Zhao continued: “Comrade

¹⁵ Oksenberg, 12.

¹⁶ Adi Ignatius, “Introduction,” in Zhao, *Prisoner of the State*, ix–x. For an example of propaganda material produced after the congress, see Shanghai CCP Propaganda Department 中共上海市委宣传部, 赵紫阳在党的十三大的报告学习提要问答 [*Zhao Ziyang's Report at the Thirteenth Party Congress: Study Summary and Q&A*] (Shanghai: Shanhai renmin chubanshe, 1987).

¹⁷ Ruan Ming, *Deng Xiaoping: Chronicle of an Empire*, 187; Wu Wei, 280–285;

Xiaoping's status and value as a decision-maker on the major problems for our party and the nation has been put to the test and recognized both inside and outside of the party, and domestically and internationally." Since the third plenum of 1978, "Although Comrade Xiaoping did not serve as chairman or general secretary of the party, it was actually Comrade Xiaoping at the helm." Even when he did not serve on the Standing Committee of the Politburo, "The status and value of Comrade Xiaoping as a decision maker on the major problems for our party and the nation did not change." Zhao concluded:

We still need Comrade Xiaoping to continue on at the helm at this critical juncture. The Politburo Standing Committee = believes that from today on, when we encounter major problems, we still have the need to consult Comrade Xiaoping, and Comrade Xiaoping will still be able to convene our meetings. We earnestly make this request of the plenary meeting and of Comrade Xiaoping, because it is necessary for the cause of our party, and we trust that the plenary meeting will agree with our request.¹⁸

Zhao's "request" about Deng's status was met with "warm applause" (热烈鼓掌).

Despite its informality, this appeared to serve as sufficient ratification. "Good! Our request was warmly endorsed by the plenary meeting, and we view it as an especially meaningful show of support for the Politburo," Zhao stated after the applause.¹⁹ This exchange was the content of the so-called secret agreement about Deng's continuing paramount authority that would return to haunt Zhao in 1989.

Despite this secret agreement that suggested a strong ongoing role for the elder generation, some were displeased with the outcomes of the congress and especially Zhao's Work Report. Zhao recalled that Chen Yun, in particular, was dismayed with

¹⁸ ZZYWJ 4:255-256.

¹⁹ ZZYWJ 4:256. The secrecy of this protocol was significant, despite its informality. On 14 November 1987, the *New York Times* reported, "Zhao Ziyang relaxed over dinner at the leadership compound of Zhongnanhai in the Forbidden City and told how Deng Xiaoping, China's paramount leader, had insisted on stepping down 'before my mind becomes confused'" (Harrison E. Salisbury, "Zhao Ziyang, on Mao and China's Future," *New York Times*, 14 November 1987).

the Work Report's embrace of the market.²⁰ Chen Yun's hopes evidently rested in Li Peng, and in the fact that in Zhao's new job as Party general secretary, Zhao had less direct control over economic policy than as premier. Zhao reportedly believed he would be able to dominate his much less experienced replacement, but, even at the time, Zhao's view probably ignored the fact that Li was the handpicked protégé of Chen and Yao Yilin, who opposed many of the reforms—and events would certainly demonstrate that Zhao had underestimated the consequences of Li's appointment.²¹ On 1 December 1987, Zhao led his final State Council meeting in his role as premier, formally turning over those duties to Li.²²

“ONTO THE WORLD ECONOMIC STAGE”: THE COASTAL DEVELOPMENT STRATEGY

The Work Report at the Thirteenth Party Congress had marked a major achievement, but the specific policies that could realize its ambitions remained uncertain. With this challenge in mind, Zhao turned again to a wide intellectual network. For example, he invited eight prominent economists, including Liu Guoguang, Li Yining, and Wu Jinglian, to organize research teams to design their own “1988–1995 Medium-Term Reform Proposals,” which would provide a buffet of concrete options to help him flesh out the policy direction.²³ Even more significantly, in the period immediately following the Thirteenth Party Congress, Zhao made a major policy decision that also sought to address this challenge: he endorsed a bold new strategy for

²⁰ Zhao, *Prisoner of the State*, 123. Of course, it is also possible Chen was simply not feeling well. But this portrayal draws on Zhao's interpretation of Chen's early exit.

²¹ Deng met with Li Peng on 7 November, shortly after the closing of the congress (DXPNP 2:1216). See also Robert Weatherley, *Politics in China since 1949: Legitimizing Authoritarian Rule* (London: Routledge, 2006), 136. Zhao maintained his position on the Leading Small Group for Financial and Economic Affairs after he was promoted to general secretary. At present, President Xi Jinping leads it. (See Wu Peng, “Closer Look: Xi's Leadership of Top Economic Group Follows Pattern,” *Caixin*, 20 June 2014, at <http://english.caixin.com/2014-06-20/100693367.html>.)

²² ZZYWJ 4:313–316. See also Zhang Xianyang and Shi Yijun, 1 December 1987.

²³ Wu Jinglian, “Economics and China's Economic Rise” (paper presented at the 16th World Congress of the International Economic Association, Beijing, China, 4 July 2011), in *The Chinese Economy: A New Transition*, ed. Masahiko Aoki and Jinglian Wu (New York: Palgrave Macmillan, 2012), 14.

the future of China's economic development, which came to be known as the "coastal development strategy" (沿海地区经济发展战略).

Beginning in June 1987, a researcher at the SPC named Wang Jian (王建) had begun to publish articles that argued China should take advantage of what he termed the "great international cycle" (国际大循环经). This "cycle" involved Chinese industry first using international markets to purchase inputs, primarily raw materials for production. Then firms would conduct manufacturing within China using low-cost labor. Finally, China would sell these finished products on the world market. The industrial coastal regions thus would lead the country in a period of rapid development driven by export-oriented growth. Furthermore, as these coastal industries accumulated foreign exchange and attracted foreign capital and technology, this would in turn produce funds the government could spend on fostering rural development. Wang's idea was fundamentally future-oriented, and he predicted that it would take two or three decades to achieve these goals.²⁴

Wang Jian's conception of a "great international cycle" reflected many of the realities of China's special economic zones (SEZs) and the increasing acceptance of international trade as a source of growth. Indeed, in July 1986, Zhao had led China's efforts to apply to the General Agreement on Tariffs and Trade (GATT), as noted in the previous chapter, which was an important gesture of long-term commitment to China's integration into the international economic system.²⁵ What was new about Wang's ideas, however, was that they systematized the successful model of the SEZs into a comprehensive, long-term framework for future economic development based on

²⁴ Wang Jian 王建, 走国际大循环经济发展战略的可能性及其要求 [The Possibility and Requirements of the Great International Cycle Economic Development Strategy], 动态清样, June 1987, included in ZZYWJ. Fewsmith, *Dilemmas of Reform in China*, 214–217.

²⁵ See GATT Document L/6017, "China's Status as a Contracting Party—Communication from the People's Republic of China," available at <<https://docs.wto.org/gattdocs/q/GG/L6199/6017.PDF>>.

international trade. To be sure, this focus on the coastal regions had been longstanding. The initial SEZs—Shenzhen, Zhuhai, Shantou, and Xiamen—were all coastal cities, and their establishment was followed in 1984 and 1985 by the designation of additional port cities along China’s eastern seaboard, so that by 1987 the SEZs stretched along the coast through the Pearl River Delta, the Yangtze River Delta, and the Shandong and Liaoning peninsulas. In the Sixth Five-Year Plan (1981–1985), China had been divided into “coastal,” “inland,” and “ethnic minority” regions, and in both the Sixth and Seventh Five-Year Plans (1986–1990) the importance of the coastal regions for economic development was made explicit. In 1986, the government repeatedly cited “the opportunity to focus on coastal economic construction in all aspects that will support the speeding up of its development, and allow it to support the development of the inland regions and to promote the entire country’s socialist modernization.”²⁶ Indeed, these coastal regions had already witnessed significant progress. Between 1978 and 1986, Fujian’s industrial output increased by a factor of seven and its GDP by a factor of six. In Guangdong, between 1978 and 1989, industrial output had increased by a factor of four and its GDP had increased by more than a factor of three.²⁷ However, Wang Jian’s ideas expanded beyond provincial output increases, instead providing a broad vision of export-led growth and China’s integration into the international economy that the SEZs would help lead. Although the coastal regions played a pivotal role, the aims of the policy were truly national.

Wang’s ideas also reflected Chinese economists’ and officials’ study of the experiences of the so-called “four Asian tigers” (also known as the “little Asian

²⁶ *Important Documents since the Twelfth National Congress*, 2:647; for relevant sections of the Seventh Five-Year Plan, see Part 3, Section 16, and Part 6, Section 35; see also Gao Bowen 高博文, “20世纪80年代沿海地区经济发展战略的选择及其效应” [The Choice and Effects of the 1980s’ Coastal Development Strategy], *当代中国史研究* [*Research on Contemporary Chinese History*], no. 4 (2009): 92–100.

²⁷ Min Ye, *Diasporas and Foreign Direct Investment in China and India* (Cambridge: Cambridge University Press, 2014), 65–66.

dragons” and other variations thereon): Singapore, Taiwan, South Korea, and Hong Kong.²⁸ These countries had used an export-led growth strategy to industrialize rapidly in the decades after World War II, earning worldwide acknowledgment for an astonishingly rapid economic transformation. This rapid “takeoff” was particularly appealing to the Chinese economists, so Wang and others studied on these so-called Asian tigers to apply elements of their development policies to China.²⁹ Although, as we shall see, many officials believed that these small countries could not serve as useful models for China, which was large, unevenly developed, agricultural, and highly populous, the export-led growth model itself seemed more readily transferrable, because it relied primarily on plentiful, low-cost, and high-quality labor, which China possessed.

Wang’s proposals circulated rapidly in both public and internal settings after their initial appearance in June 1987. Wang, a government economist, had not developed a previous relationship with Zhao, but the open policy environment of this period meant that his ideas were able to reach the general secretary’s office by the early autumn.³⁰ They informed the treatment of China’s position in the international economy at the Thirteenth Party Congress. “The world today is an open world. We

²⁸ See Zhao, *Prisoner of the State*, 145–146. For a fuller analysis of the growth model in these countries, see Ezra F. Vogel, *The Four Little Dragons: The Spread of Industrialization in East Asia* (Cambridge: Harvard University Press, 1991).

²⁹ Wei-Wei Zhang, *Ideology and Economic Reform under Deng Xiaoping, 1978–1993* (London: Kegan Paul International, 1996), 194. In 1992, Chinese officials would begin to characterize the four Asian tigers as models for the future in a way they never had during the 1980s. On his Southern Tour in 1992, for example, Deng praised Singapore in broad terms: “Thanks to a strict administration, Singapore has good public order. We should learn from its experience and surpass it in this respect.” As China was negotiating to establish diplomatic relations with South Korea in August 1992, Deng added, “The experience of other countries shows that some of them—Japan, South Korea and parts of Southeast Asia, for example—have gone through one or more periods of rapid development. . . . We must have this ambition” (SWDXP-3, 365). The *New York Times* reported that Wu Bangguo, Shanghai Party secretary, “reportedly told a visitor that China aimed to learn from the policies of South Korea and Singapore in developing their economies” (Nicholas D. Kristof, “China Sees Singapore as a Model for Progress,” *New York Times*, 9 August 1992, at <http://www.nytimes.com/1992/08/09/weekinreview/the-world-china-sees-singapore-as-a-model-for-progress.html>).

³⁰ Fuh-Wen Tzeng, “The Political Economy of China’s Coastal Development Strategy: A Preliminary Analysis,” *Asian Survey* 31, no. 3 (March 1991): 273.

have already made significant achievements in this fundamental national policy of opening up to the outside world,” the Work Report stated, while also elaborating, “In the future, we must stride onto the world economic stage with an even more courageous attitude by choosing a strategy for imports and exports and using foreign investment,” deepening economic and technical exchanges, and expanding trade.³¹ Zhao was preparing the ground for offering “a strategy for imports and exports and using foreign investment” and ensuring that the congress lent its support to the goals that underpinned Wang’s ideas, which were broadly presented as having direct implications for China’s standing on “the world economic stage.”

Newly available sources reveal that Zhao was particularly impressed with a lengthy overview of Wang Jian’s arguments about the implications of the “great international cycle” published by Xinhua News Service in its internal journal, *Trends and Proofs* (动态清样). On 1 November, the day that the Thirteenth Party Congress concluded, Zhao gave orders for a this report to be circulated to the State Council and the CFELSG, underscoring the centrality of Wang Jian’s ideas to his thinking about how China could attain the goals articulated at the Thirteenth Party Congress. (Zhao also asked that the report go specifically to Du Runsheng [杜润生], who administered the rural reforms, and the Ministry of Foreign Economic Relations and Trade’s top two officials, Zheng Tuobin [郑拓彬] and Li Lanqing [李岚清].) Thus it is clear that Wang directly influenced Zhao’s thinking—a fact that Zhao made no effort to conceal at the time, though he would later claim that he had devised the idea for the coastal development strategy himself.³²

³¹ Zhao, *Advance along the Road*, 22.

³² Zhao, *Prisoner of the State*, 145–146. Wang Jian has also often been occluded from the historical record; because of his influence on Zhao, as part of Zhao’s erasure, he is also frequently erased. For example, Gao Bowen, writing in the journal *Research on Contemporary Chinese History*, argued that although CCP documents contain the “international cycle” term, the meaning of this term as used in

The document that Zhao circulated provided a detailed summary of Wang's view of the "prospects and requirements" of an "economic development strategy" based on the "great international cycle." Focusing on the period between 1987 and 2000, Wang identified the extraordinary scope of the transformation that he predicted for China: due to a combination of migration from rural regions and growth within cities, the industrial labor force would increase by 210 million people. This transformation would require industrial development to focus on exports, which Wang believed would need to grow by twelve percent annually, on average, every year until 2000. (By contrast, during the period of the Sixth Five-Year Plan, China's total export growth rate had been under nine percent.) Labor-intensive products generally produced higher profits, he argued, so China should focus on four key manufacturing areas: textiles and garment processing; food and beverage processing; "sundry light industrial goods," which he explained referred to everything from watches and toys to chemical products and ceramics; and mechanical and electrical consumer products such as household appliances.³³ This would require "an adjustment in China's current export market structure," Wang stated plainly, based on "opening up the market to developed countries," while also controlling domestic consumption within China and reforming the tax system to eliminate the turnover taxes that would make more complex production chains too costly for Chinese producers.³⁴ On the day of the closing of the Thirteenth Party Congress, Zhao's endorsement of these ideas suggested a direct linkage between them and the aspirations of the congress.

official documents and by the scholars who initially proposed it is in fact distinct. Gao emphasizes that the true lineage of this idea is instead the thinking of Deng Xiaoping; Zhao's name, of course, does not appear in his article. See Gao Bowen, "Choice and Effects of the Coastal Development Strategy." It is certainly possible to trace the intellectual origins of this idea even farther back; for example, in a 11 January 1985 document on the Yangtze River and Pearl River deltas, the idea of explicitly prioritizing the economic development of the "coastal regions" (beyond simply the SEZs) at the vanguard of the "reform and opening" received attention. See *Important Documents since the Twelfth National Congress*, 2:647–650.

³³ ZFLZQJ 1987, 294–295.

³⁴ *Ibid.*, 296–299.

At a several-day planning meeting that ran from 3–5 November 1987, designed to set the agenda for 1988, Zhao again cited Wang Jian’s ideas. Zhao ended the session on 5 November by discussing “changes in the global economic situation” and praising Wang’s proposals and the “great international cycle” as “very reasonable.” China’s primary economic advantage, Zhao stated, was “labor resources”—adding that he meant “not only people, but also, most importantly, low wages.” If China could raise the quality of its labor force, including through increasing its technological and managerial capacities, China would become globally competitive. He called for further research into these possibilities.³⁵

In the subsequent months of 1987, Zhao personally pushed forward this research by conducting inspection tours of coastal areas.³⁶ Speaking on 26 November with officials in the city of Suzhou, in Jiangsu Province, Zhao summarized his objective: “Our coastal region should use the international market to develop itself.” He outlined the mechanism of the great international cycle, driven by imports of raw materials and exports of finished products. “This is very much possible,” he emphasized, so long as China could create a situation of cheap labor, improve business mechanisms, and, most challengingly, resolve the institutional question of how to reform the trade system for imports and exports.³⁷ Following from these objectives, on 30 December, meeting with officials from the Xiamen SEZ, Zhao urged the assembled officials to learn from Taiwan about management methods and especially the creation of successful joint ventures. An export-led growth strategy had enabled Taiwan to engage in a technological transformation after the 1970s, Zhao stated, reflecting his longstanding preoccupation with the central role of technology in advancing economic

³⁵ Ibid., 334–335.

³⁶ Zhao, *Prisoner of the State*, 145–146.

³⁷ ZZYWJ 4:305–306. Zhao also demonstrated his familiarity with international trade theory, discussing the alternative policy paths represented by import substitution and export-oriented growth (ZZYWJ 4:311–312).

development. The coastal development strategy would enable that success by drawing on foreign management and technology and using international finance and foreign exchange. “We must further open the entire coastal region, and further promote the export-oriented economic development of the coastal region,” he declared. “This is a strategic task.”³⁸ By the end of the year, Zhao had concluded that the “coastal development strategy” could propel China to extraordinary economic growth and become a signature agenda of his tenure as general secretary.³⁹

Thus, in January 1988, Zhao moved decisively to turn this “coastal development strategy” into policy. First, his allies sought to bolster the standing of these ideas: a laudatory front-page interview with Wang Jian was printed in the *Guangming Daily*, and the *Economic Daily* ran a front-page article on Wang’s ideas on 5 January, accompanied by support from other economists.⁴⁰ Second, and most importantly, Zhao submitted a report entitled “Strategic Issues in the Economic Development of the Coastal Region,” which presented this vision for approval by Deng Xiaoping and the central leadership. This important document built on the Work Report of the Thirteenth Party Congress in presenting an ambitious vision for China’s economy “striding onto the world stage” under Zhao’s leadership. Citing his investigations since November of the previous year, Zhao noted the “increasingly good momentum” of exports in China’s coastal areas and emphasized a sense of opportunity for China to select a new “development strategy.” He explained, “Labor-intensive industries are always transferred to places where labor costs are low,” and that because of the appreciation of the Japanese yen, Taiwan dollar, and other Asian currencies, the moment was right for China to open up further. “China’s coastal areas would be very attractive” in these

³⁸ ZZYWJ 4:329–331.

³⁹ Zhao, *Prisoner of the State*, 145–146.

⁴⁰ Wang Jian 王建, “选择正确的长期发展战略” [Choosing the Right Long-Term Development Strategy], *经济日报* [*Economic Daily*], 5 January 1988; Tzeng, “The Political Economy of China’s Coastal Development Strategy,” 273.

conditions, not only because of low labor costs, but also because China's workforce, transportation infrastructure and S&T capacities were all relatively higher quality than many other developing countries." Voicing a sense of urgency that recalled his discussion of the New Technological Revolution, Zhao declared, "Throughout history, China has missed several development opportunities. We must not miss the opportunity this time."⁴¹

Zhao proposed several measures to "vigorously develop an export-oriented economy" as a "strategic issue." In addition to seeking to attract foreign investment and managerial expertise, the centerpiece of this strategy was called the "two ends extending abroad" (两头在外). The "two ends extending abroad" denoted a dual integration of China's production process into the international system as Wang Jian had described: coastal areas would import raw materials from abroad, so as not to be limited by the quantity and availability of domestic raw materials, and then export finished products to international markets. To enable this approach, Zhao again called for the reform of the foreign trade system, including the creation of a system of "responsibility for profits and losses" (自负盈亏) in dealing with foreign trade, rather than relying on the state. Zhao also emphasized the importance of obtaining foreign exchange and foreign sources of capital, while also investigating ways to "mitigate the effects of fluctuations in international markets" on China's economy. He continued to stress the leadership role that township and village enterprises would play in this system and to discuss the need to strengthen China's business management by partnering with foreign entrepreneurs.⁴²

⁴¹ ZZYWJ 4:342-343.

⁴² ZZYWJ 4:344-352. On 30 January, Zhao would meet with officials from the Trade and Industry Bureau and trading companies to discuss reforms to the foreign trade system (ZZYWJ 4:363-365).

Despite this focus on labor-intensive industry, Zhao also included in this report a strong reminder of his strategic commitment to responding to the New Technological Revolution. As part of the coastal development strategy, China should further “promote the transformation of S&T into productive forces,” including by encouraging Chinese scientists to create products with commercial applications and participate in international exchanges and competition. Enterprises could draw on scientific research if scientists engaged directly with industry—and, in “technology-intensive industries,” Zhao even suggested, “S&T personnel could enter business directly.”⁴³ (With this in mind, Zhao encouraged the development of the Zhongguancun “Electronics Street” in Beijing, a high-technology industrial park that became a major incubator of new companies.⁴⁴) As reflected in the Work Report of the Thirteenth Party Congress, by 1987–1988 Zhao’s vision of China’s response to the New Technological Revolution had evolved to include explicitly the importance of new technology as able to increase the productivity of traditional industries in addition to allowing the growth of emerging industries—and the coastal development strategy encompassed both of these priorities.⁴⁵ Zhao concluded the document by stating that this coastal development strategy would propel the entire country—both coastal and inland regions—to a more advanced stage of development and “resolve all kinds of contradictions.”⁴⁶

On 23 January 1988, Deng Xiaoping approved the document with a characteristically brief message: “Completely agree. Be especially bold, speed up the pace, and do not miss the opportunity.”⁴⁷ As with the “initial stage of socialism” thesis and other key initiatives that Zhao spearheaded, Deng was asked for and provided his crucial approval only at the end of a lengthy policy- and document-crafting process,

⁴³ ZZYWJ 4:352–353.

⁴⁴ ZZYWJ 4:400.

⁴⁵ See Gao Bowen, “Choice and Effects of the Coastal Development Strategy.”

⁴⁶ ZZYWJ 4:355.

⁴⁷ DXPNP 2:1223; ZZYWJ 4:342. See also ZFLZQJ 1988, 7.

essentially authorizing what was already a finished product. Moreover, to a remarkable degree, the substance of these proposals cut across the major agendas that Zhao had advanced from the mid-1980s onward, prioritizing an ambitious approach to economic development that sought to deploy global trends, domestic industry (both labor-intensive and information-intensive), and international interconnection to serve China's growth and modernization.

Less than two weeks later, on 2 February, Zhao delivered a video message by satellite from the Great Hall of the People in Beijing to the World Economic Forum in Davos, Switzerland. These remarks served to announce the outlines of the coastal development strategy to a global audience. He did so with a specific purpose in mind: "China's labor costs are relatively low; production efficiency is increasing; and various laws and regulations are being perfected," he told the Davos audience, while also announcing the decision to open Hainan Island as an SEZ. "I hope that before long, people will realize that China, and especially China's coastal region, is a very attractive place to invest capital and technology."⁴⁸

Several days later, on 6 February, a Politburo meeting chaired by Zhao formally adopted the "coastal development strategy" as an official strategy for "national construction," citing Deng's endorsement. The Politburo's report began with an overview of the "steady and healthy" development of China's industrial and agricultural production, including a 14.6 percent increase in gross industrial output value over the previous year. Because "the whole economic situation is good" and a "faster and healthier pace of growth" was deemed desirable—despite what the Politburo acknowledged were concerning price rises across the economy, especially in the price of foodstuffs—the coastal development strategy was essential "for the future

⁴⁸ ZZYWJ 4:366–368. For more on the Hainan decision, see ZFLZQJ 1988, 119–120. The National People's Congress formally approved this decision in April. Deng Xiaoping had discussed this move as early as 20 June 1987 (ZFLZQJ 1987, 188).

of the whole economy” and “must be resolutely implemented.”⁴⁹ Within just over three months, the ideas that Zhao embraced just as the Thirteenth Party Congress came to a close on 1 November 1987 had become official policy.

