

Factional- Ideological Conflicts in Chinese Politics

To the Left or to the Right?

Olivia Cheung

Amsterdam
University
Press

Factional-Ideological Conflicts in Chinese Politics

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Preface

The research and writing of this book began at the University of Oxford in 2014. It was completed at the China Institute of SOAS University of London in 2022. In these eight years, the politics of China has undergone fundamental transformations under Xi Jinping, who first became the General Secretary of the Chinese Communist Party (CCP), the highest political office in the Party and China, in 2012. Xi's strongman rule has firmly ended decades of collective leadership. He has launched a relentless and seemingly never-ending campaigns to enforce discipline and ideological conformity across all party ranks, ultimately to reinvigorate the CCP as a Leninist machine that is obedient to himself. In 2018, Xi had the two-term limit for the State Chairmanship (a position that is commonly mistranslated as 'President' in English) abolished, thus removing the constitutional hurdle to stay in power after two consecutive five-year terms. Thereafter, he expectedly secured an unprecedented third term of office as the CCP General Secretary at the 20th Party Congress in 2022. This made him the most powerful leader in China since Mao Zedong. It sent a strong signal that he intended to rule the Party and China for as long as possible, potentially for life.

The longer the CCP is under Xi's strongman rule, the fewer opposite, or simply different, views to those of Xi can be heard from the party elites. This book is about the robust culture of factional-ideological conflicts in the CCP before Xi, from the late Mao era in the 1960s through 2012. It also provides a detailed examination of how such culture was suppressed under Xi and what the implications might be to the system. Xi said that China has always been pursuing the path of 'socialism with Chinese characteristics', as if the country has always been travelling on the same path. However, the endurance of factional model-making for over five decades before Xi suggested that party elites strongly disagreed on what socialism could and should be pursued in China. They criticized the party line harshly in public, flouting the formal party requirements of strict obedience to the top leadership.

Political unity is highly valued in the CCP. However, this book posits that there is strategic value for the regime to permit party elites to carry out factional model-making because where it is conducted in a norm-bound manner, it could be harnessed to enhance regime resilience, broadly defined as the regime's ability to overcome challenges in order to govern effectively, ultimately to maintain its longevity (see Chapter 1). This argument entails that Xi's suppression of factional model-making may come at

the cost of regime resilience. Evidently, this is not how he sees it. To him, regime resilience rests fundamentally on his strongman rule rather than any benefits that factional model-making may bring, the chief of which being the reinforcement of collective leadership. We may or may not agree with him. However, if regime resilience equals to the consolidation of Xi's power, his political victory at the 20th Party Congress suggests that his approach has paid off handsomely, at least in the short term. Whether his approach will pay off in the long term will depend on whether the people of China, especially party elites, can be persuaded to believe that there are no alternatives to his vision for the future of China. Xi has been actively steering them to think in this way. One of his latest policy moves in this direction is the transformation of Zhejiang province into a party model for 'common prosperity', an ideal that embodies his pragmatic vision of socialism (see Chapter 7). Whether or how well it works (or not) in practice remains to be seen.

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Abbreviations

BRI	Belt and Road Initiative
CCP	Chinese Communist Party
CCTV	China Central Television
CLSG	central leading small group
CPPCC	Chinese People's Political Consultative Conference
FDI	foreign direct investment
GDP	gross domestic product
HRS	household responsibility system
NGO	non-government organization
NJVG	Nanjie Village Group
PBSC	Standing Committee of the Politburo
PLA	People's Liberation Army
PRC	People's Republic of China
PRD	Pearl River Delta
SEZ	special economic zone
SOE	state-owned enterprise
WRS	work-group responsibility system

1 Introduction

Abstract

Since the 1960s until Xi Jinping began to discipline the Chinese Communist Party in 2012, party elites cultivated local areas into models of controversial policies to contest the party line in public. This book conceptualizes this informal practice as ‘factional model-making’. It demonstrates that factional model-making enhances regime resilience by strengthening collective leadership, ensuring the deliberation of opposite viewpoints in the policy process, and supplying useful political information to the regime. This chapter reviews the debates on socialism and political reform that shaped and were shaped by factional model-making. It further traces the origins of this practice and investigates why it was tolerated by the Party before Xi. It concludes with the typology of factional models and the book overview.

Keywords: authoritarian resilience of the Chinese Communist Party; collective leadership; Mao Zedong; ideology; model emulation; socialism

China is a single-party state where the Chinese Communist Party (CCP) monopolizes political power. As is customary in communist parties, the rule of man overshadows the rule of law in the workings of the CCP. This makes a strong case that the study of Chinese elite politics is crucial to developing an accurate understanding of the governance of China. Despite the importance of Chinese elite politics, it has long been one of the least, if not the least, well-understood subjects in the study of China. It is a subject that is known more for unverifiable claims of power struggles that fill sensational tabloids than rigorous research with reliable findings. It is unsatisfactory but unsurprising because anything that might indicate political discord is routinely suppressed by the party propaganda machine. In theory, the CCP is organized on the basis of ‘democratic centralism’, the Leninist principle that entitles party members to the freedom of expression, but only behind closed doors and in a manner that is subservient to the

centralized authority of the party leadership. Plainly put, it is a doctrine that subjugates 'democracy', or the agency of party members, to 'centralism', or the demand for unity and discipline.

The reality of how the CCP works is much more nuanced than what is officially presented. In this book, I demonstrate that from the late Mao Zedong period in the 1960s until Xi Jinping began to discipline the Party aggressively in 2012, the workings of Chinese elite politics often deviated from democratic centralism. In these five decades, party elites repeatedly flouted the party line by expressing, in public, visions of socialism and political reform at odds with the spirit of the party line. They not only articulated these revisionist viewpoints openly, but also mobilized support for their visions across the party ranks and in society. Their political activism amounted to what the CCP deems as factionalism, i.e. the carrying out of extra-organizational activities that undermine democratic centralism. It is an offence according to party regulations.

The mission of this book is to investigate the lingering factional-ideological debates of the CCP. It aims to ascertain not only the content of these debates, but also the ways in which they were expressed by the party elites and managed by the party leadership. To this end, it presents investigative case studies that reconstruct the process of party elites grooming selective local areas into prominent role models of controversial policies from the 1960s through 2012. The policies in question encapsulate the revisionist agendas of party elites and were presented with a strong ideological flavour. The party elites involved challenged the dominant values of the party line and advanced alternatives to them that are rooted in a worldview, or ideology, that is radically different from that underpinning the party line. This book introduces the concept of 'factional model-making' to conceptualize this revisionist practice.

It is conspicuous that the CCP has never acknowledged the existence of factional model-making, at least not openly, despite the public and repeated recurrence of this practice over decades. Factional model-making has received scant attention in the scholarship as well. Only some factional-ideological conflicts among the ruling elites have been documented by scholars. The descriptions of those conflicts are often buried in historical monographs or the biographies of party leaders (see, for example, Baum, 1994; MacFarquhar, 1997; Vogel, 2011). It is a major omission in the scholarship that the factional-ideological conflicts among party elites have not been treated as a subject of investigation on their own. This book is distinguished from existing works in that it applies social scientific methods to study factional model-making as a recurring phenomenon across different regions and

time periods in China. The long historical perspective allows this book to ascertain how factional model-making evolved over time, why, and what it might reveal about how the CCP works in practice. The findings indicate that before Xi came to power, the party leadership regulated the political ambition of party elites by giving them meaningful scope to contest the party line publicly. Moreover, this kind of contestation was regulated by norms that were designed to de-escalate conflicts, hence factional model-making often did not threaten regime security, although it certainly brought embarrassment to the party leadership and broke the façade of party unity. This book makes the case that factional model-making provides an important and unique platform for party elites to signal power to the regime and compete with rivalrous factions openly. It is argued that it strengthens the resilience of the CCP by reinforcing collective leadership, ensuring the deliberation of opposite viewpoints in the policy process, and providing candid and credible political information otherwise short in supply. The practice of factional model-making would have been impossible were democratic centralism strictly enforced.

In the rest of this chapter, I will first position the central enquiry of this book – the factional-ideological conflicts among CCP elites – in the literature of authoritarian resilience of the CCP. Thereafter, I will review the debate on socialism and political reform in the CCP, which serves to establish the context of the six case studies in this book, being:

1. The ‘In Agriculture, Learn from Dazhai’ campaign that took place nationwide from 1964 to 1978, after the deadly Great Leap Forward of 1958;
2. The rehabilitation of the household responsibility system (HRS), which decollectivized agricultural production during the transitional period from the Mao to post-Mao era in the 1980s;
3. The transformation of Nanjie village of Henan province into a ‘red billionaire village’ since the early 1990s until Xi came to power in 2012;
4. The ill-fated attempts of Shekou and Shenzhen, two cities with special economic status, to carry out political liberalization in the 1980s and early 1990s;
5. The competing visions of governance advanced by Guangdong under Wang Yang and Chongqing under Bo Xilai in the run-up to the 18th Party Congress in 2012, the occasion which saw Hu Jintao transferring power to Xi; and
6. Xi’s measures to suppress factional model-making and to groom Zhejiang, since 2021, into the ‘national demonstration zone for common prosperity’.

Some of the factional models considered in this book, such as Dazhai and Anhui, were more consequential in triggering nationwide policy changes than others, such as Nanjie and Shekou, which were lesser known by comparison. Nevertheless, all models in this book were important to shaping the debates on socialism and political reform. The diverse jurisdictions of the case studies, including villages (Dazhai and Nanjie), cities (Shekou and Shenzhen) and provincial-level jurisdictions (Anhui, Chongqing, Guangdong and Zhejiang), demonstrated that factional model-making was a party-wide practice that was not limited to the party elites. The party elites played the role of the creators, strategists and patrons of factional models. They were joined by or allied with cadres across party ranks, and supported by the residents of the local models and other social forces, who were the participants of factional model-making.

Each of the models examined in this book encapsulates how factional model-making could be played out under a different set of political conditions. Dazhai demonstrated that where the party norms of collective leadership were weakly enforced, the combination of factional model-making with a national campaign in the policy process could create profound policy confusion. It could reach an extent that seriously, if not entirely, offset the beneficial effects of factional model-making to regime resilience. Anhui revealed the interactive dynamics between high-level, closed-door negotiations and mobilization of the social grassroots. Nanjie demonstrated how an eclectic group of left-leaning party elites asserted their political importance by seizing upon a policy area (rural development) seemingly tangential to their identity. They included senior figures of the People's Liberation Army (PLA), the princelings (the adult descendants of party founders) and Maoists (Mao's descendants, associates and sympathizers). Shekou and Shenzhen showcased just how easy it could be for places granted special economic status by the party leadership to disguise their unorthodox political reforms as a pre-approved economic agenda. Guangdong and Chongqing illustrated the competitive dynamics between two opposite models that vied for influence in shaping China's future.

After setting the context for the case studies, I will introduce my new analytical framework, 'factional-ideational nexus', which is applied in this book to examine factional model-making. I will then trace the origins of factional model-making to its Confucian and Maoist roots. I will also probe into why the party leadership before Xi was surprisingly tolerant of factional model-making, in spite of the Party's Leninist ethos and authoritarian nature. The typology of factional models and the book overview will be presented at the end of this chapter.

Authoritarian resilience of the CCP

Western-centric regime theories tend to assume that only democratic governments can be legitimate. This implies that authoritarian regimes are inherently illegitimate due to the absence of democratic institutions, such as popular elections, a robust opposition, an independent judiciary, a free media, etc. These public goods are considered to be indispensable for good governance, human rights protection, economic growth, and political legitimacy (Acemoglu, Naidu, Restrepo, and Robinson, 2019; Buchanan, 2002; Dahl, 1956, 1998). The thinking is that the lack of democratic institutions in autocracies inevitably results in the arbitrary exercise of power, rampant corruption, underdevelopment and overreliance on coercion. History has shown that these problems tend to reach a tipping point during times of crisis, which might be delayed, but cannot be avoided in the long term. The downfall of many authoritarian regimes seems to validate Western-centric regime theories (Brownlee, 2007; Dix, 1982; Slater, 2010; Svobik, 2012). However, the longevity of the CCP, the world's oldest ruling communist party, supports the thesis of authoritarian adaptability and resilience (Cunningham, Saich and Turiel, 2020; Fewsmith and Nathan, 2019; Gilley, 2003; Nathan, 2003; Pei, 2006; Tang, 2018; Cheung, 2022a).

Scholars have advanced multifaceted explanations for the remarkable resilience of the CCP. Minxin Pei (2014) attributes it mainly to the regime's powerful repressive capacity, which serves to guarantee social stability despite endemic corruption, socio-economic inequality and power abuse. Yuhua Wang and Carl Minzner (2015) maintain that local governance has become oriented 'around the need to respond to social unrest'. Biao Teng (2019) emphasizes the pivotal role played by digital technology in enabling the CCP to achieve precision control that could track individual targets accurately. It is to the extent that the Chinese population of 1.4 billion is placed under constant surveillance. Many other China watchers maintain that the resilience of the CCP is derived from rapid economic growth for four decades since the market reform begun in the 1980s. This, they argue, has been a significant source of performance legitimacy. It is commonly thought that the CCP has formed a *de facto* social contract with the people of China: the CCP delivers tangible improvements of livelihood for them in exchange for their acceptance of social control and the CCP's power monopoly. Many observe that the CCP uses foreign policy to cultivate a party-centric nationalism in society, in order to legitimize the self-serving claim that it is the only reliable defender of the Chinese nation (Weiss, 2014; Zhao, 2021). These accounts for the CCP's resilience suggest that although

the citizens of China lack the political rights and freedoms that citizens in democracies enjoy, most of them have accepted the leadership of the CCP, whether as a result of coercion or by choice.

Since the collapse of most authoritarian regimes is due to a falling out among the ruling elites rather than a popular uprising (Brownlee, 2007: 16–43; Dix, 1982; Pepinsky, 2009; Smith, 2005), another line of explanation for the CCP's resilience looks into mechanisms that the Party uses to avoid a destabilizing fallout among the political elites, such as a deflection, coup d'état, assassination, etc. The seniority and influence of party elites suggests that their loyalty to the party leadership, especially the CCP General Secretary, is uniquely crucial for regime security. Compared to rank-and-file cadres, party elites are often much more difficult to be controlled by the party leadership due to their resourcefulness. The desire to strengthen control over party elites is a main reason for a new CCP General Secretary to launch an anti-corruption campaign at the beginning of his tenure (Tsang and Cheung, 2024; Wedeman, 2003, 2022).

There are two types of CCP elites. The first type consists of high-ranking party members, who are holders of senior political office and are known for their political ambition. They include the 200 or so members of the CCP Central Committee, among them the twenty-odd members of the Politburo and the seven to nine members of its standing committee, the PBSC, being the organ where the apex of power resides. The second category of party elites consists of party members who are widely looked up to as political luminaries by the Chinese public, although they are not ranked in the system. They include (1) the high-profile family members and close associates of ranking party members, (2) retired ranking party members, (3) princelings, and (4) party members who are social and economic elites, such as famous intellectuals. These party elites crave public recognition, wealth and influence. The proximity to power of both types of CCP elites makes them high-priority targets for control by the party leadership.

The party leadership has put in place sophisticated mechanisms to control cadres, especially party elites, in order to guarantee their allegiance. John Burns (1989), Pierre Landry (2011) and Milan Svobik (2012: 169) find that the nomenklatura system, a personnel management inherited from the Soviet Union, allows the CCP Organization Department to exercise complete control over leadership appointments at all bureaucratic levels. It provides attractive incentives for cadres to work patiently to climb up the ranks from the grass-roots level, rather than to risk their personal safety and career prospects by trying to overthrow the system. Other scholars maintain that

the party norms of collective leadership, which are very much products of the post-Mao period, help regulate elite ambition and thus bolster the CCP's resilience. The most important of these norms counted as retirement age, term limit, meritocratic criteria for personnel selection, decision-making based on consensus, criminal immunity for current and retired members of the PBSC, etc. (Fewsmith, 2021; Li, 2012; Nathan, 2003; Svolik, 2012). These norms were introduced in the 1980s under Deng Xiaoping (d. 1997), who was, before Xi came into the picture, the most prestigious CCP leader after Mao. Deng made an exception of himself to the norms by wielding power behind the scenes after formal retirement. Nonetheless, these norms were observed by most party elites, especially for over two decades under the rule of Jiang Zemin (CCP General Secretary, 1989–2002) and Hu Jintao (CCP General Secretary, 2002–2012). Furthermore, even before the norms of collective leadership were systematically undermined under Xi, there were party elites other than Deng who had broken some of these norms (Fewsmith, 2021). It should also be recognized that most of these norms have never been explicitly recognized in party documents, and hence are less formalized than intra-party rules (Fewsmith, 2021; Smith, 2021). The above caveats no doubt indicate weaknesses in the institutionalization of collective leadership. Nonetheless, it was also true that these norms were largely observed under Jiang and Hu, which led to collective leadership becoming reasonably institutionalized. It had helped avoid zero-sum purges and stabilized leadership succession (Fewsmith, 2021; Li, 2012; Nathan, 2003; Svolik, 2012; Tsang and Cheung, 2022).

Factional model-making undoubtedly undermines party discipline. However, paradoxically, the practice of factional model-making also strengthened regime resilience in the post-Mao, pre-Xi era. This book argues that factional model-making contributes to regime resilience in at least three ways. First, it provides a peaceful mechanism for rivalrous factions to monitor the power of the dominant faction, which serves to reinforce and consolidate the norms of collective leadership. Second, it ensures that opposite viewpoints are deliberated in the policy process, thus reducing the likelihood of a major policy mistake being made. It is for this reason that factional models provide the structure for incremental policy changes as opposed to radical policy shifts. Moreover, as will be explained later in this chapter, where the practice of factional model-making is regulated by norms that encourage collegiality and reciprocity, it functions as a 'safety valve' for disagreement to be expressed in a largely non-disruptive manner. This helps to diffuse political pressure that might otherwise be undetected and culminate in regime-threatening dissent.

Third, factional model-making provides candid and credible political information to the party leadership, such as the popularity of party elites and the receptiveness of the party line in the Party and society. This kind of politically sensitive information is otherwise short in supply due to political censorship (Shih, 2008b). When such information is disclosed through factional models, it tends to be credible. Since party elites would have to incur a higher political and social cost to renege on things they say in public than in private (Cheung, 2022b; Shih, 2008b), the sensitive political information that is disclosed via factional models, being public in nature, should be taken seriously (Cheung, 2022b; Shih, 2008b). Through promoting factional models, party elites signal that they are in power and are unafraid of flouting the party line openly. Power signalling through factional model-making helps mitigate political insecurity, which is prevalent in the Chinese political system. In China more so than in democracies, holding senior posts does not automatically guarantee power, but only 'opportunities' to 'work' to establish one's legitimacy to gain 'real power' (Guo, 2019: 30, 36). Factional model-making enabled party elites to 'deliver [*sic*] observable evidence of power', thus creating reasons for their rivals to believe that they have consolidated power. This helps deter 'rash inferences' being made about how firmly they are in power and hence contributes to their sense of political security (Cheung, 2022b; Schedler and Hoffman, 2016: 94).

The use of factional model-making for power signalling in the policy process distinguishes the practice from policy innovations originating at the grass-roots level. Focusing on the role of the state (rather than factions) in policy change, Sebastian Heilmann (2009) coins the term 'local policy experimentation' to describe the process of creating policy innovations. Jessica Teets and William Hurst (2014) similarly refer to the process as 'local governance innovation'. Victor Nee and Sonja Opper (2012) likewise lay stress on the bottom-up nature of policy innovation but maintain that private entrepreneurs played a more fundamental role than officials in triggering market-oriented changes. They call this phenomenon 'capitalism from below'. To summarize, factional model-making is a top-down act of political protest that disputes the goals of central policies, while local policy experimentation searches for the most effective means for policy implementation at the grassroots without contesting the normative dimensions of the policy.

Factional model-making in the late Mao era led to the deliberation of opposite viewpoints in the policy process and revealed important political information that is otherwise in short supply. However, it did more harm than good to regime resilience in an environment of excessive political

infighting, which manifested in frequent and unpredictable personnel reshuffles at the top during the Great Proletarian Cultural Revolution (1966–1976). The tumultuous nature of elite politics in the late Mao era was a result of Mao's unbridled power and his readiness to ruthlessly dispose of any party elite – and even the Party – if he believed that they were disloyal to his vision of socialism (MacFarquhar, 1997). In an environment where the self-survival of party elites was constantly under serious threat, factional model-making did not make the CCP stronger but only exacerbated zero-sum factional infighting and undermined regime legitimacy (see Chapter 2). In the post-Mao era, the norms of collective leadership helped foster the elite consensus that their self-interest relies ultimately on the survival of the CCP; hence, regardless of their differences, it is in their interest to preserve the Party's power monopoly. Thanks to this consensus, no party elite would let their challenge of the party line, whether it is carried out via factional model-making or other means, threaten the survival of the Party. This consensus enabled factional model-making to thrive and advance regime resilience in the ways described above.

Debating socialism and political reform in the CCP

The CCP has developed a comprehensive system to inculcate party members and ordinary citizens alike in the key themes of the party line. The system consists of propaganda displays in public spaces, mass mobilization campaigns, the education system, the party school system, internet control, etc. (Ling, 2022; Shambaugh, 2022; Tang, 2005; Zhao, 2018). If party elites tout political ideas that are at odds with the messages that have been vetted and transmitted by this system, it would certainly be noticed outside their ranks. It would be interpreted as signals of political disunity. Factional model-making was such a controversial practice. Since the CCP founded the People's Republic of China (PRC) in 1949, the most enduring factional-ideological conflicts that were waged with factional model-making revolved around two themes: socialism and political reform. The debate of what socialism means for China and how it should be achieved originated in the Mao era and has continued since (see Chapters 2–4 and 6–7). Since China began to undertake market reforms and open to the outside world in the 1980s, the debate on socialism often morphed into the debate on political reform. The latter addresses how the China's single-party system should be modernized to satisfy rising public expectations for economic prosperity and good governance, while defending the CCP's power monopoly (Chapters 5–7).

Mao Zedong Thought, the state ideology of China in the Mao era (1949–1976), provides a useful starting point to understand the factional-ideological landscape in Chinese politics. Mao Thought stands for Mao's adaptation of classic Marxist tenets to the Chinese context. It is his approach to sinicize Marx's pursuit of an egalitarian society in the way that the CCP carried out socialist revolution and regime consolidation. In contrast to classic Marxism, which calls for communist insurgency in cities and factories, Mao Thought instructs the CCP to concentrate resources on building and expanding revolutionary bases in the countryside before occupying cities. Mao believed that the socialist revolution should be a permanent revolution; if not it will give way to 'revisionism', i.e. the re-emergence of class differences, a market economy, and bureaucratism, i.e. cadres becoming overprivileged and alienated from the people. To keep up the momentum of the revolution, he resorted to incessant mass mobilization campaigns to denounce the 'enemies of the people' and 'capitalist roaders'. They included real and imaginary landlords, merchants, corrupt cadres, and people associated with the Kuomintang/Nationalist regime, which preceded the PRC. Mao's insistence on a permanent revolution even after the establishment of a communist state set him apart from Marx and Lenin (Lin, 2008; Saich, 2021; Schram, 1963, 1989; Strauss, 2002; Weatherley, 2023: 20–38).¹

The application of Mao Thought to carry out a permanent revolution in the countryside led to an enduring agricultural collectivization campaign, which began as soon as the land reform (1950–1953) was coming to an end and faded away in the early 1980s. During the agricultural collectivization campaign, the private assets of the farmers (land, farm tools, draught animals, etc.) were forcibly confiscated and then collectivized (or made into collective property) under the People's Commune, the production-cum-administrative institution responsible for village governance. Cadres operating the commune classified the farmers into 'red' (proletarian) and 'black' (bourgeois) categories. Farmers were organized to work and remunerated accordingly. The boundless potential that Mao perceived for the countryside made it the central stage for factional model-making during the Mao era and in the period of power transition after his death (see Chapters 2–3).

It should be stated that the Party was not always divided on the vision of socialism. It was true that in the early to mid-1950s, many senior party elites preferred the adoption of a more gradualist approach for rural

1 Some key themes of Mao Thought, such as his views on class struggle and contradictions, are not discussed in this section to avoid distraction. For a systematic review of Mao Thought, refer to Schram, 1963, 1989, and Weatherley, 2023: 20–38.

collectivization compared to Mao's. However, there was quite a strong showing of elite unity and ideological cohesion for most of the time in the first decade of the PRC. The majority of Mao's colleagues went along with his vision for socialist transformation even though some did not agree with it wholeheartedly (Chang, 1976; Lin, 2008; Nathan, 1973; Saich, 2021; Schram, 1963, 1989). The party leadership was seriously divided over agricultural collectivization only after the Great Leap Forward of 1958. The goal of the campaign was, as neatly summarized by Robert Weatherley (2023:28), to 'rapidly and simultaneously increase rural [agricultural] and industrial output in an effort to catch up with the levels of developed Western nations and fortify the nation against foreign attack'. The People's Commune was created in the countryside in an attempt to meet these ambitious – and unrealistic – targets (Lin, 2008). The Great Leap Forward ended up failing catastrophically. Rather than delivering the promise of an egalitarian socialist utopia, it produced a devastating famine. It claimed huge casualties and led to widespread disillusionment with Mao's vision of socialism. Signs of serious disagreements among party elites became apparent at the Lushan Conference (1958), during which defence minister Marshal Peng Dehuai criticized the Leap as a policy mistake. His criticisms proved too much for Mao, who rebuked him harshly and had him dismissed from office (Dikötter, 2010; Lin, 2008; MacFarquhar, 1997: 137–183; Yang, 1996).

The Lushan Conference provided an early glimpse of the fault lines in the party leadership, which were increasingly being drawn between party elites who had become more critical of Mao's vision of socialism and those who still embraced it with enthusiasm. For the sake of conceptual simplicity, I refer to the former and latter group of party elites as the 'conservatives' and 'radicals' respectively. Mao referred to the conservatives derisively as the 'rightists'. This means that their ideas are more right-leaning (i.e. prefer more individual autonomy, restriction on state power and expansion of market forces) than that of the party line, which defines the centre. The conservatives maintained a markedly more cautious outlook on socialist transformation compared to Mao's. They still believed in the utility of the People's Commune, but they also insisted that it must accommodate some scope of individual autonomy and private ownership. These were things that the farmers cherished but were taken away from them during the Great Leap Forward. The vision of the conservatives could be called 'conservative socialism'. The factional rivals of the conservatives were the 'radicals', who were derided by the conservatives as the 'leftists'. The baseline of their thinking is to preserve Mao's vision of a large, centralized, and all-controlling People's Commune. Insofar as Mao believed that the

human will could overcome objective limits, his adventurism was checked by his recognition that effective (or, in official parlance, 'scientific') farming methods and the use of large-scale machines are indispensable for a high yield. The radicals were more radical than Mao because they dismissed any objective limits. They zealously resorted to ideological indoctrination in an attempt to transform the farmers, the vast majority being illiterate, into ideologues. They hoped that the more ideologically sophisticated the farmers are, the better they will be at carrying out agricultural production. Their vision could be described as 'radical socialism' since it is more 'voluntaristic' than Mao Thought. In other words, their vision went beyond the extent of Mao in believing that the human will can alter the external environment (see Chapter 2).

Some may think that the division between the radicals and conservatives reflected only technical differences on how the People's Commune should operate, rather than any ideological conflict. They may point out that towards the end of the Great Leap Forward, the single-minded goal of the conservatives was to boost agricultural outputs as quickly as possible. They did not seem to care much about challenging the validity of Mao Thought, which defined the party line at that time. The reality was that in the years after the Great Leap Forward, the differences between the radicals and conservatives were rooted in competing visions on socialism. Conservative socialism treats farmers as individuals whose agency should be respected, even if it should also be limited to some extent. It uses farmers (individuals) rather than villages (collective units controlled by the Party) as the organizational basis of agricultural production. Unlike socialism under Mao Thought, conservative socialism does not aim to create an egalitarian utopia. It believes in the legitimacy of using material rewards to motivate agricultural production, which is prioritized over stimulating collective ethos.

Mao disapproved of conservative socialism. However, he conceded to it shortly after the Great Leap Forward. This was because, he, too, was desperate to alleviate the deadly famine. In his view, the conservatives' measures to return some of the powers of the commune to the farmers should only be temporary concessions. Mao correctly believed that the decentralization of powers from the commune to the farmers would re-create class cleavages, hence weaken the Party's authority at the grassroots. He disliked this outcome and insisted that once agricultural productivity has recovered, the operation of the commune should be more or less resumed to how things were during the Great Leap Forward. To him the famine was due to exceptionally bad weather and cadres falsifying production outputs.

He refused to entertain the possibility that the famine could reflect any fundamental issue with the commune (see Chapter 2).

To reassert his vision of socialism, Mao orchestrated the nationwide 'In Agriculture, Learn from Dazhai' campaign in 1964. Dazhai is a small village in Shanxi province. It caught Mao's attention because it was one of the minority of villages that continued to implement the commune measures of the Great Leap Forward even after the Leap; what's more, it did so successfully. As will be discussed in Chapter 2, the radicals and conservatives competed to issue different interpretations of the policy lessons that villages should learn from Dazhai in order to claim control of the party line. The long-lasting Dazhai campaign (1964–1978), which engulfed the countryside, overlapped with the Cultural Revolution (1966–1976), a nationwide movement that affected the cities disproportionately. The Cultural Revolution was instigated by Mao to vindicate his vision of socialism. To do so he mobilized mass violence against the conservatives, who were banished as the 'capitalist roaders'. Although the Cultural Revolution was extremely punishing for the conservatives, confusingly, there were times during this period where Mao permitted some of them to return to power. He did so when he became suspicious of the radicals' loyalty to him, and hence he allowed the conservatives to resume to office, if only temporarily, to undermine the power of the radicals (Ahn, 1976; Brugger, 1981; Harding, 2011; MacFarquhar, 1997; Zweig, 1989).

The death of Mao in 1976 triggered seismic shifts in the power balance of the leadership. It enabled the conservatives to resume their posts and consolidate power. They rehabilitated like-minded colleagues who were purged during the Cultural Revolution and ousted the radicals (Ahn, 1976; Brugger, Harding, 2011; MacFarquhar, 1997; 1981; Zweig, 1989). These power shifts, when viewed in light of the downfall of Dazhai and the end of the Cultural Revolution, rendered the classification of party elites as 'radicals' versus 'conservatives' faction to be outdated. In this period of power transition, the fault lines in the party leadership were drawn between who I refer to as the 'loyalists' and 'survivors'. The loyalists were faithful to Mao. They either saw their career benefit massively from the Cultural Revolution or were protected by Mao during this violent campaign. The loyalists did not support radical socialism because they needed to maintain some collegiality with the survivors, who had become a formidable political force. The loyalists supported Mao's vision of socialism out of their loyalty to Mao. Maintaining this posture was important for their political legitimacy.

The survivors did not share a coherent vision of socialism. The older survivors, being party elders born in the 1900s, safely clung to conservative

socialism, which still defines the pursuit of socialism within the structure of the People's Commune. However, the younger survivors, who were born in the 1910s, held a more market-oriented outlook of socialism. It is a vision that reinforces the key elements of conservative socialism, being, to respect the personal agency of the farmers and make use of material incentives to reward hard work. Furthermore, it pursues these key elements of conservative socialism in a framework of agricultural decollectivization, which hollows out the power of the commune. The younger survivors believed that their vision was socialist because it allowed the collective ownership of land to be maintained. It was only that the collectively owned land would be contracted out to farmers for private cultivation. Their vision, which may be referred to as 'market-oriented socialism', led to socio-economic inequality. Nevertheless, the younger survivors considered it to be a more progressive type of socialism because it was the most protective of the individual rights of the farmers.

The success of the younger survivors resulted in agricultural decollectivization nationwide, which paved the way to the dissolution of the People's Commune in the 1980s. Throughout the 1980s and early 1990s, farmers cherished decollectivization as personal liberation. Many abandoned farming and migrated to cities to find employment. This resulted in large swaths of farmland being abandoned by the adult population, leading to economic decline and social decay (see Chapter 4). The poverty of the countryside discredited market-oriented socialism. The large-scale pro-democracy protests in Beijing's Tiananmen Square in 1989 struck another blow to market-oriented socialism. The protests led some party elites to fear that the people had become captivated by liberal or western political ideas, which spread to China as an unintended outcome of the reform and opening up policy (Baum, 1994; Zhao, 2009). These various factors led to the resurgence of socialist nostalgia in the elite ranks and intellectual circles. Even though party elites and intellectuals interpreted socialism differently, they agreed that socialism should be chiefly about the CCP protecting the poor masses from exploitation by big capital, state assets from corruption, and China from western influence. The mixture of these paternalistic views under the term of 'socialism' signaled that the debate on socialism in the CCP was regaining salience (Day, 2013; Kipnis, 2003; Li, 2015; Mohanty, 2014).

In this new environment of the late 1980s/early 1990s, factional-ideological conflicts in the Party took place between the 'leftists' and 'rightists'. The 'leftists' are party elites who call for the addition of statist, Maoist, and/or nationalist elements to market-oriented socialism. They tend to promote the revival of Maoist nostalgia in society. They advocate strengthening

authoritarian political control and ideological indoctrination, and where possible, carry out redistributive policies to appeal to the poor masses (see Chapters 4–6). The ‘rightists’ are committed to preserving market-oriented socialism, which they believe is in the interest of the modernization of China. Some of them are eager to accelerate marketization, strengthen the protection of private property, and open domestic markets more fully to foreigners. Other ‘rightists’ maintain that, in addition to the above, it is also necessary to carry out political liberalization, in order to safeguard market reforms from being derailed by the Party’s Left (see Chapters 5–6). The leftists accuse the ‘rightists’ of betraying socialism in favour of capitalism and liberal democracy. However, the rightists consider themselves to be loyal to socialism because they are committed to the one-party system under the CCP. They believe that the liberal-leaning political ideas they propose should integrate China more deeply with the global economy and reduce power abuse by cadres, and hence strengthen the CCP’s rule (for more theoretical discussion, see Day, 2013; Kipnis, 2003; Li, 2015; Mohanty, 2014; for empirical case studies, see Chapters 5–6).

The Left and the Right maintain that their positions are consistent with ‘socialism with Chinese characteristics’, the catchphrase that the CCP has used since the early 1980s to defend the reform and opening up policy as being socialist. ‘Socialism with Chinese characteristics’ was the guiding thought for the post-Mao era until it was officially revised to ‘Xi Jinping Thought on socialism with Chinese characteristics for a new era’ in the party constitution in 2017. The ascendancy of Xi as the CCP General Secretary in 2012 has fundamentally altered the factional-ideological landscape in Chinese politics. Xi held an absolute view on party discipline. He would not tolerate factionalism in whatever shape or form. However, others argue that he was engaging in factionalism himself by purging political rivals and installing his trusted allies to the PBSC and its Politburo, at the 19th Party Congress in 2017, and even more so at the 20th Party Congress in 2022 (Buckley, Bradsher and Che, 2022; Wu, 2019). Importantly, Xi decisively settled the ideological debates between the Party’s Left and Right within his first term of office (2012–2017), in order to unite the whole party around Xi Jinping Thought (see Chapter 7). Xi Jinping Thought is Xi’s vision of socialism for China. It is distinct from Mao Zedong Thought and ‘socialism with Chinese characteristics’ because it neither seeks to pursue relentless class struggle nor continues the reform and opening up inherited from Deng Xiaoping as usual. Xi Jinping Thought is officially presented as a pragmatic kind of socialism that strengthens the Party’s protection of the poor while tolerating the existence of class differences, as long as the wealth gap between the

rich and poor is narrowed. Xi pursues his vision of pragmatic socialism by introducing a policy programme to promote ‘common prosperity’. It reasserts the powerful role of the party-state to check on market forces. It also crushes yearnings for political liberalization, increases the redistribution of wealth, and strengthens ideological indoctrination (see Chapter 7).