It is important to emphasize that, as indicated by the Politburo’s statement about the role of the coastal development strategy in shaping “the future of the whole economy,” this strategy constituted far more than its name suggested. It was a policy involving the entire nation, from the coastal regions that would lead the way in interfacing with the global economy to the rural areas that would provide the low-cost labor and inputs that would enable China’s export-led growth to occur rapidly and cheaply. Most significantly, it clarified the overall orientation for China’s economic reforms and made the two titular components of “reform and opening” more inextricable than ever before. China’s economic development would be enabled by both continued reforms *and* intensified opening to the global economy, and each of these elements would increasingly depend on the other to advance. Far more than just a strategy for increasing exports or helping coastal regions grow, the coastal development strategy constituted a new vision for China’s role in the world: by opening itself to the “great international cycle,” China would become deeply enmeshed in international trade and the global economic system. Its economic growth would become ineluctably bound up with its role as both an importer and exporter, which would mean pursuing large sums of foreign exchange and exposing China to the risky fluctuations of the global economy. The rewards, Zhao promised, would surpass even what China had already witnessed during the 1980s.

This internationalist vision for China’s development was one reason why it was particularly meaningful that Zhao unveiled elements of this strategy to foreign

⁴⁹ ZFLZQJ 1988, 81–89; for the section on the coastal development strategy, see ZFLZQJ 1988, 86–88.

audiences at the World Economic Forum to advertise the benefits of China's newfound economic openness to the world, and to promote economic opportunities within China to international investors and manufacturers around the world. This is what he meant, most fundamentally, when he spoke of China "striding onto the world stage." Yet it is equally important to understand the coastal development strategy—and the fierce debates about it that would follow—through the perspective of a related shift in conceptions of China's economic security. Zhao's vision sought to enmesh China in the international system as a long-term means of accelerating and cementing its rise. China had long since abandoned Maoist autarky, but its embrace of foreign trade and investment had remained limited throughout the 1980s; the SEZs were economically liberal enclaves in an otherwise tightly controlled environment for foreign trade, with many rules and best practices not yet fully developed. The coastal development strategy was a commitment to change those realities, and to transform China's economy into an environment in which export-led growth, taking advantage of low-cost labor, could occur rapidly. China's economic security would now be connected to—and, thus, dependent on—the global economy to a far greater degree than at any point since the establishment of the PRC in 1949. Beyond what Zhao acknowledged directly, its ideological implications were significant. The global capitalist market would now play an even larger role in China's socialist economy. As China's national economy became more market-oriented and more open to foreign trade and investment, the future of what its commitment to socialism would mean in practice—in the "initial stage" and beyond—was even more uncertain.

THE FRACTURING OF ZHAO'S AUTHORITY

The period from the Thirteenth Party Congress in 1987 to the rollout of the coastal development strategy in 1988 marked the zenith of the Zhao era: the period of greatest progress toward realizing his vision for China's future and the height of his power. This chapter has illustrated the expansive ambitions that Zhao held for his tenure as CCP general secretary. Yet almost immediately thereafter, Zhao's authority as general secretary began to fracture. It would not immediately collapse; after all, he had triumphed publicly at the party congress, and he retained Deng Xiaoping's backing. However, he made a crucial decision in the formulation of the coastal development strategy that soon returned to haunt him—a judgment (or misjudgment) that was made deliberately, based on his economic ideas about growth and inflation. This section will characterize the criticism that the coastal development strategy and related Zhaoist initiatives received on the grounds that they would cause risky economic overheating. It will analyze Zhao's disagreement with these critics and argue that this fundamental split in economic policy marked a crucial turning point in the gradual breakdown of Zhao's authority.

Initially, the criticism of the coastal development strategy came from familiar sources. No matter how chastened they may have been after the Thirteenth Party Congress, the CCP conservatives aligned with Chen Yun who often opposed Zhao's policy initiatives during the mid-1980s immediately trained their attacks on numerous perceived problems with the coastal development strategy. For example, they voiced their displeasure with the perception that it might cause the SEZs to become a model that the rest of China would follow.⁵⁰ Zhao seemed prepared to address these concerns directly and met with Chen Yun on 29 January 1988; although the *Chen Yun Chronicle* does not record the contents of their meeting, it is likely that Zhao briefed Chen on the

⁵⁰ CYNP 3:407–408. Chen noted that he had never been to an SEZ but said he had taken a “keen interest” in them and followed their progress closely.

coastal development strategy, because on 15 February 1988, speaking with Li Peng and Hu Qili, Chen said he supported the coastal development strategy and the “two ends extending abroad”—although he still warned his colleagues not to underestimate the difficulty of the development path that they were undertaking.⁵¹ Perhaps with this in mind, shortly thereafter Chen’s ally Deng Liqun traveled to inspect the Shenzhen SEZ.⁵²

However, officials with strong ties to Chen also raised a different and broader problem: the risk of economic overheating. This concern tapped into a longstanding controversy in China about the perils of rapid growth and inflation. For the purposes of this chapter, two important high-level officials who disagreed with Zhao are most significant—newly appointed Premier Li Peng, and longtime Vice Premier Yao Yilin.

On 20–23 January 1988, officials from the Ministry of Finance and planning agencies delivered reports to Li Peng that raised concerns that rising prices were negatively affecting the entire financial system.⁵³ Shortly thereafter, the State Price Office submitted a memorandum declaring it was “already not possible to control the rise in commodity prices to be capped at approximately 6 percent,” which was the target set by the state planners, and suggesting that the economy might be on the verge of overheating. In a discussion responding to these reports, Yao Yilin stated that he was “nervous” about China’s policy direction. The implication was clear: if China embarked on an ambitious and risky high-growth coastal development strategy, it might push the entire economy to a dangerous level of overheated growth and economic instability.⁵⁴

⁵¹ CYNP 3:409–410.

⁵² GSJTL 1:410.

⁵³ ZFLZQJ 1988, 23–27, 28–32.

⁵⁴ *Ibid.*, 3, 47.

Yet reform-oriented leaders disputed these negative assessments by Yao and others. Tian Yuan (田源), an official at the State Council's DRC, dismissed these concerns; instead, he argued that the conditions in the Chinese economy were "very good." As evidence, he drew on a study of China's price system that he and a State Council research team had conducted and would subsequently publish; in their assessment, the rapid implementation of sweeping reforms, especially to the price system, were urgently necessary—a view that was itself based on a fundamentally optimistic assessment of the state of the economy.⁵⁵ For officials such as Tian, the disagreement with the viewpoints of Li and Yao had two dimensions: first, they disagreed with the analysis of data suggesting that the risk of inflation was high; second, they more generally disagreed with the substantive view (held by both conservatives and many reformers) that inflation was dangerous, so either way they were not seriously concerned about the risk of overheating.

At this moment, Zhao revealed that he fundamentally sided with the interpretation of inflation and overheating as less risky than Li and Yao portrayed it—or, at a minimum, that he was willing to tolerate this risk to pursue his objectives. Zhao had previously shown some tendencies not to be intensely concerned about inflation—criticizing Ma Hong and members of the CFELSG for "pessimism" about the risks of price increases—but now his views had developed into a seemingly firm position that inflation and overheated growth were a less significant risk than many other officials believed.⁵⁶ When the SPC relayed the disagreements over inflation to Zhao in a late January 1988 presentation, he critiqued the stance that Li and Yao had taken. Zhao emphasized that only focusing on a rise in commodity prices was "missing the forest

⁵⁵ Ibid., 48. See Tian Yuan 田源, "价格改革与产权制度转换" [Price Reform and the Changeover in the Property Rights System], JJYJ, no. 2 (1988): 11–18.

⁵⁶ ZZYWJ 4:76–77.

for the trees.”⁵⁷ It seemed as if, now that he had become general secretary, succeeded at the Thirteenth Party Congress, and presented the coastal development strategy, Zhao believed—or wished to believe—that his position and the position of the Chinese economy were both strong enough to handle inflation.

Yet the policy disagreements about inflation among senior officials continued to mount in February, when Yao Yilin warned that if the inflation China was experiencing were not firmly controlled, “malignant inflation will be unavoidable.” Privately, Li and Yao argued that the coastal development strategy and its emphasis on speeding up development was risky because it might trigger economic overheating, which Zhao told them was a “needless” concern.⁵⁸ Conservatives led by Li and Yao hoped to see some form of policy retrenchment, but Zhao and his allies fundamentally disputed their diagnosis of the risks of inflation and instead sought to move ahead rapidly with the coastal development strategy. The conservatives’ arguments even began to sway some economists who had previously been thought of as squarely in Zhao Ziyang’s camp. At the second plenum of the Thirteenth Central Committee on 15–17 March 1988, at which Zhao delivered remarks, Liu Guoguang openly disagreed with Zhao’s optimistic assessment of the economy.⁵⁹ Rather, Liu said the rise in prices that China was experiencing was in fact inflationary and not just a matter of an imbalance in supply and demand of a few goods that could be addressed by tweaking prices. Liu described an excess supply of currency and warned that the risk of overheating was significant.⁶⁰

Despite these tense internal disagreements, Li Peng remained largely on message at the National People’s Congress in late March 1988. In his speech on 25 March, Li emphasized the coastal development strategy. “Today the mutual

⁵⁷ ZFLZQJ 1988, 60.

⁵⁸ Ibid., 90; Zhao, *Prisoner of the State*, 146.

⁵⁹ ZFLZQJ 1988, 102–107.

⁶⁰ Ibid., 107–115.

cooperation, interdependence, and mutual competition of every country in the world is becoming stronger,” he stated. “Adjustments in the economic structure of developed countries and expanding foreign investment provide us with an excellent opportunity to take a step forward in entering the international market.”⁶¹ Yet at this meeting, Li and his allies continued to argue that China’s economy was facing a period of serious inflationary risk. He cited, for example, “excessive increases in commodity prices” as a significant problem that was “having a definite influence on people’s lives.”⁶²

Zhao continued to dispute these warnings and to signal even more bluntly that he did not regard inflation as a serious risk. On 2 April, meeting with senior economists, Zhao said he believed that if commodity prices and wages were to rise significantly as the economy developed, “I think that doesn’t seem so terrible.”⁶³ Zhao’s suggestion that inflation might not be “so terrible” was bold in the context of socialist economics, but his advisers had argued to him that it was a common phenomenon in the experience of other developing countries. In particular, members of his intellectual network, especially the economic official Zhu Jiaming, cited the experience of several Latin American countries, which were reported to be successfully enduring high rates of inflation alongside high rates of growth. Yet by the spring of 1988, Zhao made clear that three new fundamental views had crystallized in his mind: rapid growth was essential to the success of reform policies because it “minimized contradictions” in a mixed system; the economic conditions in 1987–1988 were not dangerous, even if they were inflationary; and, most basically, a rapidly developing economy could tolerate inflation.⁶⁴

⁶¹ CCP Central Documents Office 中共中央文献研究室, 十三大以来重要文献选编 [*Selection of Important Documents since the Thirteenth Party Congress*] (Beijing: People’s Publishing House, 1991), 1:161–163.

⁶² Ibid., 1:140.

⁶³ ZFLZQJ 1988, 119.

⁶⁴ Ibid.; see also Zhao, *Prisoner of the State*, 145–147.

To strengthen this case as Zhao pushed forward the high-growth coastal development strategy in an inflationary environment, two of his top economic advisors in this period—the officials Zhu Jiaming and Chen Yizi—traveled to Latin America to conduct research in late April 1988. The delegation left Beijing for Brazil and Chile on 26 April 1988. In Chile, they reported observing widespread satisfaction with the economic governance of Augusto Pinochet’s authoritarian regime. Next, in Brazil, they visited Rio de Janeiro, Brasília, and São Paulo. They met with Antônio Delfim Netto, often called “the father of the Brazilian economic miracle”; Delfim Netto described to them how foreign investment had helped power Brazil’s economic growth.⁶⁵ From the Chinese consulate in São Paulo, they sent a telegram back to Beijing that, as Zhu recalled, informed the Beijing leadership that they believed Brazil’s experience definitively proved that inflation was not necessarily harmful.⁶⁶

Upon returning to China, Chen briefed Zhao on the trip, focusing on foreign investment and inflation. “Inflation will exist in any country that undergoes rapid economic development, and this includes socialist countries. The currency inflation caused by the rise in investment and consumption is especially hard to avoid, particularly when the issue of enterprise property rights has not been resolved,” Chen recalled that he told Zhao. “Of course, we are not encouraging inflation, but rather we are recognizing its reality and its extent,” he added. In Brazil and other Latin American countries, “People are accustomed to this. In contrast, because our prices have remained the same for decades, people are less willing to accept any increase in prices.”⁶⁷ Zhu put it in plainer terms: “It seems impossible to have both low inflation and high

⁶⁵ Chen, *Memoirs of Chen Yizi*, 505–509.

⁶⁶ Zhu Jiaming 朱嘉明, Chen Yizhong 陈宜中, Qian Yongxiang 钱永祥, and Wang Chaozhua 王超华, “中国改革的道路” [The Path of China’s Reform], 3 November 2012, at <http://www.21ccom.net/articles/zgyj/ggcx/article_2012110370279_2.html>; see also Chen, *Memoirs of Chen Yizi*, 505–509.

⁶⁷ Chen, *Memoirs of Chen Yizi*, 509–512.

economic growth.”⁶⁸ (Zhu also used the Brazilian experience in developing its interior territories to propose development policies for China’s western region—a major goal of the coastal development strategy.⁶⁹) The split among the reformers deepened, facilitated by Zhao’s evident proclivity for the ideas of Zhu and Chen. Other reformers with close ties to Zhao attacked Zhu and his allies as dangerously eager to pursue rapid growth in an inflationary environment. For example, the economist Guo Shuqing (currently China’s chief securities regulator) argued that “one-sided pursuit of a high-speed growth policy is detrimental—even devastating—to the economic system.”⁷⁰ The reformers had become bitterly divided, and Zhao seemed unwilling to seek the sort of compromise solutions that he had frequently pursued while serving as premier.

To understand these acute disagreements over inflation in 1988, it is important to recall that they were shaped by at least two important historical factors. First, the CCP leadership remained profoundly aware that inflation had helped facilitate the collapse of the Guomindang (Nationalist Party) and the success of the communist revolution, a lesson in the serious risks that inflation posed to political stability.⁷¹ Second, most Chinese economists had lived through decades with state-set prices and had little experience with markets in which inflation was not systematically repressed

⁶⁸ Zhu Jiaming 朱嘉明, “智慧: 在于避免偏见” [Wisdom Lies in Refraining from Bias], 读书 [Dushu], no. 6 (1988): 120.

⁶⁹ Zhu Jiaming 朱嘉明, “关于中国西部地区开发的若干问题” [Several Issues Regarding the Development of China’s Western Regions], 改革 [Reform], no. 1 (1989): 98–101.

⁷⁰ Guo Shuqing 郭树清, “经济改革中的政策配合问题” [What Policies Suit Reforms Best], 管理世界 [Management World], no. 1 (1989): 75–76.

⁷¹ Fighting against the Japanese, the KMT government struggled to make up for the war deficit and resorted to printing currency. By May 1949, several months before the establishment of the PRC, the price index was over 350,000 times the price index in June 1937. Suisheng Zhao writes, “Inflation became the dominant feature of urban economic life during the last years of KMT rule” (Suisheng Zhao, *A Nation-State by Construction: Dynamics of Modern Chinese Nationalism* [Stanford: Stanford University Press, 2004], 114; see also Lloyd E. Eastman, “Nationalist China during the Sino-Japanese War, 1937–1945,” in *The Nationalist Era in China, 1927–1949*, ed. Lloyd E. Eastman, et al. [Cambridge: Cambridge University Press, 1991], 152–160). Rana Mitter discusses the related phenomenon of high inflation in the CCP’s Yan’an base camp, showing that it was a source of Mao’s emphasis on self-sufficiency (*Forgotten Ally: China’s World War II, 1937–1945* [Boston: Houghton Mifflin Harcourt, 2013], 272–273). See also Peng Shuzi, “The Causes of the Victory of the Chinese Communist Party over Chiang Kai-Shek, and the CCP’s Perspectives: Report on the Chinese Situation to the Third Congress of the Fourth International,” *International Information Bulletin* (Socialist Workers Party) (February 1952).

by government fiat, so they had few Chinese cases on which to draw in analyzing the phenomenon of inflation in China. Partly for this reason, many of China's economists disagreed on the fundamental question of whether inflation was caused by excess money supply or by imbalances between aggregate supply and aggregate demand.⁷² As we have seen, Chinese economists also disagreed about whether inflation was beneficial or harmful for economic growth. Zhu Jiaming was clearly in the minority; most Chinese economists believed that inflation created shortages and social problems, and had long-term “corrosive” effects on the economy.⁷³ Yet all sides had little recent evidence from China upon which to draw, a situation that likely contributed to the reformers' difficulty in reaching a shared understanding in 1988.

Zhao had often played the role of policy broker when his advisers disagreed, but in this instance, he seemed to feel that he had too much at stake in the coastal development strategy—and that the opportunity was too significant—for compromise. Yet Zhao found himself unexpectedly weakened. In a bold maneuver, Premier Li Peng downgraded the role of the System Reform Commission, shrinking its ability to participate in the policy-making process and increasing its “advisory” function; because the State Council was now under Li's purview, this was his prerogative (just as its creation had been Zhao's).⁷⁴ That same month, the economic indicators dealt a serious blow to Zhao's agenda: consumer prices in Beijing rose by at least 30 percent,

⁷² Dong Jianmin 董建民 and Liu Ren 刘仁, “近年来我国通货膨胀问题讨论综述” [Summary of the Discussion on the Recent Problem of Inflation in Our Country], 财经科学 [*Finance and Economics*], no. 2 (1989): 63. See also Chang Qing 常清, “论模式转换时期的通货膨胀” [Discussions on Inflation during the Change of Model], 财经科学 [*Finance and Economics*], no. 10 (1988): 1–9.

⁷³ Dong and Liu, “Summary of the Discussion on the Recent Problem of Inflation,” 66.

⁷⁴ Cheng Xiaonong, “Decision and Miscarriage: Radical Price Reform in the Summer of 1988,” in Hamrin and Zhao, eds., 190. Li Peng was still consulting with Chen Yun with some regularity; they met on May 28, 1988 (CYNP 3:413).

suggesting that economic overheating was indeed a reality.⁷⁵ The next chapter will discuss the challenge of inflation and price reform in greater detail.

Zhao attempted to continue with business as usual, but the pressure on him grew.⁷⁶ On 12 May, in the coastal province of Zhejiang, Chen Yun made widely publicized remarks that harshly criticized the excessive focus on “fast results.” Chen also went farther, offering a veiled *ad hominem* attack on the general secretary himself— long criticized as an insufficiently orthodox Marxist—when Chen opined that China’s senior leaders needed to do a better job of studying Marxist philosophy.⁷⁷

Zhao also encountered an intensifying resistance from many of his advisers. At a meeting of the SPC, the senior economic official Xue Muqiao broke sharply with Zhao’s views. “In provinces and cities at all levels, there is the phenomenon of overheating. Not only does no one dare to comment on this, but in fact it has received praise in the newspapers and even from some leading comrades.” Xue was frustrated with the optimistic views of his fellow reformers. He stated bluntly, “In the current market conditions, it’s not easy to be optimistic . . . We really must get the inflation under control.”⁷⁸ Yet, in May, Zhao delivered a report to the Politburo that called for liberalizing the price system in “approximately five years,” because, despite price rises, he insisted that overall conditions were favorable.⁷⁹ Zhao had failed to sway some of his most dedicated reformist officials and economists, but he remained set in his analysis of the economic situation and his priorities.

Thus, by the summer of 1988, Zhao’s authority had begun to fracture. He was certainly not rendered a so-called “lame duck,” but he was unable to successfully persuade other officials of his views and to maintain unity among the reformers. Nearly

⁷⁵ Vogel, *Deng Xiaoping*, 600.

⁷⁶ ZFLZQJ 1988, 138–140.

⁷⁷ *Ibid.*, 140–141.

⁷⁸ *Ibid.*, 164–165.

⁷⁹ ZZYWJ 4:445–447. See also Zhao, *Prisoner of the State*, 226.

as soon as he presented the coastal development strategy—his signature agenda after the Thirteenth Party Congress for China’s economic development and, indeed, his vision for China’s global economic future—the remarkable strength that he had displayed in the period surrounding the Thirteenth Party Congress began to weaken, as disagreements about the rightness of his goals and methods, centered on the perils of economic overheating and inflation, arose from many sides.

Given Zhao’s consistent ability to manage elite political dynamics throughout the 1980s, one must ask why he began to make decisions that lost support in this period. He did not seem to make a profound error; nor is it accurate simply to attribute his decision-making to brashness or stubbornness. Zhao was repeatedly made aware of the existence of strong disagreement about the risk posed by inflation and the fear of economic overheating, and his calls for risk-taking were not intrinsically reckless. Nor was he simply a powerless victim of a fast-changing context; to the contrary, Zhao was at the peak of his power at the start of 1988, and his own decisions seemed to permit this change to take place.

The primary source of Zhao’s difficulties was a deliberate decision that he seems to have made as general secretary to dispense with the opportunism that had previously been his signature political strategy. Instead of carefully maximizing the sources of support for his policies and compromising when needed, he evidently believed that he was correct regarding the favorable conditions in the economy and the low risk posed by inflationary growth, partly due to assessments like Tian Yuan’s, and that he now had the right to compel other officials to follow his lead. Perhaps mindful that Hu Yaobang’s perceived weakness had caused conservatives to eventually force his removal from the general secretaryship, Zhao seemed newly willing to push ahead at all costs with his vision for China’s future. Once he had made this decision, even

when confronted with substantive opposition from other senior officials and disagreement among his fellow reformers, he seemed unwilling to back down—likely both because he genuinely believed that he was right and because to do so would have been a serious sign of the very weakness that he sought to avoid projecting in the first place. With the coastal development strategy, Zhao had not initially seemed to believe that he was taking a major gamble—and yet, because his analysis and beliefs about the risks of inflation and “overheating” now was out of sync with many other officials, what began as a sophisticated policy that he expected to be another triumph quickly became mired in deep policy disagreements that undercut his overall authority.⁸⁰

During Zhao’s time as premier (1980–1987) and acting general secretary (1987), he had been a skilled and opportunistic reformist politician within the Chinese party-state system. These qualities had remained paramount even as he pursued projects of considerable ambition and articulated visionary—even futuristic—policies. However, as Zhao formally took up the position of general secretary (1987–1989) at the Thirteenth Party Congress, his orientation and style shifted. He became less cautious and more assertive about realizing his vision for China’s future. Paradoxically, as this chapter has shown, these changes made him less effective than he had been before.

What were the characteristics of elite Chinese politics in the 1980s that allowed the zenith of the Zhao era so quickly to lead to the fracturing of Zhao’s authority? Two characteristics merit particular attention: (1) the political meaning of economic “overheating,” and (2) the practical importance of opportunism.

First, Zhao did not adequately address the continuing political meaning of economic “overheating” and the phenomenon of inflation, which remained a core

⁸⁰ Indeed, even many years later, Zhao still insisted that Li Peng and Yao Yilin’s concerns had been “needless,” and that the coastal development strategy would have easily solved many of the problems that Li and Yao perceived (Zhao, *Prisoner of the State*, 146).

object of concern to conservatives and even to many of his fellow reformers. Zhao, with his sense of a narrow window of time open for reforms, his orientation toward the future, and his evident confidence in his ability to steer the economy forward, underestimated the strength of other officials' beliefs in the dangers posed by inflation; in a sense, he misjudged the centrality of controlling inflation in the opinion of other leaders and did not adequately seek to assuage their concerns. Although the potential risks of overheating seemed low to Zhao and some of his advisers, the overwhelmingly negative political meaning of inflation to other officials was persistent, and Zhao could not easily overcome it.