Admittedly, the labels used in this book to delineate the factional associations of party elites – radicals, conservatives, survivors, loyalists, leftist, rightists – are simplifications. It is possible to introduce further divisions within each camp. However, I have chosen not to do so to avoid making things unnecessarily complicated. The current labels are sufficient to capture the main ideological divide in the Party. The nuances within each camp will be drawn out explicitly in the chapters that follow.

Factional-ideational nexus: The analytical framework to study factional model-making

It is possible to research factional model-making systematically using the analytical framework of the factional-ideational nexus, which amalgamates some of the key elements of the factional and ideational frameworks of Chinese politics. It also draws upon the insights of the discursive approach to study political ideas, which was developed by political scientist Vivien Schmidt. In what follows, I will first review the factional and ideational frameworks, followed by fleshing out the content of the factional-ideational nexus.

The factional framework of Chinese politics is concerned with the study of informal power relations. The main premise of this framework is that real power in the Party does not reside in institutions, but political factions. It classifies party elites into one or more dominant factions based on the following assumptions:

1. Party elites are fundamentally self-interested;
2. Chinese politics is fundamentally volatile;
3. *Guanxi*, or social network, imposes obligations of reciprocity in elite interactions; and
4. It is in the interest of party elites to form into networks that watch out for each other.

Accordingly, factions are conceptualized as patron-client ties that render mutual help for advancing shared agendas, consolidating power, taking bribes, bargaining for resources, and seeking promotion (Bo, 2017; Li, 2012; Huang, 2002; Nathan, 1973; Pye, 1995; Shih, 2008a).

Scholars who use the factional framework commonly ascribe factional association between a junior (younger and/or lower-ranked) and senior (older and/or higher-ranked) party elite who have worked with each other, studied together, are family friends, and/or born in the same province. However, since factions are formally banned by the CCP, it is difficult to ascertain with complete certainty who belongs to which faction. Some analysts think that this limitation is so serious that they would rather abandon the factional framework (Miller, 2015). To mitigate these methodological issues, factional-ideational nexus takes the political/ideological outlook expressed by party elites in public as the most important marker of their factional association. This approach downplays the importance of pre-existing social connections. It recognizes the agency of party elites to cultivate their own factional ties independently of pre-existing connections.

The recurrence of factional model-making for over five decades indicates that factions championed controversial policies that not only advance the self-interests of party elites, but also their public interests. This showed that factions could serve the wider public good. In other words, the overwhelming negative connotations of factionalism are sometimes unwarranted.

Factional-ideational nexus borrows not only from the factional framework, but also the ideational framework. The latter maintains that the political ideas and discourse of party elites are important pointers of the direction of travel for the Party and the country (Day, 2013; Li, 2015; Mohanty, 2014; Tsang and Cheung, 2024). Vivien Schmidt (2008) conceptualizes political ideas at three levels of generality: (1) specific policies; (2) policy paradigms, i.e. the organizing principles and assumptions underlying specific policies; and (3) ideologies, i.e. the systems of meaning that bind different policy paradigms into a coherent worldview. Political ideas are difficult to define, conceptualize and measure. However, their outward manifestation – discourse – can be studied with greater objectivity. Factional-ideational nexus treats discourse not only as texts but also the ‘interactive process of “conveying ideas”, including ‘not only what you [party elites] say’ but also ‘to whom you [party elites] say it, how, why, and where in the process of policy construction and political communication [...]’ (Schmidt, 2008).

Some may dismiss the value of the ideational framework for studying post-Mao Chinese politics on two grounds. First, it is commonly thought that the legitimacy basis of the CCP has shifted from ideological correctness, defined as the adherence to Mao Zedong Thought, to performance, especially economic growth (Brady, 2008; Eaton, 2016). It is true that economic growth has become more important than ideological correctness as a source of

legitimacy for the CCP in the post-Mao period. However, the endurance of factional model-making prior to Xi demonstrated that the contestation of political ideas and ideology was an important feature in the policy process. Second, some think that Chinese politics is fundamentally unideological in nature. Critics claim that party elites do not believe in any ideology. It is said that they only pay lip service to ideology in order to legitimize their actions. Deng Xiaoping is commonly cited as the archetypal example. In the late 1970s/early 1980s, Deng presented himself as a Maoist by promoting the slogan of 'practice is the sole criterion for testing truth', which was derived from Mao's speeches, 'On New Democracy' and 'On Practice'. Deng's real intention was to dismantle, not to uphold, Maoism. It is legitimate to conclude that Deng was unideological or purely pragmatic. However, if we consider Deng's consistent support for the market reforms seriously, which I think we should, it would be fair to interpret his policy agenda as ideological. It is in the sense that his agenda was filtered by a particular worldview, namely the set of political ideas that the Chinese would instinctively call rightism.

Deng's tactical use of Maoism was not the only example of how party elites treated ideology. There were also examples showing a high level of congruence between the discourse and belief of party elites. This could be seen in the radicals and conservatives in the 1960s to 1970s (Chapter 2), Wan Li in the early 1980s (Chapter 3), Yuan Geng in the 1980s and 1990s (Chapter 5), and Wang Yang and Bo Xilai in the 2000s (Chapter 6). In Chapter 7, I argue that Xi is sincere in his belief that his programme of common prosperity advances socialism, as he understands it to be.

Based on amalgamating selective elements of the factional and ideational frameworks, this book introduces the analytical framework of factional-ideational nexus to study the practice of factional model-making. Factional-ideational nexus has four defining features.

1. *It takes self-interest and political ideas as equally important explanations of policy outcomes.* The reality is that the boundary between self-interest and public interest is always ambiguous. To explain this, it is helpful to bring in political economist Mark Blyth (2002), who has explained in detail how political ideas and self-interest are best viewed as cluster concepts, being indivisible and mutually reinforcing of each other. His research has shown that in situations of extreme uncertainty, political elites must resort to political ideas to make sense of their self-interest. This insight applies equally to China.
2. *It is value agnostic.* It is open to the possibility that rational party elites who are committed to upholding the CCP's power monopoly

can subscribe to radically different views on which political ideas are the best for the Party, for China, and for themselves.

3. *It maintains that the policy process can be exploited by party elites to contest the party line openly.* This was due to the lack of party consensus on the normative values and purposes of major policies.
4. *It gives primacy to the agency of party elites in forming factional associations.* Factions are not only organized on the basis of pre-existing patron-client or social ties (which would imply that factional associations are more or less stable), but also shared political ideas.

The Confucian and Maoist roots of factional model-making

The origins of factional model-making could be traced to the ancient Chinese pedagogy of model emulation, which is deeply rooted in the teachings of Confucianism. Since the Western Zhou dynasty (1100–771 BC) to the present day, there are unspoken social norms in China that require people of all ages to emulate virtuous individuals, who serve as role models of morally upright behaviour. Role models are expected not only to keep up their admirable good deeds but also to produce more of them. This requires them to always conduct themselves blamelessly and to strive for continuous improvement.

Since model emulation defines the parameters of appropriate conduct, it is inherently hierarchical. That said, it is not meant to suppress individual freedom but facilitates human flourishing. The starting point of true modelling is the Confucian belief that it is a human instinct to aspire for excellence. Hence, being a model and modelling others are seen as natural human behaviour that needs not be taught, but only encouraged. Furthermore, although model emulation often begins with rote learning, mechanical imitation and repetition, ultimately, it also provides scope for individualized expression. It is thought that as the learners grow in moral maturity, they will have internalized the values of the role models. They should then be able to creatively adapt the essence of the behaviour of the role models to produce behaviours of their own that are not completely identical to those of the models but are their ‘symbolic equivalents’. True modelling is deemed to be an essential ingredient of an ‘exemplary society’, the opposite of which is the Foucauldian ‘disciplinary society’, where negative incentives are used to reinforce the average norms, rather than the exemplary norms (Bakken, 2000: 127, 178; Reed, 1992: 78).

The pedagogy of model emulation is deeply rooted in the Chinese psyche. Notwithstanding Mao’s infamous campaign to repudiate Confucianism,

which he believed was an obstacle to modernization, model emulation has been preserved and amplified by the CCP. Mao had this technique skilfully worked into the 'mass line', being the CCP's method of rallying the people towards the Party at the grass-roots level. It requires cadres to carry out 'on-the-spot investigation' in local areas to identify and cultivate role models, who/which are referred to as '*dianxing*' or a 'typical example'. They are typical not because their behaviour conforms to the average norm, but that the essence of what they do should be readily observable by the average person. The CCP urges the population to 'emulate the advanced, learn from the advanced, overtake the advanced, and help the backward'. Model emulation should render the values embodied by the party line concrete to the masses, so that they can be persuaded that the party line represents their best interests (Bakken, 2000: 173).

Likwan Pang (2017: 10–13) concludes that learning from the exemplary fostered social bonding and submission to the dominant ideology during the Cultural Revolution. She finds that the power of models was there whether they were authentic or fictitious constructions that embodied perfection ('templates' or '*yangban*'). The most widely acclaimed role model in the Mao era was Lei Feng, the soldier who was remembered as a hero of everyday good deeds. The CCP continues to mobilize Chinese citizens to imitate Lei today (Jeffreys and Su, 2016). The PLA was another national model in the Mao era. It was commended for being 'extremely proletarian', 'extremely militant' and loyal to Mao (*Renmin ribao*, 1 February 1964, p. 1). The communes of Daqing oilfield (Li, 2018) and Dazhai village (Chapter 2) were also Maoist models. They were renowned for their spirit of self-reliance. After Soviet aid withdrew from China following the Sino-Soviet split in the 1960s, Daqing and Dazhai were promoted by the propaganda machinery as icons to inspire the nation to work hard to 'surpass England and catch up with the United States'.

In the early post-Mao period in the 1980s, the most famous models were Xiaogang village of Anhui province, which pioneered using the household responsibility system (HRS) to decollectivize agricultural production, and Shenzhen, which hosted an influx of foreign investment a step ahead of the rest of the country (see Chapter 5). Xiaogang and Shenzhen were extolled as the new faces of a modern China, one that pursue economic development zealously. Since the Mao era to now, being formally conferred the status of a model is an asset for political promotion. The diary of a Beijing party member written in 2022 reveals that five out of six party members in her district who were recommended by the higher-ups to attend the 20th Party Congress hold a medal that recognizes their status as a model. They are

honoured as, respectively, an ‘outstanding communist party member’, a ‘March Eighth red flag bearer’ (to commemorate International Women’s Day), a ‘May First labour model’, and a ‘national advanced individual in fighting against the coronavirus pandemic’ (Ling, 2022). Xi has revitalized the use of model emulation in order to encourage CCP members to renew their devotion to the Party. To mark the centenary of the establishment of the CCP on 1 July 2021, he conferred the ‘July 1 Medal’, a reward system he established, to 29 otherwise little-known party members, in order to honour them as models for cadres. The prestige of these 29 individuals is overshadowed by Xi, who took on the image of an infallible model that every Chinese person should emulate (see Chapter 7).

Hypocrisy and deception are the downsides of model emulation. ‘Structural ways of lying’ are inherent in the system because it forces people to behave in prescribed ways. Many cope with the pressure to conform by displaying an impressive outer form that can be completely separate from their inner self. This is the performative dimension of the culture of model emulation, in which the ‘appearance of things’ often writes on the real, rather than reflects the internal reality. When dishonesty is rife, model emulation is devalued into a deceitful exchange between subordinates and superiors that enables the latter to save face and the former to get ahead (Anagnost, 1997: 45–74; Bakken, 2000: 411). For example, it is common for cadres to exaggerate or outright lie about their achievements in order to make themselves and the region they govern to appear model-worthy. The widespread falsification of grain output during the Great Leap Forward of 1958 was a fatal example (Lin, 2008). In a similar vein, the proliferation of white elephant infrastructure projects and Potemkin villages in the post-Mao era shows that cadres wastefully pump resources to turbocharge local economic development, in order to make the areas they govern – and themselves – model-worthy. They do so not only to earn praise from their superiors, but even more importantly, to distract their attention away from underdeveloped regions that could reflect poorly on their performance. These are known problems in China that have been rebuked by the party leadership harshly. Yet, they have persisted stubbornly in the Xi era. During Xi’s anti-poverty campaign (2015–2020), some local cadres groomed their villages into successful examples of poverty alleviation in order to satisfy the inspectors dispatched from above (Smith, 2018). Besides data falsification, white elephant projects and Potemkin villages, factional model-making is another subversion of the original design of model emulation. The difference between factional model-making and the other three is that the former challenges rather than conforms to the party line.

The process of factional model-making

The process of factional model-making consists of several steps. To begin with, party elites leverage their political capital to funnel ordinarily hard-to-obtain state resources to local areas. These can include grants, loans, preferential treatments, technical assistance, etc., which they believe are particularly useful for projecting their political message. Oftentimes, these regions are under the direct control of the party elites, who are concurrently serving as the party secretary of the region. This was the case for Anhui (Chapter 3), Shekou (Chapter 5), Shenzhen (Chapter 5), Guangdong (Chapter 6) and Chongqing (Chapter 6).

Whether it is due to the effectiveness of their controversial policies and/or the windfall of resources, the local areas that are groomed into factional models deliver enviable policy outcomes, such as rapid economic growth, strong social stability, high-quality public goods, etc. These achievements imply that they outperform neighbouring regions significantly, so much that they have distinguished themselves sufficiently to be worthy of being looked up upon as models in the eyes of their peers. It is so even though they are models of a faction (factional models), not models affirming the party line (party models).

As factional models gather more publicity, they become platforms for factions to contest the party line in public. Party elites who are patrons of the factional models build coalitions with other party members, cadres and social forces to promote their models and criticize the party line in public. Their activities pressurize the party leadership into taking up a stance on the ideological conflicts. If the model gains momentum, the regime would be compelled to reconsider the merits of the controversial policies in question. This can result in the party line being revised in the model's favour, followed by a state-orchestrated campaign to diffuse the model's policies nationwide. In this scenario, the power balance at the party leadership will be tilted in its favour. The Anhui model (Chapter 3) was a classic example.

Alternatively, the party leadership can punish the model and its patrons in order to defend the party line. In this scenario, which we saw in Shekou and Shenzhen (see Chapter 5), most party elites would abandon the controversial local policies in question, in order to avoid being disciplined by the party leadership. If the party leadership strongly disapproves of the model's policies but does not want to confront the party elites involved, it can affirm the model's accomplishments but for reasons other than the controversial local policies. Such compromise is strategic to avoid a political showdown. It

would usually be reciprocated by the patrons of the factional models, who would tone down their criticisms of the party line. This conciliatory posture serves to de-escalate the ideological conflict. But it leaves it unresolved, which means that it might resurface later. The longevity of the Nanjie model, which lasted for 28 years between 1984 and 2012, testified to the debate on socialism being dragged on for a long time. It only stopped after Xi disciplined the Party aggressively (see Chapter 7).

Why did the CCP tolerate factional model-making?

The practice of factional model-making undermines party discipline as defined by democratic centralism. Although the CCP prior to Xi never acknowledged the existence of factional model-making, it nonetheless tolerated it, thus providing scope for it to continue for five decades. The CCP's tacit endorsement for factional model-making could be ascribed to two factors. The first factor was the consolidation of the norms of collective leadership. Collective leadership was practised chaotically in the 1960s when Mao's ill health prevented him from dictating the policy process. He asserted his influence indirectly by rewarding and punishing factions as he liked, in order to play them against each other, so that none would ever grow powerful enough to challenge him (Ahn, 1976; Brugger, 1981; Harding, 2011; MacFarquhar, 1997; Zweig, 1989). This created a situation of collective leadership by default, which was reflected in the power oscillation between the dominant factions during the Cultural Revolution. Since all party elites were compelled to demonstrate loyalty to Mao, and therefore support Dazhai, they competed for control over the party line within the framework of Dazhai model. To do so they advanced respective interpretations of the policy lessons that should be drawn from Dazhai. This led to the emergence of multiple factional models in the guise as satellite models of the Dazhai model.

Collective leadership by default in the late Mao era was replaced with collective leadership by design under Deng Xiaoping. This enabled factional model-making to flourish. As discussed earlier, the norms of collective leadership became reasonably institutionalized over the course of two decades under Jiang Zemin and Hu Jintao, leading to the collegial co-existence of factions. As a result of the institutionalization of collective leadership, neither the CCP General Secretary nor his faction could impose their will single-handedly. Although the CCP General Secretary was the most influential figure in the Party, major decisions were made on the

basis of reaching a consensus between the dominant factions represented in the Politburo and PBSC (Li, 2012). Hence, it was unrealistic for him to clamp down on factional models cultivated by other party heavyweights. It would also be politically costly because it could backfire on the power-sharing arrangements at the centre. The norms of collective leadership encouraged the party leadership to respond to factional model-making with restraint.

The second factor that contributed to the endurance of factional model-making was the self-restraint exercised by the party elites engaging in the practice. Most of them carefully avoided saying or doing things that could be considered by the party leadership to be regime threatening. Apart from Bo Xilai (see Chapter 6), most party elites who carried out factional model-making did not use the model to promote a cult of personality for themselves. Since a cult of personality severely undermines the norms of collective leadership, cultivating a cult of personality would certainly be perceived as an unacceptable act of arrogance. Furthermore, although party elites used factional models to promote policies at odds with the spirit of the party line, these policies were not explicitly banned by the party line but only marginalized by it. The self-restraint of party elites encouraged the party leadership to reciprocate by responding with restraint.

Four types of factional models

Factional models can be classified into one or more of the following four types based on the nature of the factional-ideological conflicts: political theatre models, Maoist nostalgia models, rightful resistance models, and modernization models. The first two types encapsulate leftist ideologies, while the last two, rightist ideologies.

Factional models in the Mao era were typically political theatre models. They extolled class struggle, self-sacrifice and collective ownership, all being values encapsulated in radical socialism. They were theatrical in the sense that the leaders of the local areas that were groomed into factional models behaved as if they were puppets of their patrons, who projected their agendas onto the models as if they were ventriloquists. The local areas were sites where large-scale infrastructure projects were carried out to showcase the power of ideology in remaking the physical surroundings (see Chapter 2). This technique is known as socialist realism (Li and Zhang, 2016)

In the post-Mao era, Maoist nostalgia models, rightful resistance models and modernization models replaced political theatre models in the policy process. The pluralization of the typology of factional models demonstrates that party elites had more resources at their disposal compared to the earlier era. Maoist nostalgia models were descended from political theatre models. They upheld Mao Zedong Thought or radical socialism as the gold standard. It was on this basis that these models criticized the post-Mao market reform for betraying Mao. In order to show that a Maoist future for China was not only feasible but also superior to the market reform, the local areas that were groomed into Maoist nostalgia models typically carried out radical redistributive policies. The worship of Mao in Maoist nostalgia models raised the stakes for the party leadership to crackdown on the model. This technique often paid off, given that the CCP continues to honour Mao in the post-Mao period. Nanjie (Chapter 4) and Chongqing (Chapter 6) were Maoist nostalgia models. Zhejiang province, which is designed by Xi to implement a policy programme of 'common prosperity', also pursues redistribution. However, since Xi has absorbed these elements into the party line, Zhejiang is not a Maoist nostalgia model (being a factional model), but a party model with elements of Maoist nostalgia.

Rightful resistance models appealed to common sense and pragmatism. I borrow the term of 'rightful resistance' from Kevin O'Brien and Lianjiang Li (2006), who used it to describe the rhetoric used by farmers to challenge the lawfulness of local policies. They claimed that the policies conflicted with upper-level directives and the CCP's professed commitment to 'serve the people'. When it is applied to factional model-making, 'rightful resistance' refers to party elites claiming that the national policy enshrined in the party line should be abandoned because it is bringing hardship to the people. The Anhui model, which championed rural decollectivization, was a rightful resistance model (see Chapter 3).

Modernization models might appear little different from the 'special economic zones' (SEZs), 'experimental zones' or 'reform pilot areas' designated by the party leadership to spearhead the market reforms in the post-Mao period. The local areas that were developed into modernization models by party elites often held one of these officially assigned statuses already. They became factional models subsequently when party elites exploited the special economic status of these areas to experiment not only with policies permitted by the party leadership, but also policies discouraged. The Party's Right cultivated the cities of Shenzhen (Chapter 5) and Shekou (Chapter 5) and the province of Guangdong (Chapter 6) into modernization models at different points in time.

Organization of the book

After this introductory chapter, Chapters 2 to 4 study the factional-ideological conflicts surrounding socialist transformation. Chapters 5 and 6 examine the factional-ideological conflicts over political reform. Chapter 7 details the end of factional model-making and the rise of party model-making under Xi. Chapter 8 is the conclusion.

Chapter 2 examines how the radicals and conservatives advanced competing visions of socialist transformation through the Dazhai model from 1964 to 1978. Mao handpicked Dazhai as a national model for agriculture in order to vindicate his vision of socialism, which was discredited by the disastrous Great Leap Forward. During the national campaign to learn from Dazhai, Mao's supposedly faithful lieutenants, the radicals, seized the village to promote radical socialism, which called for an even higher level of collectivization compared to Mao's vision of socialism. The radicals were checked by the conservatives. The local leaders of Dazhai accommodated the preference of whichever faction in power, thus making the village a puppet of the factions, who played the role of the ventriloquists. The chapter concludes with a discussion of the repudiation of Dazhai and political theatre models after the conservatives consolidated power towards the end of the Cultural Revolution.

Chapter 3 traces how the survivors' faction, which grew out of the conservatives' faction, turned Anhui into a 'rightful resistance model' between 1979 and 1980. After the demise of Dazhai, Hua Guofeng, Mao's chosen successor, sought to reform the Maoist system of collective agriculture to improve its efficiency, productivity and popularity. The survivors supported Hua on the surface. However, in reality, they also backed villages in Anhui to adopt the HRS, in order to build momentum for decollectivization. Their success foreshadowed the collapse of the People's Commune and ushered in the post-Mao era of market reform.

Chapter 4 studies the transformation of Nanjie village into a Maoist nostalgia model by the Party's Left, which comprised civilian leaders, military generals, princelings and Mao's enthusiasts. In 1984, Nanjie defied the rural party line to abolish the HRS and recollectivize. Initially, the decision to recollectivize was made purely out of practical needs instead of any ideological conviction. However, Nanjie reframed recollectivization in a leftist discourse after it was adopted by the Party's Left, which groomed the village into a 'red billionaire village' in an attempt to discredit the post-Mao market reform. The party leadership approved of Nanjie but on grounds other than those articulated by the Party's Left. This served to affirm the

party line and deny the leftist ideological agenda while honouring the party elders and Mao.

Chapter 5 is about Shenzhen and Shekou. In the early 1980s, they were assigned special economic status by the party leadership, which gave them the privilege to absorb much-needed foreign capital and technology ahead of other parts of China. Initially, Shenzhen was faithful to this centrally-assigned mission, while Shekou also undertook political reforms, despite having been warned by central leaders not to do so. Shekou's leaders masqueraded their political reforms as corporate procedures. Shenzhen's leaders tried to make plans to transplant some elements of the more liberal political system of Hong Kong into the Shenzhen legislature. After the Party dispatched troops to quell the pro-democracy protests in Tiananmen Square in 1989, Shenzhen's plans were shelved and Shekou's reforms were halted. China has never witnessed political reforms as liberal as these since then.

Chapter 6 examines the factional-ideological conflicts dividing Guangdong and Chongqing between 2008 and 2012. The Guangdong model was developed by Wang Yang. It maintained that structural reform of the state apparatus was necessary to improve governance efficiency and accountability. It was also seen as crucial to level the playing field between state-owned enterprises (SOEs) and the private sector. The Chongqing model was promoted by Bo Xilai. It promoted an all-out expansion of the state, combining Maoist, populist and mafia-like elements. The Guangdong and Chongqing models were fraught with internal ideological tension. The purge of Bo led to the demise of the Chongqing model. It was accompanied with growing calls for liberal-leaning political reforms.

Chapter 7 reviews how Xi attacked rivalrous factions, centralized policy making authority to himself and enforced ideological conformity. These power moves culminated in a *de facto* crackdown on factional model-making. This chapter also evaluates Xi's ambitious blueprint to cultivate Zhejiang province into a 'national demonstration zone' for common prosperity. Promulgated in 2021, it promotes a pragmatic vision of socialism that promises to significantly narrow income inequality. Xi's patronage for Zhejiang indicates that he is preparing for the province to become a national party model. This was the status that Dazhai enjoyed in the late Mao era. This is the case even though most of Zhejiang's measures for common prosperity, all imposed by Xi, cannot be readily emulated by most Chinese provinces in practice.

Chapter 8 summarizes the new insights that the practice of factional model-making offered to the study of Chinese elite politics. Factional model-making revealed the limits of party unity: party elites openly disagreed on basic issues concerning China's future. Paradoxically, it also demonstrated

the strength of party unity: party elites agreed to disagree, and in most cases, only ever expressed their disagreements in a peaceful manner. If regime resilience equals Xi's power consolidation, the suppression of factional model-making under Xi has strengthened regime resilience in the short term. However, it is plausible that it could undermine regime resilience in the long term if party elites do not have meaningful, effective and non-disruptive options for letting their disagreements with Xi to be taken seriously.

The case studies in this book rely heavily on the discourse of party elites. Discourse is understood comprehensively, following the approach put forward by Vivien Schmidt (2008), which was discussed earlier. I collected the discourse of party elites from primary Chinese sources, including archival documents, newspaper articles, speeches and writings, government yearbooks, etc. Thereafter, I interpreted the meanings and contexts of the discourse with reference to an extensive literature, in Chinese and English, in order to ascertain the real intentions of party elites as closely as possible, based on a wide range of circumstantial evidence. The primary materials for the more historical case studies (Chapters 2–5) were obtained from library research and fieldwork. Since many official documents have been disseminated publicly shortly after their release in recent years, for the newer case studies (Chapters 6–7), I was able to compile the discourse of party elites mainly from online sources, including government websites and Chinese newspapers.

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2 Learning from Dazhai after the Great Leap Forward: Mutations of Socialism under Mao Zedong Thought, 1964–1978

Abstract

In 1964, Mao instructed the Party to mobilize the nation to learn from Dazhai, a village that remained faithful to his vision of socialism in spite of it being discredited after the Great Leap Forward of 1958. The national campaign to learn from Dazhai (1964–1978) took place during the Cultural Revolution (1966–1976), where political infighting was rife. The radicals and conservatives alternated in power and advanced competing interpretations of the ‘Dazhai experience’ in order to claim control of the party line. They acted as if Dazhai was their puppet, with them being the ventriloquists pulling the strings from behind. This created profound policy confusion that resulted in the downfall of Dazhai and the end of political theatre models.

Keywords: Cultural Revolution; Dazhai; Great Leap Forward; Mao Zedong Thought; People’s Commune; self-reliance

In the late Mao Zedong period in the 1960s, three distinct visions of socialism were championed by party elites, each aiming to transform the Chinese countryside in a different direction. Mao aspired to create a socialist utopia where class differences would be rendered obsolete. He wanted to bring prosperity to the countryside on the basis of subjecting the farmers to the micro-management of the People’s Commune, which would confiscate their private property and turn it into collective property. The People’s Commune was designed to be an institution combining agricultural production with government administration. The Chinese Communist Party (CCP) embraced Mao’s vision of socialism, as above, which was also known as socialism under Mao Zedong Thought. Yet, this party consensus fell apart after the

Great Leap Forward in 1958. It was a campaign launched by the Party in an attempt to accomplish Mao's vision of socialism. During the Great Leap Forward, communes were established in villages in a very short time, and the farmers were forced to undertake strenuous labour – agricultural production, steel manufacturing and infrastructure construction – in a paramilitary fashion. All-you-can-eat mess halls were created to feed the farmers, who were only rewarded with meagre remuneration, if any at all, and were deprived of opportunities to earn a private income. The result was poor work morale, over-exertion of labour and low agricultural outputs. To impress Mao, many rural cadres grossly inflated the figures of agricultural outputs. The cover-ups compelled the farmers to sell more farm produce to the state than what was required, even when they failed to produce enough for self-consumption. These man-made factors were aggravated by a serious drought, resulting in a widespread and deadly famine. The fatalities arising from the famine and injuries at construction sites were estimated to reach 30 million by 1961 (Dikötter, 2010; Lin, 2008: 129–151; Yang, 1996: 38).

To boost agricultural outputs, some party elites proposed shrinking the People's Commune. This was to strengthen the positive correlation between the performance and remuneration of farmers, such that the more and better they work, the more they are paid. They also proposed the measures of 'private plots' and 'household sideline production', which would enable the farmers to earn a private income. These measures represented a retreat from Mao's vision of a highly centralized commune as promoted during the Great Leap Forward. They were meant to protect the rights of the farmers and to encourage them to work diligently, hence increasing agricultural outputs. They were codified in a document known as the 'Articles of the Work of the Rural People's Commune' or the 'Sixty Articles', which came to define the new rural party line after the Great Leap Forward (Lin, 2008: 625–760). The vision of socialism that these measures embodied could be called conservative socialism. Mao initially agreed to the Sixty Articles but he had always seen it as a contingency response to the famine. He was eager to restore the People's Commune to a highly centralized model, which would require forfeiting the right of the farmers to earn a private income once agricultural productivity was stabilized. To him the private plots and household sideline production, both written into the Sixty Articles, were a slippery slope towards capitalism. Nonetheless, his pragmatically minded colleagues, who we may call the conservatives, disagreed. They were not convinced that returning the commune to the centralized model of the Great Leap Forward was practical. The conservatives believed that collective agriculture could only be feasible if carried out under the framework of the Sixty Articles.

There were party elites who were most unlike the conservatives. They not only continued to embrace Mao's vision of socialism for the countryside despite the Great Leap Forward but went even further than the extent that Mao had gone to control the farmers. These party elites may be referred to as the radicals. They put in place a programme to transform the farmers into ideologues eloquent in socialist theories. The radicals harboured the view that China's socialist future required a 'revolution in the superstructure', or incessant ideological inculcation of the farmers to be carried out. To them the priority of the farmers should be to study Mao Zedong Thought on a daily, if not hourly, basis. Carrying out agricultural production was relegated to secondary importance. The radicals were not concerned that their approach could lead to a decline in agricultural output. They believed that as long as the farmers had a high degree of socialist consciousness, agricultural productivity would be high (Friedman, Pickowicz and Selden, 2005).

To regain an upper hand in steering the rural party line, Mao instructed Premier Zhou Enlai to launch the 'In Agriculture, Learn from Dazhai' campaign nationwide in 1964. Dazhai was a village in Shanxi province that bucked the Sixty Articles and persevered in implementing the commune policies that prevailed during the Great Leap Forward. In the 14 years of the Dazhai campaign, the radicals and conservatives alternated in power, taking turns to seize Dazhai to promote their respective visions of socialism. Much of the Dazhai campaign overlapped with the Cultural Revolution (1966–1976), a period of excessive infighting. The power oscillation between the radicals and conservatives had a huge impact on the Dazhai campaign. The effect was that although Dazhai was the national model, it was not a coherent model but a shelter for satellite models that co-existed in tension with each other. This led to extreme fluctuations of the official interpretation of the lessons that villages should learn from Dazhai, or the 'Dazhai experience' for short. After the conservatives ousted some influential radicals towards the end of the Cultural Revolution, the profound policy chaos gradually subsided in the favour of the conservatives by 1978. This led to the downfall of Dazhai, which was followed by the official repudiation of political theatre models, the type of factional model to which Dazhai belonged.

The Sixty Articles and the Socialist Education Campaign

After the Great Leap Forward, the conservatives successfully persuaded Mao to agree to their proposal of reforming the People's Commune in order

to boost agricultural production rapidly. This resulted in the promulgation of the 'Sixty Articles' by the party leadership. This policy document consisted of two types of commune reforms. The first type of reforms provided some scope for personal freedom and private ownership within the commune structure. This included the provision of private plots and household sideline production. 5–7% of the collective farmland was required to be set aside to be used as 'private plots', which were distributed to the farmers to carry out private agricultural production. The produce from private plots could be used for self-consumption or sold in the market, which would allow the farmers to earn a private source of income. Household sideline production was a similar arrangement. The farmers were allowed to farm whatever they liked in the narrow strips of land around their houses and to trade their produce for a profit. In addition to these provisions, the Sixty Articles restricted the work hours that could be assigned to farmers, especially time spent on capital construction work (Lin, 2008: 625–760).

The second type of reforms in the Sixty Articles served to reduce the size of the People's Commune from a mega-unit to a three-tiered structure, each administered separately. From bottom to top were the production teams (which consisted of one or two villages), production brigades (which had eight production teams), and the commune (the combination of eight production brigades). It was required in the Sixty Articles that the assignment of work and the calculation of remuneration for farmers should take place at the production team. This was known as 'team-level accounting'. Since the team was the most local level to the farmers, team-level accounting established a more direct link between the work performance of farmers and the remuneration they received. Previously, accounting during the Great Leap Forward was carried out at the commune level, where the remuneration received by farmers depended mainly on how productive the commune was. Their individual performance mattered little in how much they got paid. The Sixty Articles also introduced the piece-rate work-point system as a new system of remuneration. It awarded work-points, which could be turned into payment in cash and/or in kind, to the farmers solely based on their work performance on specific pieces of farm work. Their class background (for example, whether they were descended from landlords) was disregarded under the Sixty Articles, unlike how things were during the Great Leap Forward.

To summarize, the Sixty Articles was designed to protect the basic rights and freedom of farmers, ultimately to ensure that agricultural production under the People's Commune would not be compromised, so that the

disaster of the Great Leap Forward would not repeat itself. The Sixty Articles represented a significant retreat from Mao's highly centralized vision of the People's Commune, which failed tragically during the Great Leap Forward. Mao hoped that once agricultural productivity had recovered, the measures in the Sixty Articles should be phased out, such that the commune could return to a more centralized model. The conservatives disagreed because they feared that so doing would cause productivity to plummet; moreover, since the Sixty Articles was well-received by the farmers, putting it aside would be a break of trust between the Party and the farmers. Mao did not want to compromise because he suspected that the Sixty Articles was a slippery slope towards capitalism. His worries were not unfounded. In some villages, the farmers worked much harder on their private plots and household sideline production than the collective farmland. Some villages secretly distributed the entire collective farmland (not only 5–7% of it) to farmer households as private plots. Mao launched the socialist education campaign (also known as the four clean-up campaign)¹ in 1962 to suppress these practices, which he interpreted as evidence for a 'resurgence of capitalism'. Work-teams were dispatched into villages to inculcate socialist ideology among cadres and to punish those who allowed the farmers more freedom beyond what was permitted in the Sixty Articles (Baum and Teiwes, 1968; Zweig, 1989).

To Mao, the socialist education campaign was already a compromise because its scope was restricted to punishing cadres who gave the farmers more personal autonomy than what was permitted under the Sixty Articles. It did not attack the legitimacy of the Sixty Articles, which was what Mao truly wanted to do but was unable to, due to political constraints. It was at this time that Tao Lujia, party secretary of Shanxi province, introduced Dazhai, a Shanxi village in the mountainous Xiyang county, to Mao. Tao told Mao that Dazhai was no ordinary village: after a devastating rainstorm wiped away farmland and houses in the village in 1963, Dazhai's residents turned away state relief and banded together to rebuild their homeland successfully. Mao was intrigued and commissioned a study of Dazhai, which revealed that Chen Yonggui, the local party secretary, took advantage of the rainstorm to abolish the provision of private plots and household sideline production, thus making all the farmland in Dazhai collectively farmed – the status quo of the Great Leap Forward. Chen also replaced the piece-rate work-point system of the Sixty Articles with the 'pacesetter work-point

1 The 'four clean-ups' referred to cleaning-up politics, the economy, organization, and ideology in the countryside, in order to eliminate any tendency to slip back to capitalism.

system', which used the class background of the farmers as the main criterion in the calculation of remuneration (*Dazhai's fengwu zhi*, 2007: 21–23; Xiyang county archive, 1964: 3–1–351).

Mao instructed Premier Zhou Enlai to uphold Dazhai as a national model in 1964. This marked the beginning of the 'In Agriculture, Learn from Dazhai' campaign, which lasted for 14 years. The rise of Dazhai divided the rural party line. On the one hand, there was the Sixty Articles, which formally defined the content of the rural party line. It had not been formally repudiated despite the start of the Dazhai campaign. On the other hand, there was Dazhai, which all villages were instructed to emulate despite its violation of the Sixty Articles. The Dazhai campaign was Mao's instrument to undermine the authority of the Sixty Articles. Throughout the course of the campaign, the conservatives sought to protect the Sixty Articles by instructing villages to emulate only the collective spirit of Dazhai, but not its actual policies. By contrast, the radicals, who were brought to power by Mao to launch the Cultural Revolution, promoted an even more controlling vision of socialism than Mao's. They demanded villages to follow Dazhai's example to restrict the rights and freedoms of the farmers, thus disregarding the Sixty Articles. Furthermore, they required village cadres to organize the farmers to study Mao Zedong Thought constantly, thus changing the primary focus of the commune from agricultural production to ideological indoctrination.

Factional balance of power at the party leadership

Mao elevated some of his trusted cadres into positions of power during the Cultural Revolution. I consider these newly installed leaders and the party veterans who agreed with their vision of socialism to be the 'radicals'. The radicals who were most actively involved in the Dazhai campaign were Lin Biao, Chen Boda, Jiang Qing, Chen Yonggui and Hua Guofeng. They considered political consciousness to be the most important determinant for motivating the farmers to carry out agricultural production, to the extent that material incentives were hardly necessary. They declared themselves the guardians of Mao's 'proletarian revolutionary line'. Since factions were formally prohibited in the Party, the radicals – and the conservatives too, for that matter – never referred to themselves a 'faction' or the like. However, I consider them to be a faction because they were a relatively organized, durable and coherent political force competing for power against their political rivals.

The radical faction was opposed by the conservative faction. Zhou Enlai and Deng Xiaoping were among the conservatives who protected the Sixty Articles during the Dazhai campaign. None of the conservatives benefited from the Cultural Revolution. Many were purged over the course of it. The political outlook of the conservatives was significantly more cautious than the radicals. They maintained that even if the farmers had strong political consciousness, it would still be impractical to replace material incentives with moral persuasion entirely as a means to motivate production. They emphasized that a one-size-fits-all approach could not work in rural China but local variations must be taken into account in the operation of the commune. They were criticized by the radicals as the 'followers of Liu Shaoqi', Mao's righthand man and state chairman (1959–1968) who was assaulted by the Red Guards, a student militia instigated by Mao, for betraying Mao's vision of socialism.

Despite the scholarly consensus view that policy fluctuations during the Cultural Revolution were the result of changing factional dynamics at the party centre, relatively little is known about the mechanisms through which central-level factions claimed control over agenda setting in this extraordinary period. Mao, who used to involve himself closely in policymaking, became increasingly withdrawn over the last decade of his life due to declining health. Mao's retreat to the second line aggravated political infighting (Brugger, 1981). In the context of rural policies, my research finds that both the radicals and conservatives used Dazhai as their puppet to project their respective policy agendas onto the rural party line. Although both factions were keen to play the role of the ventriloquist who pulled the strings of Dazhai, realistically, only the more powerful faction could do so at a given time. As will be examined in detail below, frequent personnel changes at the top during the Cultural Revolution were such that the radicals and conservatives alternated in playing the role of the ventriloquist every year or few years. The outcome of their power struggle was that the national rural policy agenda oscillated back and forth between radicalism and conservatism during the prolonged Dazhai campaign, with Dazhai alternately representing both positions. Radical interpretations of the 'Dazhai experience' were dominant in the central level discourse from 1967 to 1970 and from 1974 to 1976, when the radicals outpowered the conservatives. Conservative interpretations of the 'Dazhai experience' prevailed from 1964 to 1966, 1971 to 1973, and 1977 to 1978, when some key conservative figures returned to power. The years in which the radicals or conservatives were more powerful are extensively documented and widely agreed in the scholarship (see,

for example, Ahn, 1976; Brugger, 1981; Harding, 2011; MacFarquhar, 1997; Zweig, 1989).

Combine 'revolutionary spirit' with 'scientific attitude', 1964–1965

When the conservatives were dominant in the party leadership between 1964 and 1965, the central level discourse of the Dazhai campaign struck a careful balance between radicalism and conservatism. This could be seen, for example, from the first ever article on the Dazhai model in *Renmin ribao*, the mouthpiece of the party leadership. It was published in February 1964 and summarises the 'Dazhai experience' as follows: 'No matter how bad the natural conditions are, as long as we combine *revolutionary spirit* (emphasis added) with *scientific attitude* (emphasis added), we will certainly be able to achieve great things' (Sha and Fan, 1964). 'Revolutionary spirit' is described in terms of 'despising on difficulties' and 'conquering nature'. It is said to be illustrated in Dazhai's ten-year landscape transformation project from 1953 to 1963. 'Scientific attitude' is allegedly reflected in Dazhai's 'belief in technology'. The village's 'careful and gradual approach in conducting experiments' to increase agricultural productivity was also mentioned. The tone of moderation was also evident in other *Renmin ribao* articles on Dazhai that were published between 1964 and 1965. For example, one article elaborates 'scientific attitude' in terms of 'giving full consideration to objective conditions in building socialism' (*Renmin ribao*, 27 December 1965, p. 1).

Besides *Renmin ribao* articles, the balance between radicalism and conservatism was also evident in Zhou Enlai's speech to launch the Dazhai campaign in December 1964. Zhou said that every village should learn 'one principle, one spirit, and one style' from Dazhai: the principle of putting politics in command, the spirit of self-reliance and arduous struggle, and the communist style of loving the state and the collective. He referred to these three things as Dazhai's 'basic experience' and stressed that villages should take their 'concrete local circumstances' into account when learning from Dazhai, (Huang et al., 1992: 794). This signalled that villages should not transplant the specific measures of Dazhai that violated the Sixty Articles.

The local leadership of Dazhai followed the moderate tone of the party centre. For example, Tao Lujia, the party secretary of Shanxi, Dazhai's home province, said in 1965 that the way Dazhai carried out capital construction

work, which was in violation of the Sixty Articles, was a ‘specific experience’ that is not necessarily applicable elsewhere (Tao, 1965).

Combat self-interest, criticize and repudiate revisionism, 1966–1970

The careful balance between radicalism and conservatism was distorted between 1966 and 1970. The distortion was foreshadowed by the launch of the Cultural Revolution in August 1966, followed by the ‘Combat Self-Interest, Criticize and Repudiate Revisionism’ campaign in October 1967. The radicals capitalized on the campaigns to promote their vision of socialism. Their approach was embodied by the new political slogans they introduced, such as ‘struggling against economism’, ‘struggling against using economic laws (as opposed to ideological principles) to run the economy’, and ‘struggling against considering problems simply from the angle of production forces but not the angle of class struggle’. These were all veiled criticisms against the conservatives (Fan, 1967).

Dazhai’s pacesetter work-point system was introduced in the national media for the first time in March 1966. It was said that the question of whether the system should be adopted was a matter of debate between socialism and capitalism. Dazhai’s work-point system was extolled to be socialist on the grounds that it could nurture the revolutionary enthusiasm of the farmers or dampen their self-interest (*Renmin ribao*, 22 March 1966, p. 1). The Ministry of Agriculture claimed that the system had already been implemented by over 80% of production teams in Shanghai and Shanxi, and 60–70% of production teams in Shaanxi and Liaoning in 1967. Every province was urged to do their part to join this ‘prevailing trend’. In particular, it was stated that:

[...] there are some people [...] who are worried that implementing the Dazhai experience is inconsistent with the spirit of the ‘Sixty Articles’ [...] They even think that promoting the Dazhai experience is a technocratic exercise. All these [viewpoints] are wrong and must be overcome resolutely. Promoting the Dazhai experience is a revolution of production management. It must rely on Mao Zedong Thought as a weapon [...] (Xiyang county archive, 1967: 3–1–442)

Renmin ribao expressed approval of the abolition of private plots in Dazhai at this phase of the Dazhai campaign. It also condemned the provision

of private plots under the Sixty Articles for 'nurturing self-interest' and 'obstructing the proletarian class struggle' (*Renmin ribao*, 22 May 1966, p. 1). In the spring of 1968, Chen Boda and Lin Biao, radicals at the central level, established experimental points in Beijing and Hangzhou, respectively, to restrict private plots and rural trade fairs – where farmers could sell the products of their private plots to earn a private income. Chen required the farmers of Beijing's Sijiqing Commune to 'cultivate [their] private plots collectively as they do in Dazhai' (Zweig, 1989: 51, 56–57).

The radicalization of the Dazhai campaign was intensified in 1969, soon after Lin, head of PLA, was designated as Mao's heir-apparent in April. Lin shifted the emphasis of the campaign to the construction of capital works. He promoted the slogan 'one, do not fear hardship; two, do not fear death' to define the 'Dazhai experience'. He described the construction of capital works as a 'battle against nature', in which '700 million people (i.e. 700 million rural residents) become 700 million soldiers, and 10,000 miles of rivers and mountains (become) one military camp of 10,000 miles' (Domes, 1973: 643). This language was most certainly evocative of the Great Leap Forward, where the farmers were organized to carry out infrastructure construction around the clock in paramilitary fashion (Lin, 2008).

The local leaders of Dazhai were faithful to their role as the puppets of the factions, who acted as the ventriloquists. They expressed strong support for the radicalization of the Dazhai campaign. For example, Chen Yonggui, Dazhai's party secretary, harshly criticized the piece-rate work-point system instituted by the Sixty Articles. At the Second National On-the-Spot Conference of Learning from Dazhai in September 1967, he said:

What is wrong with the labour remuneration method of the past (i.e. the piece-rate work-point system sanctioned by the Sixty Articles)? In my view, first and foremost, it is against the teachings of our great leader Chairman Mao [...] It nurtures the selfish and distracted mindset of the farmers. It encourages the spontaneous spread of capitalism. It is intrinsically incompatible with Mao Zedong Thought. We can be certain that it does not put politics, but economics, in command (Xiyang county archive, 1967: 3–1–442).

Guo Fenglian also spoke at the conference. At that time she was an aspiring cadre of Dazhai who was groomed to succeed Chen Yonggui as the local party secretary. During the conference, she echoed Lin Biao by claiming that 'it is entirely possible for farmers to become an army of highly proletarianized

and militaristic labourers, just like the People's Liberation Army' (Xiyang county archive, 1967: 3-1-442).

Criticize mechanical imitation of Dazhai, 1971-1973

The radicalism of the Dazhai campaign was substantially moderated as a result of the internal conflicts within the radical faction. Chen Boda was gradually marginalized in 1970. Lin Biao died a mysterious death in September 1971, allegedly after a failed coup against Mao. The conservatives took advantage of the split in the radical faction to control the discourse of the 'Dazhai experience'. They reframed the Sixty Articles as 'the Party's rural economic policies formulated by Chairman Mao' in policy documents. Their claim was that communes that did not implement these policies were 'not equipped with Mao Zedong Thought' (*Renmin ribao*, 18 February 1971, p. 1). Another feature of the central discourse between 1971 and 1973 was the rhetoric that only the 'basic experience' of Dazhai should be learned, while 'mechanical imitation' of its 'specific experience' – i.e. the measures of Dazhai that violate the Sixty Articles – should be avoided (*Renmin ribao*, 23 September 1970, p. 1). The leaders of Dazhai toed the moderate central rhetoric. For example, the local party branch published an article to stress the need to adopt a 'scientific attitude' to learn from Dazhai and discourage mechanical imitation of Dazhai's policies (Xiyang county archive, 1972: 3-1-572).

The Northern Districts Agricultural Conference that was held in August and September 1970 affirmed the return to pragmatism. The conference called for restoring payment according to work, team-level accounting and the provision of private plots to farmers. Cadres were told that they should postpone the implementation of Dazhai's pacesetter work-point system if they thought that the 'ideological consciousness of the farmers was not high enough'. Furthermore, they were asked not to 'act rashly' to raise their ideological consciousness – a veiled warning against the abolition of private plots (Zweig, 1989: 36). The conference introduced a new goal of the Dazhai campaign: building 'Dazhai-type counties'. The most important criterion of a Dazhai-type county – a theme that would be picked up by the central leaders again in 1975 – was the level of grain production, rather than a high level of ideological consciousness, being the preoccupation of the radicals. A State Council directive in 1971 reiterated the importance of implementing 'the Party's rural economic policies' (aka the Sixty Articles) and not learning from Dazhai mechanically (*Zhonggong nianbao*, 1976: IV-2).

Revolution in the superstructure, 1974

The central level discourse on the Dazhai campaign was re-radicalized in 1974, when Mao supported the radicals to return to power. In April 1974, *Renmin ribao* published a front-page article to criticize the conservative trend of the Dazhai campaign over the previous few years. The article states that 'some revisionists in authority' had 'raised some so-called reasonable suggestions in order to weaken the collective'. It urges cadres to resist 'spontaneous capitalist resurgence' and persist in struggling against capitalism.

In August 1974, Jiang Qing, wife of Mao and a radical leader, upheld Xiaojinzhuang village in Tianjin to be a model for launching 'revolution in the superstructure', which became the new focus of the Dazhai campaign. Xiaojinzhuang was commended for struggling against 'feudal, bourgeois and revisionist trash'. It was also credited for creating 'ten new things' that represent the 'proletarian new ideology and culture'. Although these 'ten new things' had nothing to do with Dazhai, it was asserted in the central discourse, now controlled by the radicals, that they helped villages to learn from Dazhai more effectively. They were:

1. creating a political evening school attended by every farmer three times per week;
2. training 58 Marxist-Leninist theorists among poor and lower-middle farmers;
3. giving talks on history;
4. staging model revolutionary plays;
5. establishing spare-time literary and art propaganda teams;
6. encouraging mass participation in poem and song composition;
7. setting up a library;
8. telling revolutionary stories;
9. developing mass athletic activities; and
10. changing old customs and habits (*Renmin ribao*, 4 August 1974, p. 1).

The materials for cadre training produced by the Dazhai party branch in 1974 emphasized that the Dazhai campaign should be concerned with struggling against revisionism above all else. It was said that agricultural production was only a 'small thing', while becoming an expert in theory was a 'big thing' because it contributes to 'struggling against revisionism'. Soon after Xiaojinzhuang's 'ten new things' were promoted in the national media, Dazhai announced that it, too, had created 'ten new things', being:

1. a Marxist theoretical contingent;
2. a spare-time literary and art performing troupe;
3. a contingent of literary writers;
4. a revolutionary music band;
5. a contingent of story tellers;
6. a movie projectionist team;
7. a contingent of newspapermen;
8. red and expert librarians;
9. a contingent of energetic athletes; and
10. a contingent of artists (*Current Scene*, 1975: 29).

Popularization of Dazhai-type counties, 1975–1976

In January 1975, the conservatives successfully incorporated some key provisions of the Sixty Articles into the state constitution,² which anticipated the de-radicalization of the Dazhai campaign. At the First National Conference on the Learn from Dazhai Campaign in September 1975, Hua Guofeng, Mao's newly appointed heir-apparent, shifted the focus of the campaign from revolution in the superstructure to the popularization of Dazhai-type counties. He declared the goal of turning at least one-third of China's 2,200 counties into Dazhai-type counties by 1980. He introduced six criteria for a Dazhai-type county:

1. a strong party leadership at the county level that consistently carries out the basic line and policies of the Party;
2. ascendancy of poor and lower-middle peasants;
3. participation in labour by cadres at the county, commune and brigade levels;
4. speedy and substantial results in large-scale capital construction works, mechanization of agriculture and scientific farming;
5. steady expansion of the collective economy, with the production and income of poor communes and brigades brought up to the average in the locality; and
6. all-round development and increased output in agriculture, forestry, livestock breeding and sideline production, increase in contributions to

2 The Sixty Articles provisions written into the 1975 constitution were concerned with team-level accounting, the permission of private plots and sideline production by households, and the principle of payment according to work (as opposed to egalitarianism).

the state, and steady improvement in the living standards for commune members (*Renmin ribao*, 15 October 1975, p. 2).

Hua's criteria attend to the priorities of the radicals and conservatives equally. The first criterion gives equal weight to the Party's 'basic line' – defined at that time as the radical policy agenda of class struggle, as well as 'policies' – i.e. the Sixty Articles – which embodied the conservative agenda. The second and third criteria are radical leaning. The fourth criterion emphasizes that massive capital construction, an obsession of the radicals, should be carried out steadily, as the conservatives would have liked. The balance between radicalism and pragmatism in this criterion was also reflected in the mention of agricultural mechanization, which both factions considered to be important. The fifth and sixth criteria are leaning in favour of the conservatives' vision of socialism.

The process for popularizing Dazhai-type counties stipulated by Hua also reflects a tactful balance between radicalism and pragmatism. The ultimate goal of Dazhai-type counties was said to be commune-level accounting, the most centralized and egalitarian system of production and distribution that was possible within the People's Commune. Hua did not impose a deadline for counties to attain the goal. He also stressed on the importance of taking local circumstances into account, which implied that carrying out 'revolution in the superstructure' was impractical. In addition, he affirmed the validity of the key provisions of the Sixty Articles. He said:

Each county should set up their own timetable and procedures and take concrete local circumstances into account when nurturing Dazhai-type counties [...] The current system of the People's Commune, which is a three-tier system, with the production team as the basic accounting unit, is suitable for most counties. However, when more Dazhai-type counties are established, the transition to brigade-level and commune-level accounting should be made (*Renmin ribao*, 15 October 1975, p. 2).

At the same conference where Hua made the above announcements, Dazhai's Guo Fenglian also gave a speech. In contrast to Hua's balanced approach, she focused only on the radical dimensions of the Dazhai campaign. This was the first time in which Dazhai's local leadership did not follow the discourse of the dominant faction at the party leadership. This might be because Hua's balanced approach provided room for a radical interpretation of the Dazhai campaign. Another possible reason was that Guo felt emboldened because her radical leaning predecessor, Dazhai's

former party secretary Chen Yonggui, was elevated by Mao to the vice premiership in 1975. In the interest of balance, after reporting Guo's speech on 25 September 2015, *Renmin ribao* published an article by one of its correspondents with a conservative interpretation of the Dazhai campaign on the next day.

Guo reportedly said:

Our experience in the past two decades has taught us that we must fight capitalism every year, every month and every day. We must fight it whenever it emerges and tear off whatever masks it wears. It is through struggle that we have learned how to persist in the socialist direction [...] We should persist in the principle of enlarging the collective economy relentlessly [...] in order to arouse the socialist enthusiasm of the farmers ... (*Renmin ribao*, 25 September 1975, p. 2).

The correspondent of *Renmin ribao* wrote:

It is only through the implementation of the Party's policies that Dazhai-type counties could be popularized. We must take the important questions related to ownership and distribution seriously. We cannot change these policies at random [...] we must persist in implementing the Party's current policies on brigade management (*Renmin ribao*, 26 September 1975, p. 1).

Reaffirmation of the Sixty Articles, 1977–1978

The careful balance between radicalism and pragmatism in the central discourse of the Dazhai campaign tilted in favour of pragmatism gradually. It came after the 'Gang of Four' were arrested in October 1976, and Deng Xiaoping, a leading conservative, was reinstated to the central leadership in July 1977. The 'Gang of Four' was the derisory term the conservatives gave to four of the most radical central leaders who rallied around Mao to carry out the Cultural Revolution.³ In the central discourse, the Xiaojinzhuan model was repudiated as Jiang Qing's 'plot' to 'oppose Dazhai's red flag' (*Renmin ribao*, 12 January 1978, p. 2). Xiangxiang village of Hunan, where Hua was provincial party secretary from 1970 to 1977, was named a model

3 They were: Jiang Qing, Zhang Chunqiao, Yao Wenyuan and Wang Hongwen.

for ‘conscientiously implementing the Party’s rural economic policies’ throughout the Dazhai campaign (*Renmin ribao*, 5 July 1978, p. 1). The return to moderation was also reflected in *Renmin ribao* repeatedly using negative models to criticize Dazhai’s commune policies. Below was a typical example:

Some farmers said, ‘the more we learn from Dazhai, the less we have to eat!’ Indeed, ever since some people’s communes have carried out brigade-level accounting and replaced the work-point system that is proven to be effective with Dazhai’s work-point system, the farmers have lost their enthusiasm in carrying out agricultural production. As a result, productivity has plummeted, the collective has been drained, the farmers have become poorer, the amount of grain sold to the state has dropped, and the number of communes and brigades relying on sent-back grains and state loans has continued to rise (*Renmin ribao*, 5 July 1978, p. 1).

In July 1978, Xiyang, the home county of Dazhai, announced that their communes were no longer undertaking capital construction works based on the principle of *hugan dagan* (working through hardship and doing a great deal). This was an initiative in which Dazhai (in)famously took the lead, and it often involved overworking the farmers in a manner that was prohibited in the Sixty Articles. Xiyang’s new approach was *hugan jia qiaogan* (working through hardship skilfully). Dazhai’s leaders extolled it to be more scientific. It reduced the number of workdays for capital construction works and increased the use of heavy machines. The change from *hugan dagan* to *hugan jia qiaogan*, which served to de-radicalize the Dazhai campaign, was consistent with the prevailing conservative discourse at that time (Xiyang county archive, 1978: 3–1–965).

Repudiation of Dazhai and political theatre models

The party leadership did not formally call an end to the Dazhai campaign. However, it strongly reaffirmed the Sixty Articles, which was in tension with Dazhai. This caused the campaign to lose momentum by the end of 1978. It followed that in August 1980, the party committee of Shanxi, Dazhai’s home province, submitted a self-criticism report to the party leadership, which stated that the provincial implementation of the Dazhai campaign was unsatisfactory. This anticipated Chen Yonggui’s resignation from the

vice premiership a month later. In November 1978, the party leadership transmitted the Shanxi report together with a new set of guidelines on model emulation to all provinces and central ministries. The guidelines were significant because they represent the repudiation not only of Dazhai, but also political theatre models.

The new guidelines stated that in order to consolidate the 'advanced nature' of models, the authorities should provide them with political and ideological guidance at all times. This was an implicit suggestion that Dazhai had gone off the rails. It was also stated that 'unrealistic expectations' should not be placed on local areas that were upheld as models. Moreover, if these areas lost the attributes that enabled them to be selected as models in the first place, their model status should be scrapped (Huang et al., 1992: 883–885; *Renmin ribao*, 17 July 1978, p. 1). Cadres were warned against exaggerating a model's achievements, concealing its failings, or supplying a local area with resources to make them model-worthy artificially. These injunctions alluded to the heavy state involvement behind Dazhai's success. From Dazhai's local archives and subsequent official reports, it emerged that the claim Tao Lujia, the Shanxi party secretary, made to Mao in 1963 – Dazhai's residents 'relied on their own hands' to rebuild their homeland after the devastating flood – was an exaggeration. In reality, after the flood, Dazhai received a windfall of resources from the Shanxi government. These included farm machines, fertilizers, and a high-power electric cable to transport construction materials. Furthermore, over 1,000 able-bodied labourers were sent from nearby communes to Dazhai. This represented over 500% increase in the labour supply of the village, which only had 160 able-bodied labourers (*Dazhai fengwu zhi*, 2007: 50–51; Xiyang county archive, 1964: 3–1–351). Once Dazhai was designated as a model for nationwide emulation in 1964, capital construction works of the village became a matter of national planning and coordination. The best expertise and technology available in the nation was funnelled to Dazhai. For example, the army constructed a state-of-the-art canal skirting mountains to supply irrigation to over half of Dazhai's farmlands (*Current Scene*, 1975: 27). It also dug several reservoirs in the village to provide water storage (*Dazhai fengwu zhi*, 2007: 33). If Dazhai was a stage in a theatre, the new infrastructure and landscapes were the sets constructed to prop up a self-referential reality that it was a glamorous model. The 1978 central guidelines on model emulation stressed that local areas should achieve the status of a model solely based on the 'outcome of the collective wisdom and diligence of the masses' (*Renmin ribao*, 17 July 1978, p. 1). The emphasis on authenticity reflected badly on Dazhai's eagerness to toe the shifting whims of the party centre. It also hinted at disapproval

of the windfall of resources it received. Since artificiality was a key feature of political theatre models, the downfall of Dazhai also marked the end of political theatre models in the policy process.

Conclusion

Despite regime consensus on the necessity of socialist transformation, the party leadership in the late Mao era was bitterly divided over the approach. There were three visions of socialist transformation for the countryside. Mao's vision was to build a highly centralized People's Commune. The vision of the conservatives was to strike a balance between collectivization and personal autonomy, in order to provide sufficient material incentives for the farmers to work hard in the People's Commune. Their vision was repudiated by the radicals. They went a step further than Mao, by trying to turn rural residents from 'mere' farmers into ideologues of socialist theories. These three visions of socialist transformation contended with each other during the 'In Agriculture, Learn from Dazhai' campaign from 1964 to 1978. The factions in power seized the Dazhai model as a blank canvass to project their competing visions of socialism. Only the faction that dominated the party leadership could control the authoritative interpretation of the 'Dazhai experience'. The extreme fluctuations of the 'Dazhai experience' were such that whether Dazhai could be emulated became a matter of secondary importance; whereas using Dazhai to signal the party leadership's ever-shifting policy preference was made the primary concern.

Policy fluctuations during the Dazhai campaign were also due to the changing relationship between the two factions and Mao at the time. The radicals and conservatives were keen to direct the party line as they – rather than Mao – preferred, but both felt compelled to pay tribute to Mao. The Cultural Revolution empowered Mao after his authority was undermined by the failure of the Great Leap Forward. He leveraged his newfound power to purge party elites from both factions at various points in time, so as to make the factions beholden to him. It was such that no faction could be politically secure. Since Mao was ultimately in charge of personnel decisions at the top, it was in the interest of all party elites to display loyalty to him. Hence, once Zhou Enlai made it known that it was Mao's decision to launch the Dazhai campaign, both factions seized the campaign as a vehicle to signal their policy preference. Neither went outside the campaign to do so. Jiang Qing and Hua Guofeng emphasized that their respective

rural models, Xiaojinzhuan and Xiangxiang, were examples of learning from Dazhai, rather than alternatives to the Dazhai model. Whenever the conservatives tried to reinforce the legitimacy of the Sixty Articles, they presented themselves as the vanguards of 'the Party's economic policies', which they attributed to Mao. As a result of the intervention of the radicals and conservatives, competing perspectives on socialism were forced onto the Dazhai campaign, so much that the Dazhai model lost any intrinsic meaning. If we see it in this light, the denunciation of Dazhai towards the end of the Dazhai campaign was not primarily an attack on Dazhai, which lacked local agency in practice, but a repudiation of the practice of cramming opposite visions of socialism into a single model. The latter discredited not only Dazhai, the Sixty Articles and collective agriculture, but also the credibility of the party leadership.

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3 Decollectivizing Anhui: The Emergence of Market-oriented Socialism in the Countryside, 1979–1980

Abstract

The Sixty Articles, the raft of measures that were introduced to protect the rights of the farmers after the Great Leap Forward (1958), was severely discredited during the ‘In Agriculture, Learn from Dazhai’ campaign (1964–1978). Towards the end of the campaign, the party leadership reaffirmed the legitimacy of the Sixty Articles in a desperate attempt to boost agricultural outputs. However, many rural cadres did not believe that the Sixty Articles would last. Therefore, they continued to flout the Sixty Articles and restricted the rights of the farmers. In the midst of the policy impasse, Wan Li groomed his province, Anhui, into a factional model of the household responsibility system, which marginalized the Sixty Articles. This foreshadowed rural decollectivization nationwide.

Keywords: Anhui; household responsibility system; Hua Guofeng; People’s Commune; rightful resistance; Wan Li

With the arrest of the Gang of Four in 1976 and the death of Mao in 1977, the factional division between the radicals and conservatives at the leadership of the Chinese Communist Party (CCP) was gradually superseded by the split between the loyalists and survivors. The loyalists sought to defend Mao’s legacy to the greatest possible extent. The survivors believed that undermining Mao’s legacy was necessary for the Party and the country to step out of the shadows of the Cultural Revolution. Although the loyalists and survivors wanted different things, there was scope for compromise. As we will see in this chapter, Hua Guofeng, the *de facto* head of the loyalist faction, advocated for policy moderation in the hope of reaching a consensus with the survivor

faction. The party elders in the survivor faction were slow to take up a firm position on how much and which part of Mao's legacy should be abandoned. However, the younger survivors were open-minded to parting ways with the Mao era in a thoroughgoing manner. They included Wan Li, the party secretary of Anhui, who cultivated his province into a factional model of the household responsibility system (*baochan daohu*, HRS) in order to build consensus in his faction to topple collective agriculture. The HRS is an arrangement that divides up and contracts out the entirety of the collectively owned farmland to individual farmer households for their private cultivation under two conditions: first, the farmer households should submit a pre-agreed quota of produce to the commune after harvest in return for a pre-agreed payment; second, in addition to farming their contracted land, the households should also contribute funds to the commune to help with the cost of maintaining communal facilities and providing welfare benefits to poor households.

Wan advocated a market-oriented vision for rural China. It asserts the importance of protecting the individual rights and freedoms of the farmers far beyond what is permissible under conservative socialism (see Chapter 2). It emphasizes material remuneration, downplays the relevance of ideological indoctrination, and accepts that a socialist vision for rural China could be limited to the system of collective land ownership. This means that the pursuit of an egalitarian system of remuneration or a centralized system of agricultural production, which defined Mao's goals for rural China, should be completely abandoned. Wan's vision could be called market-oriented socialism. Some might object to calling it socialist, given the extent to which it devalues the Marxist tenet of 'from each according to his ability, to each according to his needs'. Regardless of how we might see it, Wan defended his vision to be socialist on the ground that collective land ownership was maintained. Market-oriented socialism underlined Wan's campaign for the HRS – a major challenge against the rural party line. Throughout the process of promoting Anhui, Wan eschewed attaching any ideological labels to his actions. In fact, he couched his campaign in an a-ideological discourse. Specifically, it was the discourse that was purveyed by the conservatives since the late 1977, namely that 'practice is the sole criterion for testing truth'. It asserts that no policy is right or wrong *a priori*, even if a particular ideological perspective says so; moreover, it is only through trial-and-error that the best policy can be discovered (Baum, 1994: 58–65). The slogan originated in Mao's writings but the conservatives and Wan used it to attack Mao's socialist vision for rural China (see Chapter 1).

Wan's a-ideological discourse served to mask the reality that the HRS betrays Maoism. He presented the HRS as a common-sense policy that was

demanded by the farmers, whose resistance against collective farming was framed as the only reasonable response. In the Mao era, the HRS was repudiated repeatedly. When Wan advocated it for Anhui, the HRS was prohibited in the rural party line. Wan's appeal for the HRS eventually won over Deng Xiaoping, the *de facto* leader of the survivor faction who enjoyed unparalleled prestige in the Party after Mao's death. The success of the Anhui model foreshadowed rural decollectivization nationwide.

The loyalists and survivors in the party leadership

As the Dazhai campaign de-radicalized in the late 1970s/early 1980s, the factional-ideological divide among party elites gradually shifted from the competition between the radicals and conservatives to that between the loyalists and survivors. The survivors' faction comprised party elites who were recently rehabilitated after having been purged during the Cultural Revolution. There were two types of survivors. The first type of survivors were the senior survivors. They consisted of party elders who were rehabilitated after being purged during the Cultural Revolution, such as Deng Xiaoping and Chen Yun. The second type of survivors, who were the junior survivors, included party cadres who were promoted by the senior survivors to the party leadership after the Cultural Revolution. Most of them were in their early 60s, which made them at least a decade younger than the senior survivors, who were their political patrons. The junior survivors who were rising political stars were Hu Yaobang, Zhao Ziyang and Wan Li, all being protégés of Deng Xiaoping.

Having experienced the calamities of the Cultural Revolution, the survivors were desperate to make a clear break from the negative aspects of Mao's legacy. This would require them to undermine, if not repudiate, a significant part of Mao's legacy. However, given the unparalleled stature of Mao and the extent to which the Party's reputation was linked to him, the survivors struggled to come up with a strategy of de-Maoification. The senior survivors, who were Mao's contemporaries, were very cautious on this issue. Their hesitancy provided an opportunity for the junior survivors, especially Wan Li, to lead the way in taking steps to transition out of the Mao era boldly. Wan did so by pushing for the rehabilitation of the HRS, which was prohibited by Mao and antithetical to his vision of socialism.

The survivors were opposed by the loyalists, being party elites who were committed to defending Mao's legacy. There were three types of loyalists after the Cultural Revolution. The first type consisted of cadres who gained

power during the Cultural Revolution, such as Hua Guofeng, the *de facto* leader of the loyalists' faction, Ji Dengkui, Wu De, Wang Dongxing and Chen Xilian. The second type of loyalists were party elites who were shielded by Mao from attacks by the Red Guards during the Cultural Revolution, such as Li Xiannian and Ye Jianying. The third type of loyalists were party elites who professed personal loyalty to Mao despite having been purged during the Cultural Revolution, such as Wang Renzhong. Before further elaboration of the factional-ideological conflicts surrounding the HRS, it is necessary to begin our enquiry with the policy context of rural China after the downfall of Dazhai.

The Sixty Articles was re-promulgated to bolster collective agriculture

The national media painted a picture of unprecedented rural prosperity during the Dazhai campaign, celebrating bumper harvests and the completion of many construction projects (*Renmin ribao*, 2 April 1974, p. 4). However, the official assessment of the countryside turned sour as the campaign was winding down. For example, *Renmin ribao* reported in 1977 that one billion acres of farmland were severely affected by drought or flood; moreover, only a quarter of farmland produced a high and stable yield (*Renmin ribao*, 8 October 1978, p. 2). In 1978, the party leadership anxiously revealed that food availability was 'very tight': the amount of food available per person in 1977 was the same as the level for 1955 (Hu; 1978; Li, 1978). A looming food crisis aside, power abuse was rampant in the commune. Beginning in 1978, the central authorities began to call out commune cadres for assigning farmers to undertake capital construction work in lieu of compensation. The misappropriation or outright theft of the fund by commune cadres was widespread. Moreover, many farmers were underpaid because cadres pocketed the revenue of the commune for themselves. It was also common practice for cadres to maintain a huge fiscal reserve that was disproportionate to the commune's income (*Renmin ribao*, 15 February 1978, p. 1). It was no wonder that many farmers were deeply disillusioned with the commune.