Second, Zhao evidently underestimated the practical importance of opportunism even for the most powerful individuals atop the party-state system. The opportunism that he had displayed since his provincial career might have led him to approach the coastal development strategy with greater patience or attention to the concerns of other officials; similarly, this opportunism might have guided him toward a more moderate position in the debate over inflation and economic overheating. Even if conservatives seized on the issue of inflation to attack Zhao, he had successfully used his political opportunism to address such attacks before, as we have seen. His decision not to adopt an opportunistic approach in 1988 thus suggests a deliberate change in strategy and orientation—which proved less successful than the opportunistic approach had been.

These two characteristics have significant implications for understanding the elite politics of the 1980s. Even an empowered leader such as Zhao could not fundamentally change the political meaning of economic overheating, and successfully navigating the complex policy and personal dynamics of the period required, at least of Zhao, a strategy of political opportunism. When Zhao neglected these realities, as he did in 1988, his amassed authority quickly began to fracture. As the next chapter will

describe, these misjudgments would cause Zhao to make even more serious mistakes in the subsequent year.

From one perspective, this conclusion may seem paradoxical. After all, one might ask, if Zhao would have been required by these “lessons” to take a different course of action than he desired, what use was his “amassed authority” in the first place? Yet Zhao knew well that the art of governing in the contentious decade of the 1980s required balancing long-term and short-term policy objectives, while also balancing policy objectives and personal (or careerist) objectives. The central counterfactual question is whether Zhao could have produced a better outcome for himself—in terms of the policies he wished to advance and his personal authority—than the reality of where he found himself in the summer of 1988. Assessing this history in detail as this chapter has done, the answer to this counterfactual question must be yes.

Yet the realities of Zhao’s fracturing authority by the summer of 1988 need not detract substantially from the two major achievements that this chapter has analyzed: (1) the policy and ideological breakthroughs of the Thirteenth Party Congress, which were crystallized in its Work Report, and (2) the vision of the coastal development strategy and its important goal of enmeshing China in the international economic system as a means of accelerating and cementing its rise. Although Zhao struggled to implement this latter strategy, his successors would make it a reality—and not only a reality, but the decisive source of China’s rapid export-led economic growth in the 1990s and the 2000s, as well as the bedrock of China’s economic statecraft and strategy. These ideas and policies that Zhao developed as general secretary would become the basis for China’s economic development for several decades.

This chapter has shown that some of Zhao's most enduring contributions to the long-term trajectory of China's reforms—the Thirteenth Party Congress and the coastal development strategy—came late in the period of his rule. This timing meant that they drew on his accumulated experience, but also that due to his rapid downfall in 1989 he would not fully implement them. Indeed, this chapter has suggested that Zhao's strategies for pursuing this ambitious agenda actually contributed to the fracturing of his authority, which in turn would facilitate his sidelining and eventual purge in the period 1988–1989. One of the great historical ironies that emerges in assessing the legacy of Zhao's tenure at the pinnacle of Chinese politics in the 1980s is, as we shall see, that Zhao's successors would simultaneously carry forward the policy agenda that he developed and erase him from official history.

CHAPTER VI: THE END OF THE ZHAO ERA, 1988–1989

This chapter analyzes the further decline and then collapse of Zhao's authority and his removal from power in the period 1988–1989. As serious problems developed in the Chinese economy, the fracturing of Zhao's authority described in the prior chapter continued, hastened by a series of leadership misjudgments that led to the failed attempt at rapid price reform of the summer of 1988, which this chapter describes and analyzes at a level of detail previously unobtainable. The failure of the price reform—a decision made by Deng but facilitated by Zhao, which can be understood as an unintended consequence of Zhao's optimism about the conditions of the highly inflationary Chinese economy—greatly undermined Zhao's leadership; Zhao bore the brunt of the blame and saw his authority over economic policymaking disintegrate even before the student movement began. Despite the ambitious plans he had developed in the period 1987–1988, he spent late 1988 and early 1989 searching for ways to reassert his authority and fighting for power, first on the economic policy front and then, beginning in April 1989, in developing the leadership's responses as the student movement gathered momentum.

This chapter then focuses on the visible, fateful crises of April–June 1989 that led to Zhao's downfall as well as Zhao's treatment following the crackdown of 3–4 June 1989, after which he was removed from his positions of authority and spent the rest of his life under house arrest. The completeness and conclusiveness of Zhao's fall from power and his erasure from official narratives are unparalleled in the post-Mao era. This chapter thus concludes by analyzing the major official criticisms of Zhao following the crackdown in the context of the transition to Jiang Zemin, arguing that they reveal an attempt to reckon not only with the legacy of Zhao, his economic ideas,

and the reforms that he steered, but also with the future of elite Chinese politics itself.

A Conclusion follows this chapter.

THE “NEW ERA” AND THE PRESSURE TOWARD PRICE REFORM

By June 1988, as discussed in the previous chapter, disagreements about Zhao’s goals and methods, centered on the perils of economic overheating and inflation, had begun to directly affect the general secretary’s networks and status. Yet the early summer of 1988 was also a moment of public approbation regarding Zhao’s leadership, when Chinese Central Television (CCTV) broadcast a six-part television documentary called *River Elegy* (河殇), which painted Zhao in a distinctively positive light. Most fundamentally, this documentary offered a shatteringly iconoclastic perspective permitted by the atmosphere of ideological openness his leadership had fostered, and the film engaged in unprecedented speculation about the underlying cultural causes of China’s continued “backwardness.” *River Elegy* scoured China’s millennia-old civilization, usually the recipient of reverential treatment, and found it wanting. The narrator intoned, “We must create a brand new civilization . . . [Our civilization] needs a good scrubbing by a great flood.” In addition to announcing that Karl Marx’s predictions of the death of capitalism were wrong, the documentary described this new “civilization” as having a central role for markets: “Only healthy markets can link opportunity, equality, and competition.”¹ With more than 200 million viewers, *River Elegy* exposed a vast audience to ideas previously confined to relatively rarified circles in the policy debates of the period.²

¹ Mi Ling Tsui, ed., *China: Presenting River Elegy*, Deep Dish TV, available at <https://archive.org/details/ddtv_40_china_presenting_river_elegy/>.

² Mitter, *A Bitter Revolution*, 264. Mitter writes, “It may be the single most-watched documentary in the history of television.”

River Elegy treated Zhao as the harbinger of China's transformation into this "brand new civilization." The fourth episode of *River Elegy* most directly addressed Zhao. Entitled "The New Era" (新纪元), this episode was jointly written by the chief author of the series, Su Xiaokang (苏晓康), and Zhang Gang (张钢), a researcher at the Institute for Chinese Economic Structural Reform who had been one of the organizers of the Moganshan Conference of 1984 that proposed the "dual-track system."³ Zhao was presented as a hero of this episode. One passage reflected on the history of socialism: "No matter whether it was Lenin or Plekhanov, Stalin or Bukharin, Mao Zedong or his many comrades-in-arms"—a category that implicitly included the CCP's elders, including Deng Xiaoping—they had not understood how to pursue economic development (a "mysterious and invisible economic law"). Black-and-white images of Mao Zedong, Zhou Enlai, Deng Xiaoping, and others appeared, followed by a color close-up of Zhao:

At present Zhao Ziyang is finally able to say directly and forthrightly: "The socialist economy is a planned commodity economy on the foundation of public ownership . . . It is a great advance in Marxism and is the fundamental theoretical underpinning of our country's economic structural reform."⁴

This language was taken from Zhao's Work Report at the Thirteenth Party Congress.

After these words, the phrase "The New Era" appeared on the screen—making clear that the film's makers viewed Zhao as the vanguard of this "new era." In case this message was not clear, the film then endorsed the coastal development strategy:

"Destiny is once again giving us a once-in-a-millennium chance" for "our coastal areas"

³ Su Xiaokang and Wang Luxiang, *Deathsong of the River: A Reader's Guide to the Chinese TV Series Heshang*, trans. Richard W. Bodman and Pin P. Wan (Ithaca, NY: Cornell, 1991), 182. This book, prepared by the series' creators, contains a transcript of the series and accompanying visual description. This episode would be harshly criticized in the summer of 1989. See, for example, Jin Ren 靳仁, 赵紫阳同志的介入说和《河殇》的"新纪元" [Comrade Zhao Ziyang's Intervention and *River Elegy*'s "New Era"], 解放军报 [*PLA Daily*], 15 August 1989.

⁴ Su and Wang, 172–173, 240.

to be “the first to rush towards the Pacific” and “have an outer-directed economy.”⁵ In the sixth and final episode, “Blueness,” Zhao’s image again appeared—this time, alongside the words, “The marks of a democratic government should be transparency, responsiveness to popular will, and a scientific approach. We are right now moving from opacity to transparency.”⁶ The broader message was clear: Zhao was portrayed as the central figure of this new era, with the economic and political vision to guide China forward.

The perspective and popularity of *River Elegy* produced dramatically differing responses in the senior leadership. Zhao viewed the documentary and recommended it to foreign leaders, evidently including Singapore’s Lee Kuan Yew.⁷ However, conservatives were incensed, seeing the dismissal of Chinese civilization and the CCP’s historical role as ideologically problematic and even “nihilistic,” in Deng Liqun’s words. The film helped to raise ideological tensions, already high, between the leaders who sought to move ahead quickly with reform and those who saw the popular success of *River Elegy*’s message as further evidence of the enduring problems of “bourgeois liberalization.”⁸

Despite these ideological and cultural debates, it would be economic policy that would cause the greatest tumult in 1988. The focus of this turbulence was the sensitive issue of the price system and the related challenge of inflation. As discussed in the previous chapter, in internal debates in the first half of 1988, Zhao and several of his advisers had consistently argued that inflationary growth should be understood as much less damaging than the CCP had previously believed in line with Chen Yun’s “fear” of

⁵ Ibid., 172–173, 176. This episode also warned against the risk of “social unrest” if price reforms were conducted and featured an interview with Li Yining in which the Peking University professor argued for enterprise reform rather than price reform.

⁶ Ibid., 266, 268.

⁷ Yi Jiayan 易家言, “河殇”宣扬了什么? [What Does *River Elegy* Advocate?], 解放军报 [*PLA Daily*], 19 July 1989.

⁸ GSJTL 4:333. See also Yin Ming 尹明, 朱重的《河殇》, 解放军报 [*PLA Daily*], 14 August 1988.

inflation. Indeed, since at least early 1987, Zhao had criticized the “pessimism” of other officials about the prospect of price increases, which Zhao did not believe posed a profound problem. Zhao had also continued to express his view, seen in the prior Chapter, that the condition of the Chinese economy was generally strong and not dangerously overheated.⁹ These views were controversial and, as we shall see, they became central to the fate of Zhao’s economic policies.

The push for price reform in mid-1988 came directly from Deng Xiaoping, who seemed intent on reducing government price controls and moving away from the dual-track system toward letting prices fluctuate more freely in response to market conditions. Following a 5 May 1988, conversation between Deng and Premier Li Peng, Li reported to the Politburo that Deng wanted to speed up work to solve the price system’s problems.¹⁰ However, Zhao did not treat this comment as suggesting an immediate push on price reform. In a conversation with Ma Hong and An Zhiwen on 13 May, Zhao discussed the need to resolve price and wage problems “within the next few years,” and emphasized, “We cannot allow the living standard of workers to fall.” Zhao asserted that “this year commodity prices are too high,” and said he had realized, “If commodity prices rise, then you also have an income problem.” Reflecting Deng’s comment to Li Peng and looking ahead to the Beidaihe meetings in July and August, Zhao encouraged Ma to “organize some seminars” so that Zhao could have “some statements to make [about price reform plans] there.”¹¹ At a Politburo Standing Committee meeting on 16 May, Zhao acknowledged urban price rises of 15 to 18 percent, emphasizing the need for price reforms that could “lay a good foundation for the future reforms” and especially warning against “dragging it out again and not making a systemic decision.” Yet Zhao stated that this meant deciding on “a long-term

⁹ ZZYWJ 4:76–77.

¹⁰ Wu Wei, 336; DXPNP 2:1229.

¹¹ ZZYWJ 4:435; ZFLZQJ 1988, 143.

plan” for price reforms that could replace the dual-track system “step-by-step” and also prioritizing enterprise reforms, rather than a sweeping liberalization of prices. “The next few years will be the gateway to reform,” he stated, before concluding with a warning: “If price reform is carried out without any plan, all the localities will engage in pursuing spontaneous efforts and do as they please, which will bring much greater costs and create much larger contradictions.”¹² On 19 May, Zhao announced that the State Council had appointed the conservative Vice Premier Yao Yilin to develop this five-year plan for price and wage reform.¹³

Yet Deng was displeased with this measured approach. If, as Zhao had stated so often, inflation was not to be feared, then why should price reform be approached with such trepidation? On 19 May, three days after Zhao’s remarks to the Politburo Standing Committee, Deng complained, “We cannot speed up the reform without rationalizing prices. The problem of prices has remained unsolved for many years . . . It is hard for us to break through each pass, because it involves great risks . . . However, we have no choice but to carry out price reform, and we must do so despite all risks and difficulties.”¹⁴ This was a clear chastisement from the paramount leader, indicating his strong preference for faster action to reform the price system.

Zhao’s tone changed in response to Deng’s comments. Speaking to the Politburo on 30 May, Zhao now stated, “Production is booming, people’s incomes are continually increasing, and this affords us a certain degree of [leeway] for the reforms.” These conditions, Zhao argued, were more favorable to moving ahead with reforms than a potential future situation in which growth slowed. Zhao continued with a reference to what he had learned from Chen and Zhu: “[Our prices] go up 15 percent,

¹² ZZYWJ 4:438–441.

¹³ ZZYWJ 4:441. Zhao’s announcement of this decision seemed designed to signal that he and Li Peng were in agreement on the selection of Yao to develop this plan.

¹⁴ SWDXP-3, 257–258; DXPNP 2:1232–1233.

and our debates become horribly mixed up. In Brazil, they go up 15 percent in one month, and they get through it.” He added, in a clear reference to Deng, “Now that the economic situation is good, and the older generation of revolutionaries are still alive, we must seize the many favorable conditions that history has given us to forge ahead through the stormy seas and resolutely solve some unavoidable difficulties in the reform.” Zhao still spoke of “next year” as the time frame for the price reforms, but he called for an intensive effort to begin preparing for them.¹⁵ He also attempted to continue advancing his other policy initiatives, traveling to Shanxi and Shaanxi from 14–21 June to discuss the role of the inland provinces in the coastal development strategy, and discussing plans for reforming enterprises so that they would be regulated in accordance with a plan to grant them greater autonomy first and then cause them to gradually bear their own risks.¹⁶ Yet price reform remained the focus of the senior leadership’s debates.

Zhao’s views on inflation and the condition of the economy had clearly affected Deng’s assessment of the manageable “risks and difficulties” of rapid price reform, and Zhao’s 30 May remarks to the Politburo provided Deng with further justification.¹⁷ At a meeting with President of Brazil José Sarney on 5 July, Deng stated, “Price and wage reforms have many risks. Deepening the reforms will bring about inflation, and on this question we must consider matters as a whole, comprehensively deal with mutual relationships, and minimize fluctuations. But the reforms must be carried out resolutely.”¹⁸ As Deng’s impatience became clearer, Zhao began to voice his uneasiness with Deng’s push toward rapid price reform. At CFELSG meetings on 11 July and 20 July that discussed plans for price and wage reforms “next year and over

¹⁵ ZZYWJ 4:445–447; ZFLZQJ 1988, 154–155; Xue Muqiao, “Afternoon Session, 30 May 1988,” in XMQNP.

¹⁶ ZZYWJ 4:463–471, 481–482. See also Zhang Xianyang and Shi Yijun, 14–21 June 1988.

¹⁷ See also Vogel, *Deng Xiaoping*, 469; ZZYZZGG 526–528.

¹⁸ DXPNP 2:1240.

the next five years,” Zhao warned that “some comrades” mistakenly believed that “a market system would appear after a price reform without reform of the public sector,” but this was impossible.¹⁹ With prominent exceptions such as Zhu Jiaming and Tian Jiyun, Zhao’s intellectual network also voiced major reservations about rapid price reforms. Zhao heard proposals for the next stage of the reforms from eight teams of economists that he had assigned to prepare competing “1988–1995 Medium-Term Reform Proposals,” none of which supported “radical reform [of prices] immediately,” recalled one former official.²⁰ (Wu Jinglian and Zhou Xiaochuan did present a proposal that strongly advocated price reform as the key link in the overall reforms, in line with their longstanding views, but even they believed that price reform should not begin immediately because of the inflationary environment then prevalent.²¹) Yet rather than steering a process of policy ideation and policy competition, Zhao was now primarily reacting to Deng’s injunctions on the need for price reform.

As the summer conclave at Beidaihe drew near, tensions ran high. One former State Council official recalled that the conservative staff on Yao’s group that had been assigned to develop a price reform plan largely excluded the reformist economists who were associated with Zhao. Zhao would also later claim that Yao was making decisions behind his back and trying to sideline him. Chen Yun, who had remained on the sidelines throughout these debates, also allegedly had the SPC secretly prepare an

¹⁹ ZFLZQJ 1988, 167.

²⁰ Cheng, “Decision and Miscarriage,” 193–194.

²¹ Li Yining agreed on the postponement of price reforms, but argued that his enterprise shareholding reform should precede price liberalization. Liu Guoguang, meanwhile, proposed a three-year agenda of economic stabilization, a strikingly cautious and middle-of-the-road proposal clearly intended to be maximally politically palatable. See Joseph Fewsmith, ed. and trans., “China’s Midterm Economic Structural Reform, 1988–1995,” *Chinese Law and Government* 22, no. 4 (Winter 1989–1990); Wu Jinglian and Bruce Lloyd Reynolds, “Choosing a Strategy for China’s Economic Reform,” *American Economic Review* 78, no. 2 (1988): 461–466. Fewsmith, *Dilemmas of Reform*, 224. For a criticism of Wu, see Li Yining 厉以宁, “价格改革为主还是所有制改革为主” [Should Price Reform or Ownership Reform Have Priority?], *金融科学* [*Financial Science*], no. 2 (1988): 86–88.

austerity plan that would be ready if the price reform did not succeed.²² The summer of 1988 had begun with a vision of Zhao's authority in *River Elegy* that masked the accelerating reality that his influence on economic policy was weakening—a dynamic that would reach a climax in August–September 1988.

THE FAILURE OF THE PRICE REFORM OF 1988

As meetings began at Beidaihe in July, Deng continued to make his case for rapid price reform. The meetings encountered such serious disagreement that they briefly ended on 28 July, as tempers cooled and policy makers conducted “further research.”²³ Zhao again displayed considerable concern about the potential consequences of rapid price reform. At a meeting with the economist Wilhelm Linde on 30 July, Zhao stated emphatically, “Price reform is not isolated. Whether or not price reform is successful depends not only on the price reform itself,” but also on whether it is part of “an appropriate program” (this language recalled Li Yining's 1986 article in the *People's Daily*).²⁴ On 5–9 August, Li Peng chaired a State Council meeting with Politburo members that included presentations by top officials from the SPC, the Ministry of Finance, and PBOC, among other government organs, which discussed the proposals of Yao Yilin's price reform commission and struck a decidedly cautious note about the near-term prospects for the Chinese economy, explicitly endorsing a “safe and feasible” pace for implementing price reforms.²⁵

After the Politburo assembled in Beidaihe and meetings resumed on 15–17 August, Yao Yilin presented his report on a plan for price and wage reforms. Yao talked about a multiyear time frame for price reform, projecting that 1989 would be a

²² Cheng, “Decision and Miscarriage,” 194. See also Wu Wei, 371–373; Zhao, *Prisoner of the State*, 231, 236.

²³ Fewsmith, *Dilemmas of Reform*, 226.

²⁴ ZZYWJ 4:483.

²⁵ ZFLZQJ 1988, 191–193.

“new start” and discussing a strategy that included freeing steel prices and raising consumer prices.²⁶ Intense debates continued during the August session. Despite worrying aloud about the potential for inflation to be the “biggest hurdle” and the potentially “significant” consequences if the reform failed, Zhao clearly behaved opportunistically at this juncture. Mirroring his remarks on 30 May and moving away from his tone in his meeting with Linde, Zhao now reiterated his optimism that the reform could succeed and stated that China’s economy was “more vibrant, with clearer theoretical guidance for reform” than the economies in the Eastern European countries where price reforms had been unsuccessful.²⁷

Despite Yao’s detailed and cautious report, Deng demonstrated his continuing authority by prevailing over any internal disagreements. On 19 August, the Politburo approved a plan for broad price decontrols.²⁸ At the Beidaihe meetings, CCP elder Xi Zhongxun (习仲勋) had underlined the need for “prudent” news reporting, but Xinhua News Agency announced the decision in bold language, with prominent items published in the *People’s Daily* and broadcast on television. The announcement stated that the meeting had determined, “Price and wage reforms are the key to the reform of the entire system.” In language that echoed Zhao’s comments on 30 May, the report continued, “The meeting emphasized that at present China’s economy is full of vitality and developing rapidly, and thus the timing is favorable to implement price and wage reform.” The announcement concluded by noting, “General Secretary Comrade Zhao Ziyang chaired the meeting.”²⁹

A crisis immediately followed. Consumers faced with the prospect of soaring prices and pent-up inflation exploding throughout the economy drove an extraordinary

²⁶ Ibid., 198–221; CYNP, 3:414. Meetings at Beidaihe continued in the subsequent days, but these were not formal Politburo meetings (DXPNP 2:1243).

²⁷ ZZYZZG, 526, 530; DXPNP, 1243.

²⁸ ZFLZQJ 1988, 221; Wu Wei, 377–378.

²⁹ ZFLZQJ 1988, 221–224. See also ZZYZZG 529.

spate of panic buying. Bank runs and spending sprees for electronics in the northern city of Harbin, according to local authorities, led to the largest bank withdrawals since the founding of the PRC thirty-nine years earlier.³⁰ Rather than evincing confidence, Chinese consumers responded to the news of price reform with a show of extreme anxiety about the prospects for the economy.

This panic buying led to a further inflationary spike. A survey of thirty-two large and medium-size cities revealed a 24.7 percent price increase in the month of August.³¹ An atmosphere of crisis descended on CCP leaders. On 30 August, Li Peng chaired a meeting of the State Council, at which the direction once again shifted dramatically, this time away from the rapid reforms announced only eleven days earlier. The State Council decided not to implement the plan for major price adjustments that year and to focus on restoring public stability and confidence by “curbing price hikes and panic buying.” It was a rare admission of substantial error. Price reform, meanwhile, was characterized as a goal that would take five or more years to achieve. Following this 30 August meeting, the State Council released an “emergency notice” for nationwide publication that announced a shift in emphasis to “stabilizing the economy while deepening reform,” Li’s favored approach.³² The most ambitious and radical reform attempt to date, personally spearheaded by Deng, had ended in failure and a complete policy reversal. It was, according to Ezra Vogel, “perhaps the most costly error of [Deng’s] career.”³³ Yet Zhao had facilitated and been the public face of this “most costly error.”

³⁰ Times Wire Services, “Panic Buying Clears Shelves in Chinese City,” *Los Angeles Times*, 16 August 1988, at http://articles.latimes.com/1988-08-16/news/mn-711_1_bank-run.

³¹ The original survey was authored by An Zhiwen and released on 15 October 1988; reprinted in “贯彻三中全会精神增强改革信心” [Acting in the Spirit of the Third Plenary Session of the Thirteenth Central Committee and Strengthening Confidence in the Reform], *中国经济体制改革* [*China’s Economic System Reform*] 36, no. 12 (23 December 1988): 6–9.

³² ZFLZQJ 1988, 227–230; CYNP, 3:414–415.

³³ Vogel, *Deng Xiaoping*, 470.