Hua Guofeng played a decisive role in introducing a raft of measures to address these problems. He was able to leverage his expertise in rural policy, which surpassed most of his colleagues, as well as his unique identity as Mao's designated successor to obtain a first-mover advantage to take control over rural policy. Before being promoted by Mao to the party leadership in 1976, Hua spent nearly two decades working on agricultural

collectivization in Hunan province (Teiwes and Sun, 2016: 16–47; Weatherley, 2010). After the death of Mao, Hua, as Chairman of the CCP, ascribed low agricultural productivity and low public trust in the commune to two causes: low state investment in agriculture and the lack of implementation of the Sixty Articles. He believed that these problems made life miserable for the farmers (or, using the official phrase, ‘aggravated the farmers’ burden’) and facilitated commune cadres to abuse power. Hua’s diagnosis was accepted by his colleagues across factions. The result of this was an increase in the amount of state fund expended on rural capital construction works from 4.23 billion *yuan* in 1978 to 5.04 billion *yuan* in 1979, being a rise of nearly 20%. It was announced in 1978 that the mandatory quota of state grain procurement would be capped at the level during 1971–1975, in order to lighten the workload of the farmers. Furthermore, the procurement price for the mandatory quota of grain would be increased by 20%, and for grain sold to the state on top of the mandatory quota, an additional 50% (*Renmin ribao*, 24 December 1978, p. 1). Taxes for poor communes were reduced or waived beginning in 1979. More than five billion *yuan* of the central government’s revenue was lost due to these measures (Yu, 1979). To compensate for the loss and to increase state investment in agriculture, over 240 billion *yuan* of national expenditure was pumped into agriculture in 1979, being the highest recorded ever under CCP rule (*Renmin ribao*, 25 June 1979, p. 1). This figure excludes the state fund expended on importing 10–20 million tonnes of food every year from 1979 to compensate for the reduction in mandatory grain procurement (Zhao, 2009: 115).

Besides lavishing state funds on agriculture, Hua launched a campaign to rebuild the legitimacy of the Sixty Articles, which was tarnished by the frequent policy oscillations during the Dazhai campaign. Since Hua was at best half-hearted in his support for the Sixty Articles during the Dazhai campaign, his campaign for the Sixty Articles in 1978 represented a major shift in his position. It was a tactical move. Hua was aware that despite his special relationship with Mao, his prestige at the top leadership was surpassed by senior party veterans, and most were his factional rivals, the survivors (Weatherley, 2010). They included Deng Xiaoping, who defended the Sixty Articles consistently during the Dazhai campaign. By making this U-turn, Hua hoped to extend an olive branch to the survivors, which should make it easier for him to hold on to power. To re-legitimize the Sixty Articles, Hua steered the party leadership to promulgate a revised version of the document in 1978. In this revised document, all the important provisions of the previous version were retained, including measures to protect the rights and freedoms of the farmers, such as the provision of private plots, household sideline production

and accounting at the production team level. That said, the revised Sixty Articles also drew a red line on how far the state could protect the rights of the farmers: the HRS was expressly prohibited (Xin, 2012).

Rural cadres boycotted the re-promulgated Sixty Articles

The raft of new measures and the increase in state investment in agriculture were effective in raising agricultural productivity. However, the increase still fell short of state expectations. In the Sixty Articles that was re-promulgated in 1978, ambitious targets were set for grain output, fertiliser output, number of capital construction works completed and acreage of cultivable land (Huang et al., 1992: 902–909). But it soon emerged that these targets were unrealistic, which explained their conspicuous absence from the ‘Decision of the Party Leadership Concerning Several Questions on Accelerating Agricultural Development’ promulgated in 1979 (Huang et al., 1992: 910–918). The state fund lavished on agriculture did reduce the pressure placed on the farmers, but it came at the expense of increasing national debt to a dangerously high level. The party elders from both factions took serious issue with the annual national debt in 1979 and 1980, which ballooned to over 100 billion *yuan*. Chen Yun, a survivor, proposed slashing the national expenditure significantly to achieve a fiscal credit balance, even if it would most certainly lead to an economic slowdown in 1981. Li Xiannian, a loyalist, even pressed for a fiscal surplus. The severity of the situation prompted the party leadership to reduce agricultural subsidies and investment significantly in July 1980 (Zhao, 2009: 112).

If significant state investment in agriculture was no longer possible, would policy reform be a low-cost alternative to bolster agricultural productivity instead? Hua seemed to have entertained this possibility when he re-promulgated the Sixty Articles. After all, the purpose of the Sixty Articles was to re-legitimize policies that were proven to be effective in increasing productivity after the Great Leap Forward but came under attack during the radical phases of the Dazhai campaign, such as the provision of private plots for farmers (see Chapter 2). If these policies were implemented well, they should indeed provide a low-cost alternative to state investment for raising agricultural productivity. Yet, the reality was that rural cadres commonly boycotted the Sixty Articles even after Dazhai was repudiated. They withheld from farmers the right to maintain private plots, carry out household sideline production, and trade in rural markets. It was mentioned in a notice issued by the party leadership in April 1979 that a ‘minority of cadres’ boycotted the

Sixty Articles because they misinterpreted ‘the Party’s current rural policies’ to be ‘rightist’, ‘over the top’, and ‘will be reversed sooner than later’ (Huang et. al., 1992: 917–920). Later in the year, provincial sources revealed that the boycott of the Sixty Articles was widespread. It was also reported that rural cadres often did not believe that the re-promulgated Sixty Articles could last for very long at all (*Zhonggong nianbao*, 1980: II–97–100). Xi Zhongxun, the party secretary of Guangdong province, provided a glimpse of the dismal situation:

In Guangzhou’s villages, there is the idea that ‘the farmers are afraid of change and the cadres are afraid of the Right [...] some farmers are worried that the Party’s policies (i.e. the Sixty Articles) may be reversed. They also fear that the cadres are red-eyed (i.e. jealous of their assets) and the good days will be short. Some cadres at the grass-roots level [...] fear making mistakes. They (*sic.*) said that some farmers said the Communist Party ‘formulates policies in times of difficulties, changes policies when the situation improves and repudiates policies during campaigns’. They are afraid that once the situation improves, the ‘small freedoms’ (i.e. private plots, sideline production, and rural trade fairs) will disappear (*Zhonggong nianbao*, 1980: II–98–3).

The radio broadcast in Guizhou province recounted a similar story:

The first fear of the farmers is that the quota of mandatory grain procurement will be changed [...] Their second fear is that the operation and management of the People’s Commune will be changed, and as a result, they will no longer be remunerated based on their work performance. Their third fear is that their small freedom, such as private plots [...] will not last. Their fourth fear is that rural trade markets will be stopped (*Zhonggong nianbao*, 1980: II–98–2).

Due to the widespread perception at the grassroots that the re-promulgated Sixty Articles would be short-lived, many rural cadres refused to put it into implementation. According to a *Renmin ribao* editorial in September 1979, the implementation of the ‘small freedoms’ guaranteed in the Sixty Articles, such as the provision of private plots, household sideline production, and team-level accounting, was ‘very uneven when viewed at a regional level’. It was stated that:

Some places still haven’t [...] conscientiously implemented the rural economic policies (i.e. the Sixty Articles). Some places [...] still restrict the

'small freedoms' that are permitted by these policies and delay the return of private plots to the farmers [...] (*Renmin ribao*, 17 September 1979, p. 1).

Renmin ribao reported in October 1979 that 10% of the 2,000 villages in Yanshan county of Hebei province performed 'relatively well' in implementing the Sixty Articles. For the remaining 90% of villages, 20% 'put some measures into practice in a way that caters to their taste', 60% 'read them (i.e. provisions of the Sixty Articles) aloud once in the broadcast and didn't do much', while the remaining 10% 'suppressed the 'small freedoms' guaranteed by the Sixty Articles' (*Renmin ribao*, 4 October 1979, p. 2). It was acknowledged at the central level that a key reason why the rural cadres did not believe in the Sixty Articles was because rural policies 'changed too many times in the past' (*Renmin ribao*, 17 September 1979, p. 1). The frequent policy oscillations during the Dazhai campaign primed rural cadres into thinking that policy moderation would always be followed by re-radicalization. Their perception was also informed by the fact that under Mao, cadres who were most aggressive in confiscating private assets from farmers often found favour with the state (Dazhai's Chen Yonggui was a well-known example, Chapter 2), while cadres who were willing to accommodate the farmers' demands for autonomy were much more susceptible to being punished (Zweig, 1989). For all these reasons, many rural cadres withheld the 'small freedoms' guaranteed in the Sixty Articles out of self-interest. The failure of the Sixty Articles provided the political conditions for the rehabilitation of the HRS.

The household responsibility system (HRS): Decollectivization in all but name

The resurgence of the HRS in Anhui was at the heart of the factional-ideological conflict over the rural policy line that divided the survivors and loyalists. The main character of this conflict was Wan Li, the party secretary of Anhui and a younger survivor who was desperate to restore his province's dwindling agriculture. There was no evidence that shows that a main motivation of Wan was to get rid of Hua. However, Wan most certainly considered Hua to be an obstacle to the legitimization of the HRS and knew that the rehabilitation of the HRS would undermine Hua's authority. This was because Hua derived his legitimacy from being the defender of the legacy of Mao, who was extremely hostile towards the HRS (Baum, 1994: 43).

The provisions of private plots (5–7% of the collective farmland) and household sideline production in the Sixty Articles were made on the

condition that the majority of the collectively owned farmland would be collectively farmed. By contrast, the HRS permits the entirety of the collectively owned farmland to be cultivated on a household basis. It therefore decollectivizes agricultural production. The farmers are at liberty to decide on what to farm, how to farm, and what to do with their produce as long as they have satisfied their contractual obligations. The HRS also decentralizes the calculation of remuneration for the farmers. Whereas the main determinant of the income for farmers under the Sixty Articles is the level of agricultural outputs of their village, farmer remuneration under the HRS depends solely on their individual work performance. The HRS is therefore a fairer and more attractive system to the farmers compared to the arrangements under the Sixty Articles.

The loyalists strongly disapproved of the HRS because it undermines the centralized nature of the commune. They also believed that the HRS would inevitably lead to the re-emergence of class cleavages. Their reasoning was that since the HRS leaves the farmers on their own to carry out agricultural production, farmers who are more skilful or resourceful than others will outperform their peers. They might even become landlords who hire other farmers to work for them. The loyalists also criticized the HRS for reducing the economy of scale in production, hence inhibiting large-scale agricultural mechanization. Their reservations showed that they remained loyal to Mao's vision of socialism (Ma and Ling, 1998; Xu and Du, 2008). The survivors avoided critiquing the HRS harshly. That said, many survivors did not view the HRS favourably because they did not believe in collectivization. In particular, the senior survivors, such as Deng Xiaoping and Chen Yun, distanced themselves from the HRS in public (Teiwes and Sun, 2016). Previously, they were the chief drafters of the original Sixty Articles that was promulgated after the Great Leap Forward. This suggested that although they disagreed with Mao's vision of socialism, they, too, were invested in preserving collective agriculture.

Some scholars argued against a factional or ideological angle to study the rehabilitation of the HRS. They maintained that it was the farmers who secretly implemented the HRS on their own initiative. They emphasized that the party elites – whether the survivors or loyalists – were always against the HRS until public pressure became so overwhelming that they had no choice but to concede to the farmers' demands (Zhou, 1996). Other analysts reasoned that it was solely due to the national financial crisis, an unintended consequence of the heavy state investment in agriculture, that led the senior survivors to approve of the HRS as the last resort for increasing agricultural productivity (Teiwes and Sun, 2016). These are very sensible hypotheses.

However, if we take the broad picture into account, a factional-ideological angle to explain the resurgence of the HRS is unavoidable. The cultivation of Anhui into an HRS model showed that although the senior survivors were undecided until late 1980, the younger survivors, especially Wan Li and his ally Du Runsheng, deputy chief of the State Agricultural Commission, were pushing for the legitimization of the HRS since late 1979, when high national debt and inflation were not on the horizon. Moreover, even before Deng gave the green light for the HRS to be adopted nationwide, he discretely allowed Anhui to experiment with the HRS in October 1979, when the system was still a political taboo. Deng Liqun, a senior survivor, and Hu Yaobang, a junior survivor, supported Anhui to implement the HRS at various points in time between July and November 1979, notwithstanding strong pressure against doing so (Chen, 2011: 235–236). Zhao Ziyang, a younger survivor, blocked the circulation of an anti-HRS document in the name of the party leadership in early 1980 (Xu and Du, 2008). Their flexible and supportive approach towards the HRS contrasted with the attempts made by Hua, Li Xiannian, and Wang Renzhong, all being loyalists, to derail the implementation of the system in Anhui on multiple occasions.

What is ‘rightful resistance’ and why Anhui?

Kevin O’Brien (1996) first introduced the concept of ‘rightful resistance’ to describe a form of contention mounted by the rural inhabitants of China that falls between quiescence and rebellion. He found that they complained against local cadres for collecting exorbitant fees or manipulating elections by citing central policy guidelines to justify their claims. In subsequent publications, O’Brien and his collaborator Lianjiang Li defined the essential characteristics of ‘rightful resistance’ as follows: (1) it operates near the boundary of authorized channels of complaint; (2) it uses the rhetoric and commitments of the powerful to curb the exercise of power; (3) it exploits the divisions within the state; and (4) it mobilizes support from the community (O’Brien and Li, 2006; O’Brien, 2013).

I adapt their concept of ‘rightful resistance’ to describe the technique of factional model-making used by the survivors to cultivate Anhui into a model of the HRS. ‘Rightful resistance’, when used by O’Brien and Li, refers to the farmers exploiting the administrative hierarchy by playing the local authorities against the central government to their advantage. In the context of factional model-making, ‘rightful resistance’ refers to party elites allying with villagers to exploit the factional divisions at the party

leadership. These divisions are usually opaque and only known by regime insiders. However, where factions resort to factional model-making to challenge the party line openly, they render such divisions public. Wan Li and Du Runsheng, being the younger survivors who lent their patronage to Anhui publicly, made 'rightful claims' against the rural party line, which was defined by the re-promulgated Sixty Articles under Hua Guofeng. Wan and Du appealed to common sense, pragmatism and the Party's duty to care for the people make the case that as long as the HRS is implemented on the basis of collective land ownership, socialism would have been maintained. This minimalist and market-oriented definition of socialism prioritizes the farmers' self-interest and respected their agency. It was unlike Mao's vision of socialism, which prioritizes state interest over the farmers' freedoms. Market-oriented socialism is much more pro-farmer than the conservative vision of socialism embodied in the Sixty Articles (see Chapter 2). Whether Wan's vision of socialism was real or sham was beside the point (for further discussion, see Chapter 1). What mattered was how he exploited the political slogans championed by Deng Xiaoping to pressure the party leadership, including the older survivors, to interpret socialism in a new light, even if it runs contrary to socialism as it was understood in the Mao era. These slogans included, for example, 'practice is the sole criterion for testing truth', 'emancipation of the mind' and 'seeking truth from facts' (Baum, 1994, 58–71; see also Chapter 1 on how these slogans actually originated from Mao's texts).

Anhui was an ideal model for rightful resistance because it was strongly associated with the idea that the HRS was a superior alternative to collective agricultural production under the People's Commune. Anhui was the province that suffered the most from the devastating famine caused by the Great Leap Forward. 18% of the province's rural population died from the famine between 1959 and 1960 (Chen, 2004: 40). The provincial mortality rate was 68.6 for every 1,000 persons in 1960, being the highest of all Chinese provinces and nearly three times above the national average mortality rate that year, which was 24.7 for every 1,000 persons (Yang, 1996: 57). During the Great Leap Forward, Zeng Xisheng, the party secretary of Anhui at that time, introduced the 'responsibility field' system, being a precursor to the HRS, in an attempt to raise the level of agricultural productivity in 1961. Under the 'responsibility field' system, farm works that are less labour intensive, such as maintaining irrigation pipes, farming with draught animals and seedling care, were contracted to the households; while farm works that are highly labour intensive, such as sowing and harvesting, were carried out collectively (Huang, 1992: 650–654). Mao banished the responsibility

field as a slippery slope towards the HRS. Zeng was purged in 1962 (Du and Gottschang, 1995: 21–34). It was the injuries inflicted on Anhui and its leaders that made the province a powerful symbol of rightful resistance against collective agriculture.

The survivors cultivated Anhui into an HRS model

The case study of Anhui illustrates how the younger survivors employed factional model-making to obtain leverage over the senior survivors and the loyalists in private negotiations (Bai, 2007; Chen, 2013; Chen and Xia, 1998; Wan, 1996). This was how Wan and his colleagues described of what they did with the HRS in Anhui said when they recounted their experience retrospectively, although naturally, the terms ‘factional model-making’, ‘survivors’ or ‘loyalists’, being academic concepts, were not to be found in their accounts. By making Anhui a model of rightful resistance publicly, first in a low-key manner, then in a high-profile manner, these younger survivors obtained important bargaining chips over their colleagues in private meetings. They were able to provide rich numerical data to attest to the effectiveness of the HRS in raising agricultural outputs, in order to justify their claim that the HRS was massively superior to the arrangements under the Sixty Articles in raising agricultural productivity. They were further able to provide evidence of the rapid proliferation of the HRS across Anhui and its spill over to other provinces, so as to support their claim that the HRS had become an irreversible trend. This made it harder for the central party elites to crackdown on it because if they were to do so, they would show that the Party was not sincere about the ‘practice’ slogan that was promoted by Deng in the name of the party leadership. A strong and negative reaction against the HRS by the party leadership could backfire because it might not be interpreted by the rural cadres as a defence of the re-promulgated Sixty Articles, but a prelude to the re-radicalization of agricultural policies. This was because previously, the HRS was repudiated in the interlude between the Great Leap Forward and the Dazhai campaign (Chen, 2004).

Anhui was hit by a severe drought within the first year of Wan becoming the provincial party secretary in June 1977. The level of grain output in the province was 10 billion catty (*jin*) below the level anticipated in the provincial plan after the summer harvest in 1978. As the drought persisted, Wan instructed rural cadres to distribute a portion of the collective farmland to individual farmer households for their private cultivation. He required the portion to be larger than 5–7% of the collective farmland, which was

already reserved for private plots under the Sixty Articles but left the precise percentage at the discretion of local cadres. The intentional ambiguity provided scope for the HRS to emerge (Wan, 1996: 14–17). At the time Wan introduced an opening for the HRS, he was well aware that some villages in the province's Mahu Commune had been implementing the 'work-group responsibility system' (*baochan dao zu*, WRS) for nearly half a year already. The WRS was expressly prohibited by the party leadership alongside the HRS. Whereas the HRS distributes the entire collective farmland to individual farmer households for private cultivation, the WRS divides it among several work-groups, each consisting of several households. The WRS was banned by the Party because it was shown to be a slippery slope towards the HRS previously. Indeed, the size of the work-groups in Mahu kept shrinking to the point that each work-group only had one household (Chen and Xia, 1998: 43). At a private meeting in Beijing, Wan parked the WRS and HRS but requested the central party leaders for permission to implement the responsibility field system, which, as described above, divides some work tasks rather than the collective farmland among individual farmer households. Since the responsibility field system only deals with work tasks but not the ownership nature of the farmland, it was less controversial than the WRS or HRS although they all decentralize agricultural production. Hua denied Wan's request, but Deng endorsed it. He cited his 'cat theory' to justify his permission: 'It doesn't matter if a cat is white or black, as long as it catches mice' (Chen and Xia, 1998: 52–56). Having secured Deng's permission for the responsibility field system, Wan returned to Anhui to promote the HRS more boldly (Bai, 2007; Chen, 2013; Chen and Xia, 1998).

At a provincial meeting in Anhui in February 1979, Wan quoted Deng's slogan, 'practice is the sole criterion for testing truth', to support his claim that the repudiation of the HRS during Mao's time might have been wrong; hence, villages in Anhui should be allowed to implement the HRS. He even assured local cadres that he would step in to assume personal responsibility if the party leadership was to crackdown on the HRS (Wan, 1996: 43–44; 48–49). A month later, in March 1979, Wan's ally Du Runsheng convened a closed meeting of the State Agricultural Commission in Beijing to mobilize support for the HRS more widely. He invited the agricultural ministers of seven carefully chosen provinces to attend. These were: Anhui, Sichuan, Jilin, and Guangdong, where the HRS had already been implemented in various scales, Hebei, which was on the fence, which was hostile to the HRS. Du hoped to use the meeting to persuade the central leaders to view the HRS favourably. Hua reiterated his position that it was the Sixty Articles, not the HRS, that should be implemented. It was to Wan's disappointment

that the senior survivors did not lean in to support the HRS on this occasion (Xu and Du, 2008).

Du's line manager, Wang Renzhong, was displeased by the meeting. He leaked a hitherto classified document that criticized the HRS to *Renmin ribao*, which was published in the paper a few days into the meeting (Zhang, 1979). It turned out that Wang was unable to set the official tone on the HRS. Two weeks later, *Renmin ribao* carried an article authored in the name of the Anhui Agricultural Commission, insisting that the WRS, being a precursor of the HRS, was socialist rather than capitalist (Xin and Lu, 1979). The publication of these opposing articles in close succession made the division within the Party on the HRS apparent. Hua was pragmatic enough to open a small window for provinces to 'test' the effectiveness of the HRS: 'isolated households located deep in the mountains or in remote and sparsely populated regions' (i.e. areas far away from other villages) were permitted to adopt the HRS as a means to boost their agricultural productivity. Their remote location was meant to prevent the implementation of the HRS from spreading further (Huang et al., 1992: 917–920).

Hua's compromise was significant. It elevated the status of the HRS from being banned to being marginalized by the party line. This breakthrough hinted that the taboo against the HRS was gradually lifted, hence approval of the HRS for implementation on a wider scale might simply be a matter of time. The survivors orchestrated a series of moves to make it a reality and to accelerate the timescale. The most important step in this direction was the promotion of Wan to become the vice premier responsible for overseeing agriculture in early 1980. This could not have happened but for Deng's backing. Wan's ascendancy sent a powerful message in favour of the HRS because Chen Yonggui, the leader of Dazhai, was a former vice premier in charge of agriculture (see Chapter 2). Wan had his aides pen a series of articles that detail how the HRS restored prosperity to Anhui. Some of these articles were only circulated internally, while the rest were published in *Renmin ribao*, which implied that a revision of the rural party line could be imminent (Wu and Zhang, 1980). It followed that Deng gave his first unqualified endorsement of the HRS at a high-level private meeting on 31 May 1980. The party leadership permitted the HRS to be implemented nationwide for the first time in September 1980. This permission came with the caveat that 'relatively well-to-do' villages should not carry out the HRS unless their farmers demanded it (Huang et al. 1992: 927). However, shortly after this decision was transmitted to the provinces, Wan and fellow survivor Hu Yaobang, Secretary-General of the CCP Central Secretariat, personally travelled to every province to persuade the provincial leaders to allow the

HRS to be implemented in their region without restriction (*Ifeng.com*, 2015). This paved the way for the party leadership to endorse the HRS without qualification in January 1982. Since then, it is the HRS, not the Sixty Articles, that has defined the rural party line to this day.

Conclusion

The consensus reached by the loyalists and survivors to uphold the Sixty Articles as the rural party line was short-lived. Hua Guofeng, the *de facto* leader of the loyalists, was conciliatory to the survivors, because he needed their cooperation to stay in power. Although he was Mao's chosen successor, he must rely on the cooperation of his factional rivals, the survivors, to hold onto power. Hua did not call for the abolition of private plots, sideline production, and rural trade fairs, which Mao would have liked. Rather, he strongly affirmed the legitimacy of the Sixty Articles, which Mao and his factional allies, the radicals, sought to discredit during the Dazhai campaign. Hua's position showed that he embraced a conservative vision of socialism. Hua's conciliatory approach was well-received by Deng, the *de facto* head of the survivors' faction who was also hesitant about the HRS. However, Hua's approach was not sufficient to pre-empt the rehabilitation of the HRS. The starting point of the re-emergence of the HRS was the open boycott of the Sixty Articles by rural cadres, who were anxious that the pro-farmer measures guaranteed in this document would not last if the political climate was re-radicalized. Their boycott put the sustainability of collective agriculture under the People's Commune into question. Wan advanced the HRS in Anhui under this tense political environment. He cloaked the policy under Deng's mantra, 'practice is the sole criterion of testing truth'. It was Anhui's success in legitimizing the HRS that redefined the vision of socialism underpinning the party line from conservative socialism to market-oriented socialism. The former was embodied by the Sixty Articles. The latter decollectivized agriculture in all but name. It reduced the meaning of socialism to little more than collective land ownership.

Wan put the poor farmers at the forefront when grooming Anhui into a factional model. Anhui was a rightful resistance model that mobilized public pressure to compel Hua to make a compromise. It also successfully pushed Deng to shift his attitude towards the HRS from one of ambivalence to firm support. The Anhui model was crucial to encouraging the rural cadres to believe that the HRS could be politically feasible. Whereas factional-ideological

conflicts during the Dazhai campaign were intense, in the case of Anhui, Wan and the survivors were careful to de-escalate the conflicts: they never attacked the Sixty Articles directly, but only ever so indirectly, through promoting the HRS, which was banned by the Sixty Articles. By saving face for Hua and the loyalists, the survivors lowered the bar for them to agree to allowing a trial implementation of the HRS in isolated villages. Since the HRS was popular with the farmers, the opening of this small gap was sufficient for the system to proliferate rapidly across the countryside – at which point, Wan followed the spirit of ‘practice is the sole criterion of testing truth’ to encourage every village, remotely located or not, to implement the HRS. This led to the decollectivization of two decades of collective agriculture in China.

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4 Recollectivizing Nanjie: Building a ‘Small Zone of Communism’ in the Post-Mao Era of Market Reform, 1984–2012

Abstract

The left-leaning leaders of China groomed Nanjie village of Henan province into a model of Maoist recollectivization in the early 1990s. Thanks to their patronage, Nanjie became the country’s first ‘red billionaire village’. As the village became rich, the local leaders joined the Party’s Left to criticize the Party for betraying socialism. Nanjie’s reputation plummeted in the 2000s under the effect of local scandals and new national policies. Nonetheless, the princelings and Maoists defended Nanjie as a genuine socialist model, in order to assert themselves as the true heirs of the Party. It was not until Xi Jinping came to power in 2012 that Nanjie was rebranded as a party model or a model that is compliant with the party line.

Keywords: Mao Zedong; princelings; rural collective economy; socialism; Tiananmen Square protests in 1989; township and village enterprises

A question frequently asked of China in the past few decades is whether it is still socialist and does it matter. Since China began to transition from a planned to a market economy in the early 1980s, starting with rural decollectivization, many consider the Chinese Communist Party (CCP) to have betrayed socialism. The Party refutes this criticism. But it is adamant that the kind of socialism that it has been pursuing since 1982, the so-called ‘socialism with Chinese characteristics’, should not be compared against socialism under Mao Zedong. The Party asserts that socialism with Chinese characteristics is compatible with marketization, privatization and foreign capital, which were banished as ‘capitalist evils’ in the Mao era. This revisionist interpretation of socialism was masterminded by Deng Xiaoping, the most powerful party leader after the death of Mao. It leaves many unconvinced. Some ridicule socialism with Chinese characteristics

to be an empty doctrine, the adoption of which has plunged the CCP and China into a 'crisis of faith' (Brady, 2008).

The strongest critics against socialism with Chinese characteristics in the Party were the leftists. As discussed in Chapter 3, the factional divide in the Party after the Cultural Revolution was between the survivors and loyalists. Neither formed a coherent faction. After Hua Guofeng, the leading loyalist, was sidelined in the early 1980s, tensions in the survivors' faction became more apparent. The senior survivors, who were party elders, disagreed on how much and how fast China should transition from a planned to a market economy. Deng and his protégés had their eyes on the potential of the market reform to tackle the chronic inefficiency of the planned economy inherited from the Mao era. They endorsed the use of market mechanisms to stimulate economic growth. However, some of Deng's fellow survivors, notably party elder Chen Yun, were deeply disturbed by the negative side-effects of the market reform, such as inflation, corruption, smuggling, the infiltration of foreign political ideas, etc. They argued that state plans that are more effective than those of the Mao era should be implemented, while any expansion of economic freedoms should be limited to what is strictly necessary. They were the leftists (Baum, 1994; Lam, 1995).

This chapter examines how the factional-ideological conflicts between the Party's Left and Right were played out in Nanjie village of Henan province, which was cultivated by the Left into a factional model to discredit the market reform. In 1984, two years after the household responsibility system (HRS) became the national policy (see Chapter 3), Nanjie abandoned the system to recollectivize agricultural production. The vast majority Chinese villages remained to be decollectivized on the basis of adopting the HRS. Since Nanjie was a little-known village, few outsiders were aware that it had recollectivized initially. However, the village came into the national spotlight in the early 1990s. The turning point was the pro-democracy protests that took place in many Chinese cities in 1989. The largest crowd of protestors were found in the Tiananmen Square of Beijing. The lesson that the Party's Left drawn from the protests was that the market reform was an existential threat to the survival of the Party. It was in the aftermath of the crackdown of the protests that they groomed Nanjie into a factional model to rehabilitate a Maoist vision of socialism.

Nanjie received a windfall of resources that made its economy take off under the patronage of the Party's Left. Its economic growth was so impressive that nearby villages were attracted to emulate its collective model of development. As the political clout of Nanjie's influential patrons waned, so did the windfall of resources bestowed on the village from the higher-ups.

Nanjie's leaders secretly privatized the collective assets in the early 2000s in order to make the village financially viable. This came at a time when the party line dropped its former aversion to collectivization, in order to remedy the limitations of the HRS. Instead of pitting the HRS and collectivization against each other, the Party began to encourage villages to carry out limited collectivization on the basis of maintaining the HRS. The shift in the party line defeated Nanjie's claim that the Party was anti-collectivization and hence anti-socialism and anti-Mao. However, the leaders of Nanjie continued to maintain this line of rhetoric, in order to present the village as a purist model of Mao's vision of socialism. They did so not only to appease the Party's Left, but also to facilitate the development of 'red tourism' as a new revenue stream for the village, which was running into financial troubles. The reputation of Nanjie was tarnished in the years that followed. It was reported by some Chinese newspapers in 2008 that the village leadership had secretly privatized the collective assets. This suggested that Nanjie embraced capitalism despite claiming to be a purist socialist model. Despite the credibility loss, Nanjie secured the patronage of the princelings, being the adult descendants of the CCP's founding members, and renewed its ties with the Maoists, who were the descendants, associates and sympathizers of Mao Zedong. Their endorsement of Nanjie gave credence to its claim that only its development model was legitimate for the Chinese countryside. It was not until Xi Jinping came to power in 2012 that Nanjie was rebranded as a model compliant with the party line.

Nanjie bucked the HRS to recollectivize in the early 1980s

Nanjie is a village in Linying county of Henan province. It complied with the new rural party line to implement the HRS in 1982. The collective farmland was divided into multiple small plots, the usage rights of which were leased by the village collective, which was represented by the local party branch, to the 544 households in the village. Consistent with the spirit of the HRS, the brick manufacturing plant and a flour mill in the village were contracted out to two individual operators. Although decollectivization contributed to bumper harvests elsewhere, it plunged Nanjie into misery. Many farmers in Nanjie let their farmland lie fallow and left the village to find employment in cities. This led to a decline in agricultural output from a previous high of over 1,000 kilogrammes per *mu* to 500 kilograms per *mu* by 1984.¹ Nanjie's

1 One *mu* equals 0.067 hectares.

factories did not fare better either. The outside contractors repeatedly defaulted on the payment of wages and contract fees to the collective. As the local economy dwindled, Wang Hongbin, the local party secretary, bucked the HRS to carry out recollectivization (*Nanjieciun zhi*, 2010: 249). He confiscated the two factories from the contractors in 1984, so that the local party branch could resume managing the factories on behalf of the village collective, just as they did under the People's Commune in the Mao era. A three-fold campaign to 'learn from Lei Feng, study Mao's works, and sing revolutionary songs' was launched in the same year. This was to strengthen the collective ethos of Nanjie's residents, ultimately to lower their defences for the coming abolition of the HRS, which was condemned by Wang for nurturing selfishness and leading to moral decay. In March 1986, Wang began to persuade Nanjie's residents to return their land usage rights to the collective in exchange for a supply of 40 kilogrammes of grain per person every month. Through imposing ideological control, providing material incentives, and threatening to expel residents who refused to cooperate, the local party branch regained control over the entirety of the village's land by October 1990, most of which was converted to industrial usage. This marked the complete termination of the HRS, the policy sanctioned by the party line (*Nanjieciun zhi*, 2010: 178, 257, 329). Nanjie already had a total of six factories by October 1990. In addition to the brick kiln and flour mill mentioned earlier, a confectionery factory, pig farm, transport company and packaging factory had also been established. They were owned by Nanjie Village Group (NJVG), the collectively owned conglomerate managed by the local party branch on behalf of the village collective. The local party branch assigned the adult residents of the village to work in the factories in return for a low fixed salary and generous welfare provision.

Nanjie's early patrons: Leftist civilian and military leaders

Nanjie completed the transition from an agrarian to industrialized village several years after recollectivization was completed in 1990. It would be, however, misleading to conclude that this rapid changeover was mainly the result of recollectivization. It must also be considered that the village received a windfall of resources under the patronage of the Party's Left. Qiao Shi and Song Ping, two left-leaning civilian leaders in the Standing Committee of the Politburo (PBSC), were Nanjie's earliest patrons. They were well-known for their hardliner attitude against the spread of liberal political ideas in Chinese cities (see Chapter 5). Qiao was promoted to the

PBSC alongside other leftists – Li Peng, Hu Qili and Yao Yilin – shortly after Deng Xiaoping arranged for his protégé Hu Yaobang to be removed in 1987. The falling out between Deng and Hu Yaobang happened because Hu was sympathetic to the pro-democracy movement in Chinese universities, but Deng was not. After the purge of Hu, this movement would go on to develop into pro-democracy protests in Chinese cities. The largest scale of these protests took place in Beijing's Tiananmen Square in 1989. It was violently suppressed by the military in June that year (Baum, 1994: 189–310; Zhao, 2009: 21–68, 179–238). Qiao, who was the head of the CCP Central Commission for Discipline Inspection at that time, launched a rectification campaign to investigate if the behaviour of party members in the months leading to the protests reflected liberal inclinations (MacFarquhar, 1997: 466–468). Similar to Qiao, Song showed no sympathy for the pro-democracy protests. He was well-known for repeating the warnings made by left-leaning party elder Chen Yun against the dangers of 'bourgeois ideological corrosion' (Baum, 1994: 344–347). Song's promotion to the PBSC came after Zhao Ziyang, a former protégé of Deng, was removed in 1989 for being too lenient to the protestors.

Qiao visited Nanjie on 25 August 1990. He endorsed Wang, the local party chief, for 'disciplining the masses with Mao Zedong Thought', and endorsed the village as a model of political control. While in Nanjie on 20 September 1995, Song hailed the village as a national 'spiritual treasure' and a 'good party school'. In his words, 'Nanjie puts ideology in command and politics in the priority. This is what a party school does. It cultivates a correct worldview' (He, 2006). Their visits to Nanjie were brief but more than sufficient to bestow on the village hefty political capital. It was (and is) rare for any village, especially one that is not historically significant to the Chinese Communist Revolution, to host any central level officials, let alone PBSC members. The endorsement of Nanjie given by Qiao and Song was interpreted by some lower-level officials as a signal that the party line might be adjusted soon, and hence they should jump on the bandwagon to support Nanjie. Nearly a fortnight after Qiao's visit, Wang Hongbin, Nanjie's top leader, said at an internal meeting on 17 September 1990:

Now it is not difficult for Nanjie to secure loans. Guo Quanzhong, the deputy party secretary, and manager Huang were in Beijing several days ago, where they secured a loan agreement with the central bank [...] The provincial water resources department and the municipal water resources bureau want to start an irrigation sprinkler project at Nanjie. The fund needed is supplied by the state. Every supply is worth several million *yuan* (Shangguan Jiaoming, 2008).

The Agricultural Bank of China (Henan branch) listed NJVG as one of the province's 50 'key units for support' shortly after Qiao's visit. The bank funded the expansion of Nanjie's instant noodles factory with a loan worth 50 million *yuan* in 1991 – the year in which the total production value of Nanjie, agriculture and industry combined, reached over 100 million *yuan*, making it the first 'red billionaire village' of Henan and probably nationwide. In response to the village's request for an additional loan of 130 million *yuan* in 1992, the bank lent 80 million *yuan* to it in the first instance. It then issued province-wide bonds to raise the remaining amount, which was transferred to NJVG within two months. Also in 1992, Wang became a delegate of Henan province to the National Party Congress, being the state legislature. The Nanjie party branch was elevated to the rank of a township-level party committee in the same year. The rise in administrative rank entitled the local party branch to oversee the village's police substation, tribunal, procuracy, and discipline inspection commission (Feng, 2007: 30). In 1994, Nanjie received another highly unusual preferential treatment: the Bank of Agriculture established a branch office in the village to make it easier for the village leaders to apply for loans on behalf of NJVG. The bank loaned another 50 million *yuan* to NJVG in 1995, this time to pay off the huge deficits incurred by NJVG's brewery (Zhao and Cui, 1998: 144–147). By 1995, NJVG added 11 new enterprises, including several food manufacturing factories, printing companies, a brewery, and another flour mill. The total number of enterprises in NJVG increased to 21 by 1999 and 27 by 2012. The windfall of resources received by Nanjie illustrates how formal and informal politics intersected in the process of factional model-making: the desire to receive positive attention from powerful figures motivated lower-level officials to funnel bureaucratic resources to help with advancing the former's agenda, even if it was controversial.

As Nanjie's economy took off, the local party committee began to provide generous welfare benefits to residents, including (1) medical insurance, (2) a monthly supply of cash coupons that was sufficient for a family's grocery, and (3) tuition fees and stipend for students. Every family in Nanjie was allocated a furnished apartment, with the utility costs underwritten by the village collective (*Nanjiecun zhi*, 2010: 74–78). The acquisition of these benefits was conditional upon satisfactory personal conduct. This included the level of collective ethos and personal hygiene, which was assessed by local cadres every two months. Moreover, in exchange for welfare benefits, Nanjie's residents not only had to forfeit their right to reclaim their private land usage rights from the collective, they also had to accept a salary so low that they could hardly make any savings or resettle elsewhere in China. It

should be noted that Nanjie's local leaders were also paid a low salary. Wang set an example by voluntarily reducing his salary to a meagre 250 *yuan* per month in 1989. The 21-member village party leadership reportedly requested pay cuts to match Wang's salary in 1993. The official reason for keeping the salary artificially low was to allow NJVG to maintain a large fiscal reserve for reinvestment into its collectively owned enterprises (*Lixiang zhiguang*, 1995: 9; *Lixiang zhiguang*, 1996: 12).

Besides Qiao and Song, the early backers of Nanjie included the PLA. Nanjie hosted 170 generals, 30 lieutenant generals and 20 major generals between 1994 and 2010. The village's first two military patrons were Yang Dezhong, director of the Central Security Bureau (1978–1994) and Zhang Aiping, a former defence minister (1982–1988). Yang arranged for Wang to present the Nanjie model before 100 central cadres at a Grand Hall in Zhongnanhai, the central headquarters of the Party and the government, on 23 May 1994. Leading cadres of the CCP Central Committee's General Office and Central Policy Research Office were in attendance. In a broadcast on loop in Nanjie, Wang recounted this event in detail, including what Yang had told him:

[...] You should be resolute in your belief that Nanjie village is on the correct path. It must persevere in what it has been doing and achieve success. What makes people think that we should not talk about communism? What made us, the older generation, risk our lives in battles? We did not fight for money, but the grand goal of communism. It is mistaken to think that we should not talk about communism. We have talked too little about communism in recent years (Translated by author in Nanjie on 26 June 2015).

Zhang linked the Nanjie model to the Party's goal of communism. On 11 July 1994, *Renmin ribao* published his private letter to the state broadcaster, China Central Television (CCTV). In the letter Zhang urges CCTV to broadcast a documentary on Nanjie produced by Henan TV. Although the appeal was unheeded, it did little to stop Zhang from campaigning for the village (Zhang, 1994; Zhang, 2012: 570). When he was in the village on 10 September 1994, he hailed recollectivization as the correct path for achieving 'common prosperity'. He also made mention of the 'down-to-earth style' of Nanjie's leaders, which he said reflects 'the Party's glorious tradition' (*Nanjieciun zhi*, 2010: 19). The leftist periodical *Zhongliu* annotated Zhang's speech with this comment: 'Although the international communist movement has stepped into a valley, it is not at a dead end. The future of communism is prosperous' (Zhang, 2012: 572).

Yang and Zhang used Nanjie to portray an idealized vision of socialism, in which the Party bonds with the people closely and works for their interests. This was allegedly what they fought for during the Communist Revolution. The military officers who flocked to Nanjie in the years after Yang and Zhang visited the village to pay homage to the two elderly leaders. They were also there to make the claim that they, too, were motivated by lofty socialist ideals, rather than self-interest, to serve in the military. This was a defensive claim, given that the military had infamously exploited the profiteering opportunities afforded by the post-Mao market reform and become a hotbed of corruption (Mulvenon, 1998).

Nanjie reinterpreted recollectivization to suit the leftist agenda

To repay the patronage of the Party's Left, Nanjie's local leaders added more explicitly leftist elements into the village's collective economic model, in order to make it look quintessentially communist. Wang responded to Qiao's praise of him for 'disciplining the masses with Mao Zedong Thought' by criticizing the party leadership for 'handing down too few documents and supplementary materials about spiritual civilisation' (Nanjie Village CCP Central Committee, 2004). Wang opened the 'East is Red Square' in the village and erected a 10-metre white jade statue of Mao in the middle of it in 1993 (*Nanjie cun zhi*, 2010: 11, 98). The Nanjie leadership was always very defensive of Mao's mistakes. They claimed that blaming Mao for the Cultural Revolution was 'absurd and grossly unfair' because 'everyone belonging to that period' was culpable (*Nanjie cun bao*, 4 November 2010, p. 3). A large red billboard in the village reads:

He [Mao] was the one who was worried about the Party becoming revisionist. He was the one who was concerned about the revival of capitalism in China. He was the one who feared that the masses would have to suffer in the old society. As a result, he started the Cultural Revolution and offended some former revolutionaries! (Translated by author in Nanjie on 26 June 2015).

Before the Party's Left lent their patronage to Nanjie, the socialist orientation of the village was implicit in its collective economy. But the local leaders never drew it out explicitly. This was not only because so doing would be highly controversial, but also because the switch from HRS to collectivization in Nanjie had little to do with ideology in reality. It was a pragmatic

move that was made out of desperation: Nanjie's economy plummeted following the adoption of the HRS, hence the local party leaders abolished the HRS in favour of collectivization. Yet, Wang reinterpreted the rationale for recollectivization completely in 1994. He said that the abolition of the HRS served to 'combat and eradicate self-interest', being 'the heart of all evils'. He said the purpose of the provision of generous welfare benefits to all residents was to 'prevent people from comparing what they eat, wear, and use with each other, which will cultivate self-interests at the expense of collective interests' (Nanjie Village CCP Committee, 1995).

Wang also declared in 1994 that the village's goal was to become a 'small zone of communism' that 'puts politics in command'. The 'big discussion on building a small zone of communism' was launched in Nanjie between March 1994 and May 1995 to unite thinking accordingly. The campaign indoctrinated Nanjie's residents on the 'true nature' of the market reform, being a 'savagely attack on collective ownership' that 'breeds capitalism, individualism, moneyism, class oppression and exploitation' (Zhao and Cui, 1998: 216). Allegedly, it was due to the market reform that 'the Party's leadership has been undermined, socialism has lost direction, the dictatorship of the proletariat no longer has a target, and Marxism-Leninism-Mao Zedong Thought is being renegotiated' (Nanjie Village CCP Committee, 1995). Echoing General Yang's remarks, Wang claimed that 'As long as the Communist Party has not been renamed the "free party" or "private party", it should promote communism resolutely. If not, how can we qualify as a Communist Party?' (*Nanjie cun bao*, 24 January 2013, p. 1).

The party leadership dismissed Nanjie's leftist ideological agenda

The party leadership was faced with a dilemma. If it said nothing about the Nanjie model, some might interpret its silence as tacit endorsement of recollectivization and the leftist agenda. If it repudiated Nanjie, it would most certainly be seen as being disrespectful to the party elders, in contravention to the party norms of seniority. It turned out that the party leadership followed a middle path: it recognized Nanjie as a model, thus paying respect to the party elders, but for reasons other than its leftist agenda, hence defending the party line. According to *Renmin ribao*, the mouthpiece of the party leadership, Nanjie's food processing business (Zhi, 1991), drama school (Li, 2001) and Wang Hongbin's diligence (Li, 1992) were worthy of emulation. The subtext was that the party leadership did not approve of the village's abolition of the HRS. However, the party centre's position on the HRS became

more nuanced as time progressed. The side-effects of the HRS, especially the lack of economy of scale in agricultural production and many farmlands being unused, prompted Li Peng, the left-leaning premier in the late 1980s, to propose confiscating the farmland contracted out to the farmers, just as Nanjie had done. Reportedly, Li had a decree drafted to this effect but its release was blocked by CCP General Secretary Jiang Zemin (1989–2002) and Vice Premier Tian Jiyun (1983–1993). They were worried that forfeiting the farmers' private land rights, which were guaranteed under the HRS, could risk large scale social unrest (Lam, 1995: 69–70).

The party leadership began to perceive the HRS in a different framework by the early to mid-2000s. Rather than seeing the HRS mainly as a measure to appease the farmers, they began to think of it as an obstacle to large-scale agricultural mechanization, and thus national food security, especially self-sufficiency in grain production. The party leadership also grew worried about the low income of rural residents. At that time much of the countryside was in poverty. The wealth gap between urban and rural areas had enlarged to the point that could endanger social stability. Some left-leaning scholars and rural cadres petitioned the Party to relax its attitude towards the HRS to permit re-collectivization. Their assumption was that if rural cadres could control the usage rights of farmland, they could ensure that it is used productively and that village residents are sufficiently remunerated. In particular, village cadres were encouraged to lease out the usage rights of farmland to big agribusiness for large-scale production, if not to covert it from agricultural to industrial usage in order to maximize income generation. These were the considerations that led the party leadership, since the early 2000s, not only to permit, but even encourage, villages to carry out some level of re-collectivization, provided that the residents are willing and that they could retain their private land rights under the HRS (Chen, 2014: 30–57; Day, 2013: 92–127; Li, 2009). Although the party leadership softened its stance on the HRS in the early 2000s, the patrons and local elites of Nanjie continued to insist on a purist model of collective rural economy that rules out the HRS. The discourse emanating from Nanjie was still critical of the party line for betraying Mao and his vision of socialism.

'Debunking the myth' of the Nanjie model

Nanjie had attracted many critics. Sociologist Feng Shizheng famously decried Nanjie as a fake socialist model. He found evidence suggesting that the efficiency of Nanjie's factories was significantly lower than that of the

average village enterprise at the provincial and national levels. He criticized Nanjie's local leaders for using ideological control as an excuse to mistreat the migrant workers employed by NJVG, who would have their meagre salary deducted if they were found to have made any mistake (Feng, 2007; Feng and Su, 2013). Some popular Chinese newspapers reported Feng's findings using the sensational headline of 'debunking the 'myth' of the Nanjie model in 2008, the year that marked the 40th anniversary of the market reform. It was mentioned in these reports that the debt incurred by NJVG in the early 2000s exceeded the value of their assets by a huge margin. It was to the extent that all but one of the banks that had previously provided loans to Nanjie were unwilling to consider applications for new loans. The shortage of bank loans allegedly resulted in the default of payment of wages for workers. Many production lines in factories were also suspended. Some reports printed a paper trail showing that the local leaders of Nanjie, including Wang Hongbin, secretly privatized NJVG in 2004, with 60% of the net worth of NJVG's collective holdings distributed among the 12 most senior cadres of Nanjie, including Wang (Shangguan Jiaoming, 2008).

The princelings became Nanjie's new patrons

Although the media scandals tarnished Nanjie's socialist image, it managed to acquire another group of left-leaning party elites as their patrons. They were the princelings. Some princelings visited Nanjie on their own while others arrived as delegations representing the alumni association of the Yu Ying School of CCP Central Committee and Beijing Friendship Association of the Sons and Daughters of Yan'an. They are exclusive societies for the princelings (Cheung, 2022b: 719). The princelings were sympathetic to Wang's defence that NJVG was only privatized on paper to satisfy new legal requirements. Their alliance with Nanjie was forged at a time when public sentiment had become increasingly sensitive to the significant personal wealth amassed by some princelings, some of whom were senior business executives. It was thought that their wealth might be ill-gotten gains that would have been out of reach had it not been for their privileged political background. The opulent lifestyle of their children reinforced the negative perceptions (Guo, 2019: 212–221; Lei, 2009). The princelings hoped to leverage their support for Nanjie, which embodied an idealized vision of socialism, to bolster their image as legitimate heirs of the CCP. The speeches that some of them made in Nanjie suggest that they greatly valued the origin of the Nanjie model. They laid stress on the history of the Nanjie model being

endorsed by military veterans who were founders of the CCP. Siding with Nanjie allowed the princelings to demonstrate that they were following their fathers' footsteps in supporting a socialist model, the reputation of which had been wrongfully damaged, just as theirs (Cheung, 2022b: 719).

The Maoists renewed ties with Nanjie

Besides the princelings, the Maoists also became prominent backers of Nanjie after the media scandals. They first visited the village in 1998 and renewed their ties with Nanjie in a high-profile manner after the scandals (*Nanjie cun zhi*, 2010: 21). Mao Xiaoqing, niece of Mao, even dubbed herself the 'volunteer propagandist' of the village (Lei et al., 2011). She led delegations from the two organizations she founded to promote Maoist nostalgia in Chinese society, the Beijing Great Red Accomplishment Company (*Beijing hongse weiye gongsi*) and Red Culture Association (*Zhongguo hongse wenhua lianhehui*), to visit Nanjie annually since 2011. For example, in May 2011, she organized a team from the China Red Culture Association to stage a gala performance in Nanjie to celebrate the 90th anniversary of the CCP's establishment. Wang repaid his gratitude to Mao Xiaoqing by awarding the status of 'honorary residents' to 22 members of her delegation during the ceremony. This entitled them to the generous welfare benefits given only to Nanjie's residents, thus giving them a personal stake to support Nanjie.

Nanjie transformed from a factional model to a party model since 2012

Since Xi Jinping came to power in 2012, Nanjie gradually rebranded itself as a model of his policies, which define the party line. Rather than criticizing the party leadership for betraying Mao's vision of socialism, Nanjie's Wang now said that the village venerates Mao in order to inspire cadres to serve the people wholeheartedly, a main theme of Xi's party-wide rectification campaign in 2019. In 2016, the village was designated by the provincial authorities as a 'base' for training party cadres for poverty alleviation, another of Xi's policy priorities. Under Xi, the Maoists have been the only party elites who still make high-profile visits to Nanjie. However, rather than using Nanjie's achievements to highlight the deficiencies of the market reform, they now commend the village for being 'on track of accomplishing

the China Dream and the great rejuvenation of the Chinese nation under the guidance of Mao Zedong Thought and Xi Jinping Thought'. This was what Mao Xinyu, grandson of Zedong, said while he was in the village in October 2018 (*Nanjiecn.cn*, 2018). The nod to Xi Thought communicated his belief that the village had completed its historic mission as a factional model for the Party's Left. In the Xi era, Nanjie is a model that supports the party line.

Conclusion

Nanjie was a Maoist nostalgia model groomed by the Party's Left after the Tiananmen Square protests in 1989. It campaigned for the rehabilitation of a collective model of development that was reminiscent of the Mao era. In the early 1990s, the ranking civilian party leaders Qiao Shi and Song Ping became the first patrons of Nanjie. They sided with the village in order to confirm their hardliner attitude towards liberal political ideas, after the Party dispatched troops to quell the pro-democracy protests in 1989. The endorsement of the Party's Left won Nanjie a windfall of resources that turbocharged its local development, enabling it to make its first ever one billion *yuan* and thus be crowned as a 'red billionaire village' in 1991. Although Nanjie carried out recollectivization out of necessity initially, Wang Hongbin, the local party secretary, transformed the collective model of economy into an ideological fixture to appease the party elders and military veterans. From that time on until Nanjie's local leaders and patrons began to rebrand the village into a party model beginning in 2012, the discourse coming out from Nanjie was replete with harsh criticisms of the market reform, which defined the post-Mao party line, for betraying Mao's vision of socialism and leading the Party astray. Nanjie's credibility was badly damaged by media scandals in 2008 which revealed that the collective holdings of the village had been secretly privatized by the local party leadership. In the aftermath of the scandal, the princelings and Maoists flocked to Nanjie. They were sympathetic to Wang's defence of the scandal. The princelings made use of Nanjie to affirm their identity as the legitimate heirs of the CCP, whose reputation was wrongfully injured, just as Nanjie's. The Maoists also used Nanjie to show that they were a special class of political celebrities who were important policy stakeholders, despite the reality that they did not hold any important political office in the post-Mao period. The party leadership responded to the Nanjie model by conceding that it was worthy for emulation but for reasons other than

its leftist agenda. This conciliatory attitude allowed the party leadership to maintain civility with the party elders while defending the party line in favour of the HRS.

The party leadership encouraged villages to adopt some features of collective development since the early 1990s. As a result, the party line has shifted closer towards the Nanjie model. In this sense it could be said that the Nanjie model has been partially vindicated, although the party line insists that recollectivization should be carried out on the basis of upholding, not abolishing, the private land rights of rural residents under the HRS. That said, the party leadership refused to engage with Nanjie's Maoist agenda and its harsh criticisms of the market reform directly for the whole 28 years of the Nanjie model. Its remarkable silence enabled the leftist agendas to be mobilized in other factional-ideological conflicts in the future. As we will see in Chapters 6 and 7 respectively, the leftist agenda was hijacked by a charismatic party elite by the name of Bo Xilai, and adapted by Xi Jinping, China's top leader since 2012, to craft their own visions for socialism. Both steered the market reform in a more state-led direction and pursued a redistributive agenda that is deeply controversial in Chinese society.

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5 Shekou and Shenzhen: Blurring the Line between Special Economic Zone and Special Political Zone, 1979–1989

Abstract

Shekou and Shenzhen, two cities in Guangdong province, were designated by the central leadership to be pilot zones for the reform and opening up policy in the late 1970s/early 1980s. Under the patronage of the Party's Right, they exceeded the scope of their mandate to experiment with liberal-leaning political reforms that were in tension with the party line. Competitive elections for the government were held in Shekou. Plans for establishing a legislative-cum-consultative organ that would 'have seen Shenzhen jumped out from the system of our country [China] completely' were drafted in Shenzhen. The political reforms of Shekou and Shenzhen were quashed with the suppression of the pro-democracy protests in 1989. China has never seen any political reform as liberal since.

Keywords: China Merchants; collective leadership; Shekou; Shenzhen; thirteenth party congress; Wei Jingsheng

Shenzhen, where the district of Shekou resides, is one of the wealthiest cities in China today. Nicknamed the Chinese Silicon Valley, it is where the crown jewels of the Chinese high-tech sector, Huawei, ZTE and Tencent, are headquartered. China Merchants, a state-owned enterprise (SOE) in Shekou that was founded by Li Hongzhang in the late Qing Dynasty to carry out international trade missions, is at the forefront of Xi Jinping's grand project, the Belt and Road Initiative (BRI). The BRI was announced in 2013 and commits to building infrastructure in the global south, opening up new markets for Chinese exports, expanding Beijing's geopolitical influence, and ultimately, restoring China to its ancient glory (Freymann, 2020). China Merchants operates no fewer than 50 ports in 20 countries and

regions today under the BRI (Zhong, 2018: 496). The global reach of China Merchants and Shenzhen's tech giants embodies the supposedly flawless combination of state industrial policy and market forces to generate wealth and innovation. It has been erased from official history that Shenzhen and Shekou were not only economic cities, but also political cities. It was in these port towns where Yuan Geng, the leader of Shekou, Liang Xiang and Li Hao, the leaders of Shenzhen, carried out or planned to carry out liberal political reforms under the patronage of Hu Yaobang and Zhao Ziyang at the central leadership. Yuan, Liang and Li believed that political liberalization was vital to support economic liberalization. Yuan believed in nurturing a robust civil society that could hold power to account. Liang and Li invested in devising a new political structure with greater representativeness. These measures were not to be seen as precursors to regime change because they aimed to consolidate, rather than weaken, the one-party system led by the Chinese Communist Party (CCP). That said, these measures were still controversial because they expanded political and civil liberties for Chinese citizens beyond what was permitted under the party line.

The Democracy Wall Movement in Beijing

At the time when Shenzhen and Shekou were designated to be open to foreign investment in the late 1970s/early 1980s, Beijing, the capital city of China, was at the centre of a movement for political reforms emanating from the grassroots. To understand what this movement was about, it is necessary to trace back to the Cultural Revolution. Towards the end of the decade-long turmoil, residents of Beijing flocked to Xidan Wall, a 200-metre brick wall west of Tiananmen Square, to display posters that criticize Mao and the radicals and demand that Deng Xiaoping should return to power. Many posters were pages from articles torn out from periodicals on current affairs that were run by local residents. Initially, Deng and his allies were supportive of this spontaneous outburst of activism because it was useful for their power consolidation. However, their mood turned sour when posters critical of Deng and demanding democracy were posted on the wall, which gradually came to be known as the 'Democracy Wall' of Beijing (Baum, 1994: 69–79; Nathan, 1986: 3–44).

The article by Wei Jingsheng, 'The Fifth Modernization', which appeared on the wall on 5 December 1978, tested the limits. Wei was a 28-year-old electrician educated to middle school level and whose parents were party members. The 'fifth modernization' was an extension of the slogan of the

'four modernizations' previously introduced by Zhou Enlai, China's premier from 1949 to 1976. Zhou famously said that the modernization of China is the modernization of agriculture, industry, defence, and science and technology. Wei's essay describes democracy as the 'fifth modernization' and the precondition for the 'four modernizations'. His conception of democracy was a liberal one: it is a system in which the people have the right to select and remove their representatives and to make decisions for themselves. He wrote that it is 'the kind of democracy enjoyed by people in European and American countries'. His article maintains that China under the CCP is an autocracy. The problem of autocracy, he wrote, is that power does not reside with the people, hence their well-being is completely at the mercy of the Party. As a result, he argued, the CCP, not the people, is the master of the country. He criticized the Party for having a vested interest to deceive the people, who he said were enslaved to the Party. He lamented that notwithstanding the rehabilitation of Deng into political office, the 'hated old political system' has not changed and 'any talk about the much hoped for democracy and freedom is forbidden' (Wei, 1998: 199–212).

Wei's poignant critique proved too much for Deng. He articulated the 'four cardinal principles' in March 1979 to signal that demands for liberal political reforms were a political taboo. The doctrine maintains that even though China adopts market reform, it must still uphold the socialist path, the people's democratic dictatorship, the leadership of the CCP, and Marxism-Leninism-Mao Zedong Thought, which define the political system inherited from the Mao era. The hardliner language used in the 'four cardinal principles' should not be mistaken as a commitment to Mao's vision of socialism; rather, it is to communicate that the authority of the CCP must not be undermined. Posters on Xidan Wall were taken down soon after the 'four cardinal principles' was announced. Wei and a hundred or so other activists were arrested (Baum, 1994: 69–79; Carter, 2021; Nathan, 1986: 31–44).

Although Deng suppressed the Democracy Wall movement, he understood that some major changes to the political system were necessary. His vision for political reform had little to do with liberalizing the political process or sharing power with the people. Rather, its goal was to avoid the over-concentration of power in the hands of a top leader like Mao, such that the type of destabilizing power struggle and arbitrary decision-making that prevailed during the Cultural Revolution would not recur (see Chapter 2). To this end, Deng introduced measures to establish a system of collective leadership beginning in 1980. These measures included the abolition of life tenure for the top leader, restrictions on the number of posts that senior party members could hold concurrently, prohibition of a cult of personality,

introduction of term limit and retirement age for top offices, and promotion of younger cadres on a meritocratic basis (Deng, 1994: 320–343).

Deng's measures aimed to bolster the Party's governance capacity and avoid a leadership succession crisis. It eschewed the kind of democratization that Wei demanded. It was Deng's restrictive vision of political reform, which set the post-Mao party line on this subject, that came under challenge by Shekou and Shenzhen. The political reforms proposed by Shekou and Shenzhen laid somewhere between Wei's and Deng's visions. The reforms aimed to return some power to the people (hence, attending to Wei's critique of the Party being oppressive), but only if it strengthens the single-party system under the CCP, being an obsession of Deng.

Shekou and Shenzhen petitioned Beijing for special economic status

The political reforms proposed by Shekou and Shenzhen would have been pies in the sky if they could not be implemented in practice. Their reforms were realistic because they were awarded a special economic status by the party leadership in the late 1970s/early 1980s, which conferred on them significant autonomy in the policy process – this being a privilege that they could exploit to shelter their political reform. Shekou was a more special case than Shenzhen. Unlike Shenzhen, Shekou was governed separately from the government structure of Guangdong province. It was under the administration of China Merchants, a SOE. Being ruled by a company rather than a territorial government allowed Yuan Geng, the leader of Shekou and head of China Merchants, to depoliticize the elections he held in the city. Although they were elections of the local government in substance, Yuan was also correct that they were company elections. It was only that the elections should not be seen as a purely corporate exercise, unlike the impression that Yuan gave. As for Shenzhen, its local leaders, Liang Xiang and Li Hao, exploited the city's status as a SEZ to delay the establishment of a local branch of the People's Congress, being the state legislature, and the Chinese People's Political Consultative Conference (CPPCC), being a consultative organ overseen by the CCP. They delayed creating these two bodies because they hoped to separate Shenzhen's political structure from the national political structure, so that the former could have the scope to carry out political reform modelled after the semi-democratic political system of Hong Kong, which was much more representative and transparent than that of the mainland. Earning the status of a SEZ (or

the like, for Shekou) was therefore a prerequisite for becoming special politically.

In the late 1970s, the local leaders of Shekou and Shenzhen petitioned Beijing to grant them the privilege to solicit foreign direct investment (FDI) in large volumes. Even though they experimented with political reform later on, at that time the petition was motivated mainly by economic concerns. The request for special economic status was a bold one because foreign capital was still heavily restricted back then, a legacy of the policy of diplomatic isolation and economic autarky during the Cultural Revolution (Naughton, 2007: 377–399). If Shekou and Shenzhen were to be granted special economic status, the devolution of major economic and administrative powers to the sub-provincial level would be required. This would be a significant institutional change, considering the highly centralized nature of the Chinese political system and its deep-seated suspicion of foreign capital.

The petition by Shekou and Shenzhen was successful. Shekou was granted the status of an 'industrial zone' in 1979, and Shenzhen, a SEZ in 1980. These titles conferred a similar level of policy autonomy. The poverty of these two cities made their plea desperately urgent. It was a daily reality that large numbers of Shekou and Shenzhen residents risked their lives to flee to Hong Kong, the neighbouring British colony with a capitalist system, in the hope of escaping poverty (Zhong, 2018). The authorities of Shekou and Shenzhen were too cash-strapped to afford development projects that could improve local livelihood, and thus curb illegal emigration. Beijing was struggling with high national debt and hence was unable to finance Shekou and Shenzhen either (see Chapter 3). It was in this context that Shekou and Shenzhen made the case for using foreign investment to facilitate local development. The small territory of Shekou (2.14 km²) and Shenzhen (327.5 km²) when placed on a national scale, and their remote location vis-à-vis the vast Chinese mainland, helped persuade Beijing that any side-effects that might come with the large influx of FDI would be limited and contained.

It was not only Shekou and Shenzhen, but also Zhuhai, Xiamen and Shantou, all located in southern China, that were granted special economic status in the end. The party leaders hoped that these cities could serve as 'windows' or 'doors' to bring foreign capital, technology, and management skills to China (Deng, 1993: 51–52; Gu, 2009: 325–326). They were granted a range of 'special policies' and 'flexible measures' that were designed to make them attractive destinations for FDI. These included, for example, an enterprise income tax rate of 15%, being three times lower than the 50% tax rate levied on private firms elsewhere in China. The foreign companies

operating in these cities could set their own terms and conditions for employment, even if they did not comply with national laws (Bach, 2016; Ong, 2006; Xing, 1996: 57–80).

The Party's Left and Right clashed over the SEZ policy

Beijing emphasized that the 'special policies' and 'flexible measures' were given to Shekou and Shenzhen to help them to become financially self-sustaining entirely on the basis of FDI in lieu of state investment (Wang, 2011: 19–20). However, this was an unfulfilled aspiration. It was found that foreign investment was only responsible for around one-third of the cost for the construction of basic infrastructure in Shenzhen by 1984. The remaining two-thirds were absorbed by (1) state investment that totaled 16 billion *yuan* from 1980 to 1984, (2) investment from other provinces, (3) loans from Chinese banks, and (4) the local government expenditure. It was estimated that the amount of funds from domestic sources that were expended to help Shenzhen attract foreign investment was twice the actual value of foreign investment attracted. This led some to ridicule Shenzhen as a 'Dazhai 2.0', a model that appeared to be standing on its own feet on the surface but was heavily subsidized by the state in reality (Chen, 1985).

Besides squeezing state resources that were short in supply, there was another problem with Shenzhen, which was also evident in Shekou. As discussed earlier, Beijing had hoped that any negative consequences of FDI would be contained within the borders of the special economic cities. However, they spilled over to the mainland. Shenzhen, Shekou, and the other three SEZs became hotspots for smuggling, tax evasion and corruption. These problems spread to the mainland as large quantities of consumer goods manufactured in Shenzhen and Shekou were sold in the domestic mainland market, legal and black (Ou, 1984). The Party's Left was so disappointed with the performance of the SEZs that it called for a termination of their special status.¹ Deng Liqun, the left-leaning party elite who chaired the research office of the Central Party Secretariat, vilified the SEZs as 'colonial treaty ports', i.e. territorial concessions forced on to China by European powers after the Opium Wars in the 1800s. He described the privileges granted to foreign companies in the SEZs as an extension of the 'extraterritorial rights' claimed by foreigners in China after the Opium Wars, both violating national sovereignty (Chen, 1995: 306–307; Zhao, 2009: 118–119).

1 For a discussion of the Left and Right at the upper party echelons, see Chapter 1.

At a meeting with provincial governments in March 1982, Chen Yun, the influential left-leaning party elite, criticized the SEZs so harshly that many were left with the impression that the SEZ policy would soon be terminated. Chen derailed the SEZs as 'bases for foreign class enemies' that spread 'corrosive capitalist thoughts' to China. He decried the economic crimes originating in SEZs as manifestations of 'class struggle under new historical circumstances'. He instructed the provincial chiefs at the meeting to stand as firm 'Marxists' who maintain their 'communist purity' (Gu, 2009: 336; Wang, 2011: 23). Did Deng Liqun and Chen Yun mean what they said, or did they, especially Chen, adopt an ideologically charged language to be provocative? In his reflections of the saga, Zhao Ziyang, who was the premier at the time, believed that they were sincere in their criticisms. He recalled that Chen reread Lenin's *Theory of Imperialism* in order to find out why SEZ policy is fundamentally wrong. Chen told Zhao that 'Lenin observed that imperialism was linked to foreign trade and that his insight remains valid today' (Zhao, 2009: 19). Chen's approach was emblematic of the Left of the Party's insistence on seeing the failings of the SEZs within a framework of nationalism and socialist orthodoxy. In March 1982, Chen commanded the leaders of Guangdong (the home province of Shekou, Shenzhen, Zhuhai and Shantou) and Fujian (the home province of Xiamen) to strengthen 'unified control' over 'coordinating economic activities involving foreigners'. A new decree was issued to prohibit organizations or individuals in the SEZs to trade with foreigners without prior government approval (CCP Central and State Council, 1982). Zhao (2009: 122) reflected in retrospect that the decree was single-handedly imposed by Chen.

While the Party's Left attempted to undermine the SEZ policy, the Party's Right, including Zhao, wanted not only to have it preserved, but even expanded to other parts of China. They remained hopeful that the SEZ policy held strategic value for the economic modernization of China. In January 1984, Deng Xiaoping visited Shenzhen, Zhuhai and Xiamen to show support for the SEZ policy. He said that it was 'not about taking back but letting loose' to communicate his personal commitment to protect the SEZs from being derailed by the Left. Deng's southern tour proved to be a gamechanger. The 'special policies' and 'flexible measures' that used to be limited to the five cities were extended to 14 other coastal cities in only three months after his trip. These policies and measures were even expanded to cover Jiangsu and Zhejiang in 1985, although Chen specifically ruled out creating a SEZ in these provinces in 1981 (Chen, 1995: 306–307). It was the concerted effort of the Party's Left and Right to, respectively, undermine and defend the SEZ policy that turned the SEZs into fertile grounds for

factional-ideological conflicts. The desire of some right-leaning party elites to carry out political reform in Shekou and Shenzhen would soon make the SEZs even more controversial. It was much to the dismay of Deng, who did not share their political vision.

Shekou: The *de facto* special political zone

Yuan Geng was the head of China Merchants who petitioned Beijing to grant special economic status to Shekou. After this was achieved in 1979, Yuan, as chair of China Merchants, became the *de facto* governor of the Shekou Industrial Zone. He wanted to transform Shekou not only into the world's factory or logistical hub but also a freer and more open society with a more liberal political system. He believed that economic development would not be sustainable without political liberalization. In his view, economic reform and political reform should be pursued simultaneously; in other words, political reform should not be delayed until the level of gross domestic product (GDP) had reached a certain level. In his words, Shekou could only 'imitate or import advanced technology and equipment from abroad' up to a certain point; after that, economic growth would inevitably depend 'largely on the creativity and free will of humankind', which should be nurtured by political liberalization (Chen, 1989).

There were at least two major obstacles in the way of Yuan's plan for political reform. First, political reform was prohibited by Beijing. Vice premier Gu Mu told Yuan that while Shekou's economic structure 'should become special', it must 'follow the ways of the mainland' on matters of governance (Wang, 2011: 20). Second, the political reform envisioned by Yuan bore resemblances to Wei's vision for democracy, which was repressed by Deng Xiaoping, as discussed earlier. Yuan's reform would nurture a civil society and free press, as well as empower some of Shekou's residents, including non-party members, to elect the local government. Although his reform did not provide scope for opposition political parties, it was still controversial because it would soften the authoritarian character of the CCP significantly.