At a Politburo meeting on 2 September, Zhao acknowledged the many problems in the economy that had resulted from the announcement of rapid price reform. “Cash withdrawals around the country and the amount of currency in circulation has exceeded the estimates of the Beidaihe Politburo meeting and is well over one billion notes,” necessitating economic “rectification” (整顿) policies and strong measures to control soaring prices and “raise people’s confidence in the reforms.”³⁴ Zhao recalled in his memoirs that he realized that conservatives would now more openly push to exclude him from economic policy making.³⁵ With this imperiled status likely in mind, Zhao ended his remarks with a political argument designed to remind the entire Politburo that he remained in charge. “During such a crucial period, it is even more imperative that the entire Party is in line with the CCP Central Committee,” he stated. “The power of the Politburo has not diminished at all . . . We should reiterate that the minority obeys the majority, the individual obeys the organization, the lower ranks obey the higher authorities, and the entire party obeys the center.”³⁶ Li Peng followed Zhao and noted that foreign media had reported on the State Council’s 30 August decision to abandon price reform and begin a period of “stabilizing the economy” as a split between the Party center and the government, but in fact he stated that Zhao had encouraged the policy reversal. However, Li also revealed that he had dealt with Deng separately from Zhao in seeking approval for the rectification and price control policies—displaying exactly the dynamic that Zhao feared.³⁷ Due to the failure of the price reform, Li had solidified his independent relationship with Deng and his control over economic policymaking.

³⁴ ZZYWJ 4:484–485.

³⁵ Zhao, *Prisoner of the State*, 227.

³⁶ ZZYWJ 4:486.

³⁷ ZFLZQJ 1988, 231–234. It is not clear when this private conversation between Deng and Li Peng took place; one possibility is that it occurred on the sidelines of a national women’s conference on 1 September (DXPNP 2:1244).

On 12 September, Deng called a meeting at his home with Zhao, Li Peng, Bo Yibo, Hu Qili, Wan Li, Qiao Shi, and Yao Yilin. In this meeting, Deng acknowledged the need for a policy retrenchment that could improve the economic environment and bring inflation under control, but he insisted that these reversals should not affect the overall policies of reform and opening, including the coastal development strategy. Li emphasized the negative consequences of the rise in prices, whereas Zhao invoked the overall correct direction of the longer-term plan for rectification and reform. Deng affirmed his commitment to “deepening reform” and held out hope that the leadership could still eventually return to implement price reform, whereas Zhao stressed his view that price reform, while crucially important, could only occur successfully in the context of a “comprehensive” reform plan. Although it was clear that numerous divergent views still existed among the senior leadership, Deng did not decisively move to resolve these disagreements.³⁸ Furthermore, it was clear that Deng had no intention of accepting public responsibility for the failed price reform attempt that he had promoted and approved; Zhao, as general secretary and the public face of the reforms, would bear the blame.³⁹

Thus, on 16 September, in a meeting with a Japanese official, Deng Xiaoping publicly acknowledged the failure of the price reform and gave the primary reason: “Inflation was mainly caused by poor management, and we lack experience.” He thereby cast Zhao’s economic governance in a negative light.⁴⁰ Zhao would later insist that he had believed the situation in late 1988 posed no serious, systemic risks to the Chinese economy—but his views were no longer steering economic policy. He recalled in his memoirs that his control over economic policymaking was vanishing, and he

³⁸ ZFLZQJ 1988, 236–242; DXPNP, 1247–1248. Yao Yilin had met with Chen Yun on 7 September (CYNP, 3:415).

³⁹ Wu Wei, 380–383.

⁴⁰ ZFLZQJ 1988, 242; DXPNP 2:1249–1250.

even began to fear that his position might be imperiled as Li Peng, Yao Yilin, and their allies promoted a narrative that reckless pursuit of fast market-driven growth had permitted inflation to get out of control, which had caused the failure of the price reform and endangered the Chinese economy.⁴¹ Zhao's advisers were crestfallen at the impact on the broader reform agenda that they had been developing.⁴² International media began to speculate that, as the British official and former Ambassador to China Percy Cradock reported to Prime Minister Margaret Thatcher, "Zhao Ziyang's position might be under some kind of threat" (though the British Embassy, Cradock wrote, believed that "Zhao's position is strong").⁴³

In this vulnerable position in both policy competition and political status, Zhao held several meetings with prominent foreign thinkers, demonstrating his longstanding view that policy ideation could empower him and, even more urgently, bolstering his standing through well-publicized interaction with distinguished foreign visitors that focused on wider-ranging issues than those that were dividing the Chinese leadership at this point. On 13 September, Zhao met with Alvin and Heidi Toffler—the American futurists who had inspired his S&T agenda since 1983, as discussed in Chapter Three—at Zhongnanhai. In this meeting, Zhao stressed his commitment to responding to the "New Technological Revolution," telling the Tofflers that China was "studying the advanced technologies of developed countries, in order to use their results in a timely manner by the end of this century and the beginning of the next century" The Tofflers came with numerous questions, including the general secretary's assessment of "the art of leadership," Japan's rise, Mikhail Gorbachev's views on class struggle, and especially the relationship between "freedom of expression" and "economic innovation and development." However, reflecting the lessons of the failed price reform, Zhao

⁴¹ Zhao, *Prisoner of the State*, 222, 233–236.

⁴² Chen Yizi, *Memoirs of Chen Yizi*, 515.

⁴³ "China: Position of Zhao Ziyang," The National Archives, PREM19/2597 f187.

stated firmly, “Stability is necessary to make democratic advances.”⁴⁴ On 24 October, reflecting the senior leadership’s ongoing commitment to the S&T agenda, Deng, Zhao, Li Peng, Yao Yilin, and other senior officials inspected an electron-positron collider, and Deng renewed his calls for China to “take its place in the field of high technology.”⁴⁵

Several days later, on 19 September, Zhao also met with the American economist Milton Friedman, a Nobel Prize laureate who was an expert on inflation (as well as a polemical public advocate for the virtues of free markets). Unlikely as it might have seemed, Zhao’s advisers hoped that Friedman’s monetarism might offer new ideas about how China could control inflation.⁴⁶ In their discussion, Zhao asked, regarding “China’s sizeable inflation” and price increases, “Can the people take such a shock, both economically and psychologically?” Furthermore, Zhao raised the most fundamental question of all: “Why did inflation occur in China?” Friedman asserted that the dual-track price system was one reason, making goods “more expensive, not less,” because, although prices were still held down, the costs of queuing, shortage, and other negative effects were high. Friedman argued that inflation would persist as long as the dual-track system remained in place. They did not reach a substantive agreement on this topic, and the meeting ended inconclusively.⁴⁷ Yet Zhao followed the meeting with an unusual gesture of friendship, walking Friedman to his car and opening the

⁴⁴ Alvin Toffler, “Letter to Liu Kaichen[g]” and “Trip Program,” 21 August 1988, unprocessed 2017 Accession, Papers of Alvin and Heidi Toffler, Columbia University Rare Books & Manuscripts; Alvin and Heidi Toffler, *Revolutionary Wealth* (New York: Knopf, 2006), 330; Zhang Liang 张亮, “赵紫阳会见托夫勒” [Zhao Ziyang Meets Toffler], RMRB, 14 September 1988. The Tofflers were formally hosted by the *People’s Daily* and, on their 1988 trip, also met with officials from CASS and the State Council as well as editors from other publications including the *Guangming Daily*, *China Daily*, and *World Economic Herald*. (“Program and Questions for Zhao Ziyang,” unprocessed 2017 Accession, Papers of Alvin and Heidi Toffler, Columbia University Rare Books & Manuscripts).

⁴⁵ DXPSW-3 273; DXPNP 2:1256.

⁴⁶ Wu Jinglian, “Economics and China’s Economic Rise,” in *The Chinese Economy: A New Transition*, ed. Masahiko Aoki and Jinglian Wu (New York: Palgrave Macmillan, 2012), 24.

⁴⁷ ZZYWJ 4:510–518; Zhang Liang 张亮, “赵紫阳会见弗里德曼时说 中国已大体具备推行股份制条件” [When Meeting with Friedman, Zhao Ziyang States that China has Largely Implemented the Conditions for a Joint-Stock System], RMRB, 20 September 1988.

door for the American economist.⁴⁸ Rumors began spreading throughout Beijing about the close connection forged between the two men.⁴⁹ The next day, the *People's Daily* buoyantly summarized their meeting, concluding with a comment Friedman had made to Zhao: “You may be a general secretary, but you have the temperament of a professor.”⁵⁰ Friedman’s visit was presented in the state-run media as a public relations boost for Zhao, emphasizing the image that he had cultivated—reflected in his portrayal in *River Elegy*— as uniquely able to lead China forward in an era in which “reform” was the leadership’s stated task.

Yet political dynamics continued to outpace Zhao’s ability to develop new policy proposals or actively contest the ascendancy of Li Peng and Yao Yilin in economic decision-making. Presiding over the Third Plenary Session of the Thirteenth Central Committee on 26–30 September 1988, which again called for inflation to be strictly controlled, Zhao accepted the blame for the problems in the economy. He admitted that inflation had not been properly controlled, characterizing the economy as “overheated” and citing excess aggregate demand. Zhao then said, “If in the early part of this year we had firmly grasped and resolved this problem, things would be a bit better now”—a striking admission from the normally self-confident Zhao. Even so, he maintained, “The path we have taken over the past few years was correct.” Yet when Zhao turned to explicitly discuss price reform, it was clear how much ground the reformers had lost: Zhao sounded more like Li Peng, stressing that price rises should be

⁴⁸ Steven N. Cheung, “Deng Xiaoping’s Great Transformation,” *Contemporary Economic Policy* 16, no. 2 (April 1998): 125–135. Cheung, a former student, accompanied Friedman on the 1988 trip as his translator.

⁴⁹ GSJTL 4:206–207, 221; Milton Friedman Papers, Hoover Institution Archives, Stanford, California, Box 114, Folder 14. Friedman highly rated his meeting with Zhao, praising the Chinese leader for possessing “a sophisticated understanding of the economic situation and of how a market operated” (Milton and Rose D. Friedman, *Two Lucky People: Memoirs* [Chicago: University of Chicago Press, 1998], 543). See also Gewirtz, *Unlikely Partners*, 209–214, for more detail on Friedman in China.

⁵⁰ Zhang Liang, “When Meeting with Friedman”; *idem.*, “未来世界经济发展总趋势令人乐观: 访西方货币学领袖米尔顿·弗里德曼” [Future Optimism about Trends in Global Economic Development: Interview with Leading Western Monetarist Milton Friedman], *RMRB*, 24 September 1988.

strictly controlled, giving a time frame of “five or more years” for rationalizing commodity prices, endorsing the continued existence of the dual-track price system, and deferring to Yao Yilin to present the details of the new plan for price and wage reforms.⁵¹ Conservatives also ramped up their criticism of Zhao’s ideological and cultural policies, with the conservative PRC vice president Wang Zhen (王震), one of the CCP’s Eight Immortals, criticizing *River Elegy* as representing the risks of “intense bourgeois liberalization.”⁵² This meeting was a significant further setback for Zhao’s agenda and authority.

The coming months saw the leadership continue to implement the rectification and retrenchment policies that Li Peng and Yao Yilin had developed. On 27 September, the State Council issued a decision on “strictly controlling” money and loans to produce financial stability.⁵³ Although prominent economists like Li Yining warned that retrenchment would only produce “stagflation,” and enterprise managers voiced fears that the “achievements of the reform will be destroyed in a day,” these policies moved forward.⁵⁴ Deng and Chen Yun were in agreement on these policies: On 8 October, in a conversation with Zhao, Chen emphasized his support of the retrenchment and argued that, to be effective, it should affirm the core role of planning and strengthen the economic center in response to the “current difficulties”; and on 17 October Deng stated definitively that China’s economy was overheating.⁵⁵ Following these high-level shows of support for rectification, additional policies were rolled out. On 24 October, for example, the State Council released a plan for strengthening “strict control” over

⁵¹ ZFLZQJ 1988, 243, 246; see also *ibid.*, 250–252; ZZYWJ 4:528–538.

⁵² 王震传 [*Biography of Wang Zhen*] (Beijing: Dangdai Zhongguo chubanshe, 2001), 2:272–273. Zhao claimed that Wang was prompted by Li Xiannian to make this attack (Zhao, *Prisoner of the State*, 267).

⁵³ *Ibid.*, 1988, 272–275.

⁵⁴ Fewsmith, *Dilemmas of Reform*, 231.

⁵⁵ CYNP, 3:416–417; ZFLZQJ 1988, 278–281; DXPNP 2:1254.

rises in commodity prices.⁵⁶ On 5 December, Li Peng delivered an address to the National Planning Conference in which he issued a series of warnings about the “harmfulness of the overheated economic situation and inflation,” cautioning cadres that they should not underestimate how difficult it would be to salvage the economy. Stating that CCP leaders would cut down on excess demand by curbing investment and instituting other administrative measures, Li reimposed broad price controls. Zhao, in his speech at the conference, echoed these calls for “controlling the economic environment and rectifying economic order.”⁵⁷

In early December, as this Li-Yao agenda dominated economic policy, Zhao showed clear signs of understanding that his standing was greatly damaged. On 1 December, he met with three of his economic advisers, Xue Muqiao, Liu Guoguang, and Wu Jinglian, and invited their criticisms of his work. According to Xue’s recollections, Zhao stated that he had recently made serious errors with regard to inflation over the preceding year, but Xue responded that in fact the errors had occurred at least for the preceding three years, with negative effects on the reforms.⁵⁸ However, Zhao had certainly not given up: revealing Zhao’s continued hope for his economic ideas and policies, on 3 December Zhao called for “taking a step forward to implement the coastal development strategy during the period of economic retrenchment.”⁵⁹ Further, at an event to commemorate the tenth anniversary of the 1978 third plenum on 18 December, Zhao positioned the Thirteenth Party Congress as the direct heir of the third plenum and emphasized the need for the “whole party” to follow its conclusions.⁶⁰ Yet Zhao came under attack at a 26 December “party life” meeting of the Politburo Standing Committee, according to the recollection of Bao Tong’s former chief of staff

⁵⁶ ZFLZQJ 1988, 281–284.

⁵⁷ ZFLZQJ 1988, 286–296; ZZYWJ 4:561–568.

⁵⁸ Xue Muqiao, *Memoirs*, 326.

⁵⁹ ZZYWJ 4:569–571.

⁶⁰ ZZYWJ 4:574–576.

Wu Wei (吳偉), with Li Peng and Yao Yilin insinuating that Zhao had put Deng up to proposing the rapid price reform, and Zhao again stating that he would assume responsibility for the problems in the economy.⁶¹ Thus, as 1988 came to a close, Zhao was very much on the defensive. The start of the year had been the zenith of the Zhao era, but by the end of the year his agenda was out of favor and his standing seemed deeply imperiled.

The case of the failed price reform of August 1988 and the consequences for Zhao's agenda and authority by the end of the year—which this section has used new sources to tell at a level of detail previously unobtainable—reveal several important characteristics of the elite politics of the 1980s. First, it shows that Deng's sense of the potential opportunity for rapid price reform was, in part, an unintended consequence of Zhao's arguments that the Chinese economy's conditions were not highly inflationary and that a higher rate of growth was not problematic. Zhao made these arguments to justify his coastal development strategy, but they clearly influenced Deng's thinking about price reform in a way that Zhao did not explicitly intend. Zhao's controversial views on inflation and overheating had damaged his standing earlier in 1988, as discussed in the previous chapter, but the failure of the price reform caused Deng himself to see Zhao's error and blame him for "poor management" of inflation. Second, this case shows the complex dynamics of relations between Deng, as paramount leader even after his retirement, and Zhao as general secretary. Deng retained ultimate authority on economic policy matters and, at Beidaihe in 1988, he imposed his will despite the reservations of the other leaders. Yet Zhao had formally chaired the meeting at which this decision was made, so when the price reform failed, Zhao was the public face of that failure. This damaged his standing and caused Li Peng and his more

⁶¹ Wu Wei, 397.

conservative allies to gain greater authority over economic policymaking, facilitating the breakdown of Zhao's agenda for the Chinese economy as well as his personal authority.

ZHAO'S ATTEMPTED REASSERTION AND THE EMERGENCE OF THE STUDENT MOVEMENT

In early 1989, Zhao and his advisers initiated a major effort to bolster his status. He was heartened by comments that Deng made in a private conversation, according to Zhao's recollection, reflecting on Zhao's difficulties and saying that the paramount leader wished to retire and pass to Zhao the chairmanship to the Central Military Commission, the last formal role that Deng held. Zhao recalled that Deng stated, "If I did that, you could do your job better." The embattled Zhao was buoyed by this show of what he called Deng's "determination" and "faith."⁶²

Thus, to shore up Zhao's authority, Zhao and his network turned to a concept known as "neo-authoritarianism" (新权威主义), which aligned with Zhao's comments in the autumn of 1988 that "during such a crucial period, it is even more imperative that the entire Party is in line with the CCP Central Committee" and its leader. The concept of "neo-authoritarianism" was influenced by the fast-growing, authoritarian Asian Tigers, Deng's style of rule in China, and even foreign scholars such as Samuel Huntington who had examined the role of political order in facilitating economic development. During 1988, intellectuals had been actively debating China's political model, with significant conferences organized by the Institute of Marxism, Leninism, and Mao Zedong Thought and other government-affiliated organizations, and in early

⁶² Zhao, *Prisoner of the State*, 56. The date of this conversation is unclear; no such conversation is recorded in DXPNP, but Deng departed Beijing on 21 January 1989, for several weeks in Shanghai, where he spoke with both Li Xiannian and Yang Shangkun (DXPNP 2:1263, 1265; LXNNP 6:464), conversations with important veteran elders that would have been natural if Deng was indeed preparing to turn over this position.

1989, these discussions moved even more fully into the mainstream debate and official venues.⁶³ Prominent advocates for “neo-authoritarian” ideas included academics such as Fudan University professor Wang Huning (王沪宁, named a member of the Politburo Standing Committee in 2017) and officials at the Institute for Reform of the Economic Structure such as Chen Yizi, who supported a system of “hard government and soft economy,” meaning an authoritarian system with freer markets, as well as members of the System Reform Commission and the Development Research Center who believed in the necessity of reassessing the political structure to strengthen the central leadership if economic and political reforms were to make next-stage breakthroughs.⁶⁴ These views were further bolstered by internal studies conducted by Bao Tong and other advisers to Zhao, which assessed China’s social outlook and found that social unrest was likely to continue to grow in 1989 due to concerns about the economy, the lack of political reform, and corruption.⁶⁵ On 16 January 1989, the official and scholar Wu Jiaying (吴稼祥) published an essay on “neo-authoritarianism,” which defined the concept as “using authority (权威) to remove obstacles and difficulties on the path to the development of individual freedom.” A powerful, charismatic leader would promote modernization and eventually oversee a transition to a more pluralistic order. Wu Jiaying and the other thinkers who advocated for these

⁶³ X. L. Ding, *The Decline of Communism in China: Legitimacy Crisis, 1977-1989* (Cambridge: Cambridge University Press, 2006), 175; Li and White, 384; Ruan Ming, *Deng Xiaoping*, 210.

⁶⁴ Ruan Ming, *Deng Xiaoping*, 204–205; Chen Yizi, *Memoirs*, 533–537; Liu Jun (刘军) and Li Lin (李林), eds. *新权威主义: 对改革理论纲领的论争 [Neo-Authoritarianism: Debating the Reform Theory Program]* (Beijing: Beijing jingji xueyuan chubanshe, 1989), which includes essays by Wu Jiaying, Zhang Bingjiu, Wang Huning, Chen Yizi, and many others.

⁶⁵ Wu Wei, 402–405. Chris Buckley, “Q. & A.: Wu Wei Reflects on Reform, Now and in the 1980s,” *New York Times*, January 12, 2014, available at <<https://sinosphere.blogs.nytimes.com/2014/01/12/q-and-a-wu-wei-reflects-on-reform-now-and-in-the-1980s/>>. Wu Wei added, “But in truth, looking back, I don’t think we paid enough attention. The party then lacked awareness and experience about handling an outburst of mass turmoil. In particular, we never anticipated that conflict between differing views within the party would become so confrontational and acute.”

ideas saw this system as descriptive of elements of Deng's style of rule and felt that Zhao would be well positioned to further govern according to this ideology.⁶⁶

To Zhao, the appeal of this concept was twofold. First, “neo-authoritarianism” provided a firm contemporary theoretical grounding for centralizing the top leadership's authority while simultaneously forging ahead with economic liberalization, which was his preferred course of action. With its emphasis on obedience to an enlightened leader who could enforce his will, it offered the promise of decisively resolving the ongoing disagreements about China's future that continued to beset the leadership, as well as providing a justification for dealing with emerging problems such as corruption and party discipline.⁶⁷ Second, it seemed to provide a way to reassert his authority at a moment when it had been imperiled by the difficulties of 1988. By reemphasizing the power of a strong and charismatic leader as necessary for modernization, the concept of “neo-authoritarianism” could lay the groundwork for Zhao to return to ascendancy.

It is important to note that Zhao had not abandoned his vision of political reform articulated at the Thirteenth Party Congress. Neo-authoritarianism was a style of rule not necessarily at odds with the political reforms; rather, it was articulated as a mechanism for achieving reform. In addition, the leadership authorized important legal reforms that limited the power of the government, such as the 1989 Administrative Litigation Law, which gave citizens the right to sue government officials (but not the CCP) for legal violations—legislation that embodied at least one fundamental element of the rule of law: that law constrains the government itself, not simply private parties. Although PRC legal reform is outside the scope of this dissertation, the 1980s

⁶⁶ Wu Jiaying 吴稼祥, “新权威主义述评” [A Review of Neo-Authoritarianism], *世界经济导报* [*World Economic Herald*], no. 12 (16 January 1989). See also Wu Jiaying, *中南海日记* [*Zhongnanhai Diary*] (Carle Place, NY: Mingjing chubanshe, 2002), which ends in August 1987.

⁶⁷ Wu Wei, 430–431; for Zhao on corruption and party discipline, see ZZYWJ 4:544–545.

witnessed the promulgation of the 1982 Constitution of the PRC and numerous law and regulations that were designed to complement the economic reforms, including rules governing joint ventures, contracts, and customs and trade, in many cases providing for judicial enforcement. These reforms provided new rights to Chinese citizens and increased the accountability of officials, but they were evolutionary and gradualist in nature.⁶⁸ The political and legal reforms were designed not to undermine the leading role of the CCP, and neo-authoritarianism aligned with this vision.

On approximately 4 March, Zhao described the content of “neo-authoritarianism” to Deng. “The main point of this theory is that the modernization of backward countries inevitably passes through a phase in which it has to turn to a politics that cannot follow Western-style democracy, but instead is centered on strong, authoritarian leaders who serve as the motivating force for change,” Zhao stated. Deng responded, “That is exactly what I stand for. But it is not necessary to use that formulation.”⁶⁹ Deng lent his support to the idea in substance but warned Zhao away from using the “authoritarian” language that might raise serious concerns both domestically and internationally. Thus, when Zhao spoke with U.S. President George H. W. Bush on 26 March in Beijing, Zhao presented the substantive argument of this concept—stressing the role of a strong leadership and saying that “a multi-party parliamentary system” or “a Western political system” does not “tally with the realities

⁶⁸ Susan Finder, “Like Throwing an Egg against a Stone? Administrative Litigation in the People’s Republic of China,” *Journal of Chinese Law* 3 (1989): 1–29.

⁶⁹ Yang Jisheng, “Second Visit to Zhao Ziyang,” *Chinese Law & Government* 38, no. 3: 29–30; Ruan Ming, *Deng Xiaoping*, 194; DXPNP 2:1268. Yang’s and Ruan’s accounts give only slightly different language for the interaction. The dating is somewhat more complex. Zhao vaguely states that the conversation took place in late 1988 (their only meeting that winter at which this interaction would have been plausible was on 28 November 1988 [DXPNP 2:1258], but it is unlikely that Zhao would have had this conversation, where Deng discouraged the term, prior to the spate of prominent publications using this term), whereas Ruan Ming gives a date of 6 March. However, Deng and Zhao discussed political stability on 4 March, a date so close to Ruan’s that I believe it is the most plausible dating for this conversation. This is bolstered further by the fact that a few days later, in remarks delivered on 7 March, Chen Yun said, “We cannot compare ourselves to the ‘four little dragons’ . . . We have over 800 million peasants; this is always our starting point in considering a problem” (CYNP 3:420). However, the exact dating is further complicated by the fact that Wu Wei insists that the DXPNP is incorrect and that the Deng-Zhao meeting occurred on 3 March (Wu Wei, 429–430).

of China,” because “chaos will result, and reform will be disrupted.” But he followed Deng’s instructions and did not use the “neo-authoritarian” formulation.⁷⁰

As part of this attempted reassertion, Zhao also pushed forward his economic ideas and policies. On 14 March, in a meeting with SPC official Fang Weizhong, Zhao sketched his vision of a “long-term plan” for the Chinese economy, centered on “interdependence” with the world in line with the coastal development strategy, especially emphasizing “international economic ties,” the benefits of which China had “not yet fully become conscious of” and “had not fully utilized.”⁷¹ However, these efforts were limited by a new industrial policy that Li Peng and Yao Yilin had developed, which strengthened the state’s role in managing enterprises as a means of extending the power of the rectification policies. In public, Zhao supported this official line. On 22 March, Zhao spoke with factory managers and enterprise leaders, encouraging them to move forward with implementing these policies, comments that he reiterated in remarks delivered on 6–11 April at a national forum on enterprise management.⁷² Even as he sought to reassert his authority and agenda, Zhao remained in line with key elements of the retrenchment.

Yet unexpected events soon dramatically changed the context in which Zhao and China’s other leaders operated. After collapsing from a heart attack at a Politburo meeting, Hu Yaobang died on 15 April 1989. The sudden death of the sympathetic Hu triggered outpourings of grief among university students around the country. On the evening of 17 April, three thousand students marched from Peking University to Tiananmen Square, the center of Beijing, where they camped overnight. By Hu’s

⁷⁰ “Memorandum of Conversation between George H.W. Bush and Zhao Ziyang,” 26 March 1989, History and Public Policy Program Digital Archive, Memcons and Telcons, George Bush Presidential Library and Museum, available at <<http://digitalarchive.wilsoncenter.org/document/133956>>.

⁷¹ ZZYWJ 4:626.

⁷² ZZYWJ 4:634–636, 641, 646; Fewsmith, *Dilemmas of Reform*, 230–231. Zhao’s 6 April remarks also included a discussion of the retrenchment and a critique of problems that had emerged due to the dual-track system (ZZYWJ 4:642).

funeral on 22 April, numbers had swelled to one hundred thousand, calling for faster reform, greater freedom, and voicing numerous complaints.⁷³ When Zhao delivered his eulogy for Hu, he took a conciliatory and understanding tone: “[Hu] deeply loved the party and the people, and the party and the people also deeply loved him. The entire party and the people of the whole country profoundly mourn Comrade Hu Yaobang, and this is because of his great revolutionary spirit and noble ideological and moral qualities . . . Comrade Hu Yaobang is immortal!”⁷⁴ Yet the crisis escalated, with the students calling for comprehensive democratic political reform.⁷⁵

The student movement had clear antecedents, including the smaller-scale student protests that had hastened Hu’s removal in early 1987. In the early months of 1989, urban society bubbled with democracy salons and liberal-minded petition movements, including some that called for the release of political prisoners. At the same time, criticism of the retrenchment policies implemented after the failed price reform attempt of 1988 arose from many quarters, including managers whose enterprises were suffering from slowing growth after the adoption of the new state industrial policy in March.⁷⁶

As the streets of Beijing filled with students following Hu’s death, the combination of student protests, persistent inflation, and angry interest groups turned Deng Xiaoping’s mind to Eastern Europe and especially Poland, which he had watched

⁷³ Vogel, *Deng Xiaoping*, 595–639; Li Peng, 李鹏六四日记 [*Li Peng’s June Fourth Diary*] (cited hereafter as LPLSRJ), 15 April, 17 April. Given the proliferation of different editions and publications of this document, I have cited by date rather than page number. I have quoted from the edition available online at <chinadigitaltimes.net/chinese/2009/08/【禁书】《李鹏六四日记》(1)>. For a well-edited printed edition, see 李鹏六四日记真相: 附錄李鹏六四日记原文 [*The Truth of Li Peng’s June Fourth Diary: With an Appendix of the Original Text of Li Peng’s June Fourth Diary*], ed. Zhang Ganghua 張剛華 (Hong Kong: Aoya chuban youxian gongsi, 2010).

⁷⁴ ZZYWJ 4:652. Deng Liqun believed that this speech helped to “incite the masses” (GSJTL 1:120).

⁷⁵ Philip J. Cunningham, *Tiananmen Moon: Inside the Chinese Student Uprising of 1989* (New York: Rowman & Littlefield, 2009); Andrew J. Nathan, *China’s Crisis: Dilemmas of Reform and Prospects for Democracy* (New York: Columbia University Press, 1990).

⁷⁶ ZFLZQJ 1989, 31–40, 50–52.

with great concern as political instability engulfed the country.⁷⁷ On 4 April 1989, Solidarity—which had emerged in Poland as a trade union in the summer of 1980, survived the ruling Polish Communist Party’s attempts at repression, and forced it to the negotiating table after sweeping workers’ strikes in 1988—produced the so-called Roundtable Agreement, which effectively dissolved the position of Communist Party general secretary and set the stage for a large-scale electoral victory for its coalition in the upcoming national elections. The Polish Communist Party’s days were numbered.⁷⁸ Deng was determined to prevent the CCP from meeting the same fate as its Polish counterpart; he watched these events closely and discussed the “Color Revolutions” at a meeting with President of Togo Gnassingbé Eyadéma on 8 April.⁷⁹ One senior Chinese official told Egon Krenz, the second-ranking official in East Germany, that the Chinese leadership believed that “legalizing the opposition would be the beginning of the end of socialism in China” because of the Polish experience with Solidarity. As Mary Sarotte has argued, in addition to closely watching events such as the Polish liberalization, China’s leaders “wanted to prevent similar contagion from spreading to their territory,” and they were prepared to take extreme measures to stop it.⁸⁰

However, Zhao’s fundamental view concerning the protests was that the leadership’s goal should be to “reduce tensions” as much as possible and to engage in dialogue with the students. The students should be encouraged to return to their classes

⁷⁷ Ian Johnson, “The Ghosts of Tiananmen Square,” *New York Review of Books* 61, no. 10 (5 June 2014): 31–33; see also Zhang Liang, *The Tiananmen Papers*, ed. Andrew J. Nathan and Perry Link (New York: Public Affairs, 2001).

⁷⁸ Stephen Kotkin, with a contribution by Jan T. Gross, *Uncivil Society: 1989 and the Implosion of the Communist Establishment* (New York: Modern Library, 2009), 117–131; Timothy Snyder, “1989: Poland Was First!” *New York Review of Books*, 9 December 2009, at <http://www.nybooks.com/blogs/nyrblog/2009/dec/09/1989-poland-was-first/>. There is evidence that leaders of the student movement were directly inspired by what they saw in Eastern Europe. Wang Dan, for example, commented on 4 March 1989: “The star of hope rises in Eastern Europe. . . . This forcefully testifies to the fact that democracy is not a given but must be fought for by the people from below” (Wang Dan, “The Star of Hope Rises in Eastern Europe,” in *China’s Search for Democracy: The Student and Mass Movement of 1989*, ed. Suzanne Ogden, et al. [Armonk, NY: M. E. Sharpe, 1992], 46–47).

⁷⁹ DXPNP 2:1271.

⁸⁰ Sarotte, “China’s Fear of Contagion,” 161, 171.

and only people who engaged in “beating, smashing, looting, burning, or trespassing” should be punished. Finally, “bloodshed must be avoided, no matter what.” Zhao met with Deng Xiaoping on 19 April to discuss the developing chaos and outlined these views, which resulted from his goal of increasing the government’s accountability, responsiveness, and transparency in line with his reform agenda at the Thirteenth Party Congress. Deng supported Zhao’s approach to the situation, according to Zhao’s recollection.⁸¹ On 23 April, believing that the situation was under control, Zhao departed for a long-planned state visit to North Korea. The next day, in Pyongyang, he delivered remarks praising the ruling Workers’ Party of Korea and emphasizing the importance that he and Deng attached to Sino-North Korean relations. His actions clearly demonstrated that he believed matters in Beijing were not likely to escalate. He appeared to believe that the student movement should be treated as an opportunity to apply the principles of greater openness and responsiveness in the CCP’s style of rule.⁸²

THE TRAGEDY OF 1989 AND ZHAO’S DOWNFALL

The causes, tragedy, and consequences of the 1989 student movement are a complex subject that have received and will continue to receive in-depth scholarly treatment elsewhere.⁸³ This section does not aim to provide a comprehensive history of the period April–June 1989, but rather to provide a compressed account of the elite politics of this moment of political upheaval to show how the tragedy of Tiananmen was a decisive juncture in the way that subsequent CCP narratives would treat the

⁸¹ Zhao, *Prisoner of the State*, 4–9. This meeting is not recorded in DXPNP.

⁸² ZZYWJ 4:644–646; Zhao, *Prisoner of the State*, 6; Wu Wei, 447–448.

⁸³ Examples include Louisa Lim, *The People’s Republic of Amnesia: Tiananmen Revisited* (Oxford: Oxford University Press, 2014); Timothy Brook, *Quelling the People: The Military Suppression of the Beijing Democracy Movement* (Stanford, CA: Stanford University Press, 1999); Cunningham, *Tiananmen Moon*; Nathan, *China’s Crisis*; Craig Calhoun, *Neither Gods nor Emperors: Students and the Struggle for Democracy in China* (Berkeley, CA: University of California Press, 1997); Jonathan Unger, *The Pro-Democracy Protests in China: Reports from the Provinces* (Armonk, NY: M.E. Sharpe, 1991).

reform policies and Zhao himself. It is worth noting, however, that a protest movement of this sort must be understood not simply through the lens of elite politics that this dissertation has adopted, but through a fuller historical assessment of its social and cultural origins and the dynamics by which it arose and evolved.⁸⁴ The limitations of an elite-politics approach to the student movement of 1989 are particularly acute because it might be argued that a focus on elite dynamics is, in fact, one reason that the CCP leadership itself ultimately decided to treat them, as we shall see, as an event that arose from surprisingly “elite” sources—laying blame on a handful of well-connected saboteurs, individuals within the CCP, and ultimately Zhao himself. These important issues fall outside the scope of this dissertation, which limits its analysis to the elite politics of this episode and the case of Zhao Ziyang.

Although Zhao believed that constructive engagement with the student movement would be possible and desirable, he misjudged the dynamics that would emerge as the other members of the leadership assessed the protests with alarm. While Zhao was in North Korea, Li Peng and Beijing Mayor Chen Xitong (陈希同) worked to persuade Deng that the protests were in fact a rebellious political “turmoil” posing a severe threat to the CCP’s rule and requiring a forceful response.⁸⁵ Following a meeting between Li and Deng at Deng’s home on 25 April, the infamous “26 April editorial” appeared on the front page of the *People’s Daily*, calling for a “clear-cut stand against

⁸⁴ These limitations parallel important issues related to “bottom-up” political economy, balancing “too tight” and “too loose” control, and adaptive governance; see Introduction, footnote 17.

⁸⁵ LPLSRJ, April 25; DXPNP 2:1272–1274. Chen Xitong claims that he did not exaggerate the situation in Beijing and that Deng would not have been easily manipulated by such reports even if he had (Yao Jianfu, ed., 陳希同親述—眾口鑠金難鑠真 [Conversations with Chen Xitong] [Hong Kong: New Century Press, 2012], interview no. 1, 30–31). See also Zhang Liang, comp., *The Tiananmen Papers*, ed. Andrew J. Nathan and Perry Link (New York: Public Affairs, 2001), 71–74. In this section, I use the *Tiananmen Papers* only sparingly, generally to confirm or elaborate on facts recorded elsewhere. Although they are well edited and useful, this decision reflects what Vogel calls “questions [that] have been raised about the authenticity” of some of their contents, “particularly those [documents] reporting meetings of eight senior leaders and those summarizing phone calls” (Vogel, 831). See also Alfred L. Chan, with a rejoinder by Andrew J. Nathan, “The Tiananmen Papers Revisited,” *China Quarterly*, no. 177 (March 2004): 190–214.

the disturbances,” which were described as opposing the CCP. In this meeting, Deng said, “We have several million People’s Liberation Army (PLA) soldiers, what do we have to fear?”⁸⁶ Zhao claimed to be blindsided by this editorial’s tone, which was intended to intimidate the students and, he believed, caused a dramatic escalation.⁸⁷ The leaders of the protests did not back down; instead they reacted by hardening their stance and intensifying their criticisms of Li and Deng, with a new wave of protests involving an estimated 150,000 people occurring in Beijing the following day.⁸⁸

In line with the 26 April editorial’s demand for a “clear-cut stand,” officials put immense pressure on thinkers, writers, and publications to support the official line. In Shanghai, the *World Economic Herald*—a reformist publication that Zhao read and referenced regularly, and in which members of his intellectual network often published—was the focus of this pressure, as it published a spate of articles that criticized senior conservative leaders by name, including an 3 April article that railed against Li Peng’s “serious mistakes in overlooking the importance and urgency of political reform.”⁸⁹ As tensions rose in Beijing, Jiang Zemin (江泽民), the Party Secretary of Shanghai, decided that the newspaper had gone too far. He suspended the chief editor and shuttered the paper.⁹⁰ The *World Economic Herald* was condemned as

⁸⁶ “必须旗帜鲜明地反对动乱” [It Is Necessary to Take a Clear-Cut Stand Against the Disturbances], RMRB, 26 April 1989; LPLSRJ, 25 April; DXPNP 2:1272–1274.

⁸⁷ Zhao, *Prisoner of the State*, 12. Zhao’s former adviser Wu Guoguang offers a different account of the time that Zhao was in North Korea, arguing that Deng may have met secretly with Li Peng earlier than disclosed and arranged for the editorial ahead of the 25 April meeting. See Wu Guoguang 吴国光, “政治权力、宪章制度与历史悲剧——《李鹏“六四”日记》导言” [Political Power, the Constitutional System, and the Historical Tragedy—An Introduction to Li Peng’s June Fourth Diary], 中国人权双周刊 [China Human Rights Biweekly Journal] no. 211, at <<http://www.hrichina.org/chs/zhong-guo-ren-quan-shuang-zhou-kan/wu-guo-guang-zheng-zhi-quan-li-xian-zhang-zhi-du-yu-li-shi-bei-ju>>; Wu Wei, 452–453.

⁸⁸ Nicholas D. Kristof, “150,000 March in Defiance of Beijing,” *New York Times*, 28 April 1989.

⁸⁹ Li and White, “China’s Technocratic Movement,” 352, 379. The article criticizing Li Peng was written by Hu Jiwei, who had been chief editor and director of the *People’s Daily*.

⁹⁰ Editorial Board, “Statement of Our Views on the Shanghai Party Committee’s ‘Decision’ to Reorganize the *World Economic Herald*,” in *China’s Search for Democracy*, ed. Ogden, et al. 157–158; Zhang Liang, *Tiananmen Papers*, 91–95; see also LPLSRJ, 26 April; Chen Yizi, *Memoirs*, 574–577. Jiang briefed the Politburo on his handling of this matter on 10 May (LPLSRJ, 10 May).

part of a “conspiracy” with the students and even as the “trumpet” of an international “cantata” of forces allied against the CCP and socialism.⁹¹

Zhao returned from North Korea on 29 April. He immediately attempted to assess the worsening situation and determine a way to reduce tensions. He decided to deliver public remarks on the seventieth anniversary of the 1919 May Fourth Movement, a student movement that the CCP celebrated because it had criticized imperialism, highlighted the value of science and democracy in rejuvenating the Chinese nation, and helped lead to the birth of the CCP itself in 1921. Zhao’s speech would walk a fine line, taking a more conciliatory tone than the 26 April editorial without directly contravening it.⁹² First, on 3 May, Zhao delivered a speech, officially designated as a commemoration of the May Fourth Movement, which hewed to the official line. Zhao stated, “Our grand and arduous task of modernization and reform can only proceed smoothly in a stable social and political environment,” stressing the paramount importance of “maintaining social stability” and adhering to the Four Cardinal Principles, though he refused to add language about “opposing bourgeois liberalization.”⁹³

The next day, Zhao addressed the student movement in a markedly warmer tone at a meeting of the Asian Development Bank (ADB) on 4 May. Zhao declared that the majority of the students were “not opposed to our basic system,” and that “only a very small minority” was seeking to create “turmoil,” in which they did not have the support of “the majority of students.” Promising “no major turmoil,” Zhao added, “I firmly believe that the situation will gradually settle down.”⁹⁴ Zhao came under strong

⁹¹ Li and White, “China’s Technocratic Movement,” 343.

⁹² Zhao, *Prisoner of the State*, 16–18; Wu Wei, 457, 459–460, 464–465.

⁹³ ZZYWJ 4:657–662. This is the final document included in the *Collected Works of Zhao Ziyang*. See also Zhao, *Prisoner of the State*, 16.

⁹⁴ Xinhua News Service, “现在最需要的是冷静、理智、克制、秩序，在民主和法制的轨道上解决问题” [What Is Needed Most Now is Calm, Reason, Restraint, and Order, While Solving Problems on

criticism from Li, Chen Yun, and others for going off message and for using an international venue to pressure his CCP colleagues.⁹⁵ The students responded more warmly to his tone, but the leaders of the student movement also used the anniversary to formalize a new declaration, the “May Fourth Manifesto,” which announced their historical mission and was read out at Tiananmen Square by Wu’er Kaixi (吾尔开希), chairman of the Beijing Students’ Federation.⁹⁶ Zhao’s gambit, premised on his pragmatic view that dialogue would produce a better outcome than opposition or repression, had produced an ambiguous result. The rift within the Party leadership was obvious and widening.

Following Zhao’s speech of 4 May, events quickly began to spiral. On the same day, according to Li Peng’s diary, Yao Yilin stated that he believed Zhao to be encouraging the turmoil and seeking to “attack Deng, topple Li, and keep Zhao.”⁹⁷ Zhao continued to emphasize the need for a peaceful resolution in a letter to the senior leadership submitted on 6 May, a Politburo Standing Committee meeting on 8 May, and a Politburo meeting on 10 May, at which he called for responding to the students’ demands and displaying responsiveness to their anti-corruption stipulations in particular.⁹⁸ Zhao had also been attempting to secure a meeting with Deng, but the paramount leader remained worryingly unavailable. On the morning of 11 May, Li Peng recollected, Deng’s secretary Wang Ruilin (王瑞林) called Li and urged him to

the Path of Democracy and Rule of Law], *PLA Daily*, 5 May 1989. See also Dingxin Zhao, *The Power of Tiananmen: State-Society Relations and the 1989 Beijing Student Movement* (Chicago: University of Chicago Press, 2001), 225–226. Wu Wei offers recollections regarding the drafting of this speech, of which Bao Tong said, “The thinking, content, phrasing, and much of the most important language came directly from Zhao’s mouth” (Wu Wei, 469).

⁹⁵ CYNP 3:423; Chen Yizi, *Memoirs*, 582; Vogel, *Deng Xiaoping*, 608–609.

⁹⁶ LPLSRJ, 4 May; Minzhu Han and Sheng Hua, eds., *Cries for Democracy*, 134–135.

⁹⁷ LPLSRJ, 4 May.

⁹⁸ LPLSRJ, 8 May, 11 May; Wu Wei, 482–485; Zhang Liang, *Tiananmen Papers*, 126–138.

adhere to the 26 April editorial—a remarkable gesture from the paramount leader that clearly indicated his displeasure with Zhao’s ADB speech.⁹⁹

After days of trying, Zhao, accompanied by Yang Shangkun, finally met with Deng at 10:00 A.M. on 13 May—the same day that a group of students commenced a hunger strike in Beijing. According to Zhao’s recollection, in this 13 May meeting Deng again stated that he supported Zhao’s approach. Yet Deng also evidently complained, “I am so fatigued right now, my brain isn’t up to the task, and my tinnitus is intense. I can’t hear clearly what you are saying.”¹⁰⁰ Even so, Zhao left the 13 May meeting feeling buoyed in his approach. The next day, he told Bao Tong that he wished to make public the decision of the Central Committee to ask Deng to remain “at the helm” on major issues following his retirement at the Thirteenth Party Congress, as discussed in the previous chapter, as a way of “defending the image of Comrade Xiaoping.” Zhao was slated to meet with Soviet General Secretary Mikhail Gorbachev on 16 May, and Bao Tong included this information in Zhao’s notes for this meeting, as instructed.¹⁰¹ At the same time, on 15 May, Zhao and Li Peng had a heated argument about the 26 April editorial, which Zhao still found to be a serious impediment to dialogue with the students—a conversation that Li recalled Zhao ended in great frustration and anger.¹⁰²

On 16 May, as the students continued the hunger strike, Zhao and Deng held separate meetings with Gorbachev.¹⁰³ Although Zhao dismissed the students as “look[ing] at many things naively, simplistically,” the most significant statement that he made in the meeting came at the beginning, as television cameras rolled. Zhao stated:

⁹⁹ LPLSRJ, 11 May.

¹⁰⁰ Zhao, *Prisoner of the State*, 21; DXPNP 2:1275; LPLSRJ, 13 May. Li was told the detail about Deng’s complaints by Yang Shangkun. See also Zhang Liang, *Tiananmen Papers*, 147–151.

¹⁰¹ Wu Wei, 494–498.

¹⁰² LPLSRJ, 15 May.

¹⁰³ DXPNP 2:1275–1276.

“All our party comrades know that they cannot do without [Deng’s] leadership, wisdom, and experience. At the first plenum, elected by the Thirteenth Congress, a fairly important decision was made—that in all big questions we should turn to him as to a leader. This decision was not published but I am informing you about it today.”¹⁰⁴ On the same day, crowds marched through the streets calling for Deng and Li Peng to step down.¹⁰⁵

The effect of Zhao’s public comment to Gorbachev was what Zhao, in his memoirs, called “a great misunderstanding.” Deng and his family immediately declared that Zhao had betrayed the paramount leader by forcing him out from behind the curtain at the moment of maximal risk at the height of the student movement. On the morning of 17 May, Deng’s daughter, Deng Nan (邓楠), evidently vented her rage by calling Zhao and subjecting him to a tirade about his comments.¹⁰⁶

On 17 May, Deng convened the senior leadership including Zhao, Li Peng, Yao Yilin, Hu Qili, Qiao Shi, and Yang Shangkun at his home to discuss whether to implement martial law in the capital. A fierce debate ensued during which Zhao continued to call for a peaceful resolution and opposed the designation of the protests as “anti-party” and “anti-socialist.” Li and Yao accused Zhao of causing “two voices [to have] emerged at the Party center” due to his ADB speech. Zhao stated emphatically, according to his recollection, “I could hardly implement military control as I feared that doing so would lead to serious consequences.” By the meeting’s conclusion, Deng made the decision to impose martial law, demand the cessation of all hunger strikes and demonstrations, and deploy the PLA to restore order in Beijing.

¹⁰⁴ “Excerpts from Conversation between Mikhail Gorbachev and Zhao Ziyang,” 16 May 1989, History and Public Policy Program Digital Archive, Mikhail Gorbachev, *Zhizn’ i Reformy*, vol. 2 (Moscow: Novosti, 1995), 441–445, at <<http://digitalarchive.wilsoncenter.org/document/119290>>.

¹⁰⁵ Nicholas D. Kristof, “Crowds in Street Ask Deng’s Ouster,” *New York Times*, 18 May 1989.