Yuan was undeterred despite the obstacles. It certainly helped that he secured the patronage of Hu Yaobang, the then CCP General Secretary, in 1984. Hu went on the record to encourage Shantou and Xiamen to 'learn from Shekou', which signalled his approval of Yuan's policy direction (*Zhongguo jingji tequ nianjian*, 1983: 89). Shekou under Yuan became the first place in China to carry out an open system of cadre recruitment. It took place in 1980, when individuals were allowed to apply for civil servant jobs directly,

rather than having to wait for the authorities to allocate jobs to them, unlike the practice in the rest of China. Interest groups which organized on the basis of professions and were independent from the Party mushroomed in Shekou. Some residents actively utilized the local newspaper, *Shekou tongxun bao*, to comment critically on current affairs. Besides encouraging a culture of openness, Yuan also introduced direct elections and a vote of confidence, both by secret ballot, for the management committee of the Shekou Industrial Zone, being the *de facto* government of Shekou. The electoral reform enfranchised Shekou's 400 or so cadres and 1,600 long-term workers, including those who were not party members (the 'non-cadre electorate'). The 130 middle- and upper-level cadres in Shekou were eligible to stand for election for a two-year term in the management committee with nine seats (Ju, 1998: 160–182).

Yuan decided that the election would be held every two years, from 1985, and a motion of confidence would take place beginning in 1986. The election would have two stages. In the first stage, Shekou's cadre electorate would elect 15 candidates from the pool of candidates who stood for the management committee election. Those elected would have to participate in an election forum open to both the cadre and non-cadre electorate, where they would have to respond to uncensored questions from the audience on the spot. The second stage of the election would be held after the election forum, during which the nine candidates with the highest number of votes from the full electorate would be elected to the management committee. Both the cadre and non-cadre electorate were eligible to vote on the motion of confidence. They were to cast two motions of confidence: one for the management committee and the other for each member of the management committee. If the number of votes of confidence received by the management committee was less than 50% of the total number of valid ballots, it would have to be dissolved and re-elected (Ju, 1998: 160–182).

Shekou's election was the only election in China that truly allowed the people to select or remove the government directly. Some might consider the election of the village committee to be another example. It was introduced by the party leadership in 1988 to allow rural residents to vote on members of the village committee, who do not have to be party members. However, unlike the Shekou elections, the village committee election was not really an election of the government because the village committee does not have the power to make local decisions. The usefulness of village committee elections lies in allowing the Party to co-opt the winners of the election, so that the latter would implement decisions and policies that the Party had decided (O'Brien, 1994; Shi, 1999). The Shekou management committee was

different from a village committee because the former truly functioned as the local government. In effect, the election and motion of confidence that were introduced by Yuan effectively replaced the life tenure of Shekou's leaders with an accountability system. Yuan received the highest number of votes in the second round of the election in 1985 but 14% of voters did not vote for him. 15% of voters did not cast a vote of confidence for him in 1986. Despite the personal embarrassment, Yuan was broad-minded enough to hail the election and the motion of confidence as a success and disseminated the results widely (Chen, 1985).

After Hu was purged for being too lenient to the liberal intellectuals in January 1987 (about which more below), Yuan succumbed to pressure to increase control over the election to make the outcomes much more predictable. He registered the management committee into a limited company to give an even stronger impression that the election and motion of confidence were part of a corporate process, rather than ballots for the government. Moreover, he increased the number of seats of the management committee from nine to eleven. Four were reserved for appointment by China Merchants, while seven were open for election, down from the previous nine. Yuan eventually abolished the motion of confidence for individual members of the management committee, hence the electorate could only cast a motion of confidence for the management committee. The revamped election and motion of confidence were implemented in 1987 and 1988 respectively. It was obvious from the letters to editors published in *Shekou tongxun bao* that many in Shekou were upset with the changes. Their disappointment was also reflected in the ballot results: the management committee only obtained 51% of votes of confidence in 1988, being only 1% above the threshold for dissolution (Ju, 1998: 160–182).

Although the elections were scaled back, the open society that was nurtured by Yuan in Shekou had already taken root. It was manifested in the 'Shekou Storm', which tested the limits of free speech not only in Shekou but also more widely. In January 1988, three senior ideology and propaganda cadres from Beijing visited Shekou. One of them praised Shekou's factory workers for their 'self-sacrifice'. He described them as the 'builders of the special economic zone' who were not after high wages, adding that no SEZ welcomes 'gold diggers'. This comment precipitated a heated discussion with the workers, during which some of them told the ideologues to stop their 'hollow preaching'. They said that they were all 'gold diggers' who would not have endured long working hours if it was not for money. One of the workers even went on to ridicule the state ideology, 'socialism with Chinese characteristics'. He said:

We feel very disgusted by the reports about us in the newspaper. It says something like the path of Shenzhen [note: Shekou is located within Shenzhen] is the path of socialism with Chinese characteristics. But what Chinese characteristics are there in reality? The characteristics of Shenzhen are the characteristics of foreign countries! Shenzhen's architecture, streets, city planning, and company management are identical to those of foreign countries. If there are Chinese characteristics, say that there are Chinese characteristics. If there aren't, don't fabricate (Ceng, 1998).

The ideologues were disturbed by the outspokenness of the workers. This culminated in a barrage of negative press from across the country that derailed Shekou as a negative model. It was shocking because the Shekou Storm took place at a politically sensitive time. It was only a year earlier that Hu was purged for failing to arrest the spread of liberal political ideas, officially called 'spiritual pollution', in the Chinese cities. The background of this was that astrophysicist Fang Lizhi undertook a multi-campus speaking tour, in Anhui, Shanghai and Beijing in 1986 to encourage students to 'break all barriers' that impede intellectual curiosity. He cited Wei's article, 'The Fifth Modernization', to encourage students to demand democratic rights and freedoms, rather than to patiently wait for them to be granted by the Party. Fang's advocacy precipitated student demonstrations in university campuses in several provinces in December 1986, during which calls for popular elections were made (Baum, 2011: 390–394).

The outspokenness of Shekou's workers suggested that Yuan was following the footsteps of Hu in tolerating the plurality of political thoughts among the younger generation. The Shekou Storm could have easily derailed Shekou's elections overnight. This did not happen because Hu was succeeded by Zhao Ziyang, who was also liberal-leaning. In 1987, *Renmin ribao*, mouthpiece of the party leadership, even published articles to defend the Shekou workers. These include excerpts of an interview with Yuan, who reportedly said that freedom of speech is a 'sacred constitutional right' and there was no place for 'speech crime' (Ceng, 1988).

Shenzhen planned to emulate Hong Kong's semi-democratic legislature

The leaders of Shenzhen presented the city as an obedient SEZ faithful to its economic mission and with no political ambition. To contrast Shenzhen with Shekou, Liang Xiang, the Shenzhen party secretary, said in the early 1980s:

The special zones in our country are special economic zones, not special political zones [...] They are special due to the liberalization of economic policies. They must not have anything special in politics and culture (Liang, 1983: 104–108).

Zhou Erkang, the secretary-general of the Shenzhen party committee, struck a similar tone. He said that Shenzhen required more legislative power to cope with the complexity of foreign investment. However, 'it will not develop an independent judiciary system nor pass any law at will' (Shenzhen municipality CCP Central Committee, 1984: 140). As if the remarks of Liang and Zhou were not explicit enough, the Guangdong government issued a statement, also in the early 1980s, to stifle political imagination. It reads:

The political institutions, legal system and other administrative mechanisms of the special economic zones are under the national regime of the people's democratic dictatorship [this being a reference to Deng Xiaoping's 'four cardinal principles', see earlier discussion] (*Zhongguo jingji tequ nianjian*, 1983: 630–633).

These various statements gave the impression that Shenzhen had no intention of following Shekou's suit to test the limit of the party line. The reality was more nuanced. Xu Jian, who was the deputy minister of the Shenzhen judiciary in the early 1980s, recalled in 2013 that after securing the approval of Zhao Ziyang, Liang Xiang delayed setting up the Shenzhen branch of the People's Congress (legislature) and CPPCC (consultative organ) because he did not want Shenzhen's political system to follow the structure of the political system in the mainland (Xu, 2013: 32). The People's Congress was often ridiculed as a rubber stamp that approves laws made by the Party without scrutiny, and the CPPCC, a 'political flower vase' for the Party to co-opt influential personages. Liang wanted Shenzhen's political system to be more dynamic and representative than the People's Congress/CPPCC system.

The gamechanger for Shenzhen's political reform was the 13th Party Congress in 1987, during which Zhao put political reform on the national agenda. In his report to the congress, Zhao outlined seven new directions for political reform nationwide:

1. 'Separation of the Party from government administration' (*dangzheng fenkai*): party committees embedded in government units, social groups and companies should only provide their host units with political

- guidance and supervision. They should refrain from managing the day-to-day operation of these organizations.
2. The central government should decentralize more powers to local governments.
 3. The bureaucratic structure should be streamlined to enhance administrative efficiency and competence.
 4. A civil servant system should be developed to attract talent and avoid cronyism in personnel management.
 5. A three-tiered system of 'consultative dialogue with society' covering the central, local, and grass-roots levels, should be established.
 6. 'Improve socialist democracy' by selecting younger delegates to the People's Congress and encouraging them to serve on a full-time basis.
 7. 'Strengthen the construction of a socialist legal system' by making more laws to regulate government conduct and ensuring that the government abides by the law (Zhao, 1987).

Li Hao, who succeeded Liang as Shenzhen's party secretary, were emboldened by the political reforms Zhao announced at the 13th Party Congress. He interpreted them as signs of a more permissive political environment for Shenzhen. Li shared his predecessor's aspiration to create a new political system from scratch, one that would 'have seen Shenzhen jumped out from the system of our country [China] completely' on the basis of 'emulating the methods of decision-making, consultation, and implementation in Hong Kong' (*Shenzhen tequ bao*, 6 October 1988). This means, Li explained:

Shenzhen will become more special and open than what it already is. When the time comes for Hong Kong to be handed over [to Chinese sovereignty in 1997], the economic laws, regulations and management system of Shenzhen will align with Hong Kong's, contain Chinese characteristics, and live up to international conventions (*Shenzhen tequ bao*, 6 October 1988).

Li's comment suggested that he was even more ambitious than Zhao. Li did not want to restrict Shenzhen's political reform to the framework put forward by Zhao at the 13th Party Congress, which set the latest party line for political reform. Although the measures that were announced by Zhao at the congress had Deng Xiaoping's blessing, they were deeply divisive in the Party. If implemented, the measures would reduce the power of the Party vis-à-vis the state and subject the bureaucracy to tighter scrutiny (Wu and Lansdowne, 2008). According to Xu Jian, Li believed that the formidable

task of 'seeing Shenzhen jump out from the system of our country [China] completely' should begin with legislative reform because it does not deal with the Party's power directly and hence has the 'lowest cost' compared to other measures for political reform. In addition, Li also believed that legislative reform was urgently necessary to strengthen Shenzhen's capacity to handle the growing complexity of foreign investment. Li considered the People's Congress of Guangdong province, which makes laws for Shenzhen, too slow and inefficient (Xu, 2013: 32). He entrusted Xu to design a 'legislative committee' for Shenzhen that combines the legislative functions of the People's Congress and the consultative functions of the CPPCC. The key characteristics of the legislative committee were revealed in public for the first time in Xu's article published in 2013. The plan was that the legislative committee would have two types of members, including 17 official members who would be elected by a cadre electorate and 34 non-official members who would be elected by a non-cadre and non-party member electorate. The election of the non-official members would be modelled after the functional constituency election of the Hong Kong legislature. It would allow professionals from recognized industrial sectors (for example, law, commerce, and logistics, etc.) to stand for and vote in such elections. Restricting the non-cadre and non-party member electorate to professionals meant that the factory workers in Shenzhen, who made up a huge proportion of the local population, were excluded. Nevertheless, it would still have been a major step forward in opening up the political process because non-party members would form the majority in the legislative committee (Xu, 2013: 33). Xu's design of the legislative committee was approved by the Shenzhen Party Committee in 1988.

Shekou and Shenzhen's political reform was squashed

The party leadership had hoped that the political reform unveiled at the 13th Party Congress (1987) would finally give it an upper hand over the pro-democracy intellectuals and students in shaping public expectations for political reform. But this did not happen. The death of Hu Yaobang in April 1989 triggered a fresh round of pro-democracy protests in Beijing. The students felt that Hu was unfairly dismissed by the Party and flocked to Tiananmen Square to mourn for him. The mourning gradually developed into one-and-a-half months of protest demanding a free press, freedom of expression, public transparency on the income sources of top leaders and their offspring, etc. In May 1989, Zhao made

an offer to the Politburo to resign from his position as the party general secretary, take full responsibility for the protest, and to have his sons investigated for corruption. He hoped that this could appease student anger, so that they would exit Tiananmen Square peacefully. However, his offer was rejected by the Politburo, which did not want the Party to look weak. The Politburo was also concerned with the implications of Zhao's concessions on other senior party leaders, who could well be pressured by the students to follow Zhao's example. The Party's Left successfully persuaded Deng that Zhao should be removed because he sympathized with the students. Deng had always held a very negative view of the protests. The political turmoil of the Soviet Union at that time strengthened this perception. It followed that Zhao was placed under house arrest and the Party dispatched troops to clear Tiananmen Square in June 1989 (Baum, 1994: 247–310; Zhao, 2009: 21–104). As a result of the hardening of the political climate, even the modest political reforms of the 13th Party Congress were shelved.

The Beijing protests and the disgrace of Zhao foreshadowed the end of political reform in Shekou and Shenzhen. Shortly after Zhao was purged, Yuan was removed from power and investigated for his role in the Shekou Storm. Shekou was taken away from the jurisdiction of China Merchants and absorbed into the governance structure of Guangdong province as a subdistrict of Shenzhen's Nanshan District. As a result, the management committee of China Merchants was no longer in charge of the governance of Shekou. The elections introduced by Yuan were discontinued (O'Donnell, 2016: 58). It was unsurprising that Shenzhen's plan for establishing a legislative committee was squashed under this political climate. However, this did not stop Li, the leader of Shenzhen, from petitioning the National People's Congress to delegate legislative power to the city in April 1989. His reason was that Shenzhen, as a SEZ, had to make many new laws, and the best way to do that efficiently was to do it at the local level. The National People's Congress approved of Li's request but required Shenzhen to establish a local branch of the People's Congress before being given any legislative power. Shenzhen's plan of creating a legislative committee was therefore derailed (Li, 1989).

Conclusion

There was a strong yearning for political change in China throughout the 1980s. It originated not only in Chinese society but also within the upper

party echelons. However, there was little consensus on the direction of reform. The Party's bottom line was to rule out democratization or political reform that might threaten its monopoly of power. This followed that any political reform should be based on improving the existing political system, instead of replacing it with a new political system, certainly not a liberal democratic form of government. Shekou and Shenzhen, as models of political reform sheltered by some right-leaning party elites, tested where the line between improvement and replacement should be drawn. Their local leaders, Yuan Geng, Liang Xiang, and Li Hao – allies of Hu Yaobang and Zhao Ziyang of the Party's Right – believed that if China was to continue the reform and opening up policy, it should make political liberalization a priority. It was the refusal of Yuan, Liang and Li to accommodate the party line that enabled them to think out of the box to devise political reform that grafted features of liberal democracy and Hong Kong's semi-democratic political system onto China's single-party system.

Shekou's and Shenzhen's leaders were practically minded and hedged their political reform with the patronage of Hu and Zhao. This made their cities factional models. The Party's Left were hostile towards political liberalization because they were preoccupied with defending a large state-led economy and were deeply suspicious of things foreign. Deng Xiaoping, the patriarch of the Party's Right, was not sympathetic to the political reform of Shekou and Shenzhen. His distaste for political liberalization could be sensed from his crackdown on the Democracy Wall Movement. He protected the special economic status of Shekou and Shenzhen from being taken away by the Party's Right only because he believed in economic, not political, liberalization. Although Hu and Zhao were senior party leaders, their political standing was ultimately at the mercy of their patron, Deng, who in the end considered them to be dispensable if they had a major disagreement. Their successive downfalls squashed the political reform of Shekou and Shenzhen. From then on, political liberalization was rendered a taboo. Political integration with the West was never again to be entertained. It was on the basis of insulating the one-party system from liberalization that Shekou and Shenzhen achieved the prosperity they enjoyed today. For the time being, this seems to prove that Yuan, Liang, and Li's worries were unfounded because economic development seems to be durable without democratization. However, their other important insight, namely that the reform and opening up policy would be unsustainable unless backed up by more liberal politics, has been partially vindicated, as seen in the growing restrictions on market freedoms under Xi Jinping, which we shall consider in Chapter 7.

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6 Guangdong versus Chongqing: Competing Models of Governance in the Run-up to the 18th Party Congress, 2008–2012

Abstract

Guangdong and Chongqing were embroiled in factional-ideological conflicts concerning the proper approach to governance in the run-up to a once-in-a-decade transition of the top party leadership in 2012. The Guangdong model was created by Wang Yang and supported by the Party's Right. It called for restricting state power and giving more freedoms for social groups to operate autonomously. The Chongqing model was groomed by Bo Xilai and endorsed by the Party's Left. It advocated an expansion of the state sector to strengthen the regime's clientelist ties with the people. These models represented different visions for China's future. The unexpected purge of Bo in March 2012 was followed by renewed calls for political liberalization by the liberal-leaning media outlets in China.

Keywords: Bo Xilai; eighteenth party congress; intra-party democracy; rule of law; 'sing red, smash black' campaign of the Chongqing model; Wang Yang

The co-existence of the Guangdong and Chongqing models between 2008 and 2012 generated intense speculation. Most observers agreed that the Guangdong model prioritized market efficiency over socio-economic equality, while the reverse was true for the Chongqing model. Two divergent theses emerged based on this consensus: one maintains that the two models were competitive with each other; the other claims that they were complementary.

The competitive thesis maintains that Guangdong and Chongqing encapsulated contrasting visions of the market reform. It is argued that Guangdong followed Deng Xiaoping's single-minded pursuit of rapid

economic development, while Chongqing focused on tackling socio-economic inequality. The 'pie analogy' was frequently cited to support the competitive thesis. In only seven days apart, Bo Xilai, party secretary of Chongqing (2008–2012), and Wang Yang, party secretary of Guangdong (2008–2012), compared the development models of their region to the baking and slicing of a pie. Bo said: 'Chongqing's development follows exactly the opposite path of other regions [...] we endeavour to slice the pie well before baking more pies'. Wang claimed that the government should 'focus on baking the pie' because 'slicing the pie well is only a secondary issue' (Chan, 2011: 3–8).

The complementary thesis states that Guangdong and Chongqing showcased, respectively, the approach for a wealthy coastal region and a less developed interior region to achieve their full potential. It is argued that Guangdong and Chongqing should be viewed as complementary to each other because the sheer size and local diversity of China provide scope for both to thrive and offer valuable policy lessons for other provinces (Gore, 2012).

These are sensible analyses. However, they miss the gist of what these models were truly about: they were sites where factional-ideological conflicts over how China should be governed was played out. My research findings suggest that Bo and Wang did not see their models to be complementary approaches of regional development, but rather, competitive factional models with the ambition to reshape the direction of travel of the country. The Guangdong model maintained that the power of the state should be restricted, so that there could be more scope for society to operate freely, including to monitor the government. The Chongqing model called for an expansion of the state sector at the expense of the lucrative homegrown private business. It also laid stress on renewing the clientelist ties between the Chinese Communist Party (CCP) and the poor masses. Guangdong and Chongqing were not mature or well-developed models though: neither could articulate a response to some of the fundamental issues that must be addressed when deciding which governance approach would be best suited for China. Guangdong could not explain how empowering society would strengthen CCP rule. Chongqing was silent on how to make the huge rise in public expenses sustainable. Notwithstanding these omissions, Guangdong and Chongqing were valuable for triggering a national debate on the future of China. The timing of these models, being the run-up to the 18th Party Congress (2012), where a once-in-a-decade transition of the central leadership was scheduled, made their critique of the CCP's weaknesses in governance controversial and potentially very consequential. They strongly signalled that new visions were needed for the next decade; moreover, Bo and Wang should be seen as visionary statesmen who could deliver.

Prelude to the Guangdong model: Thought emancipation 3.0 campaign

Wang launched the ‘thought emancipation 3.0’ campaign within the Guangdong party-state between January and May 2008, with the hope of gathering consensus before specific reform measures were introduced beginning in June (*Guangdong nianjian 2008*, 2009: 816). The two themes of the campaign were: ‘structural political reforms’ and downsizing state-owned enterprises (SOEs). Neither was implemented as policies in the end. In retrospect, a major and unexpected obstacle to the reforms was the national stimulus plan that was worth four trillion *yuan*. It was introduced by the State Council, the central government of China, to alleviate the economic difficulties caused by the global financial crisis in November 2008. Since over 80% of the bank loans promised in the plan were awarded to SOEs, downsizing the SOEs became infeasible in practice (Eaton, 2016; Zhang, 2011),

Even before the national stimulus plan was announced, Wang anticipated the campaign to face pushback from within the regime. To make it less controversial, he instructed cadres not to feel compelled to support any viewpoint simply because it was professed by the party elites. He warned them against labelling any viewpoint as ‘leftist’ or ‘rightist’ in order to encourage open discussion (*Guangdong nianjian 2008*, 2009: 818). These ground rules were intended to shelter the campaign from political pressure as far as possible, so that consensus could be built within the Guangdong officialdom for ambitious political and economic reforms.

The highlights of the campaign were two discussion fora in March 2008, which were held in Beijing and Guangdong respectively. The fora were held at an important season of the Chinese political calendar. They were timed to coincide with the period when the National People’s Congress and the Chinese People’s Political Consultative Conference (CPPCC) were in session. The sensitivity of the timing suggested that the fora likely had the blessing of some party elites at the top leadership. The Beijing and Guangdong fora assembled 22 well-known and liberal-leaning Chinese intellectuals to discuss the shortcomings of the reform and opening up policy and to propose possible solutions. It was agreed at the beginning of the fora that the greatest obstacle to the reform comes from within. The party-state was said to have become a ‘vested interest’ that is predisposed against making changes to the status quo. It was also agreed that if the reform and opening up were to continue successfully in the years and decades to come, credible restraints should be imposed to limit political

power. Specifically, this would require preferential treatment for SOEs to be reduced, and some level of political liberalization to be carried out. It was argued that both measures should begin in Guangdong, which was, after all, the birthplace of China's post-Mao market reform (see Chapter 5) (*Ifeng.com*, 2008; Ma, 2013: 62–64).

The intellectuals at the fora were supportive of urgent SOE reform. Wang Zhanyang of the Central Institute of Socialism criticized the state policy for grooming SOEs into 'monopoly interest groups', stifling the private sector, and thus preventing China from becoming a 'fully-fledged market economy'. He said China must 'emancipate' itself from the Maoist ideology that privileges the public sector as the dominant economic actor. Zheng Yanchao of the Guangdong Social Sciences Academy complained that the state policy was biased against private companies, which made it extremely difficult for them to obtain loans or get listed on the stock market. Zhou Weimin, editor-in-chief of *Xuexi shibao*, a periodical of the Central Party School, described the near-monopoly of SOEs in some sectors as a source of corruption and rent-seeking that harmed public interest. Dang Guoying of the Chinese Academy of Social Sciences claimed that the focus of the market reform should be shifted from the 'marketization of commodities' to the 'marketization of factors of production', especially land and bank loans, to which SOEs enjoyed preferential access (*Ifeng.com*, 2008; Ma, 2013: 62–64).

Political liberalization was another theme discussed at the fora. Guan Shan of Guangdong's propaganda department called for expanding political, economic, and cultural freedoms for the people, in the interest of economic development. Zheng Yanchao, who commented on SOE reform earlier, said that an atmosphere for 'free and critical thinking' should be cultivated, to enable China to truly learn from other countries. Wu Si, the former editor-in-chief of *Yanhuang chunqiu*, an influential liberal-leaning periodical, said that the CCP should 'merge tracks' with 'international and mainstream concepts', namely, democracy, constitutional governance, and human rights. Cai Dingjian of China University of Political Science and Law claimed that democracy, constitutional governance and the protection of human rights were crucial for social stability and sustainable economic growth. He proposed turning Shenzhen into a 'special administrative zone' to experiment with political reforms (*Ifeng.com*, 2008; Ma, 2013: 62–64). His suggestion harked back to the Shekou and Shenzhen models in the 1980s (see Chapter 5).

Shortly after the fora, Wu Nansheng, the founding party secretary of the Shenzhen SEZ, was quoted saying that the 'market economy' and

'democratic politics' were the 'shared treasure of humankind' in *Nanfang dushi bao*, a Guangdong newspaper. He also reportedly said that political reforms should be carried out to check on the power of the government. His other remark was that the government should create space for the public to discuss the goals, benefits, problems, process and timetable of democratization, so that a consensus could be reached (Ma, 2013: 68–69; *Nanfang dushi bao*, 2008).

The liberal-leaning ideas of these fora came under attack by the Party's Left. On 30 May 2008, *Qian xian*, a periodical of the Beijing Party Committee, published an article by Shi Zhongquan of the CCP History Research Office, to smear the campaign. Shi said that China had only ever had two thought emancipation campaigns: first, the 'truth criterion debate' introduced under Deng Xiaoping in 1978 (see Chapter 3); second, the thought emancipation campaign held after Deng's southern tour in 1992, to protect the reform and opening up policy from being derailed by the Party's Left after the Tiananmen Square protests (see Chapter 5 and Baum, 1994: 341–368). Shi dismissed the legitimacy of Wang's thought emancipation campaign 3.0 on the ground that 'it is unclear what it wants to achieve or what problems it wants to solve' (Ma, 2013: 69–70).

Besides *Qian xian*, *Xuexi cankao*, a central level periodical for internal circulation, likewise attacked the Guangdong campaign. According to journalist Ma Guocun, the July 2008 issue of the periodical carried a provocative speech by Liu Guoguang. He criticized some speakers of the Guangdong fora for undermining China's 'socialist economic institutions' and downplaying the differences between socialist and capitalist institutions. He claimed that the promoters of political reform at the Guangdong fora were 'misleading the direction of the reform and opening up' policy and trying to end the CCP's leadership (Ma, 2013: 70–72).

The attacks from the Party's Left put Guangdong in a difficult position. The real turning point of the Guangdong model, however, was not these hostile articles, but the State Council's stimulus plan, which was introduced in November 2008 to alleviate the economic distress brought by the global financial crisis. The bulk of the funds, estimated to be around 80%, was awarded to SOEs. The private sector received very little support and was forced to turn to SOEs for finance (Eaton, 2016). The privileged position of SOEs at the expense of the private firms was at odds with the spirit of Guangdong's thought emancipation 3.0 campaign, which called for levelling the playing field for the state and private sectors. The stimulus plan sent a strong signal that the Party was not in a position to accept Guangdong's ideas anytime soon.

Table 6.1 Speakers at the ‘thought emancipation 3.0’ fora in March 2008

Name	Position and Organization
Bao Yujun	President, Chinese Private Economy Research Institute (<i>Zhongguo minying jingji yanjiu hui</i>)
Cai Dingjian	Director, Constitutional Governance Research Centre (<i>xianzheng yanjiu zhongxin</i>) of China University of Political Science and Law
Chen Baoxiang	Professor, Central Party School
Dang Guoying	Researcher, Chinese Academy of Social Sciences
Du Gangjian	Dean, Shantou University Law School
Gao Shangquan	President, China Society of Economic Reform
Guan Shan	Researcher, Propaganda Department of the Guangdong Provincial Party Committee
Jin Xinyi	Famous blogger
Qin Hui	Professor of History, Tsinghua University
Ren Jiantao	Dean, School of Government of Sun Yat-Sen University
Shi Xiaomin	Vice President, China Society of Economic Reform
Sun Liping	Professor of Sociology, Tsinghua University
Wang Shaoguang	Professor of Political Science, Chinese University of Hong Kong
Wang Zhanyang	Professor, Central Institute of Socialism
Wu Si	Executive Editor, <i>Yanhuang chunqiu</i>
Xiao Jincheng	Vice President, Academy of Macroeconomic Research of National Development and Reform Commission
Yang Qixian	Vice President, China Society of Economic Reform
Ying Songnian	Dean, Department of Law of Chinese Academy of Governance
Zheng Yanchao	Former Director, Economic Research Centre (<i>jingji yanjiu suo</i>) of Guangdong Academy of Social Sciences
Zhou Ruijin	Former Deputy Editor-in-Chief, <i>Renmin ribao</i>
Zhou Weimin	Editor-in-Chief, <i>Xuexi shibao</i>
Zhu Xueqin	Professor of History, Shanghai University

Sources: *lfeng.com*, 2008; Wang, 2008

Guangdong model: Reign in the government, expand the Party

In the face of mounting pressure, Wang settled on a much more limited vision of reform than that touted at the thought emancipation 3.0 campaign. This limited vision did not contain SOE reforms. Moreover, as will be discussed below, although he did carry out political reform, it was not aimed at political liberalization, unlike the much more ambitious political reform of Shekou and Shenzhen pursued in the 1980s (see Chapter 5). Wang’s political reform was much more narrowly defined on strengthening the capacity, efficiency and lawfulness of the existing political system.

The Guangdong model consisted of four main areas of political reforms, each being piloted in a different part of the province: administrative streamlining in Shunde, information openness in Guangzhou, legal reform in the Pearl River Delta (PRD) region, and innovation in social management in Zhuhai. The groundwork for administrative streamlining was laid between 2008 and 2010, during which a two-tier administrative decentralization was carried out. The first tier of decentralization was from the provincial to prefectural governments. Guangdong's prefectural governments were authorized to approve foreign investment of up to 1 billion USD independently (Ferguson, 2012: 61). The second tier of decentralization was from county to township governments based on the maximalist principle of 'whatever can be decentralized should be decentralized'. Shunde (county government) took the lead to decentralize 319 administrative items to Ronggui subdistrict (township government). Shunde also piloted merging departments with overlapping portfolios into one 'mega-department' to raise administrative efficiency. It was in the same spirit that over 50% of the services provided by the prefectural governments in Guangdong were made accessible online. Some prefectures also established offices to offer citizens one-stop access to nearly 90% of its services (*Guangdong nianjian 2008*, 2009: 109).

Guangzhou, the pilot city for information openness, became the first territorial government in China to publish its full budget in 2010 (Gore, 2012: 18). It also took the lead in uploading legislative proposals online for public consultation. In November 2011, Guangdong achieved another first in the country. It was the first provincial government to disclose the three public expenses claimable by officials. These were car expenses, banquet expenses, and overseas visit expenses, which were known to have been exploited by corrupt officials (*Guangdong nianjian 2008*, 2009: 138). Guangdong under Wang was also the first provincial government to publish the criteria for legal aid applications for poor individuals. 20% of the province's population became eligible for legal aid accordingly. 85,663,000 *yuan* worth of legal aid was approved for means-tested applicants by the end of 2011, setting the highest national record (*Guangdong nianjian 2011*, 2012: 200).

Zhuhai was the pilot for social management reform. It was meant to experiment changing the approach to social governance from the 'control and domination' model of the Mao era to the new 'consultation and dialogue' model. However, in practice, Zhuhai's example showed that the reduction in state control did not make society freer. This was because it happened in tandem with the expansion of the Party's control, which was at odds with the liberal spirit of the thought emancipation 3.0 campaign. The expansion of

party control could be found at the grassroots in Zhuhai, including residents' committees in urban areas and village committees in rural areas.

Residents' committees are elected of and by residents who live in the same neighbourhood. They represent the lowest level of governance in cities. Their role is to represent residents in dealing with the local government, carry out property management, and mediate disputes. The performance of these duties is called 'democratic self-governance' in official parlance. The Zhuhai government claimed to have reduced the administrative duties delegated to residents' committees by nearly 80%, in order to enhance their capacity to handle issues arising from the community. The duties removed from residents' committees were either transferred to other local governments or contracted out to non-government organizations (NGOs). The Zhuhai government equated the so-called 'de-administration' of residents' committees with 'giving power to society'. However, it should not be mistaken as the empowerment of society. While state control over residents' committees was reduced, they were subjected to more stringent party control. The 'de-administration' of residents' committees was accompanied by the establishment of a three-tier party structure in the local community. It was such that there would be a party cell down to the level of every residential building. The purpose of the party cells was allegedly to 'supervise' residents' committees in 'carrying out self-governance under the Party's leadership' (*Chuangxin shehui guanli*, 2011: 19).

New measures for NGO management were also experimented with in Zhuhai. Similar to the official rhetoric on the reform of the two committees, the Zhuhai government claimed that the NGO reform 'returns power to society'. However, in reality, the reduction in state control was compensated by the increase in party control. The reform simplified government red tape in NGO registration. Previously, NGOs had to be registered not only with the Ministry of Civil Affairs, but also a government department with the relevant expertise, which would act as their 'professional sponsor'. After the reform, NGOs in some sectors were no longer required to have a 'professional sponsor' if they could establish a party cell to supervise their operation and report their progress of 'party-building' – meaning recruiting new party members, promoting the Party's values and policies, etc. – in their annual audit submitted to the local government (*Chuangxin shehui guanli*, 2011: 61–66).

The survey of the political reforms in Shunde, Guangzhou, the PRD region and Zhuhai showed that they failed to live up to the aspiration of political liberalization that had been articulated in the thought emancipation 3.0 campaign. The political reform in Guangdong served to improve

existing national policies rather than replacing them with new policies that have a more liberal ethos. However, Wang's Guangdong model was still controversial because the values it embodied, such as administrative accountability, efficiency, and lawfulness, were at odds with Bo's Chongqing model, which expanded the power of the state and the Party seemingly without limit.

Chongqing model: Sing red, smash black

The Chongqing model consisted of many government initiatives, which were called 'livelihood projects', aiming to improve the living conditions of the poor. The main ones included the building of large-scale social housing, expansion of transportation networks, provision of jobs and vocational training for unemployed farmers, etc. The most innovative of these projects targeted holders of rural household registration (*hukou*), who are formally classified as rural residents. The new measures introduced under the Chongqing model allowed holders of rural *hukou* who had migrated to Chongqing cities and had worked there for five years to switch their *hukou* status from rural to urban. This would entitle them to social services and welfare benefits that are limited to urbanites. Almost 3.5 million rural migrant workers in Chongqing switched their *hukou* status to urban under this scheme by end of 2011 (Gore, 2012: 5).

A 'land certificate exchange' system (*dibiao*) was introduced to support the *hukou* reform. It is a well-known problem that many holders of rural *hukou* are reluctant to relinquish their rural *hukou* in exchange for urban *hukou* status even if they are offered the opportunity, because to do so they must renounce their private land rights under the HRS (see Chapters 3–4). Some of them believe that holding on to their private land rights might enable them to make a lucrative profit should they be approached by real estate developers who want to purchase their land rights. Hence, they hold onto their unused land rights speculatively, although it comes at the cost of being treated as 'second-class citizens' in cities. They are barred from basic social services and welfare benefits despite being long-time city dwellers simply because their *hukou* status is not urban. Chongqing's new land certificate exchange system was designed to compensate rural-to-urban *hukou* switchers for their relinquished rural land rights. They were awarded with a certificate that specifies the acreage of the rural land that they previously held in private usage rights. They could auction the certificate in a land exchange market, which could be purchased by the Chongqing government or companies

in exchange for rights to develop the same acreage of land in Chongqing's cities (Rithmire, 2012: 13).

One of the reasons why critics viewed the Chongqing model to be prejudiced against the private sector was because Chongqing's livelihood projects were financed by eight SOEs that were established by the Chongqing government. The private sector did not have an opportunity to get involved. Chongqing mayor Huang Qifan did not reply to this criticism directly. But he defended the Chongqing model in terms of '*guojin, min ye jin*', which translates to 'the state sector (SOEs) and non-state sector (private business) advance simultaneously'. He said that the livelihood projects funded by the SOEs benefited the private sector by improving the local business environment (*Caixin*, 2011). His comment was endorsed by Cui Zhiyuan, the professor from Tsinghua University who was drafted by Huang to manage the Chongqing State-owned Assets Supervision and Administration Commission. Cui (2011) claimed that it was the income generated by the eight SOEs that enabled the Chongqing government to set the income tax rate for private companies at 15%, below that of the national average of 25%.

Chongqing's pro-SOE orientation was at odds with the Guangdong's thought emancipation 3.0 campaign, which called for downsizing SOEs and levelling the playing field between SOEs and private firms. The bolstered state sector in Chongqing was, in fact, the less controversial aspect of the Chongqing model. The more controversial content of the model was the 'sing red, smash black' campaign, in which everyone in the municipality was mobilized to participate. 'Sing red' stood for the cultural programme that aimed to nurture nationalism for Chongqing's residents. At schools, companies, government and party offices, and even prisons and hospitals, people were mobilized to 'sing red songs' (revolutionary songs glorifying the CCP and Mao), 'read classics' (Chinese literary classics), 'tell stories' (testify to the good deeds of the CCP), and 'spread mottos' (share uplifting messages with their peers). To build momentum for the campaign, 'red song concerts' were held at schools, universities, offices, public parks, sports stadiums, etc. Bo personally led a performance troupe of over 1,000 residents of Chongqing – including school children, university students, and government officials – to stage red song concerts before an audience of party elites. Their performance venues included the stadiums within the premises of the People's Liberation Army (PLA), CPPCC, Central Party School, and the prestigious National Centre for the Performing Arts (*Zhongguo xinwen wang*, 2011). The choice of venues of national political importance communicated the ambition of the Chongqing model. It also implied broad-based support

from party elites at the top leadership. Except CCP General Secretary Hu Jintao and Premier Wen Jiabao, every member of the PBSC, including Xi Jinping, publicly endorsed Chongqing's livelihood projects and the 'sing red, smash black' campaign (*Chongqing nianjian* 2011, 2012: xii, ix). The warm reception that the Chongqing model received from the party leadership suggested that it was poised to become nationally influential. It was unlike the Guangdong model, which had been marginalized from the beginning.

'Smash black', the other part of the 'sing red, smash black' campaign, aimed to eradicate organized crime. The Chongqing government mailed 20 million letters to residents to solicit clues on criminal suspects between June and July in 2008. It was officially reported that 40,000 letters were returned, 80% of which were signed rather than anonymous (Huang, 2011: 603; Tan, 2011: 163). The Chongqing police reported that 5,000 criminal suspects were arrested by the end of April 2012, over 70 of whom were executed (Buckley, 2013; Cabestan, 2011: 9). It was under the smash black campaign that 56,000 police officers and 57,000 security guards were stationed in 10,000 local kindergartens, primary and secondary schools. Furthermore, 300 police booths, being staffed by a total of 9,000 police officers, were set up in the main streets. The livelihood projects and the 'sing red, smash black' campaign served not only to showcase the CCP's paternalistic care to the people, but also to establish the image of Bo as a promising statesman, whose charisma and capability outshone Hu and Xi.

While Wang rallied famous liberal-leaning intellectuals to back the Guangdong model, Bo assembled prominent left-leaning intellectuals to sing praises for the Chongqing model. Several seminars were held for this purpose. The central message of these seminars was: the Chongqing model brings forth a socialist revival in China, one that is truly in the interest of the people. Wang Shaoguang from the Chinese University of Hong Kong hailed the Chongqing model for ushering in 'socialism 3.0' for China. Li Xiguang of Tsinghua University said the simultaneous pursuit of growth in gross domestic product (GDP) and public welfare improvement in Chongqing reflected the 'organic combination' of market economy and socialism. He lauded Chongqing for providing a model of development that is superior to the Washington Consensus and the East Asian Developmental State. He even suggested promoting the Chongqing model globally in order to enhance China's soft power. Other intellectuals who endorsed the Chongqing model included: Cui Zhiyuan and Hu Angang of Tsinghua University, Zhang Weiwei and Yan Lujun of Fudan University, Zhang Hongliang of Minzu University, and Wen Tiejun of Southwest University (Rong, 2012).

The dramatic downfall of the Chongqing model

The political ideas championed by Chongqing, such as the expansion of the state, protection of the poor, and relentless political mobilization, are closely aligned with the preferences of the Party's Left. Since these ideas were also embodied by the party line to some extent, the Chongqing model might look as if it was compliant with the party line. However, upon closer inspection, it was a factional model rather than a party model. The 'smash black' campaign was so aggressively leftist that legal protection for the domestic private economy enshrined in Chinese laws was being swept aside in the municipality. This was how the Chongqing model undermined market reform, which defines the post-Mao party line.

The three richest men in Chongqing during Bo's reign: Chen Mingliang, Peng Zhimin and Li Jun, all being private entrepreneurs, were accused of sponsoring organized crimes. Chen and Li were real estate tycoons. Peng owned the Hilton Hotel in Chongqing. Chen was executed in 2010. Li fled Chongqing in 2010 but 20 of his employees were arrested. Peng was sentenced to life imprisonment in 2011. Other Chongqing billionaires, including Li Qiang, Wang Tianlun, Ma Dang, Yue Cun and Gong Gangmo, were also targeted by the smash black campaign. All of them were arrested and sentenced. The assets of their companies and their private assets were confiscated by the Chongqing police. While Chinese law requires court authorization in handling private property confiscated from criminals, the judge presiding in Ma Dang's case told journalists that the police were fully in charge of Ma's property, so much so that the court had no role to play at all. *Caijing*, a more independent-minded Chinese newspaper, reported in December 2010 that the property confiscated during the smash black campaign was funnelled to Chongqing's SOEs. It was revealed that Chen's luxury five-star hotel, the Century Empire Grand Hotel, came under the control of Chongqing's State-owned Assets Supervision and Administration Commission, which renamed it the Liangjiang Holiday Inn Hotel. The 600 *mu* of land owned by Ma in Hainan province and Chen's office at the Chongqing World Trade Centre were auctioned off by the Chongqing Finance Bureau. (*Caijing*, 2010).

It turned out that the Chongqing police not only confiscated the private assets of alleged criminal bosses, but also extracted 'donations' from local private entrepreneurs. At a meeting for local private entrepreneurs hosted by the Chongqing government, Wang Lijun, the police chief of Chongqing, told them: 'Many people said that the real estate sector is exploitatively rich and is involved in criminal activities. But I believe that none of you present today

are like that'. Every private entrepreneur in attendance reportedly agreed to donate at least 50,000,000 *yuan* to the Chongqing government before leaving the meeting room (Fu, 2013: 59). After the unexpected downfall of Bo Xilai in March 2012 (about which more below), it emerged that over 200 private entrepreneurs in Chongqing emigrated *en masse* to Canada during the 'smash black' campaign out of fear for their lives and property (Fu, 2013: 59).

The downfall of Bo was followed by an outburst of criticisms against the Chongqing model in China. It all began with the convoluted 'Wang Lijun Incident'. Wang, the aforementioned police chief of Chongqing who oversaw the 'smash black' campaign, fled the city to escape to the US consulate in Chengdu to apply for political asylum in February 2012. He was seen being escorted away by state security officials the next day. As the scandals unfolded, Wang revealed that he had fallen out with Bo because the latter obstructed police investigation into a murder case implicating his wife, Gu Kailai (Greene, 2012). The Wang Lijun Incident triggered the dismissal of Bo from his post of Chongqing party secretary and brought the 'sing red, smash black' campaign to an end. Thereafter, a huge amount of evidence discrediting the Chongqing model surfaced in the China media. It was reported that Bo personally ordered Chongqing Satellite TV to stop the broadcast of commercials and entertainment programmes in 2011. Li Xiaonan, the CEO of Chongqing Broadcasting Group who objected to this injunction, was arrested on bribery charges. By making these moves, Bo turned Chongqing Satellite TV into a channel that only broadcast footage showcasing the livelihood projects and the 'sing red, smash black' campaign, with him appearing prominently in most, if not all, footages. The replacement of commercial content by political propaganda led to a sharp decline in viewership. It transpired that this outcome had been anticipated by Chongqing's mayor Huang Qifan. It was reported that he estimated that the changes in content would cost the channel three billion *yuan*, being 45% of the total revenue of the Chongqing Broadcasting Group. The Chongqing government pledged to offer 1.5 billion *yuan* to the Chongqing Broadcasting Group to make up for the loss. It instructed the group to raise the remaining 1.5 billion *yuan* with its own means, which resulted in pay cuts and redundancies. Commercials and entertainment programmes resumed on Chongqing Satellite TV on 15 March 2012, the day that Bo was removed from office (Cheng, 2012; *Hong Kong Commercial Daily*, 2013; Zhang, 2012).

After Bo was purged, an article that appeared in *Guangming wang*, a media outlet overseen by the CCP Central Committee, compared his arbitrary exercise of power to the lawlessness of the Cultural Revolution.

It claimed that Bo used the Chongqing model to turn the municipality into his personal power base and to cultivate a personality cult for himself. It also criticized Bo for purging those who were in the way of his ambitions. It concluded that 'the ending of Bo Xilai reaffirms that the political model of the Cultural Revolution is a dead road' (*Guangming wang* commentator, 2012). This was the first (and only) central-level publication linking Bo's downfall directly to the Chongqing model. It could be inferred as a tacit acknowledgement that the Chongqing model was a challenge to the party line.

After the downfall of Bo, even the HSBC Bank joined the crusade to smear the Chongqing model. It published a report in May 2012 revealing that the cumulative bank loans incurred by Chongqing's eight SOEs totalled 4,225 billion *yuan*, which was equivalent to over 42% of Chongqing's GDP. To put that in perspective, the debt to GDP ratio in Chongqing was twice the national average. The report anticipated increasing bad loans for the Chongqing SOEs, thus putting the sustainability of the livelihood projects into serious question. Interestingly, the same report hailed Guangdong under Wang a successful model because it strengthened the domestic private sector (Gu, 2012).

Renewed calls for political reform

The backlash against Bo and the Chongqing model culminated in calls for political reform by liberal-leaning party veterans, intellectuals, lawyers, and journalists. They were organized to voice these demands by *Yanhuang chunqiu*, *Caixin* and Hu Yaobang Archival Materials Web, three liberal-leaning media outlets that were associated to the Party's Right. Some elaborated their views more extensively than others, while all agreed that political reform that places credible restraints on power is needed to prevent a recurrence of the power abuse associated with the Chongqing model. Their gesture of calling for political reform and some of the measures they proposed were reminiscent of Guangdong's ill-fated 'thought emancipation 3.0' campaign in 2008.

Du Daozheng, editor-in-chief of *Yanhuang chunqiu*, said their call for political reform was a response to the 'emergency plea' made by Premier Wen Jiabao (Du, 2012). At the press conference that marked the closure of the National People's Congress and CPPCC on 14 March 2012, Wen blamed the Chongqing government for the Wang Lijun Incident. Afterwards, he said:

[...] Without successful reform of political institutions, reform of economic institutions cannot be carried through to the end. The achievements we have made may be lost. The root cause of new social problems cannot be addressed. Moreover, historical tragedies such as the Cultural Revolution may happen again [...] (*Xinhua*, 2012).

Du interpreted Wen's remark above as a 'plea for everyone to come out to take part in bringing forth political reform, which should take place without delay'. He gathered 15 party veterans to discuss the prospect of political reform in April 2012. They included Feng Jian, Gu Xiang, Guo Daohui, He Fang, Hu Dehua, Jiang Ping, Jiang Yanyong, Li Rui, Lu De, Qian Liqun, Sun Xupei, Wang Yanjun, Wu Mingyu, Yuan Ying, and Zhang Hongzun. All of them were members of the editorial board of *Yanhuang chunqiu*. Li Rui and Jiang Ping proposed hosting competitive elections at all party ranks, which they described as an experiment of 'intra-party democracy'. They also said that there should be genuine separation between the Party and government administration (*dangzheng fenkai*), an idea that was first raised by Zhao Ziyang at the 13th Party Congress in 1987 (see Chapter 5). He Fang said that political reform should be carried out in the spirit of democratization, beginning with encouraging free speech in society. Gu Xiang seconded, adding that China should aim to achieve 'constitutional democracy' that upholds 'universal values' (Du, 2012).

Their remarks were published by *Yanhuang chunqiu* (Du, 2012). Thereafter, in November 2012, *Caixin* and Hu Yaobang Archival Materials Web assembled 30 or so intellectuals, lawyers and journalists, including Hu Deping, son of Hu Yaobang, lawyer Li Zhuang, and Hu Shuli, editor-in-chief of *Caixin*, to summarize the lessons that could be learned from the Chongqing model in November 2012. The names of attendees disclosed by the organizers are listed in Table 6.2. They concluded that the next step in China's political reform should be legal reform to safeguard judicial independence and implement the rule of law. The rationale was that legal reform has the lowest cost and lowest risk among all political reforms. It is therefore the most useful for preventing the re-emergence of 'personal dictatorship', an implicit reference to Bo's leadership style. Many speakers at the seminar said that although the Chongqing model reflected the worst kind of power abuse in post-Mao China, power abuse was by no means limited to Bo's Chongqing. They maintained that since China's political institutions were inherited from the Mao era, unless significant changes were made to them, they still upheld the 'rule of man', not 'rule of law' (*Caixin*, 2012).

Table 6.2 Speakers at the ‘reflections of lessons from Chongqing’ seminar hosted by *Caixin* and Hu Yaobang Archival Materials Web in November 2012

Name of speaker	Position and Organization
Bao Yujun	President, Chinese Private Economy Research Institute (<i>Zhongguo minying jingji yanjiu hui</i>)
Chen Youxi	Defence lawyer for Li Zhuang (see entry in this table)
Guo Daohui	Professor, Human Rights Research and Education Centre (<i>renquan yanjiu yu jiaoyu zhongxin</i>) of Guangzhou University
He Bing	Vice Dean, Law School of China University of Political Science and Law
He Sanwei	Chief writer, <i>Nanfang renwu zhoukan</i> (<i>Southern People Weekly</i>)
Hu Deping	Eldest son of former CCP General Secretary Hu Yaobang (1982–1987)
Hu Shuli	Editor-in-chief, <i>Caixin</i>
Lei Yi	Researcher, Institute of Modern History of Chinese Academy of Social Sciences
Li Dun	Professor of Sociology, Tsinghua University
Li Shengping	Unknown
Li Weidong	Former head of periodical <i>Zhongguo gaige</i> (<i>China's Reform</i>)
Li Xuan	Associate Professor, Law School of Central University of Finance and Economics
Li Zhuang	Defence lawyer arrested in 2009 under an operation that formed a part of Chongqing's ‘smash black’ campaign
Ma Xiaoli	Daughter of Ma Wenrui, former Vice Chairperson of the Chinese People's Political Consultative Conference (1984–1993)
Rong Jian	Author of the popular article ‘The scholars who ran towards Chongqing’ (Rong, 2012)
Sun Chao	Deputy editor-in-chief of website <i>Kaidi wangluo</i> (Kaidi Web)
Tong Zhiwei	Professor of Law, East China University of Political Science and Law
Xu Xin	Professor of Law, Beijing Institute of Technology
Zhan Jiang	Professor, School of International Journalism and Communication of Beijing Foreign Studies University
Zhang Jianjing	Editor-in-chief, <i>China's Reform</i>
Zhang Qianfan	Professor of Law, Peking University

Note: The organizers of the seminar, *Caixin* and Hu Yaobang Archival Materials Web, did not publish a full list of the speakers. The attendees they revealed are identified above.

Sources: *Caixin*, 2012; Hu Yaobang Archival Materials Web, date unspecified.

Conclusion

The Guangdong and Chongqing models revealed that there were two major debates in the regime. The first debate concerned what kind of political reform should be carried out. Should it be political liberalization that would give the people the political and civil liberties in Western

liberal democracies? Should it be administrative reform to enhance governance efficiency, accountability and lawfulness, while preserving the authoritarian nature of the regime? Political liberalization that nurtures liberal democratic values was a central theme of Guangdong's thought emancipation 3.0 campaign. However, the reform measures that were eventually adopted by Guangdong, and hence came to define the Guangdong model, did not liberalize the political system at all. They were administrative reform with a narrow scope. They did not empower society to monitor the government but made the former more subservient to the Party. After the downfall of Bo, the strategist and patron of the Chongqing model, some leading liberal-leaning media outlets in China banded together to pressure the regime to adopt the rule of law and strengthen intra-party democracy. The goal of their proposed reforms was to prevent atrocious power abuse by those in authority. It was not to encourage political liberalization.

The second debate was about how the state should treat the SOEs and the private sector. Should preferential treatments for SOEs be removed, so that the business environment can be fairer to private firms, especially domestic private firms? Or should more state resources be funneled into SOEs? Should the SOEs be prioritized over private companies to deliver government contracts? Guangdong's thought emancipation campaign demanded the SOEs to be downsized, and institutional protection for the private sector to be strengthened. The implementation of these reforms was obstructed by the four trillion *yuan* stimulus plan that was unexpectedly introduced by the State Council in late 2008. The plan reinforced the Party's long-standing preference in favor of the state sector. The Chongqing model furthered the state prejudice against the private sector to an extreme level. The local police targeted the most successful local private businesspeople in the 'smash black' campaign against organized crimes. This came as the large SOEs of Chongqing monopolized government contracts to deliver Bo's 'livelihood projects'. The downfall of Bo and the end of the 'smash black' campaign vindicated the Chongqing private sector to some extent. However, there was no formal process to repair the seriously damaged relationship between the local state and the local domestic private sector. The national policy that privileges the state sector to the detriment of the private sector has not changed.

In the next chapter, we will consider Xi's position on these debates as he moved swiftly to suppress factional model-making and enforce ideological conformity.

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7 China under Xi Jinping: The End of Factional Model-making and the Pursuit of Common Prosperity in Zhejiang since 2021

Abstract

Xi Jinping has eliminated any scope for factional model-making by attacking rivalrous factions, centralizing policy making authority to himself, and using his own ‘thought’ to enforce ideological conformity. He designated Zhejiang to be the ‘national demonstration zone for common prosperity’ in 2021. This suggested that the province is poised to become an important national model of his vision of socialism. It is a vision that promotes a gradual and sustained increase in the redistribution of wealth from the rich to the poor, while tightening authoritarian political control and pursuing high-quality economic growth. The greatest obstacles to transforming his vision into reality are a sustained economic slowdown and the low representativeness of Zhejiang’s conditions to other regions in China.

Keywords: Bo Xilai; common prosperity; Fengqiao; redistribution of wealth; Xi Jinping Thought; Zhejiang

Xi Jinping did not crack down on the practice of factional model-making or individual factional models *per se*. However, he has successfully eliminated any scope for factional model-making. Since the beginning of his first term of office (2012–2017), he has rigorously attacked rivalrous factions, centralized policymaking authority to himself, and enforced ideological conformity throughout the Chinese Communist Party (CCP) and China. These moves have made factional model-making irrational and too costly for party elites. As discussed in Chapter 1, one of the functions of factional model-making is to provide a platform for party elites to signal their power to the regime. Xi’s unchallengeable status has rendered power signalling harmful rather than

helpful to party elites. Any attempt at power signalling would certainly invite suspicions of political disloyalty towards Xi. This would be most unwise since the most important criterion for political promotion in today's CCP is loyalty to Xi. He has also promoted his political vision, Xi Jinping Thought, to standardize thinking, and thus closes any scope to contest the party line. Political tightening under Xi makes factional model-making unviable.

It was on the basis of crushing factional model-making that Xi began to transform Zhejiang, a rich coastal province in the east of China, into a national party model. In 2021, he designated Zhejiang to be the only 'national demonstration zone' for his policy programme of 'common prosperity'. This programme has two goals. The first goal is to achieve 'material prosperity' through the institutionalization of a three-tier system of distribution. The second goal is to strengthen 'spiritual prosperity' through promoting the 'Fengqiao experience' of social control. Xi used Zhejiang as the launchpad of common prosperity in order to demonstrate that the CCP remains steadfast in its commitment to socialism, the gist being to provide more and better for the poor masses. He is serious about tackling social polarization, in order to rally the people to the Party.

This chapter explains how Xi unveils a pragmatic vision of socialism through promoting common prosperity in Zhejiang. His vision supports an increase in the redistribution of wealth from the rich to the poor. To some this might hearken back to the Mao era of planned economy. However, this is not what Xi has in mind. He aims to continue with the market reform inherited from Deng Xiaoping on the basis of strengthening political control over market forces. Despite his redistributive agenda, unlike Mao Zedong or Bo Xilai (see Chapter 6), he has no intention to crush the private sector. He values their contribution, and he needs their resources to carry out redistribution. He wants to see the private sector flourish as long as private entrepreneurs toe the party line faithfully. His pragmatic vision of socialism rejects political liberalization and privileges state-owned enterprises (SOEs) over the private sector.

The end of factional model-making under Xi Jinping

Attack on rivalrous factions

Factional models require the patronage of intra-party factions, which are the targets of Xi's sustained campaign to enforce political discipline. In 2013, within a year of coming to power, he began to eradicate the faction of Zhou Yongkang, who had recently retired, including from the Standing Committee

of the Politburo (PBSC), which is at the apex of political power. Zhou was formerly the domestic security chief who oversaw the police, prisons, and court system. He was also known for his high-profile endorsement of Bo's Chongqing model, especially the 'smash black' campaign (see Chapter 6). Xi disregarded the norms for criminal immunity for PBSC members, former or current, and had Zhou arrested by the Party's internal disciplinary enforcers. This spiralled into an investigation of over 300 people in Zhou's networks and a confiscation of 90 billion *yuan* of assets (Lim and Blanchard, 2014). Zhou was sentenced to life imprisonment for corruption and related charges in 2015. Since Zhou was associated with the 'Shanghai Gang', the faction led by former CCP General Secretary Jiang Zemin, the purge of Zhou was an indirect attack on Jiang, who wielded much influence behind the scenes during the decade-long rule of Hu Jintao (2002–2012), Xi's immediate predecessor. The attack on the Shanghai Gang intimidated the 'princelings', or the adult descendants of the CCP's founding members, who were closely associated with the faction. Xi further undermined the Gang by purging generals Xu Caihou and Guo Boxiong, the most senior uniformed military leaders.

Xi did not spare the Chinese Communist Youth League (CCYL), the dominant faction that was led by Hu, his predecessor. Wang Yang, the pioneer of the Guangdong model (Chapter 6), was a rising star of the CCYL. Xi had the CCYL's funding slashed by half in 2016 (*Global Times*, 2016). He also had Ling Jihua, a trusted ally of Hu and another prominent figure of the CCYL, expelled from the Party and imprisoned for life. Party elites who climbed the ranks via the CCYL, including Hu Chunhua, failed to secure a seat at the Politburo and the PBSC at 20th Party Congress. These two top organs are now populated by Xi's loyalists (Buckley, Bradsher and Che, 2022). The scene of a frail-looking Hu being escorted out of the congress confirmed the demise of the CCYL faction.

Xi stressed that Zhou Yongkang, Xu Caihou, Guo Boxiong and Ling Jihua were punished not only for corruption but also for an even graver offence – political disloyalty to the party leadership. Xi (2017: 155–156) accused them of 'splitting the Party', 'developing personal power bases' and 'spreading rumours', thus placing themselves above party discipline. These purges sent a powerful warning to party elites that they should not undermine Xi in any way. Since factional model-making challenges the party line, which is now set by Xi, it is strictly prohibited.

Besides attacking key members of dominant factions, Xi has also crushed factionalism by firmly replacing collective leadership (see Chapter 1), with strongman rule under himself. The term limit for the PRC State Chairmanship was abolished in 2017. This means that Xi can potentially rule for life.

He also enshrined his own political vision, 'Xi Jinping Thought on socialism with Chinese characteristics for a new era', into the party constitution in the same year, which served to cement his unchallengeable political status. He punished corruption and disloyalty to himself by pursuing an intense rectification-cum-anti-corruption drive, which had over three and a half million cadres punished between 2013 and the second quarter of 2021.¹ Xi took on a third term of office as the CCP General Secretary, the top post for the Party, at the 20th Party Congress in 2022. This was a departure from the two-term limit for the top leader and effectively made him China's most powerful leader since Mao.

Xi's paramountcy has drastically altered the career incentives for party elites. Previously, the norms of collective leadership permitted the collegial co-existence of factions and restricted the stature of the CCP General Secretary to be no more than the first among equals in the PBSC. These norms made it rational for ambitious party elites to cultivate factional models in order to distinguish themselves. Factional models were platforms for them to signal power to their peers and the party leader. They enabled party elites to assert that their governance visions were superior to that of the incumbent party leader and his faction. Now with Xi firmly in control, party elites are better off by assuring Xi of their usefulness to him rather than to challenge the party line he sets. Xi's attack on rivalrous factions has drastically narrowed the scope for party elites to coordinate with each other outside the formal political system. Not even one factional model has been produced since Xi came to power in 2012.

Centralization of policy making authority

Even if there were party elites who, for whatever reason, are still inclined to carry out factional model-making, their parameter of actions is severely constrained because Xi has centralized policy making authority to himself. He has made several changes to this effect. First, he has set up around a dozen central leading small groups (CLSGs) which he also chairs. The CLSGs covers important policy areas. They are platforms for Xi to carry out what he describes as 'top-level design' personally. This includes directing and coordinating party elites in charge of major policy areas (Johnson, Kennedy, and Qiu, 2017). The CLSG system places the policy process under centralized coordination. It leaves little scope for party elites to create their factional

1 See annual reports of the CCP's Central Commission of Discipline Inspection, available at: <http://www.ccdi.gov.cn/>.

models or propose alternative policy designs. Second, Xi has created a system that requires all Politburo members to report their work to him on an annual basis (Zhao, 2022: 5). This implies that they would have to justify how the local models they create, if any, could advance Xi's party line. Since this is impossible to rationalize with factional models, the annual work report is an effective deterrence against factional model-making.

Third, Xi has imposed new rules that increase the difficulties for party elites to coordinate with local cadres to carry out factional model-making. Local cadres are now required to obtain formal clearance from upper-level authorities before carrying out any 'major reform measures' or 'institutional changes', which in essence are in the nature of factional model-making. Local cadres are also required to seek prior approval for any 'matters that lie within one's [their] authority but have major or sensitive implications' (Pei, 2019). This suggests that the discretionary power that local governments used to enjoy has now been recentralized. Some may think that although there are centrally imposed rules, local cadres always get away with doing what they want because Xi cannot watch over their shoulders. As the Chinese proverb goes, 'The mountains are high and the emperor is far away'. Xi is well-aware of this possibility. Hence, he has reinvigorated the Maoist technique of dispatching work teams from the upper levels to monitor policy compliance at the lower levels. These work teams are staffed by cadres who are complete strangers to those they inspect. They would turn up at the local government office unannounced or with very little advance warning to carry out inspection. They are given significant powers to access local government documents and to call on informants during the inspection. Negative findings from the work teams could lead to local officials being punished for dereliction of duties, or even worse, disloyalty to Xi, which refers to the failure to implement his policies faithfully (Yeo, 2016). The work team system hence deters local cadres from participating in factional model-making.

The foregoing analysis suggests that incumbent cadres across the party ranks are prohibited from carrying out factional model-making. One may ask what about those who are not political office holders, such as retired party elites, Mao's loyalists and intellectuals? Retired party elites, retired military generals and Mao's loyalists were at the frontline of the campaign for the Nanjie model (see Chapter 4). Intellectuals who were members or affiliates of the CCP were sponsors of the Guangdong and Chongqing models (see Chapter 6). For retired party members, Xi has promulgated new rules that state explicitly that they, too, remain answerable to party discipline (*Renmin ribao*, 16 May 2022, p. 1; *The Economist*, 2 June 2022). This implies

that they will be punished for undermining the party line. Some may think that Xi has given the Maoists a free hand because he has, to some extent, modelled after Mao to rule as a strongman. However, this view is mistaken because Xi demands absolute ideological conformity from everyone. Hence, championing Maoist rhetoric to question Xi's party line is unacceptable. This explains why the patrons of the Nanjie model transformed the village, which used to embrace a Maoist rhetoric, from a factional model to a party model, shortly after Xi came to power (see Chapter 4).

The requirement of ideological conformity doubly applies to the intellectuals. Xi believes that Chinese academia has gone wayward or become too liberal over course of the reform and opening up. He has issued new rules to replace academic freedom with requirements of political loyalty. Universities are required to dismiss academics if they have said or done anything that undermines the political system, as the Party sees it (*Gov.cn*, 2018). Professor Xu Zhangrun of Tsinghua University was put under house arrest and subsequently fired by his employer after publishing essays critical of Xi (ChinaFile, 2021). Cai Xia, a professor of the Central Party School, criticized Xi in public. In return, she was expelled from the Party, stripped of retirement benefits, and left China for the US to live in exile (Buckley, 2020). By tightening social control, Xi has made it punishing not only for incumbent cadres, but also retired party elites, Maoists, and intellectuals, to dispute the political ideas underpinning the party line.

Enforcement of ideological conformity

Xi has put forth his political vision, Xi Jinping Thought, to unify thinking across China (Tsang and Cheung, 2024). Ideological indoctrination under Xi aims to train 'the whole country and people of all ethnicities to focus their thoughts and efforts towards the same goal' (Xi, 2017: 335). The party leadership led by Xi instructed all party members to uphold the 'two establishes' in 2021. The doctrine requires them to: first, establish the status of Xi as the Party's 'core'; second, establish the 'guiding status' of Xi Thought. The ideological hegemony of Xi Thought was cemented at the 20th Party Congress. It has ended decades of ideological pluralism within bounds in the policy process.

Xi has clearly articulated his position on the ideological debates at the heart of the factional models studied in the preceding chapters. To close the debate on rural socialist transformation, which were played out in the factional models of Dazhai (Chapter 2), Anhui (Chapter 3) and Nanjie (Chapter 4), Xi has shown himself to be a pragmatic socialist who

can balance the leftist agendas of Dazhai and Nanjie and Anhui's rightist agendas. He disapproves of collectivization on the basis of abolishing the household responsibility system (HRS), unlike the approach that was championed by Dazhai and Nanjie. Xi's rural party line amalgamates the essence of the Anhui and Nanjie models. It preserves the HRS instituted by the Anhui model, but it also makes the system more collective (and thus tilting towards Nanjie) by providing financial incentives for rural residents to lease out their private land rights to agri-businesses. Xi believes that this can raise the level of agricultural output and the income for farmers (Wang and Zhang, 2017).

Xi has little sympathy for the factional models of Shekou (Chapter 5), Shenzhen (Chapter 5) and Guangdong (Chapter 6), which advocated liberal political reforms. He is resolute that the CCP-led one-party system should reject liberal or Western influence. Within months of his first term of office, he visited Shenzhen, the administrative home of Shekou, to warn cadres not to 'yearn for Western social [i.e. political] institutions and values' and 'lose confidence in the future of socialism' (Xi, 2014: 414). A central directive known as 'Document no. 9' was issued thereafter to instruct cadres to ban the discussion of liberal or Western political values, including 'universal values', 'freedom', 'democracy' and 'human rights' (ChinaFile, 2013). These liberal ideals were championed by the Shekou model, Shenzhen model, and the 'thought emancipation 3.0' campaign preceding the Guangdong model.

The disgrace of Bo Xilai tarnished the reputation of his Chongqing model (see Chapter 6). It also motivated some from the Party's Right to call for liberal-leaning political reforms that feature the rule of law and intra-party democracy. These are proposals that Xi does not share. He is committed to building what he describes as the 'socialist rule of law'. But he is hostile to the rule of law in the liberal democratic tradition. He thinks that it will undermine the CCP's supremacy. His vision for the 'socialist rule of law' is not about checking the Party's power. It is a legalist approach to governance: strengthening the Party's control of the court system and using draconian laws to discipline party members and the Chinese people (Lam, 2020). Xi is not supportive of intra-party democracy either. In 2017, he abolished the straw ballot system that allowed the 200 or so CCP Central Committee members to recommend candidates for the 25-member Politburo (Fewsmith, 2021: 158–159).

Besides banning liberal-leaning political reforms, Xi has also settled another ideological conflict that was played out in the Guangdong and Chongqing models. It was concerned with whether the outsized influence and privileges of SOEs should be curtailed, which would enable China to

transition into a market economy more fully. Guangdong responded to this positively, while Chongqing, negatively. Xi has chosen to side with Chongqing on this issue. He believes that SOEs are the ‘pillars of socialism with Chinese characteristics’, which makes giving them special state privileges is fully justified (Xi, 31 October 2020). He refuses to see the preferential treatment for SOEs to be discriminatory against private firms. Anyhow, distinctions between SOEs and the domestic private sector have become increasingly blurry under Xi’s state-centric economic model. It requires all Chinese firms, regardless of ownership structure, to contribute their resources to national goals set by the Party. Companies in China are under the supervision of the party cells embedded in their companies (Tsang and Cheung, 2024).

Xi has cleared the obstacles for carrying out party model-making by crushing factional model-making. A party model is the opposite of a factional model. The former challenges the party line, exploits the decentralized structure of policy making and encourages policy diversity. The latter affirms the party line, is tightly regulated by the party leadership and promotes policy conformity. Dazhai, the first model discussed in this book (see Chapter 2), was initially a party model, or a model that is compliant with the party line. However, the radicals and conservatives in power exploited Dazhai to project their competing visions for rural China, both of which deviated from the party line. Their manipulation transformed Dazhai from a party model to a factional model (see Chapter 2). Zhejiang is currently poised to become a party model. Unlike Dazhai, it is unlikely that Zhejiang will mutate into a factional model due to the strict political atmosphere under Xi.

Xi prepares Zhejiang to become a party model for common prosperity

Xi designated Zhejiang to become the ‘national demonstration zone for common prosperity’ in May 2021. The province was tasked to implement a raft of measures, all handed down by Xi, to promote ‘common prosperity’. He assigned Zhejiang with this new mission in order to showcase his vision for ‘socialism with Chinese characteristics for a new era’. It signalled that he was grooming the province to become the national party model of common prosperity. Zhejiang will have attained this sought-after status when Xi instructs other provinces to ‘learn from Zhejiang’, as Zhou Enlai did with Dazhai in the 1960s (Chapter 1). The only hard target that he requires Zhejiang to meet is that the local gross domestic product (GDP) growth rate and

per capita income should reach the level of a developed country by 2035. This would require the provincial GDP and per capita income to attain an average annual growth rate of 5% between 2021 and 2035 (*Renmin ribao*, 11 June 2021, p. 1).

Circumstantial evidence suggests three probable reasons behind Xi's choice of Zhejiang. First, he feels personally close to the province, where he served as the provincial party secretary from 2002 to 2007. It was in Zhejiang where he accumulated a solid policy record, one that surpassed his performance in Fujian and Shanghai (Lam, 2015: 51–55). The time Xi spent in Zhejiang also suggested that he had first-hand knowledge of the inner workings of Zhejiang's cadres and businesses, even if it not completely up to date. Second, Zhejiang is well-poised to achieve Xi's growth targets. Its GDP is ranked fourth place in China in 2022. It also boasts a vibrant private sector, the smallest wealth gap between urban and rural residents, and the largest number of successful domestic private conglomerates. Third, Zhejiang has the technologies to achieve precision social control, or to use Xi's language, to promote 'spiritual prosperity'. The province was an early adopter of an artificial intelligence-enabled social control system, which was made possible due to its sophisticated digital economy sector.