¹⁰⁶ Zhao, *Prisoner of the State*, 45–46 ; Wu Wei, 499, 505–506; Chris Buckley, “Party Chief’s Downfall a Central Act in Tiananmen Drama,” *New York Times*, 11 May 2014.

Deng's worries about his own public image were clearly at the center of his thinking; Zhao recalled that Deng stated, "Don't reveal that it was I who made the decision to impose martial law!"¹⁰⁷ Zhao's approach had lost out, and he had broken with his colleagues. Following the meeting, Zhao declared, "It seems my mission in history has already ended."¹⁰⁸ On the early morning of 18 May, he and Li Peng visited the hunger-striking students at the hospital, after which Li held an acrimonious and disorderly dialogue with student leaders at the Great Hall of the People, which produced no substantive breakthrough.¹⁰⁹

As the leadership began to implement Deng's decision to impose martial law to quell the protests, Zhao went on sick leave and decided to make a public statement. In the early morning of 19 May, Zhao walked to the square to speak directly to the students.¹¹⁰ Urging them to call off the hunger strike for the sake of their health and to avoid catastrophe, Zhao—his voice filled with emotion as he held a small megaphone—told the students:

Students, we came too late. Sorry, students. Whatever you say and criticize about us is deserved. My purpose here now is not to ask for your forgiveness . . . Now what is most important is to end this hunger strike. I know that you are doing this in the hope that the party and the government will give a most satisfactory answer for what you are asking for. I feel that our channel for dialogue is open and some problems need to be resolved through a process . . . You are not like us, we are already old, and do not matter . . . Students, can you think rationally for a moment? Now the situation is very dire as you all know, the party and nation are very anxious, the whole society is worried. Besides Beijing is the capital, and each day the situation is worsening; this cannot go on. You mean well, and have the interests of our country at heart, but if this

¹⁰⁷ Zhao, *Prisoner of the State*, 11; Yang Jisheng, "First Visit to Zhao Ziyang," *Chinese Law & Government* 38, no. 3: 9–10; Zhang Liang, *Tiananmen Papers*, 184–190; DXPNP 2:1276–1277.

¹⁰⁸ Zhao, *Prisoner of the State*, 29, 32. Zhao and Bao Tong drafted a resignation letter after this meeting (Wu Wei, 514). In *The Tiananmen Papers*, it is reported that at a subsequent Politburo Standing Committee meeting that day, a vote was held regarding the martial law decision, though this has been disputed by other accounts (Zhang Liang, *Tiananmen Papers*, 191–193).

¹⁰⁹ LPLSRJ, 18 May.

¹¹⁰ Zhao, *Prisoner of the State*, 31.

goes on, it will go out of control and will have various adverse effects.¹¹¹

Zhao concluded his speech to the students by thanking them and giving several bows of his head. The audience applauded as Zhao finished.¹¹² What had begun, for Zhao, as a pragmatic position seeking to take a conciliatory stance towards the students to resolve the dispute had grown into a moral stand, with Zhao seeking to warn the students that they risked endangering their lives to a far greater extent than they realized. The famous phrase “we came too late” held several meanings: that Zhao felt the leadership should have had a meaningful dialogue with the students earlier; that the decision to impose martial law had already been made; and that the situation in the central leadership had gone too far already for Zhao to protect the students.

The next day, on 20 May at 10:00 A.M., the imposition of martial law began. Li Peng read out the decree announcing that China had entered a state of emergency. Li did not mention Zhao’s name, though he decried individuals whose “goal is precisely to organizationally subvert the CCP leadership” and “overthrow the people’s government.” Li promised “resolute and decisive measures to put an end to the turmoil.”¹¹³ On the same day, Deng held another meeting at his home at which the leadership (including Chen Yun, Li Xiannian, Peng Zheng, Yang Shangkun, Li Peng, and Yao Yilin, but not Zhao) reaffirmed support of the 26 April editorial and decided to remove Zhao from power and appoint Jiang Zemin as the new CCP general secretary. This meeting discussed the view that “the root of the crisis” originated “within the party.” The decision was not yet formal, since a Politburo meeting would be required to

¹¹¹ “25 Years Ago: Zhao Ziyang: ‘We Came Too Late,’” *China Digital Times*, 19 May 2014. Zhao’s speech is available online at <https://www.youtube.com/watch?time_continue=484&v=JRshth1Nyb4>.

¹¹² *Ibid.*

¹¹³ Adi Ignatius and Julia Leung, “Trying to Crack Down, China Faces Big Risks Whatever It Does Next,” *Wall Street Journal*, 22 May 1989; Zhao, *Prisoner of the State*, 35; Wang Fang, 王芳回忆录 [*Memoirs of Wang Fang*] (Hangzhou: Zhejiang renmin chubanshe, 2006), 369; Li Peng Delivers Important Speech on Behalf of Party Central Committee and State Council, Beijing Television Service, 19–20 May 1989, 15:27 GMT, FBIS, 22 May 1989: 9–13.

dismiss Zhao, but it was decisive. Zhao had lost Deng's support, and his downfall had occurred with extraordinary speed.¹¹⁴ Zhao subsequently wrote letters contesting the decision and continued to press for the use of peaceful, legal means to resolve the standoff with the students, but Deng ignored him.¹¹⁵

However, as the troops attempted to enter the city, Beijing residents blocked them from advancing for at least fifty hours. On the morning of 22 May, the troops received orders to withdraw. Galvanized workers joined the students in the square, expressing anger over economic issues and official corruption. The participation of urban workers was, to Deng and other CCP elders, a frightening echo of events in Eastern Europe.¹¹⁶ Deng, Li, and their allies prepared an even stronger military response. The next evening, the students unveiled a statue called the Goddess of Democracy. Although the number of students was evidently declining as time passed, a large group remained committed to staying in the square.¹¹⁷

In internal discussions amid an atmosphere of great tension, it became clear that the removal of Zhao and the decision to use overwhelming force against the protestors would enable the deeply divided leadership to unite around a common enemy—the forces that allegedly sought to overthrow the party from within and without—in order to bridge the fissures that had emerged in the open during May. On 27 May, Li Xiannian delivered a speech in which he stated that responsibility for the turmoil rested not just within the CCP but specifically with “an individual person within the CCP leadership,” a formulation that Lu Zhichao (卢之超), a former aide to Li, claimed was

¹¹⁴ DXPNP 2:1277; LXNNP 6:480; LPLSRJ, 21 May; Yang Jisheng, “Second Visit to Zhao Ziyang,” *Chinese Law & Government* 38, no. 3: 32; see also Zhang Liang, *Tiananmen Papers*, 257–264.

¹¹⁵ Wu Wei, 535.

¹¹⁶ Baum, *Burying Mao*, 271–272.

¹¹⁷ Vogel, *Deng Xiaoping*, 624–631.

proposed directly by Deng.¹¹⁸ Documents criticizing Zhao circulated among the leadership, and on 28 May, Bao Tong was detained at Qincheng Prison. Meanwhile, Zhao was kept “detained and isolated,” as he described it, at his home.¹¹⁹

In a conversation with Li Peng and Yao Yilin on 30 May, Deng Xiaoping offered his perspective on recovering the leadership’s unity. He described his desire for the new leadership to give “a hopeful face to reform,” because, “The policy of reform and opening will remain unchanged for decades.” Deng noted that reform was the basis of the party’s popular support: “This time [in the turmoil] the slogan ‘down with Deng Xiaoping,’ cropped up, but there was no ‘down with reform’ slogan.” The new leadership would be chosen “from the perspective of reform and opening up.” Deng appeared to reflect on his two protégés, Hu and Zhao, both of whom had fallen, exclaiming, “It is not easy to lead such a country!” Jiang Zemin, who was the only figure able to garner the consensus support of the elders, would be the “core” (核心) of the new third generation of leadership, and Deng warned that all of the new leaders, including Li and Yao, should follow him. “Do not be dissatisfied with each other, do not deplete your own power,” Deng concluded. “The key is the leadership core.”¹²⁰

Over the coming days, nearly 150,000 troops began to enter Beijing in small, secret groups, gradually moving into the city so that the crowds could not again block them. The army also readied weaponry, including tanks and armored vehicles. On the night of 3 June, the troops received orders to assemble in Beijing and march toward the square.¹²¹ Sitting in the courtyard of his home, Zhao recalled, he could hear gunfire.¹²²

¹¹⁸ LXNNP 6:481; Lu Zhichao 卢之超, *海边忆往: 围绕中南海的回忆与思考* [*Seaside Recollections: Memories and Reflections around Zhongnanhai*] (China: Publisher Not Identified, 2008), available in the Fairbank Collection, Harvard University, 173.

¹¹⁹ Zhao, *Prisoner of the State*, 37–38; Wu Wei, 541–544; see also Zhang Liang, *Tiananmen Papers*, 307–308.

¹²⁰ ZFLZQJ 1989, 69–73; DXPNP 2:1277–1278. This meeting is incorrectly dated in Zhang Liang, *Tiananmen Papers*, 324–328.

¹²¹ Vogel, *Deng Xiaoping*, 624–631.

By the morning of 4 June, Tiananmen Square had been emptied. An unknown number had been killed and wounded in the square and the surrounding neighborhoods of Beijing. The clearing of the square took less than twelve hours.¹²³

The tragedy of 3–4 June 1989 marked a dramatic rupture in the elite politics of the post-Mao era. By using overwhelming force to suppress the student movement, the leadership had engaged in an act outside of the political bounds within which they had previously operated during the 1980s. Deng would continue to call for adhering to the path of “reform and opening,” but, as we shall see, China’s political path had shifted in fundamental ways. The handling of Zhao’s status, which the next section will analyze, offers significant insight into these changes.

ZHAO’S ALLEGED TRANSGRESSIONS AND THEIR MEANING

This section analyzes the series of official decisions and statements made after the crackdown of 3–4 June, with particular attention given to criticism of Zhao. In the immediate aftermath of the crisis, these documents reveal an intensive process of creating an official historical narrative encompassing Zhao, his economic ideas, and the politics of the reform era. At the most fundamental level, of course, these documents offered detailed critiques of Zhao’s decisions and the events of April–June 1989. Yet these documents also have a deeper significance, because, as we shall see, these criticisms of Zhao became a way of condemning the liberalization that had purportedly permitted the unrest of 1989 to emerge, as well as mapping out a vision for Deng’s all-important conception of the leadership “core”—not just in the post-Mao era, but in what would eventually also be a post-Deng era.

¹²² Zhao, *Prisoner of the State*, 33.

¹²³ Vogel, *Deng Xiaoping*, 619, 629–631. See also “No.10 record of conversation (MT-President Bush),” The National Archives, PREM19/2597 f139.

In the initial statements from Deng after the crackdown, Zhao was not mentioned; the leadership was evidently still debating how to handle the newly deposed general secretary. Deng's first public statement after the crackdown came on 9 June, when he met with the military officials who had whose loyalty had allowed the suppression of the protests and whose continued fealty Deng needed. Deng stressed that the “reform and opening” would continue—a major statement at a time of tumult, uncertainty, and pressure, when the future of even the economic reforms had seemed under threat. First, Deng praised the “correct formulation of the line, principles, and policies” at the 1978 third plenum. Second, he reaffirmed the correctness of the 1987 Thirteenth Party Congress's Work Report. The approach of “one central focus and two basic points” (building socialism with Chinese characteristics by simultaneously “upholding the Four Cardinal Principles” and “adhering to the policy of reform and opening, and enlivening the economy”) was still the only correct path for China, Deng stated. He added, “We must stick with a combination of planned economy and market economy.” However, he acknowledged that there had been too much “weakness” in ideological and political work, which had allowed the turmoil to escalate, and called for more “firmness” in the future.¹²⁴ A week later, on 16 June, Deng made comments reaffirming that China's commitment to “reform and opening to the outside world will not change.” In this conversation with Yang Shangkun, Wan Li, Jiang Zemin, Li Peng, Yao Yilin, and other officials, Deng also discussed the political leadership, making comments in line with his earlier remarks to Li and Yao. Deng directly addressed his efforts to handle “the issue of succession.” He stated, “Although two successors did not endure, at that time, due to their experience of struggle, according to the results of their

¹²⁴ DXPNP 2:1279–1280; ZFLZQJ 1989, 73–76; LXNNP 6:482. When Deng's remarks were made public in early July, his phrase a “market economy” (市场经济) had been demoted to a “market-regulated economy” (市场调节经济).

work, and according to the level of political and ideological work, I could only make those choices. Moreover, people change.” To absolve himself of blame for Hu’s and Zhao’s failings as potential successors, Deng provided no more elaborate explanation. Deng urged the assembled leaders to “consciously safeguard the leadership core,” the newly selected Jiang Zemin. Deng called on them to be “more bold in pursuing reform and opening” and to confront corruption so as to gain greater public support. He concluded emphatically, “The line, principles, and policies of the Thirteenth Party Congress will not change.”¹²⁵ Even so, the ascendant conservatives ensured the continuation of the retrenchment policies of 1988, at least for the near term. With Deng’s permission, the Chinese leadership implemented a new and far-reaching 39-point economic retrenchment program, slated to last for three years, which aimed to recentralize planning, implement macroeconomic austerity, and strengthen the position of state-owned industrial enterprises.¹²⁶

The formal handling of Zhao’s case began at a Politburo meeting held on 19–21 June 1989. The meeting made decisions that would be announced at the fourth plenum of the Thirteenth Central Committee, slated to begin on 23 June. The Politburo meeting focused on denouncing Zhao, with remarks delivered by Bo Yibo, Peng Zhen, Li Xiannian, Jiang Zemin, and Deng Xiaoping, along with many others. Chen Yun, who had not been a central figure in the decision-making between April and June, sent a short note indicating his criticism of Zhao’s actions and his approval of the decision to remove Zhao from power. Both Li Peng and Deng criticized “shortcomings and mistakes” in economic work under Zhao, but these were secondary to Zhao’s larger transgressions in the context of the “disturbances.”¹²⁷ Li Peng presented a report on Zhao’s wrongdoings, which determined that he had taken a “wrong stance,” including

¹²⁵ DXPNP 2:1281–1282; ZFLZQJ 1989, 76–82; SWDXP-3, 302–303.

¹²⁶ ZFLZQJ 1989, 76; Barry Naughton, *Growing out of the Plan*, 274–276.

¹²⁷ DXPNP 2:1282; LXNNP 6:483; LPLSRJ, 20–22 June; Zhao, *Prisoner of the State*, 39–41.

his ADB speech, which “openly exposed the differences within the center to the world,” and his comments to Gorbachev about Deng, which exposed Deng to intense criticism. Most of all, the report criticized Zhao’s open split with the leadership after the decision to impose martial law, which “destroyed party discipline, undermined the unity of the party, and openly divided the party.” The report stated, “At a critical juncture in the life and death of the party and the country, Comrade Zhao Ziyang made the mistake of supporting the unrest and splitting the party.” Imposing martial law and calling in the PLA had been absolutely necessary, the report argued, and Zhao had stood in the way. Zhao would be stripped of his positions—including the general secretaryship, his membership on the Politburo and its Standing Committee, and his position as first vice chairman of the Central Military Commission. Li concluded, “We must learn lessons from the crimes that Comrade Zhao Ziyang has committed to further improve and strengthen party organizations and above all to strengthen the collective leadership of the CCP Central Committee.”¹²⁸

During this Politburo meeting, on 20 June, Zhao spoke for 40 minutes in his own defense. Yao Yilin, who was chairing the session that day, attempted to prevent him from speaking, but Zhao insisted.¹²⁹ His remarks were clear and firm. Although he acknowledged “shortcomings, errors, and mistakes” in his work and accepted the decisions regarding his dismissal from his leadership posts, he refused to accept the accusations that he had “supported the unrest” and “split the party.” He stated, “There may sometimes be differences in the emphasis of public statements made by leading personages, or their approach may not be quite the same, or people may come up with differing comments. Such things have occurred time and again and cannot be called ‘splitting the Party.’” He also argued, “I still feel that there is a problem with the 26

¹²⁸ LPLSRJ, 22 June; Zhao, *Prisoner of the State*, 39–41.

¹²⁹ Zhao, *Prisoner of the State*, 40; LPLSRJ, 20 June. Zhao claims he spoke for 20 minutes, whereas Li says 40 minutes. Given the length of Zhao’s speech, the latter claim seems more likely.

April editorial,” because it “made an overall and sweeping determination that the nature [of the student unrest] was one of a contradiction between the enemy and us—a determination that the majority of people could hardly accept.”¹³⁰ When Zhao finished speaking, he recalled, “Yao Yilin abruptly adjourned the meeting”; Zhao immediately left the room, but “no one else moved.” While initially it had appeared that Zhao would retain his Central Committee membership, the next day he learned that the leadership had decided following his statement that he would be stripped of this role as well.¹³¹

At the fourth plenum of the Thirteenth Central Committee, which convened on 23–24 June, three weeks after the crackdown, the Party leadership formally approved these decisions regarding Zhao’s standing, while also labeling the student movement “a planned, organized, and premeditated political turmoil” that “further developed into a counter-revolutionary riot in Beijing” and praising the effectiveness of martial law in restoring order. It is crucial to emphasize that these decisions were made together; the determinations about Zhao and about the student movement were now permanently interconnected. Li Peng’s denunciation of Zhao discussed above was now officially promulgated under the title *Report on the Mistakes Made by Comrade Zhao Ziyang in the Anti-Party, Anti-Socialist Turmoil*. Zhao’s ouster was immutable, because, “He made the mistake of supporting the turmoil and splitting the Party, and he bears unshirkable responsibility for the formation and development of the turmoil.”¹³² Peng Zhen even allegedly accused Zhao of “attempting to topple the Communist Party and

¹³⁰ “Zhao Ziyang’s Speech in His Own Defense at the Fourth Plenary Session of the Thirteenth Central Committee of the CCP,” *Chinese Law & Government* 38, vol. 3:51–68; Zhang Liang, *Tiananmen Papers*, 441–446. Unlike many other purged leaders in the CCP’s history, Zhao did not accept the most important charges levied against him.

¹³¹ LPLSRJ, 19 June, 20 June; Zhao, *Prisoner of the State*, 40.

¹³² ZFLZQJ 1989, 82; CYNP 3:426–427; DXPNP, 1282–1283; LXNNP 6:483–484. Li Peng 李鹏, “关于赵紫阳同志在反党反社会主义的动乱中所犯错误的报告” [Report on Comrade Zhao Ziyang’s Mistakes in the Anti-Party, Anti-Socialist Turmoil] (24 June 1989), available at <http://news.xinhuanet.com/ziliao/2005-01/17/content_2469759.htm>; “中国共产党第十三届中央委员会第四次全体会议公报” [Communiqué of the Fourth Plenary Session of the Thirteenth Central Committee of the CCP], 23 June 1989, at <http://cpc.people.com.cn/GB/64162/64168/64566/65386/4441846.html>. Hu Qili was also formally dismissed at this meeting.

wreaking havoc with the socialist system in coordination with hostile powers at home and abroad.” Other elders criticized the overall orientation of Zhao’s policymaking as promoting liberalization without attending adequately to the enduring control of the CCP.¹³³ Yao Yilin, similarly, was said to have called for “breaking out of Zhao Ziyang’s policy influence” and directly attacked the Thirteenth Party Congress’s tenet of “the state manages the market, and the market guides the enterprises.”¹³⁴ In this way, conservatives sought to portray Zhao’s reform agenda and economic ideas as bound up in his alleged goal of undermining socialism and the CCP’s authority.

The newly appointed leadership made clear that they intended to draw lessons from Zhao’s misdeeds. When Jiang Zemin spoke to accept the position of general secretary on 24 June, he praised the leadership for “correctly handling the issue of Comrade Zhao Ziyang” and “the tremendous losses that he brought to the cause of the party.” These decisions were final, and the new “core” leader pledged his fealty to them. Jiang expounded on the handling of Zhao by offering an interpretation of his shortcomings. Zhao had “split reform and opening from the Four Cardinal Principles,” which “encouraged and fostered the proliferation of bourgeois liberalization and led to this turmoil and counter-revolutionary riot.” This was “a profound lesson paid for in blood, and we must always remember it.”¹³⁵

Jiang’s statement reflected the most significant lesson that the CCP leadership drew from the events of April–June 1989: Economic liberalization under the mantle of “reform and opening” could proceed, but only if it did not require or produce political or cultural liberalization that might undermine the Four Cardinal Principles. Zhao

¹³³ Quoted in Joseph Fewsmith, *China since Tiananmen: The Politics of Transition* (New York: Cambridge University Press, 2001), 31. Jiang immediately set about strengthening his ties to the elders; he, Li Peng, and Qiao Shi celebrated Li Xiannian’s eightieth birthday with him on 23 June, on the sidelines of the Central Committee meeting (LXNNP 6:484).

¹³⁴ Zhao, *Prisoner of the State*, 123.

¹³⁵ LPLSRJ, 24 June.

became emblematic of the “split” between these two guiding ideologies; Jiang made clear that the party would never again countenance such a “split.”

On 30 June, Beijing Mayor Chen Xitong delivered a lengthy report on the “quelling of the counterrevolutionary riots” to the Standing Committee of the Seventh National People’s Congress. This report was given to Chen to be read out, according to both Chen and one of the document’s drafters, Lu Zhichao; thus it must be seen as a document produced by the CCP leadership rather than as his personal report.¹³⁶ This report contained an extensive discussion of Zhao’s “serious mistakes.” Zhao was senior-most among “a tiny handful of people both inside and outside the Party who stubbornly clung to their position of bourgeois liberalization and went in for political conspiracy . . . They colluded with foreign forces, ganged up at home, and made ideological, public opinion, and organizational preparations for years to stir up turmoil in China, overthrow the leadership by the Communist Party, and subvert the socialist People’s Republic.” Chen cited “Comrade Zhao Ziyang’s meeting with an American ‘ultra-liberal economist’ on 19 September last year”—the date of Zhao’s meeting with Milton Friedman—as evidence, along with the activities of Chinese futurists (with specific mention being made of a future studies conference held on 7 December 1988, after Toffler’s return visit). The report thus indicted what it called Zhao’s “brain trust”—that is, his intellectual networks—which had sought to “whip up public opinion for covering up Zhao Ziyang’s mistakes, keeping his position and power, and pushing on bourgeois liberalization even more unbridledly.”¹³⁷ By thus invoking Zhao’s

¹³⁶ Yao Jianfu, ed., *Conversations with Chen Xitong*, interview no. 8, 163. “I did not participate in writing the report,” Chen recounted. “I did not change even a punctuation mark.” The basis of this speech’s content was a set of materials prepared by Lu Zhichao, Teng Weisheng (滕文生,) and Wei Jianlin (卫建林), which was provided to Chen Xitong (Lu Zhichao, 189–190).

¹³⁷ Chen Xitong 陈希同, 关于制止动乱和平息反革命暴乱的情况报告 [*Report on the Suppression of Unrest and Quelling the Counterrevolutionary Rebellion*] (Beijing: Renmin chubanshe, 1989). A translation prepared by the official newspaper *China Daily* is available at <www.chinadaily.com.cn/epaper/html/cd/1989/198907/19890707/19890707004_1.html>.

intellectual networks and his interactions with economic experts, Chen's report made even stronger claims about what constituted unacceptable behavior—finding “bourgeois liberalization” and “political conspiracy” in the process of policy ideation and economic policy competition that Zhao had long practiced. Yet Chen's ultimate criticism returned to the fundamental “split” that Jiang had articulated—that Zhao had enabled “a sharp conflict between bourgeois liberalization and the Four Cardinal Principles.”¹³⁸ This conclusion remained the “fundamental lesson” about Zhao's actions, ideas, and policies, which had now been recast through the frame of the events of April–June 1989.

Following these condemnations of Zhao, a wave of accusations and rumors flooded into public discourse as officials and organizations sought to distance themselves from him. The Ministry of Public Security, led by Wang Fang (王芳), took the lead in ferreting out Zhao's alleged collusion with “foreign forces.” The narrative that Wang developed focused squarely on Zhao's “brain trust”—the intellectual networks that he had developed and deployed throughout the 1980s—and suggested that his economic ideas had been a cover for permitting foreign infiltration and subversion of the cause of socialism. In July, for example, the Ministry of Public Security accused Zhao of deploying Bao Tong to work for the U.S. Central Intelligence Agency (CIA) through a partnership with the U.S.-based Hungarian financier George Soros. The ministry arrested and interrogated the representatives of Soros's China fund, which had worked closely with the Institute for Reform of the Economic Structure and Chen Yizi, although Soros denied any such CIA involvement.¹³⁹ One reason for this suspicion was what a recently declassified U.S. government telegram called a

¹³⁸ Ibid.

¹³⁹ Wang Fang, 374–377; Marianne Yen, “Fund's Representatives Arrested in China,” *Washington Post*, 8 August 1989; Yang Jisheng, “Second Visit to Zhao Ziyang,” *Chinese Law & Government* 38, no. 3: 32–33. Zhao stated, “I do not know whether he had a U.S. CIA background. On this matter the Ministry of Public Security and the Ministry of State Security held different opinions.” (Ibid.).

“declaration supporting the students” that Chen’s institute had authored, which was cosigned by several other economic research organizations. “Researchers have been told not to leave the country,” the U.S. ambassador to China reported.¹⁴⁰ Some of these officials, including Chen Yizi, were able to flee, but the Institute for Reform of the Economic Structure was disbanded and replaced by two new institutes, one reporting to Jiang called the Central Institute for Policy Research, and the other reporting to Li Peng called the Research Institute of the State Council.¹⁴¹ Even though Zhao’s “brain trust” was demonized, it was clear that the new leaders still intended to build their own intellectual networks.

The economic ideas and policies that Zhao’s network of officials and thinkers had developed now occupied a highly uncertain position. Deng Xiaoping had reaffirmed his support for the document that was the zenith of Zhao’s economic policymaking, the Work Report of the Thirteenth Party Congress—but Zhao himself was clearly now *persona non grata*, and leaders like Yao Yilin had even called for “breaking out of Zhao Ziyang’s policy influence.” As the Conclusion will discuss in greater detail, after a period of economic retrenchment brought to an end by Deng’s Southern Tour of January 1992, in practice this meant that the economic ideas and policies that Zhao had developed would remain China’s direction, but Zhao’s role would be concealed.

Zhao would spend the rest of his life under house arrest. A disciplinary investigation of Zhao was also carried out in this period, although it would never come to fruition. On 3 September 1989, he was informed that he was under investigation for manipulating the student turmoil, leaking information to the outside world, taking a line that contradicted Deng and the party center, tolerating bourgeois liberalization, and

¹⁴⁰ Telegram 01070 (Confidential), 1–3, 4 June 1989, National Security Archive.

¹⁴¹ Chen Yizi, *Memoirs*, 635–638; Wu Guoguang, “Documentary Politics,” in Hamrin and Zhao, *Decision Process*, 28–29.

advancing his personal ambition via the concept of “neo-authoritarianism” and public portrayals such as *River Elegy*. Yet he was never charged with a crime or expelled from the CCP.¹⁴² (Bao Tong, however, was charged with leaking state secrets and other crimes and sentenced to seven years in prison.¹⁴³) On 16 September, Deng told the Chinese-American physicist Tsung-Dao Lee, “Zhao Ziyang was exposed as being clearly on the side of those who were causing the trouble. He was actually trying to split the party. Fortunately, I was still around and it was not difficult to deal with the matter.”¹⁴⁴ Zhao and Deng—who had worked together to construct the policies of “reform and opening” for the entirety of the 1980s—would never speak again.¹⁴⁵

In the same period, an official process of rewriting history began. On 7 August 1989, a central propaganda directive announced that no further books on Zhao could be published. In compilations and other contexts in which quoting Zhao’s writings or reports was necessary, these materials must be “treated with earnest skill,” excising his quotations when possible and, if not possible, “the quoted material may be retained but should not include his personal name.” No biographies of Zhao would be permitted and any that already existed “shall be destroyed.” In addition, books and magazines “would no longer publish photographs of Comrade Zhao Ziyang . . . and reprinted or republished books will remove photographs of him.”¹⁴⁶ Propaganda texts would focus on Zhao’s misdeeds during April–June 1989 and, increasingly, settle on an interpretation of his tenure as marked by excessive and imbalanced focus on “reform

¹⁴² Zhao, *Prisoner of the State*, 54–55. The full text of the unpublished draft investigative report on Zhao’s actions is included in Zhao, *Prisoner of the State*, 63–70. For a denunciation of Zhao through the perspective of *River Elegy*, see Jin Ren 靳仁, 赵紫阳同志的介入说和《河殇》的“新纪元” [Comrade Zhao Ziyang’s Intervention and *River Elegy*’s “New Era”], *PLA Daily*, 15 August 1989.

¹⁴³ “Bao Tong and the End of Glasnost,” *Chinese Law & Government* 31, no. 3: 38–48; Jamil Anderlini, “Tea with the FT: Bao Tong,” *Financial Times*, 29 May 2009.

¹⁴⁴ SWDXP-3, 314; DXPNP 2:1289–1290.

¹⁴⁵ Zhao, *Prisoner of the State*, 49.

¹⁴⁶ 新闻出版工作文件选编 (1988–1989) [*Selected Documents regarding Press and Publishing Work*] Document No. 64 (7 August 1989), 337–338, available at <<https://chinadigitaltimes.net/chinese/2016/07/视物如睹 | 为什么《赵紫阳文集》9成内容未发表过>>.

and opening” to the neglect of the Four Cardinal Principles, permitting “bourgeois liberalization” to run rampant.¹⁴⁷

This recasting of history also included settling on the official narrative of the “turmoil” of April–June 1989 and especially the crackdown of 3–4 June. A process of official narrative creation began, with texts quickly prepared to “study the turmoil” and valorize the “heroes” who had terminated the protests. These texts presented a narrative of April–June 1989 that was bookended and defined by the 26 April editorial and Deng’s 9 June speech; they placed Deng, Li Peng, and the People’s Liberation Army in the foreground as protagonists, and treated Zhao, if at all, as a vilified figure in strict accordance with Li Peng’s and Chen Xitong’s statements.¹⁴⁸ On 19 September, the *People’s Daily* published a major report that stated that during the clearing of Tiananmen Square, “The martial law troops took proper measures, avoided bloody conflicts, achieved a peaceful withdrawal, and did not kill a single person.”¹⁴⁹ As communism collapsed in Eastern Europe, with the fall of the Berlin Wall in November, the Velvet Revolution in Czechoslovakia, and the Romanian revolution that led to the execution of Nicolae Ceaușescu on 25 December 1989, the CCP leadership’s sense that it had narrowly avoided a similar fate in China grew even firmer.¹⁵⁰ Both Zhao and the

¹⁴⁷ Yu Weiguo 于伟国 and Leng Rong 冷溶, eds., 学习江泽民同志重要讲话 [Study Comrade Jiang Zemin’s Important Speech] (Beijing: Renmin chubanshe, 1989), 135, 199.

¹⁴⁸ 平息反革命暴乱：学习材料汇编 [Quelling the Counter-Revolutionary Rebellion: Compilation of Study Materials] (Beijing: Beijing qingnian chubanshe, 1989); 学潮、动乱、反革命暴乱真相：资料选编 [Selected Information about the Student Tide, the Turmoil, and the Counter-Revolutionary Rebellion] (Beijing: Zhongguo qingnian chubanshe, 1989); 学习邓小平重要讲话彻底平息反革命暴乱：问题解答 [Studying Deng Xiaoping’s Important Speech on the Quelling of the Counter-Revolutionary Rebellion: Questions and Answers] (Beijing: Beijing chubanshe, 1989); 平暴英雄谱 [Guidebook to the Heroes of Quelling the Rebellion] (Beijing: Guangming ribao chubanshe, 1989). These texts can be seen as initial forays into a genre that would become much more common during the subsequent campaign for “Patriotic Education” (爱国主义教育).

¹⁴⁹ “6月4日天安门广场清场实现和平撤离无人死亡” [The Clearing of Tiananmen Square on June Fourth Achieved a Peaceful Evacuation without Any Deaths], RMRB, 19 September 1989.

¹⁵⁰ Xiaoyuan Liu and Vojtech Mastny, eds., *China and Eastern Europe, 1960s–1980s: Proceedings of the International Symposium: Reviewing the History of Chinese–East European Relations from the 1960s to the 1980s, Beijing, 24–26 March 2004* (Zürich: ETH Zürich, 2004); George H.W. Bush and Brent

victims of the violent crackdown that he had opposed were erased and subsumed into a narrative in which the CCP had preserved the gains of its revolution against an existential threat.

What explains the dramatic turn against Zhao? Given the lack of any substantive evidence that the charges levied against him were true, several views have emerged in the writings and recollections of firsthand participants. One view comes from Zhao himself, who believed that a series of misunderstandings about his intentions caused the rapid breakdown of Deng's trust in him: "Deng trusted me before the June 4 events. He maintained he saw through me during the June 4 events and said I myself 'revealed my true colors.'"¹⁵¹ A second view emphasizes that a large-scale, destabilizing protest movement necessarily led to a forceful, authoritarian response because, from the perspective of CCP conservatives such as Deng Liqun, impermissible social and ideological liberalization, fostered by economic reform, were the causes of the unrest and needed to be repressed.¹⁵² A third, closely related view accentuates the fundamental dissonance between Deng's economic and political aims, the latter of which he now pushed aside. As Bao Tong phrased it, Deng "was both a sincere supporter of the reforms and a determined defender of the things we had to reform."¹⁵³ A fourth view emphasizes Zhao's own errors in judgment about the political dynamics around him. The former official Wu Wei recollected, "Zhao was an enlightened politician, but he wasn't a very seasoned one. He always believed that Deng supported his reforms, and didn't consider what would happen if Deng withdrew his support, and

Scowcroft, *A World Transformed* (New York: Knopf, 1998), 175–179; Nicholas Kristof, "Upheaval in the East: China; In Reaction to Rumania, A Hardening in Beijing," *New York Times*, 7 January 1990.

¹⁵¹ Yang Jisheng, "Second Visit to Zhao Ziyang," *Chinese Law & Government* 38, no. 3: 35. This view is also shared by Chen Xitong (Yao Jianfu, ed., *Conversations with Chen Xitong*, interview no. 2, 64).

¹⁵² See, for example, GSJTL 4:191–196, 206–207.

¹⁵³ Lim, *People's Republic of Amnesia*, 162–163.

he failed to adequately anticipate the intensification of conflict inside the party.”¹⁵⁴

Singaporean Prime Minister Lee Kuan Yew, a frequent interlocutor with the CCP leadership, echoed this view, stating in a confidential conversation with British officials in July 1989 that Zhao had “miscalculated “because” he was clearly no ‘street fighter.’”¹⁵⁵

This chapter has suggested that each of these explanations can explain elements of Zhao’s downfall, and indeed all are necessary to understand the rapid loss of support that Zhao suffered. Zhao’s behavior marked a significant and even radical break with the rest of the CCP leadership. Although different views were often aired on matters of policy during the 1980s, the disagreements did not reach the level of dissonance displayed in 1989 between Zhao and the rest of the leadership, especially in the context of tremendous popular unrest. Thus, it is certainly true that the CCP seemed primed to overreact in 1989, due to the combination of domestic instability from the summer of 1988 onward and international instability in the communist world, as well as the tensions inherent in the system that Deng had developed. Although the differences between their cases are substantial, the ouster of Hu Yaobang is clearly another illustration that conservative leaders within the CCP saw reformist leaders as responsible for social unrest due to liberalization. In addition, Zhao did commit several serious errors in this period, although not of the treacherous variety recounted in the accusations of Li Peng and others. From 1988 onward, he made important misjudgments in managing the economy, particularly with regard to his views on inflation and overheated growth, and this caused his relationships with the CCP elders to suffer, particularly his relationship with Deng Xiaoping. The cumulative effect of

¹⁵⁴ Chris Buckley, “Q. & A.: Wu Wei Reflects on Reform, Now and in the 1980s,” *New York Times*, 12 January 2014, available at <<https://sinosphere.blogs.nytimes.com/2014/01/12/q-and-a-wu-wei-reflects-on-reform-now-and-in-the-1980s/>>.

¹⁵⁵ “Call on Lee Kuan Yew: Hong Kong/China,” The National Archives, PREM19/2597 f9.

these misjudgments was that his position was severely weakened by the summer of 1989 and removing him became both feasible and, to Deng and the other elders, ultimately desirable. An additional error, at least in terms of the CCP system, was that Zhao seemed not to understand how politically weakened he had become. Thus, in the spring of 1989, he repeatedly sought to move the leadership's response to the student movement in his desired direction of conciliation and dialogue, framing his argument not in moral terms but rather in terms of what was most likely to lower tension and produce a positive outcome. However, when he failed to sway his colleagues, he grew isolated in both his public and internal statements as he disagreed with the martial law approach on both pragmatic and eventually ethical grounds, culminating in his warning to the students. Although there is no evidence that Zhao sought to "split the party" or "overthrow socialism," once he placed himself in fundamental opposition to the 26 April editorial and the decision to impose martial law, he did break with the official line of the party center—an unsustainable position for the CCP's general secretary. The Conclusion will analyze the implications of Zhao's downfall and his legacy in greater detail.

On 29 September, the new general secretary, Jiang Zemin, delivered his National Day address to celebrate the fortieth anniversary of the PRC's founding. Jiang again stated that the turmoil was the result of "sharp confrontation between the Four Cardinal Principles and bourgeois liberalization" and "a political struggle for the survival of our party, our country, and our nation"; Jiang added that it was also "a serious class struggle," an ideological addition that reflected the ascendancy of conservatives in this period. In this speech that condemned "foreign hostile forces that vainly attempted to turn China into a vassal" and "hostile domestic powers," Zhao's name appeared only once, to be denounced for "supporting the unrest and splitting the

party.” Although Jiang maintained a conservative tone throughout his speech, including a discussion of the importance of the planned economy, he followed Deng’s guidance and affirmed the CCP’s continued support for the decisions of the Thirteenth Party Congress.¹⁵⁶ Zhao’s economic policies would remain in place—but they would be stripped of direct acknowledgement of his influence.

Deng had told the CCP Central Committee on 4 September that he had at last decided to retire fully, emphasizing that he did not want to die in office and passing his title of Chairman of the Central Military Commission to Jiang, whom he reaffirmed as the “core” of the “collective leadership.”¹⁵⁷ On 10 October, a commentary in the *People’s Daily* referred publicly to Jiang as the “core of the third generation of leadership” for the first time, elevating the status of Deng’s third potential successor in the terms that the paramount leader had discussed since May.¹⁵⁸

The process of removing and criticizing Zhao thus became a way of mapping out a vision for a new conception of the leadership “core”—not just in the post-Mao era, but also in the post-Deng era. Although both Hu and Zhao had been positioned as successors to Deng, neither man had been designated as the “core.” In their era, airing dissenting views was part of the process of policy competition—in which, as we have seen, Deng, Chen Yun, Zhao, Hu Yaobang, and others disagreed openly as well as in private. Provided that these disagreements did not undermine the foundations of the CCP’s authority, this debate over policy, even if contentious, was a part of advancing

¹⁵⁶ Jiang Zemin, 在庆祝中华人民共和国成立四十周年大会上江泽民总书记的讲话 [General Secretary Jiang Zemin’s Speech at the Celebration of Fortieth Anniversary of the PRC’s Founding], RMRB, 30 September 1989. See also GSJTL 1:111. Jiang had consulted with Li Xiannian, Yang Shangkun, and other elders on the drafting of this speech (LXNNP 6:495).

¹⁵⁷ DXPNP 2:1286–1288; SWDXP-3, 307–308.

¹⁵⁸ Yuan Mu 袁木, 中国第三代领导集体的政治宣言 [The Political Statement of China’s Third Generation of Leadership], RMRB, 10 October 1989. See also Sheryl WuDunn, “Communist Chief Is Named Deng’s Heir Apparent,” *New York Times*, 11 October 1989. In line with this swift and lofty elevation, Jiang’s 29 September speech received heightened propaganda treatment; see, for example, Yu Weiguo and Leng Rong, eds., *Study Comrade Jiang Zemin’s Important Speech*.

the “reform and opening.” Yet Zhao’s downfall on charges of having “supported the turmoil” and “split the party” meant that the emphasis on intellectual and political unanimity under a single supreme arbiter—a pattern set by Mao and carried forward inconsistently by Deng—became deliberately engrained into the system that would endure after Deng’s full retirement and death. Without such a “core” leader, Deng suggested, a figure like Zhao might have succeeded at his alleged aims. Economic reform could continue, but political authoritarianism under an active paramount ruler was the only plausible path that the CCP leadership envisioned for China after the chaos of 1989 and Zhao’s removal. Zhao would be treated as an enemy of the regime and erased from the record, but his ghostly outline would continue to shape the form and practice of politics in China under the CCP.

CONCLUSION

Following his purge from the leadership, Zhao Ziyang remained under house arrest until his death on 17 January 2005. He lived in a courtyard home at No. 6 Fu Qiang Hutong on Dengshi West Street in Beijing. On his door, a small placard informed the world: “Not open to outsiders. No visitors.” Several soldiers guarded the property at all times.¹ A set of rules governed Zhao’s behavior: he could receive pre-approved visitors at home but not journalists or foreigners; he could take walks as long as he did not visit crowded locations and remained with his guards; he was sometimes permitted to play golf at certain locations; and travel was permitted to inland provinces but not to coastal provinces. The goal, Zhao wrote in his memoirs, was “that I never again appear in public—so people would gradually forget me, consigning me to oblivion through silence.”²

This dissertation has sought to demonstrate how much is gained in understanding the elite politics and policymaking of China in the period 1980–1989 if we rescue Zhao’s crucial role from that “oblivion.” Using rich new primary sources that offer unique insights into the political, ideological, and economic considerations that drove Chinese domestic politics at the topmost ranks of the central government and CCP during the crucial reform decade of the 1980s, this dissertation has illustrated the dynamics of how Zhao developed his ideas and policies and steered them through the intensive policy competition of the period. By presenting a narrative of the elite politics of this decade with Zhao at its center, this dissertation has sought to historicize the 1980s—a period to which scholars are just beginning to return—and to deepen scholarly assessments of the elite politics of China under Deng Xiaoping by showing

¹ Yang Jisheng, “First Visit to Zhao Ziyang,” 9; Zong Fengmin 宗鳳鳴, 趙紫陽軟禁中的談話 [*Zhao Ziyang: Captive Conversations*] (Hong Kong: Kaifang chubanshe, 2007), 1.

² Zhao, *Prisoner of the State*, 74–75; Zong Fengmin, 64–65.

the extent to which the specific economic reform agenda that China pursued was in fact the product of Zhao's vision and policymaking.

First, this dissertation has analyzed Zhao as an individual operating within the context of the elite politics of post-Mao China. The picture of Zhao that emerges from this study is complex. Zhao was clearly a creature of the Chinese political system: opportunistic and self-protecting, adept at manipulating ideological and political variables, and a member of the CCP until his death. Yet at other moments Zhao seemed different from nearly any other leader that this system has produced: a tenacious reformer, an open-minded decision-maker comfortable talking with figures from Hua Guofeng to Milton Friedman, and eventually the senior-most official who took a stand against the imposition of martial law in 1989. This dissertation has assessed numerous important cases that provide previously unavailable insight into the dynamics of Zhao's role in the elite politics of the 1980s, including: (1) Zhao's balancing of readjustment and reform in 1980–1982, (2) the pushback against the Campaign to Eliminate Spiritual Pollution in 1983–1984, (3) the development of the “planned commodity economy” concept in 1984; (4) Zhao's agenda to respond to the “New Technological Revolution” in 1981–1986; (5) the deployment of the “initial stage of socialism” concept in 1987; (6) the formulation of the coastal development strategy in 1987–1988; and (7) the debates about inflation and overheating in 1988–1989. These cases, individually and taken together, provide a new perspective on how Zhao developed his ideas and policies and navigated the political, economic, and ideological dynamics of the period.

Second, this dissertation has demonstrated that Zhao's legacy must be seen as central to any scholarly understanding of how the elite politics of the 1980s reshaped China. On numerous policy initiatives of enduring importance, Zhao was the primary architect, and scholars can understand the actual processes of policy ideation and policy

competition only if we place Zhao at the center of the narrative. The combination of plan and market that he developed with Deng Xiaoping's backing remains the guiding framework for the Chinese economy. Zhao's vision of economic interconnection with the outside world defined and enabled China's rise, including China's 2001 accession to the WTO, which traces back to Zhao's application to GATT in 1986. The coastal development strategy, without this name, continued as the policy framework for China's extraordinary export-led growth in the 1990s and 2000s. His agenda to respond to the New Technological Revolution shaped the direction of state-led investment in new technologies, which remains a defining feature of contemporary China. Following Deng Xiaoping's Southern Tour of January 1992, China's reforms resumed—and these economic policies that Zhao had developed became the foundation of China's growth, even if their origins in the supposedly treacherous figure of Zhao would not be acknowledged. In even more specific ways, his legacy has endured. On rural policy, Zhao's former Director of the General Office Wen Jiabao's signature agenda for rural reform as premier was called the "New Socialist Countryside"—the same name of the policies that Zhao had discussed as party secretary of Guangdong prior to the Cultural Revolution.³ On ideology, the concept that was initially developed to build up Zhao's power as general secretary, "neo-authoritarianism," is now shaping Xi Jinping's exercise of power, and one of the initial architects of this concept, Wang Huning, is newly a member of the Politburo Standing Committee.⁴ Zhao's policy legacy is inseparable from how China has developed even after he was removed from power.

Third, this dissertation has suggested new directions for examining the politics of history in contemporary China, especially in its discussion of the themes of

³ Xinhua News Service, "Premier Wen stresses building new socialist countryside," 14 March 2006, available at <http://www.gov.cn/english/2006-03/14/content_226943.htm>.

⁴ Samuel Wade, "'Hidden Ruler' Wang Huning Steps Onstage," *China Digital Times*, 16 November 2017, available at <<https://chinadigitaltimes.net/2017/11/hidden-ruler-wang-huning-steps-onstage>>.

repression and reevaluation of Zhao's contributions and legacy. The history of the PRC can be thought of as consisting of numerous surfaces and vast depths. The surfaces can be readily controlled, and indeed they are subject to tremendous official dominance due to the CCP's project of controlling history to promote so-called "harmony" (和谐), to counter the bogeyman of "historical nihilism" (历史虚无主义), and to solidify the legitimacy of the CCP. In the words of Qu Qingshan (曲青山), chair of the Party History Research Office of the CCP Central Committee, the crime of "historical nihilism" includes, "Seek[ing] to distort the history of modern China's revolution, the CCP, and the armed forces under the guise of 'reevaluation,'" especially of the achievements of socialist construction. Qu concluded, "[R]esisting and opposing historical nihilism is a form of political combat, crucial to the CPC leadership and the security of socialism."⁵ With regard to Zhao, the CCP has clearly won this "form of political combat" on the official surfaces of the history of the PRC. Like the *damnatio memoriae* of imperial Rome, Zhao is effaced from the official narrative of the successes of the 1980s and, within China, nearly forgotten.⁶

Although understanding historical memory and the political uses of history poses significant methodological challenges to document systematically (as scholars studying diverse national and comparative contexts have described⁷), it is possible to gain an illustrative understanding of the contours of Zhao's erasure from the official

⁵ Xinhua News Service, "Party history researcher warns against 'historical nihilism,'" *China Daily*, 3 July 2017. For a short recent overview of the evolution of the concept of historical nihilism produced by researchers at the Central Party School see Wang Jin 王瑾 and Wen Shifang 文世芳, "1949~1989年《人民日报》对历史虚无主义的解析" [The *People's Daily's* Analysis of Historical Nihilism, 1949–1989], 当代中国史研究 [*Research on Contemporary Chinese History*], 7 September 2017.

⁶ See Charles W. Hedrick, *History and Silence: Purge and Rehabilitation of Memory in Late Antiquity* (Austin, TX: University of Texas Press, 2000).

⁷ See, for example, Andrei S. Markovits and Simon Reich, *The German Predicament: Memory and Power in the New Europe* (Ithaca, NY: Cornell University Press, 1997); Stuart J. Kaufman, *Modern Hatreds: The Symbolic Politics of Ethnic War* (Ithaca, NY: Cornell University Press, 2001); Margaret MacMillan, *Dangerous Games: The Uses and Abuses of History* (New York: Modern Library, 2009).

surfaces of PRC history by analyzing the handling of his time in power in numerous official publications that recount the history of the PRC and the CCP.

Most fundamentally, Zhao simply does not appear in many accounts of the policies that he developed, and Zhao is systematically marginalized and deemphasized even in situations where his name does appear. This handling of his role follows the propaganda instructions released in August 1989 discussed in Chapter 6.⁸ In one representative official publication—the *Record of the People's Republic of China*, published by the People's Publishing House—Zhao's name does not appear in the list of major events or in any event titles, although Deng appears frequently and figures such as Hua Guofeng, Hu Yaobang, and Ye Jianying are featured.⁹ In the text itself, Zhao's name appears only when it is unavoidable for providing a coherent record of important institutions or positions, such as his joining the Politburo Standing Committee, becoming premier, and becoming general secretary; or official speeches that he delivered, though these are almost always presented descriptively, without statements of their importance or insightfulness, unlike the language used to characterize Deng, Chen Yun, and other leaders' speeches.¹⁰ (The only speech of his I could find that was described as “important” was his 13 March 1987, speech at a National Propaganda Conference.¹¹) He frequently does not appear in descriptions and summaries of events that he attended and at which he spoke, or he appears in a list of

⁸ 新闻出版工作文件选编 (1988–1989), Document No. 64 (7 August 1989), 337–338, available at <chinadigitaltimes.net/chinese/2016/07/视物如瞎|为什么《赵紫阳文集》9成内容未发表过>.

⁹ Renmin chubanshe, 中华人民共和国编年史 [*Record of the PRC*] (Beijing: Renmin chubanshe, 2010), 22–38, 459. The only example that I located of an official “chronicle” or “record” that includes Zhao with frequency is 中华人民共和国事典 [*Events of the PRC*] (Shanghai: Shanghai renmin chubanshe, 1999), which features Zhao in several item headings for his major overseas trips (598–599, 612–613, 622–623, 655–656, 679–680, and 732–734), but still not in important policy contexts.

¹⁰ Liao Gelong 廖盖隆 and Zhuang Puming 庄浦明, eds., 中华人民共和国编年史 [*Record of the People's Republic of China*] (Beijing: Renmin chubanshe, 2010), 415, 421, 506; for the handling of his major speeches, see 425, 455, 467, 477, 503, 504, 515.

¹¹ *Ibid.*, 497.

attendees but not in connection with any specific contribution or action, even if he played an important or leading role.¹²

Analogously, Zhao's marginalization frequently occurs through the elimination or deemphasizing of his contribution to policies that he developed. In the official histories examined, the policies and reforms that he pursued often do not include his name in connection with them, instead being ascribed to the State Council or the Politburo.¹³ In the *History of the CCP's Economic Work*, his name appears only two times, as the leader of the CFELSG and as the person who delivered the Thirteenth Party Congress' Work Report, whereas Deng's name appears well over 35 times and Deng is repeatedly given credit for policies that Zhao developed.¹⁴ In another People's Publishing House text, the *Record of Contemporary China*, Zhao receives no acknowledgement or mention in connection with numerous specific policies that he developed or championed, such as the "tax-for-profit" (利改税) reforms or the 1984 Decision on the Reform of the Economic Structure that endorsed the "planned commodity economy."¹⁵ In the Shanghai People's Publishing House's *Events of the PRC*, the "initial stage of socialism" concept receives prominent discussion, but Zhao is not mentioned in connection with this concept that he developed and promoted.¹⁶ In the Renmin University Press's *Spring and Autumn Record of the PRC*, Zhao's name does not appear in the section on the coastal development strategy, which is instead presented as an initiative spearheaded by Li Peng.¹⁷ In the Tianjin People's Publishing

¹² Ibid., 464–465, 472, 487.

¹³ See, for example, Ibid., 444, 450, 465–466, 491, 510.

¹⁴ Zhao Lingyun 赵凌云, 中国共产党经济工作史 [*The History of the CCP's Economic Work*] (Beijing: Zhongguo caizheng jingji chubanshe, 2011).

¹⁵ 当代中国编年史 [*Record of Contemporary China*] (Beijing: Renmin chubanshe, 2007), 552–554, 567–568

¹⁶ Li Xuechang 李学昌, 中华人民共和国事典 [*Events of the PRC*] (Shanghai: Shanghai renmin chubanshe, 1999), 742–743.

¹⁷ Lin Yunhui 林蕴晖, et al., 人民共和国春秋实录 [*Spring and Autumn Record of the PRC*] (Beijing: Zhongguo renmin daxue chubanshe, 1992), 1288–1289.

House volume on the *History of the PRC, 1978–1991*, the narrative of agricultural reform focuses on Anhui Province and Wan Li (rather than Sichuan Province and Zhao). In discussing the Thirteenth Party Congress, Zhao’s name is not even mentioned in connection with the Work Report; the text only states that the report was delivered by “the primary person of responsibility at the center” (中央主要负责人); this circumlocution is a form of partial erasure that shows the complexity and difficulty for CCP historians in producing official history that reflects the decision to eliminate a former leader of Zhao’s significance.¹⁸ Finally, in all of these texts, the lengthiest treatment that Zhao receives is consistently the drama of April–June 1989, in which he is of course portrayed highly negatively.¹⁹

The CCP’s influence is also visible on the surfaces that it does not directly control. Accounts of the period published by more independent authors and publications often leave out Zhao or, if they decide to include him, deploy circumlocutions similar to “the primary person of responsibility at the center” or one of his titles, such as “the first Minister of the System Reform Commission,” without ever using his name.²⁰ This creative strategy may allow an author to sidestep censorship and convey facts to scholars who know the identity meant by these titles. However, it is nonetheless an act of obscuring Zhao that does not enable his role in the 1980s to be more widely known—which is precisely one of the goals of the CCP’s erasure of him. Of course, in a system where much censorship occurs after the fact, it is possible for Chinese writers to mention his name, pushing the envelope or “hitting a line ball” (打擦

¹⁸ Liu Guoxin 刘国新, *中华人民共和国史 [PRC History]*, vol. 4 (Tianjin: Tianjin renmin chubanshe, 2010), 86–97, 315. Similarly, Zhao is not named in connection with the “planned commodity economy” concept, which is instead framed as Deng and Chen Yun responding to a 9 September letter from “the primary leading comrade at the State Council” (国务院主要领导同志). *Ibid.*, 487.

¹⁹ *Ibid.*, 524–527.

²⁰ See, as just one example of many, the essays in Wu Jinglian 吴敬琏, et al., *中国经济：50人看三十年 [China’s Economy: Fifty People on Thirty Years]* (Beijing: Zhongguo jingji chubanshe, 2008).

边球), but to do so still carries tremendous risks. The magazine *China Annals* (炎黄春秋) clearly intended to “hit a line ball” when it published articles on Zhao in 2008, 2009, and 2010, which made news internationally for breaking the taboo on discussing Zhao’s legacy.²¹ Yet the magazine came under tremendous official pressure each time and ceased publication in 2016; its website has been cleansed of many articles, including those on Zhao.²²

Zhao’s erasure from the surfaces of PRC history is a significant—if remarkably understudied—element of China’s post-Mao history and historiography.²³ It is not a marginal fact but, rather, is essential to understanding the practice of control and repression of history and historical memory by the CCP. If, as the scholar Zheng Wang has argued, “Historical memory [is] the prime raw material for constructing China’s national identity,” constructed from decisions about what is to be forgotten as much as decisions about what is to be remembered, then the erasure of Zhao can be seen as an attempt to reconstitute China’s national identity without one of the prime makers of its post-Mao economic model, even as the narrative of reform and opening is presented as centrally important to national identity today.²⁴ The figure of Zhao thus embodies the enduring tensions surrounding what Jonathan Unger has called “the politics of historiography” in contemporary China.²⁵ It is in this sense that restoring Zhao to his rightful place at the center of the historical narrative of China’s “reform and opening” is an act that CCP officials such as Qu Qingshan would doubtless label “historical nihilism,” because any challenge to the official historiography—no matter what the

²¹ John Garnaut, “Top ranks divided over magazine,” *Sydney Morning Herald*, 18 November 2008.

²² See, for example, <<http://www.yhcqw.com/html/qlj/2008/96/0896105755C743G30148KK54GIB9F006D5.html>>, accessed on 3 November 2017.

²³ In the official scholarly journal 当代中国史研究 [*Research on Contemporary China History*], Zhao’s name—including simply lists of leaders presented without analysis or discussion—has only appeared in 18 articles since the journal’s publication began in 1994, according to a CNKI Academic Journals Database search conducted on 15 November 2017.

²⁴ Zheng Wang, *Never Forget National Humiliation*, xiii, 6–7.

²⁵ Unger, *Using the Past to Serve the Present*, vii.

actual intention of the work—is thus construed as a challenge to the “CCP leadership and the security of socialism.”

This dissertation has suggested that Zhao remains a monumental presence in the depths of PRC history despite his erasure from the record—as an enduring legacy, a ghostly memory, and even a mythic icon. First, as discussed above, in official policy there exist numerous ways in which the CCP carries on elements of Zhao’s policy legacy, even if without acknowledgment. Second, there exist meaningful ways in which the CCP defines its mission *against* Zhao, primarily in the ways that were discussed in Chapter 6. Zhao remains a negative image in the depths of contemporary Chinese politics, an individual whose alleged transgressions inform and shape the particular form that elite politics has taken in China after 1989: prioritizing CCP unity above all else, stressing a strong leadership core, and countenancing no protest, no dissention, and no public disagreements among the leadership.²⁶ Although Zhao has rarely been described explicitly as a reason for this post-Deng model, he shaped its creation in the era after 1989.

Third, Zhao lives on as a memory and a myth to those who hope to see a more open and democratic China. This “third key”—to borrow a phrase from Paul A. Cohen’s study of the Boxer Rebellion²⁷—exists beyond Zhao’s status as person and as history, and falls outside the scope of this dissertation. Yet it remains an important way that he continues to exist in the depths of PRC history, even if he is erased on its surfaces. The late dissident and writer Liu Xiaobo (刘晓波), who received the 2010 Nobel Peace Prize while in jail, praised Zhao’s “humanitarian compassion” and

²⁶ Apter and Saich frame this in terms of their “revolutionary discourse” concept, arguing that “the old leaders’ strenuous efforts to define the events [of Tiananmen] in terms they understand” leads to the official history portraying “the student-led movement as a counter-revolutionary rebellion against their revolution” (Saich and Apter, *Revolutionary Discourse in Mao’s Republic*, 29).

²⁷ Paul A. Cohen, *History in Three Keys: The Boxers as Event, Experience, and Myth* (New York: Columbia University Press, 1997).

“important urge for a modern democratic society,” while singling out his status as a “tragic hero” (悲剧英雄) who remains a source of “moral pressure” (道义压力) on China’s rulers.²⁸ In another essay, Liu explicitly compares the historical status of Zhao and Deng, and writes, “In discussing the history of China’s reforms, we cannot avoid talking about Deng Xiaoping, but we must not only talk about Deng Xiaoping.” The Deng-centered narrative of “reform and opening” is, Liu writes, both “a great distortion of history” and “a great injustice” to the contributions of the individuals whom it leaves out—not only Zhao, of course, but also the countless ordinary Chinese people whose entrepreneurial spirit powered China’s growth or the student protestors who sought to make China more fair, open, and democratic. He argues that although “some substantive progress was made after 1992, the overall concept and fundamental blueprint [for transforming China’s economic structure] were based on what Premier and General Secretary Zhao Ziyang determined.” Liu concludes that the glorification of Deng and sidelining of Zhao “reveals the consistently selfish power of the CCP dictatorship in the writing of history . . . distorting history and covering up the truth, and using discourse hegemony to claim all the successes and shirk all the guilt.”²⁹

As Liu’s comments reveal, questions of virtue and blame have preoccupied many Chinese writers on Zhao. This is understandable, both because of the Chinese historiographical tradition of writing “praise and blame” history about major leaders and because Zhao’s legacy was subject to such strident and systematic vilification by the CCP. These writers share this tendency with Zhao himself, whose memoir is filled

²⁸ Liu Xiaobo 刘晓波, 赵紫阳对中国改革的贡献 [Zhao Ziyang’s Contributions to China’s Reform], 争鸣 [Contention], November 2004, available at <<http://www.liu-xiaobo.org/blog/archives/6955>>.

²⁹ Liu Xiaobo, 悲情的胡耀邦和赵紫阳 [The Pathos of Hu Yaobang and Zhao Ziyang], 民主中国 [Democracy in China], January 2005, available at <<http://www.liu-xiaobo.org/blog/archives/7043>>. Wu Guoguang similarly highlights the “irony” that although “Zhao is one of the biggest taboos in Chinese politics today,” the current leadership “has inherited the fruits of the reforms” (ZZYZSC 4).

with statements revealing his desire not to be blamed by history.³⁰ Yet this dissertation has avoided such a schematic assessment. The notion of “surfaces” and “depths” underscores the *multiplicity* of Zhao’s legacies, and such multiplicity and complexity makes clear that Zhao, like many transformational figures, resists any tidy tallying of clear-cut achievements and failures.

Yet these qualities also directly affect the contested status of his legacy. The CCP is of course not content only to operate on the surfaces of the past, and today the question of whether Zhao will be remembered remains uncertain—especially when so many in China have already forgotten him. Describing attempts to control both the surfaces and the depths of history, the Chinese scientist and dissident Fang Lizhi wrote of the “Technique of Forgetting History” practiced by the CCP: Beginning with the censorship of “any detail of history that is not in the interests of the Chinese Communists,” which “cannot be expressed in any speech, book, document, or other medium”—a wiping-away from the surface—Fang argues that the CCP seeks eventually “to force the whole of society to forget its history, and especially the true history of the CCP itself,” thereby transforming these forgotten events or individuals into “a huge blank”—a void that extends into the depths of history.³¹ The risk that Zhao will be successfully erased—that is, systematically forgotten—informs Liu Xiaobo’s sense that Zhao is not only a “tragic hero” of the reform era, but also has been subjected to “a great injustice” in the form of “a great distortion of history.”

³⁰ See, for example, Zhao, *Prisoner of the State*, 24 and 28.

³¹ Fang Lizhi, “The Chinese Amnesia,” trans. Perry Link, *New York Review of Books*, 27 September 1990, at <<http://www.nybooks.com/articles/1990/09/27/the-chinese-amnesia>>. One example of this phenomenon came in a comment made by the chief scriptwriter of a CCTV series entitled *Deng Xiaoping at the Historic Turning Point* (历史转折中的邓小平), which ended in 1984. When asked why, the writer replied, “Because after 1984 would be too difficult to write . . . It would be too hard to handle.” See Chris Buckley, “Xi Jinping the Hidden Star of a TV Series About Deng Xiaoping,” Sinosphere blog, *New York Times*, 27 August 2014, available at <https://sinosphere.blogs.nytimes.com/2014/08/27/xi-jinping-the-hidden-star-of-a-tv-series-about-deng-xiaoping/?_r=1>.

This moral language does not belong to the realm of historical scholarship. Yet Western scholars must acknowledge that we have a unique ability to write openly about Zhao and thus to write into the “huge blanks” that characterize the official narratives of China’s reemergence as a global economic power. It is of course not without risk even for scholars outside of China to address politically sensitive subjects, and it is especially difficult to conduct research that contradicts the large volume of official history produced in China; in the “blanks,” details are often scantier, and interpretation is far more ambiguous. However, without being grandiose or moralistic, we can perform the most basic function of historical scholarship—finding out what happened and why it mattered—in an area where our peers in China currently cannot publish. The writing of history commonly involves reconstructing stories that have been overlooked or lost, but certain cases—such as Zhao’s—involve the political repression of large and central narratives. Of course, there exist a myriad of ways that historians confront the deliberate covering up or downplaying of important facts. Yet Zhao’s case is distinctive not only because his attempted erasure is systematic, but also because the regime continues to forbid writing on him and to police any reappraisal of his historical legacy.

In one sense, the reassessment of Zhao and the elite politics of the 1980s offered in this dissertation shows that Zhao must be understood as far more than his actions during April–June 1989. Those actions have defined him in the eyes of the CCP and thus in official history, but they were not the sum total or even the summation of his contributions to China during his career in Beijing. This dissertation has sought to portray a far richer and more nuanced picture of his economic ideas and policies in the reform decade of the 1980s. Rather than simply casting him as a “tragic hero,” it has sought to show that he operated successfully within the CCP system and that he made numerous significant and enduring contributions to China’s historic transformation.

Analogously, it is inaccurate to see the decade of the 1980s as racing ineluctably toward the student movement of 1989 or the crackdown of 3–4 June, or toward greater economic and political liberalization. The dynamics of Zhao's tenure in power demonstrate that numerous possibilities for China's development remained open throughout the decade and that even leaders like Zhao who believed strongly in the benefits of market reforms did not see the reform process in teleological terms, as culminating in or moving inexorably towards a pre-defined form of liberalization.

Thus Zhao's historical role and his erasure remain at the center of enduring questions about China's future: how quickly China will advance with market-oriented reforms to its economy, whether economic opening will bring greater social and political liberalization, and what form the CCP's governance will take. Reassessing Zhao brings back into view the important multiplicity of possible futures for China that existed in the 1980s. Yet the continued official repression of Zhao's legacy is itself a demonstration that the CCP does not intend again to permit the flourishing of multiple possible futures that Zhao represented.

This dissertation has not sought to be the final word on Zhao Ziyang. However, enabled by important new sources, it has provided an unprecedented portrait of his time in power and especially his economic policymaking. Numerous important directions for future research remain underexplored. More work remains to be done on Zhao's provincial career, his political reform agenda, and his role in foreign relations and military affairs. Due to the limited current availability of primary source material, this dissertation has shed only partial light on some of the most sensitive aspects of Zhao's decade in the central leadership, including his relationship with Hu Yaobang and his actions in April–June 1989, about which scholars must await additional future documentation. Other projects might place Zhao and his legacy in new international or

sociological contexts. For example, Zhao would be an excellent candidate for a comparative study of late Cold War–era leaders who led or enabled reform in other socialist countries, such as a comparison of Zhao and Mikhail Gorbachev, Zhao and Nguyen Van Linh, or Zhao and Czesław Kiszczak—thereby also restoring him more fully into the global narrative of the late Cold War. In addition, seeking a deeper understanding of many of the issues raised in this Conclusion—especially Zhao’s sociological meaning in memory and myth—would offer a fertile area for future analysis.

Nor has this dissertation sought to be the final word on the elite politics of the 1980s. Rather, it suggests the possibilities that are newly available to deepen scholarly understandings of the development of ideas and policies in the central leadership during this crucial decade of China’s transformation. It has sought to deploy an approach to this period based on methodological reflections, as discussed in the Introduction, and the use of important new primary sources. The core motifs of this dissertation—the dynamics of leadership politics; the enduring importance of ideology; the alternative, competing visions of economic development; the underappreciated centrality of S&T policy to the broader reform agenda; and the role of individual leaders and their intellectual networks in policymaking, to name only five—can provide a basis for this future work. Other scholars of elite Chinese politics and history will undoubtedly provide their own important methodological contributions, including areas that this dissertation has not examined in detail, such as the continued importance of provincial experimentation and role of center-local relations, or the sociological and organizational dynamics of the CCP and the central government. It is my hope that this dissertation demonstrates one viable path among many toward reexamining the elite politics of the 1980s—a contribution to further understanding complex historical

dynamics of power, ambition, and imagination that can never be completely known or described.

The path chosen here has at least one distinctive use. It seeks to restore to the history of the 1980s a perspective that the CCP itself has especially sought to suppress, using sources that have only recently emerged. The official suppression has been enormous—not at all limited to Zhao’s role in 1989 at the end of his tenure, but to Zhao’s contributions throughout his career and especially his central role in the formative decade of “reform and opening,” even as China’s major economic transformations in the 1980s have remained the foundation of its present-day system. In effect, the official verdict on Zhao has been that his actions around the Tiananmen crisis delegitimize the entirety of his role in what came before. Put another way, by seeking to erase the Zhao of 1989, the CCP has sought to remove the entire person from its history, as if any leader who could make the alleged mistakes of Zhao in mid-1989 could not possibly have also accomplished what Zhao did to help the CCP and the country throughout the 1980s. Because one legacy is intolerable, the CCP has made his other legacy invisible.

The enormous suppression of Zhao’s role has produced a radically distorted account of a period of epochal transformation. The CCP has invested a great deal in the narrative that foregrounds Deng and erases Zhao; this fuller account of the history of China’s elite politics in the 1980s, written in English by a foreigner, will not by itself, of course, change the official CCP history. Yet in making visible a fuller account of Zhao—a leader who was completely integral to the period and the CCP system, who was unique but not a mythic icon—this dissertation insists that the elite politics of the 1980s must be seen in a new light. The price of Zhao’s erasure is steep. Without him, the reform era becomes a triumphant procession of decisions made by an amorphous,

wise leadership, devoid of context or contestation and moving ineluctably toward a position of global ascendancy for China. With him restored to the center of the narrative, as this dissertation has shown, we can see the reforms as the process of grappling with an unprecedented set of problems and, ultimately, finding imperfect solutions that nevertheless helped transform the course of China's history.

LIST OF ILLUSTRATIONS

Photographs are located in an insert following Chapter 2 and preceding Chapter 3.

Figure

- 1 Guangzhou leadership celebrates the defeat of the United States in Vietnam, with Tao Zhu and Zhao Ziyang, 10 February 1965 (人民日报 *People's Daily*).
- 2 Zhao Ziyang visits earthquake victims in Songpan, Sichuan Province, 19 August 1976 (多维新闻 *Duowei News*).
- 3 Chinese leaders vote “Yes” to the economic report made by Premier Zhao Ziyang, lower left, at the National People’s Congress in Beijing, 1981. In the second row, left to right, are Hu Yaobang, Deng Xiaoping, Li Xiannian, Chen Yun, and Hua Guofeng (AP Photo/LHS).
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- 8 Deng Xiaoping, Zhao Ziyang, Li Xiannian, and Hu Yaobang at the Thirteenth Party Congress, 1987 (中国共产党新闻网/www.CPCNews.cn).
- 9 Zhao Ziyang speaks with Deng Xiaoping at the Thirteenth Party Congress, 1987 (Forrest Anderson/The LIFE Images Collection/Getty Images).
- 10 Zhao Ziyang meets the press after the conclusion of the Thirteenth Party Congress, 1987 (Jamie FlorCruz/CNN).
- 11 Zhao Ziyang meets with Jiang Zemin in an undated photograph (*Epoch Times*).
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- 13 Zhao Ziyang, Deng Xiaoping, and Li Peng attend Hu Yaobang’s funeral in the Great Hall of the People, 22 April 1989 (Jia Guorong/Xinhua News Service).
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- 16 Zhao Ziyang in the garden of his home in central Beijing, 17 April 1990 (Reuters).

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For a discussion of this dissertation's sources and a taxonomy of the primary source types for the study of post-Mao politics, see the section of the Introduction on "Sources and Writing the History of Elite Chinese Politics After Mao." All website links are current as of 1 December 2017.

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