Zhejiang may well be able to meet Xi's expectations as the demonstration zone for common prosperity. However, the potential for the province to become a party model in the spirit of model emulation – which means that its measures can inspire other provinces to emulate and are readily replicable (see Chapter 1) – is limited in practice. This is because Zhejiang is much more representative for the rich coastal provinces on China's eastern seaboard than the inland provinces, which are less well-developed. If Xi were serious about ensuring that Zhejiang's experience can be modelled by other parts of China, he should have designated a demonstration zone for common prosperity in every region in the country – for example, Zhejiang in the east, Xinjiang in the west, Henan in the centre, and Dalian in the north. Xi has not explained why he has chosen Zhejiang only. It is quite possible that he wants to mitigate unpredictability. Xi is obsessed with regime security, and more zones could mean more risks of failure. In reality, it may be the case that whether Zhejiang is representative of the poorer provinces does not matter, as long as its measures to boost economic growth can be replicated by other richer provinces. This would give them the capacity to provide more financial support for the poorer provinces, hence enabling the latter to join their ranks, or to achieve 'common prosperity'.

Material prosperity: Pursue high-quality growth and adopt a three-tier distribution system

Xi's programme of common prosperity has two goals. The first goal is to achieve new levels of 'material prosperity', which refers to increasing economic growth and wealth redistribution simultaneously. The second goal is to attain much stronger 'spiritual prosperity'. This requires rallying the people to the Party and reshaping their worldview. The combination of material and spiritual prosperity is central to Xi's vision for 'socialism with Chinese characteristics for a new era', which is in the process of becoming China's new state ideology (Tsang and Cheung, 2024). This section and the next examine, respectively, the measures for 'material prosperity' and 'spiritual prosperity' that Xi requires Zhejiang to implement. The analysis draws on the two most detailed documents on common prosperity available to date: first, the 'Zhejiang Recommendations' jointly issued by the party leadership and the State Council in May 2021 (*Renmin ribao*, 11 June 2021, p. 1); and second, Xi's speech on common prosperity at the meeting of the Central Commission for Finance and Economy in August 2021 (Xi, 15 October 2021).

Xi's vision for material prosperity is to create an olive-shaped social structure in which the very rich and very poor are small in numbers, while the middle-income group forms the majority. He has not specified what this means in numerical terms, which allows flexibility for interpretation. Xi said that 'material prosperity' rests on 'high-quality economic growth', which refers to growth in GDP contributed by industries that are technology intensive and have a low carbon footprint. To achieve this target, he instructs the Zhejiang government to upgrade the local business environment comprehensively. Specifically, he requires them to help businesses commercialize innovations, expand the SOE sector, punish monopoly practices, and build new infrastructure to improve connectivity to nearby provinces.

Xi's pursuit of 'material prosperity' also requires a gradual and sustained increase in the redistribution of wealth from the rich to the poor. This is set out in his 'three-tier distribution system', of which Zhejiang is asked to take the lead to implement. The first tier of distribution aims to increase the income for the majority of the population. It can be broken down into two components. The first component is to promote fuller employment and to diversify income sources for residents. There are five key measures:

1. Raise the minimum wage.
2. Provide life-time vocational training for workers and support rural entrepreneurship in order to equip the poor to make a living independently.

3. Regulate and expand 'new forms of employment', for example, jobs based on the digital economy, especially mobile phone apps that connect buyers and suppliers of low-skilled services, such as food delivery, ride hailing, house cleaning, etc.
4. 'Enliven rural assets', which means that rural residents should be encouraged to transfer their private land rights to large agri-businesses – this sets the rural party line under Xi as discussed earlier in this chapter.
5. Prioritize lending to the average wage-earner and small and micro companies. Xi described this measure in terms of offering more 'well-regulated and low-risk investment products'.

The second component of first-tier distribution is to 'reasonably adjust high income'. Xi said this requires reducing the wages and bonuses for 'high-income individuals', who would also be required to contribute more personal income tax. To keep things flexible, Xi has not specified the income threshold for 'high-income individuals'. However, the prime targets are obvious. They are the wealthy home-grown entrepreneurs, especially the 110 businesspeople who were commended by the Party as 'model individuals' in recognition of their 'outstanding contributions' at the 40th anniversary of the reform and opening up in 2018. They included Jack Ma (Ma Yun), founder of Alibaba, the e-commerce giant headquartered in Zhejiang, and Pony Ma (Ma Huateng), chief executive officer of Tencent, which owns the mobile messaging app WeChat. As will be discussed below, the two Mas are acutely aware that they are targeted and have responded accordingly.

The second-tier distribution aims to upgrade and expand the social safety net. It has two building blocks. The first building block is to enrich poor provinces and sub-provincial governments, with the latter being responsible for funding social welfare and public amenities. To enrich poor provinces, Xi requires rich provinces, notably Zhejiang, to increase the fiscal transfer to poor provinces in western and central regions. Moreover, rich provinces are also required to create more trade parks with poor provinces. To enrich sub-provincial governments, Xi instructs the pay out of healthcare, unemployment and accident insurance to move up from the sub-provincial level to the provincial level. This is to standardize the level of insurance payout within the province by ensuring that the residents of poorer prefectures and counties receive the same level of payout as residents of richer prefectures and counties.

The second building block of Xi's second-tier distribution is to strengthen protection for migrant workers and enrich rural areas. For migrant workers, Xi entrusts the Zhejiang government to carry out reform to the *hukou*

(household registration) system to improve their access to public services in cities. He has also promised that children of migrant workers will receive the same level of education as city children. However, the overall policy direction that discourages migrant workers from settling in affluent cities (commonly known as first- and second-tier cities) has not changed. They are only to be given more rights only if they live in third-, fourth-, or fifth-tier cities, which are less well-developed, and thus have fewer good job opportunities (Buckley, 2017). This is so even though migrant workers tend to prefer first- and second-tier cities over the lower-tier cities.

The third-tier distribution system refers to the solicitation of large corporate donations to facilitate wealth redistribution. High-income earners and large businesses are encouraged to donate to charitable causes identified by the Party. In December 2017, Alibaba, the tech conglomerate headquartered in Zhejiang, pledged to donate 10 billion *yuan* (1.5 billion US dollars) within the next five years in response to Xi's anti-poverty campaign. In September 2022, the company promised to donate 100 billion *yuan* (15.5 billion USD), being a ten-fold increase on the previous donation, to heed Xi's call for common prosperity (Alibaba Group, 2021). Tencent, a tech giant headquartered in Shenzhen, likewise pledged to donate 100 billion *yuan* towards common prosperity (*Renmin wang*, 2021). Yuan Jiajun, the provincial party secretary of Zhejiang, set an example by leading his cabinet to donate one day of their wages towards causes for common prosperity. He was joined by the party members and civil servants in the province (*Zhejiang Daily*, 2021).

Spiritual prosperity: Promote the Fengqiao experience

Besides material prosperity, the other pillar of Xi's common prosperity programme is spiritual prosperity. To promote spiritual prosperity, Xi reinvigorated the 'Fengqiao experience' of social control, which originated in Zhejiang historically. Mao commended Fengqiao as a party model for class struggle in 1963. It was recorded that Fengqiao's party leaders worked very hard to indoctrinate the residents with Mao Zedong Thought. This resulted in strong socialist consciousness among the masses, who would willingly report to the Party other residents who they suspected to be 'class enemies' (Bandurski, 2013; Wang and Mou, 2021). Xi was not after reviving Maoist class struggle. He interpreted the Fengqiao model as a strategy of conflict de-escalation: grievances against the party-state should be detected early and pre-empted if at all possible. To this end, he advocates using digital technology to achieve precision social control. As the home province of

Fengqiao, Zhejiang is a powerful symbol of the Fengqiao experience. It was also an early adopter of the social credit system, an automated system that uses artificial intelligence to monitor, reward and punish residents.

In the Xi era, the application of the Fengqiao experience also requires the promotion of Xi Jinping Thought in the local communities. Xi required in 2018 that every county must establish a 'new-era civilization practice centre' to strengthen 'spiritual prosperity'. 500 centres were in operation by November 2021 (*wenming.cn*, 2022). These are physical spaces that can be used by party members, civil servants and university students to inculcate the local residents with Xi Thought. To make ideological indoctrination more palatable, these centres also offer advice to residents on practical matters, in addition to dispatching volunteers into villages to undertake poverty alleviation projects.

Xi's pragmatic vision for 'socialism with Chinese characteristics for a new era'

The content of Xi's 'common prosperity' programme reveals that his vision for 'socialism with Chinese characteristics for a new era' is not a return to the Mao era. It is a much more pragmatic vision of socialism than that of Mao's. To Xi, 'socialism with Chinese characteristics for a new era' commits the Party to redistribute wealth from the rich to the poor. It is nowhere to the level of annihilating private ownership or abolishing social classes. Xi has explicitly ruled out the creation of a welfare state. This was unlike Mao, who aspired for an egalitarian utopia. Xi said that the robust social safety net, that is the second-tier distribution system, should only provide a minimum fallback to the needy. He warned that any more than minimalist welfare provision would breed laziness. This suggests that the protection for the proletarian class is still limited despite the pursuit for 'common prosperity'.

Xi's vision of socialism is mainly about showing the people, especially the poor, that the Party truly cares for them. It aims to persuade the people that the CCP remains faithful to its mission as a communist party; moreover, the CCP-led political system is more effective in protecting the poor than the Anglo-American model of democracy-cum-capitalism. The promotion of the Fengqiao experience, which increases ideological indoctrination in society, serves to guide the people to appreciate the wisdom of Xi's vision of socialism. It also requires them to accept that liberal-leaning political reforms, which were once championed by Shekou (Chapter 5), Shenzhen (Chapter 5), and Guangdong (Chapter 6), have no place in China.

The pragmatic nature of Xi's socialist vision can also be seen when juxtaposed with Bo's Chongqing model, which also advocated greater redistribution and social control (see Chapter 6). Despite these similarities, there are key differences. First, Xi uses political pressure and regulatory enforcement, such as anti-monopoly crackdown, to solicit corporate compliance with his common prosperity programme. By contrast, Bo resorted to the police, court, and prison system to confiscate the assets of Chongqing's home-grown private entrepreneurs. The vision of socialism that was promoted by the Chongqing model assumed that the earnings of private entrepreneurs were inherently suspect, if not also implicated in organized crime. Xi's measures to 'reasonably adjust high income' and solicit corporate donations are less coercive than Bo's. Xi's vision of socialism provides scope for the private sector to flourish as long as the private entrepreneurs toe the party line.

Second, Bo wanted to achieve a significant increase in wealth redistribution within just four years. This would enable him to claim that he had performed very well during his short stint in Chongqing, just before the national leadership was due for a reshuffle. The pressure to achieve a lot in a short time might help explain why Bo resorted to the extreme measure of persecuting private entrepreneurs, in order to secure the capital to accelerate redistribution. Xi had a longer time frame to work with because he had removed the constitutional hurdle to rule for life. Xi said his plan is for the entire nation to 'make solid strides' towards common prosperity by 2025, 'achieve obvious and substantive progress' by 2035, and attain common prosperity fully by 2049–2050 (Xi, 2020: 22–23). His common prosperity programme is gradualist in nature, and hence more gentle to the rich people.

Challenges for Zhejiang and the rest of China to achieve 'common prosperity'

The 'Fengqiao experience' of precision social has already been widely embraced across China. However, the other pillar of Xi's programme for common prosperity, the three-tier distribution system, is facing major difficulties. The first challenge is quite simply that it has become much harder to achieve economic growth. This is due not only to domestic factors such as structural economic changes and ageing population (Magnus, 2018), but also international factors such as the COVID-19 pandemic and the selective economic de-coupling between China and the West. Persistent downward economic pressures suggest that raising wages for workers and making large corporate donations will cut into companies' profit margins substantially.

The second challenge is that Xi's common prosperity programme is divisive in society. The poor do not necessarily agree that the redistributive measures can improve their material well-being. For decades, many wanted to make a profit by selling their private land rights but this is not allowed by Xi. Migrant workers long for settling in affluent first- and second-tier cities but Xi discourages relocation to these locations. The middle class is worried that extending more rights to migrant workers will downgrade the public resources available for them. As the largest group of homeowners in China, they are also nervous about the prospect of a property tax being rolled out under Xi's common prosperity programme.

Xi's common prosperity programme also suffers from the problem of incomplete design. There is a lack of measurable targets for common prosperity. There is no published timeline or concrete plans to scale up the 'common prosperity' programme in Zhejiang to other provinces. It is potentially a major issue especially because Zhejiang's affluent and high-tech economy is not representative of the China's western, northern, and central regions, which are poorer. Thus far, the implementation of the third-tier distribution system relies heavily on political pressure. There are no regulations that require large businesses to donate, but since Xi has made it known that he desires corporate donation, they rushed to do so. This cannot be sustainable in the long term.

Conclusion

Xi has made factional model-making impossible by purging rivalrous factions, centralizing policy making authority to himself, and enforcing ideological conformity. His designation of Zhejiang as the national demonstration zone for common prosperity is a major step towards reinvigorating party model-making. The significance of Zhejiang is that it embodies Xi's vision for socialism. The common prosperity programme that Xi required Zhejiang to implement indicates five trends for China's future under Xi's vision of socialism.

The first trend is that China under Xi will develop a 'market economy' that tolerates income inequality and in which the private sector will continue to play a major role, but only so strictly under 'socialist conditions', which in essence means greater redistribution and social control. These 'socialist conditions' are justified in the name of promoting 'common prosperity' for the good of everyone in China, especially the poor.

The second trend is that if Xi perceives a clash between economic growth and wealth redistribution, he will be inclined to prioritize the

former over the latter. This is hinted in his rejection of a welfare state. It is also noteworthy that he has been vague on the details of the common prosperity programme; also, the timeline he has established to achieve common prosperity is extremely gradualist. Therefore, he has much leeway in adjusting the common prosperity programme in the light of persistent downward economic pressures.

The third trend is that the domestic private sector will be disproportionately affected by Xi's common prosperity drive. So far, no SOEs have come out to donate, at least not in a high-profile manner. Only large private firms have done so. Xi's ideological bias against the private sector can be seen from, for example, his instruction for the Zhejiang government to support SOEs as a part of the common prosperity programme. He has not said similar things of private firms. To be fair, he has not said disparaging things about the private sector either. However, his preference for SOEs over private firms is unmistakable.

The fourth trend is that the people of China will get what Xi thinks they should want. Except for the leftists and Maoists (see Chapter 4), no one in China has really asked the Party to deliver common prosperity. But Xi thinks that this is what they need, so he is providing them with it in the way that he thinks is the best for them.

Relatedly, the fifth trend is that in order to build momentum for the three-tier distribution system, the Party must keep up social control, or strengthen spiritual prosperity, in order to build much-needed consensus for wealth redistribution in society. The Fengqiao experience is being rigorously implemented for the time being to enforce ideological conformity. Successful ideological indoctrination is necessary to counteract opposition to wealth redistribution.

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8 Conclusion

Abstract

Political elites of the Chinese Communist Party carried out factional model-making to contest the party line in public from the late Mao Zedong era in the 1960s until Xi Jinping came to power in 2012. Party elites groomed factional models that embodied, respectively, left- and right-leaning visions for socialist transformation and political reform. By suppressing factional model-making, Xi has strengthened party discipline. This has come at a cost: the Party can no longer benefit from the positive effects that factional model-making contributes to regime resilience. However, this is not an issue to Xi, who believes that regime resilience rests fundamentally on his strongman rule, rather than collective leadership.

Keywords: authoritarian resilience of the Chinese Communist Party; Chinese elite politics; factional model-making; ideology; socialism; Xi Jinping

Chinese elite politics is often shrouded in secrecy. Leadership transitions, personnel reshuffles, the influence wielded by formally retired party elders, the timing and content of key meetings, and the distribution of power at the top are matters for speculation. Keeping such information as opaque as possible gives party elites more room to manoeuvre in bargaining and negotiation. Opacity comes at the expense of accountability and predictability. While formal elite politics has a covert flavour, the practice of factional model-making showed that informal elite politics could be much more transparent and responsive to public demands. It could therefore serve to hold power to account. Factional model-making is an elaborate and well-regulated mechanism for elites of the Chinese Communist Party (CCP) to contest the party line. It was repeatedly in use from the late Mao Zedong era in the 1960s until it soon faded away after Xi Jinping came to power in 2012. Whereas formal party deliberations take place behind closed doors, factional model-making is carried out in public. The lively

and sharply worded discursive exchanges between factions during factional model-making are in contrast with the brief and sanitized summary of party meetings that is disclosed after party plenums and conferences. Factional model-making is special to Chinese elite politics because it reveals the very different, if not opposite, political values and ideologies embraced by party elites who should be uniformly toeing the party line. It was through factional model-making that the factional-ideological conflicts hidden inside the CCP became exposed to public scrutiny.

Despite the public nature of factional model-making, the CCP has never acknowledged the existence of the practice, at least not openly. Most likely this is because factional model-making undermines 'democratic centralism', the Leninist doctrine that demands every party member, including party elites, should obey the party line. The party leadership did not recognize the existence of factional model-making directly. It had nonetheless tolerated and tacitly endorsed the practice. It even engaged with the practice by responding to the debates in factional models in order to signal its preferences, which were not merely restatements of the party line but nuanced responses that would change based on timely assessment of the success of the factional models in building momentum in the Party and society.

The repeated occurrence of factional model-making for over five decades, as well as the proliferation of factional models and the diversification of the types of factional models in the post-Mao period, showed that this revisionist practice enjoyed a degree of legitimacy. Furthermore, as discussed in Chapter 1, although factional model-making undermined party discipline, since the party elites who were involved often followed the norms of civility, the practice often did not pose a threat to regime security. It even contributed to regime resilience by reinforcing collective leadership, ensuring that opposite viewpoints were deliberated in the policy process, and providing candid political information to the regime that was otherwise short in supply. Xi's suppression of factional model-making has strengthened party discipline to an extent that was unprecedented in the Mao era (see Chapter 7). This has come at the cost of barring the CCP from taking advantage of the benefits that factional model-making contributes to regime resilience. This is not an issue to Xi, though. To him, regime resilience fundamentally rests on his strongman rule, rather than any benefits that factional model-making may bring. It is within expectations that Xi would not relax his strict demands for party discipline. There is evidence that this has already strengthened elite cohesion under his rule. However, it remains to be seen whether the benefits of strong party discipline could outweigh the costs of suppressing factional model-making on regime resilience in the long term.

Factional model-making: Party elites contest the party line in public

Factional model-making is an elaborate mechanism for party elites to communicate with each other and signal their power to the regime. The process begins with party elites cultivating a local area of their choosing into a successful example, or 'model', to implement their preferred policies. They sometimes do so to tackle pressing local problems that the status quo policy sanctioned by the party line has failed to address. For example, in the late 1970s/early 1980s, Wan Li, the party secretary of Anhui province, permitted the farmers to carry out the household responsibility system (HRS), a policy that was initially prohibited by the party line, in response to a devastating drought in the province (see Chapter 3). In 1984, Wang Hongbin, the party secretary of Nanjie, abolished the HRS and carried out recollectivization because agricultural productivity in the village had plummeted soon after the HRS was implemented (see Chapter 4). Objectively speaking, there was no dire situation that urgently needed to be addressed in, Shekou (Chapter 5), Shenzhen (Chapter 5), Guangdong (Chapter 6) and Chongqing (Chapter 6). However, they were also chosen by party elites to become factional models in order to vindicate their pre-conceived agenda and to assert themselves as legitimate political contenders. Whether there was a pressing local problem or not, it was always the case that the policies of the factional models were controversial because they epitomized political ideas and/or ideology marginalized by the party line.

The party elites funnel ordinarily hard-to-obtain state resources to the local areas they have chosen to enable them to achieve successful policy outcomes, so that the local areas could be widely recognized as models worthy of emulation. This appearance of meritocracy is seized upon by the party elites to legitimize the controversial policy in question. This is a performative and discursive process. Party elites make speeches, introduce slogans, and coin new concepts to portray a vision for China's future that is different from that embodied by the party line. The unspoken, though understood, implication of their public speech-act is that the party line should be revised according to the example of their factional model. Where this happens, the factional local model would be elevated from the policy margins to become a national model of the revised party line. This honour was conferred on Dazhai, Mao's model that became the national model during the 'In Agriculture, Learn from Dazhai' campaign (Chapter 2). The honour was also bestowed upon Anhui, the model groomed by the younger

survivors to champion the HRS, a system that decollectivizes agricultural production in all but name (Chapter 3).

Factional model-making is a time-consuming and self-restrained means of protest. Other means of protests, such as posting essays that are critical of the regime in public space, which Wei Jingsheng did on Beijing's Xidan Wall after the Cultural Revolution (see Chapter 5), or using social media (blog posts, Weibo, Wechat, and so on) to express grievances, are much more time-efficient and may reach a larger audience than factional model-making. However, they are much more vulnerable to being swiftly suppressed. Party elites who resort to factional model-making to contest the party line adopt a circumspect language and follow certain norms that are designed to promote civility (see Chapter 1). They exercise self-restraint because they have an interest in the survival of the regime. Their self-restraint may undermine the immediate impact of their message, but it makes their factional models more resilient. The party leadership usually reciprocates with a nuanced response. Sometimes this can even lead to policy change in the direction that is signposted by the factional models. Therefore, factional model-making should not be dismissed as an effective form of protest action.

The controversial policies implemented by factional models last as long or short as they are politically feasible. This depends not only on the tenacity of the party elites who sponsor the model, but the response of rivalrous factions and the party leadership as well. The Dazhai model lasted for as long as 14 years because the radicals and conservatives alternated in power frequently. The political turmoil of the Cultural Revolution was such that each faction could only hold on to power for an average of two to three years before being abruptly removed. Since the factions competed to dictate the rural party line, their frequent turnover over a prolonged period made seizing control over Dazhai instrumental to advancing their agendas. Dazhai only faded into the policy margins after the death of Mao, which enabled the conservatives to finally consolidate power (see Chapter 2).

Anhui existed as a factional model for only one year before the party leadership made it the national party model for the HRS. Anhui was able to achieve success so quickly thanks to the endorsement it received from Deng Xiaoping, the *de facto* leader of the survivors' faction, who were won over by the younger survivors who lent their patronage to Anhui. Mao's loyalist Hua Guofeng also contributed to the victory of Anhui by agreeing to reach a compromise with the survivors, although he had vowed to defend Mao's legacy previously (see Chapter 3).

The Nanjie model lasted for 28 years. It was the longest-running factional model in China as far as I am aware. This means that it preserved its identity

as a factional model for the longest duration before the party elites who sponsored Nanjie finally transformed it into a party model, or a model compliant with the party line. Nanjie was able to continue as a factional model for so long because the party leadership did not crack down on it. This was due in no small part to Nanjie's tribute to Mao, who is still venerated by the CCP as the founder of the PRC (see Chapter 4).

Shekou, a factional model for liberal-leaning political reform, was short-lived because its most important patrons, Hu Yaobang and Zhao Ziyang, were purged. It was for the same reason that Shenzhen's semi-democratic legislative reforms never saw the light of day (see Chapter 5). Nearly thirty years later, in 2008, Guangdong, an aspiring factional model, succumbed to pressure from rivalrous factions to drop the agenda of political liberalization indefinitely. Thereafter, Wang Yang, the party secretary of Guangdong, reinvented the province into a model for restructuring the relationship of the Party, state, and society. The aim was to increase governance capacity and effectiveness. Chongqing under Bo Xilai was another factional model that addressed the same theme as Guangdong and at the same time. The Guangdong and Chongqing models lasted for four years (see Chapter 6). Since Wang and Bo were eligible contenders for the Standing Committee of the Politburo (PBSC), which was due for a reshuffle at the 18th Party Congress in 2012, if their models could solicit broad-based support in the Party and society, they had a genuine chance of becoming national party models. The falling out of Bo with the party leadership in March 2012 tarnished the reputation of the Chongqing model. The Guangdong model failed to live up to the promise of a national party model because its liberal-inclined political ideas were at odds with Xi's vision for China (see Chapter 7).

The Left and Right of Chinese Elite Politics

The factional models cultivated by party elites were either left- or right-leaning in the ideological spectrum. The Left represents a mixture of statist, collectivist, and authoritarian political ideas. It believes in consolidating the CCP's supremacy over the economy and society, even if it could come at the expense of economic growth and personal freedom. It prefers maintaining the status quo inherited from Mao over institutional changes. The right-leaning party elites also share the desire of their left-leaning colleagues to uphold the CCP's power monopoly, but they believe that the CCP must be more responsive to social demands. This leads them to ponder how the Party may borrow from liberal or Western political ideas to improve governance.

The Right advocates more marketization, privatization, opening up to foreign trade, and protection of personal freedom.

In Mao's times, the factional Left was formed by the radicals who he brought to power to oversee the Cultural Revolution. They were opposed by the conservatives, who were in the party establishment before the Cultural Revolution. They were the factional Right. To prove their loyalty to Mao, the radicals championed leftist policies that were more left-leaning than Mao's. Their ideas could be described as radical socialism. The radicals were opposed by the conservatives, who considered it as serious that the leftist policies were unpopular at the social grassroots and hurt the economy. Their vision of socialism still sit within the framework of the Maoist People's Commune. But it provided scope for some individual autonomy and private ownership (see Chapter 2). After the death of Mao, the radicals were purged by the conservatives. Since then, the loyalists of Mao became the new faces of the factional Left. Their main motivation was to defend Mao's legacy. They believed that this was necessary for them to stay in power due to their legitimacy deficit when compared against their right-leaning colleagues, the survivors, who were rehabilitated after being purged in the Cultural Revolution. Many survivors were former conservatives. As shown in Chapter 3, the survivors were not a coherent faction. The senior survivors, who were party elders, were hesitant to disavow Mao's vision of socialism completely. By contrast, the younger survivors were more willing to take the gamble. They called for a greater use of material incentives in agricultural production, even if it would hollow out the power of the People's Commune. They believed that their market-oriented vision was socialist, and that the Party must respond to public dissatisfaction.

The adoption of the HRS in the party line in the early 1980s was an important landmark of China's transition out of the Mao era. It marked the beginning of the 'reform and opening up' policy of the post-Mao period. Over the course of the reform and opening up, the Party's Left and the Party's Right have become more diverse. The Party's Left include civilian leaders who oversee party discipline, military leaders, princelings, and intellectuals who are disillusioned with Western nations and values. They embrace leftist ideas that they believe could help China develop an ingenious model of development that could address the side-effects of the reform and opening up, especially the polarization of wealth in society (see Chapters 4 and 6). The Party's Right is a much less united group. Some of them, notably Deng Xiaoping, only embraced right-leaning ideas in the economic realm, defined by a marketization paradigm, but firmly rejected political liberalization. He protected the market reform and opening up

from being derailed by the Party's Left but refused to defend the political reform models of Shekou or Shenzhen (see Chapter 5). Unlike Deng, Yuan Geng of Shekou and Liang Xiang and Li Hao of Shenzhen, were open-minded to both economic and political liberalization (see Chapter 6). They thus stood the furthest away from the status quo inherited from the Mao era, which made them the most vulnerable to political attacks. It was no wonder that factional models that were right-leaning economically and politically were the most short-lived.

As the ideological and factional spectrums evolved over time, so did the types of factional models on display. Political theatre models were the dominant type of factional models in the Mao era. They featured the use of theatrical techniques to carry out ideological indoctrination. Residents of the models were mobilized to carry out infrastructure construction in a campaign style (see Chapter 2). The opposite of the political theatre models were rightful resistance models, which were cultivated by the Party's Right in the transitional period from the Mao to post-Mao era. They appealed to common sense and pragmatism instead (see Chapter 3).

The downfall of the Dazhai model led to the official repudiation of political theatre models (see Chapter 2). However, Maoist nostalgia models, being left-leaning factional models that descended from political theatre models, retained features of the latter. They also employed mass mobilization campaigns for ideological indoctrination and social control. There were two main differences between political theatre models and Maoist nostalgia models. First, political theatre models were promoted when Mao's vision of socialism defined the party line, while Maoist nostalgia models were promoted when Mao's vision of socialism was marginalized by the Party and Chinese society. Second, the same political theatre model could host contrasting ideological perspectives. The Dazhai model was a classic example (see Chapter 2). By contrast, a Maoist nostalgia model was more coherent ideologically. In the Mao era, Mao's hegemonic status was such that once he had created a political theatre model, party elites who wanted to control the party line could only do so by manipulating his models. They could not create alternative models because it would most certainly be denounced as an unacceptable attack on Mao's authority. Since the late 1980s to the late Hu Jintao era (2008–2012), party elites took advantage of the experimental zone or reform pilot status that the party leadership had assigned to their local area to carry out factional model-making. They introduced either leftist or rightist policies to the local area under their control, in a way that exceeded the mandate of the policy experiment assigned by the party leadership (see Chapters 5–6).

The diversification of the typologies of factional models in the post-Mao period showed that party elites enjoyed more agency to contest the party line than they did during the Mao era. Rightful resistance models, Maoist nostalgia models and modernization models appealed to different segments of the social grassroots. They excited public imagination about the future of China beyond what was scripted in the party line.

Factional model-making and regime resilience

Factional model-making undermines party discipline under democratic centralism. However, it often does not threaten the authority of the party leadership. This is because the vast majority of party elites who carry out the practice do not promote a personality cult around themselves. Their factional models also do not promote policies that are explicitly prohibited by the party line, but only those that are marginalized by it. These are the informal norms regulating the practice (see Chapter 1). The observance of these norms on most occasions from the 1960s to 2012 suggested that they had become entrenched. These norms ensure that factional model-making always pays due respect to the party leadership's authority, even if it exposes political disunity. The small area of the factional model vis-à-vis the territory of China ensures that any challenge posed by the factional model is contained and limited. The fact that factional model-making is embedded in the routine policy making process likewise limits its threat to the regime.

There were three main reasons why party elites respected the norms of collegiality when they contested the party line via factional model-making. First, party elites across the factional-ideological divide shared a strong consensus to defend the power monopoly of the CCP. This set the political baseline that helped avoid factional model-making from spiralling out of control. Second, as a result of the norms of collective leadership introduced by Deng Xiaoping and consolidated under Jiang Zemin and Hu Jintao, no dominant faction could eliminate the other entirely (see Chapter 1). Since party elites from different factions had to interact with each other repeatedly, it was in the interest of all to behave collegially. Third, respecting these norms could shield the factional models from being cracked down on by the party leadership. Thanks to the observance of these norms in the post-Mao period, factional model-making was rarely regime-threatening and even contributed to regime resilience. It helped reinforce and consolidate the norms of collective leadership by ensuring that dominant factions check on the power of each other. It provided a platform for opposite viewpoints to

be expressed and debated in the open, hence enhancing the transparency and accountability of policy making, and reducing the likelihood of a major policy mistake being made. Furthermore, factional model-making provided useful and candid political information to the regime, such as the popularity of various factions and the Party's policies. Such information was otherwise short in supply due to censorship.

Bo Xilai's Chongqing model could be seen as an exception to the norms that regulate factional model-making to some extent. This was because the Chongqing model promoted a personality cult around Bo (see Chapter 6). That said, it was noteworthy that every member of the PBSC at that time openly endorsed the Chongqing model, except CCP General Secretary Hu Jintao and Premier Wen Jiabao. The high-level endorsement that greeted the Chongqing model showed that it had gained acceptance among dominant factions in the Party, although not by the Hu-Wen faction, which had the Chinese Communist Youth League (CCYL) as its main power base. The relative indifference of Hu and Wen towards Chongqing revealed that the party leadership was seriously divided over the Chongqing model. The timing of the model was the run-up to the once-in-a-decade leadership transition at the 18th Party Congress (2012), a politically sensitive season during which the Party often felt the most vulnerable and doubled down on efforts to maintain stability. By testing the political limits of factional model-making, the Chongqing model foreshadowed the demise of factional model-making under Xi.

Xi replaces factional model-making with party model-making

Xi's strongman rule leaves no scope for factionalism and ideological pluralism. He suppressed factional model-making within his first term of office (2012–2017) by attacking key members of rivalrous factions, centralizing policy making authority to himself, and enforcing ideological conformity. He settled the ideological disputes between leftist and rightist factional models decisively. On this basis, he has put forward his unique vision of socialism, which is a pragmatic one, and used it to reshape the party line. In a nutshell, Xi's pragmatic socialism maintains that the CCP ought to continue with the reform and opening up policy, rather than to revert to socialism under Mao Zedong Thought. Xi also ruled out privatization or political liberalization, being the policy direction favoured by the Party's Right. His vision of pragmatic socialism calls for increasing the redistribution of wealth from the rich to the poor, dispensing heavy ideological indoctrination, and

strengthening precision social control, all serving to securitize the regime as much as possible.

Xi believes that factional model-making poses dangerous risks to his supreme status. He does not believe in the value of debating the party line in the policy process. To him, so doing is unacceptable because it undermines party discipline. By designating Zhejiang as the national demonstration zone for common prosperity, he has laid down the groundwork to cultivate the province into the national party model for his peculiar policy agenda – common prosperity. This is a major step he has taken towards replacing factional model-making with party model-making. In contrast to factional model-making, party model-making is highly regulated by the party leadership, downplays the agency of party elites and local governments, and importantly, promotes rather than contests the party line. Since Xi maintains a tight grip over Zhejiang, it is no wonder that the process of turning the province into a party model, which continues to unfold today, has been tightly controlled. There is a lack of exchange of opposing opinions on common prosperity (see Chapter 7), in sharp contrast to the much more dynamic process of factional model-making that is documented in the other case studies in this book.

Implications of the end of factional model-making under Xi

The suppression of factional model-making under Xi has no doubt bolstered the authority of the party leadership and Xi himself. It has strengthened party discipline. It has also created the impression of party elites being united around the party line. However, by removing a relatively low-risk mechanism for contesting the party line, Xi has also made the party line more rigid and less accommodating to alternative viewpoints. This increases the likelihood of positive policy outcomes being produced nationwide if Xi's party line is sound. However, his mistakes would tend to be amplified, rather than being challenged or corrected, due to significantly weakened political checks and balances.

The suppression of factional model-making also implies that dissenting views to Xi's party line, which inevitably exist, have now been pushed underground. This has made Chinese elite politics more opaque. The absence of contrarian views strengthens party discipline and Xi's power on the surface. However, it has also exacerbated the information dilemma for Xi. If he is to detect and pre-empt potentially serious challenges, he needs to know the strength of rivalrous factions, the negative outcomes

of his policies, and political ideas other than Xi Jinping Thought that are gaining traction. However, since this kind of information, which was supplied by factional models in times past, will reveal limits to Xi's power, it is systematically suppressed by the propaganda machinery, which is under pressure to embellish negative information to make it pleasing to Xi. The outburst of public anger in various parts of China over Xi's draconian COVID-19 lockdown in 2022 might suggest that he was losing touch with public sentiment. It might be an early warning that the information dilemma that has been exacerbated by his strongman rule has begun to backfire. If factional model-making were preserved under Xi, it is possible that the provinces would be given much more latitude to carry out pandemic control. This imaginary scenario could well have stimulated political competition and policy innovation by ambitious party elites. It might have led to a more careful balance between pandemic control and minimizing disruption to normal life being reached – or at least being debated – compared with the existing one-size-fits-all approach.

The worst-case scenario of the suppression of factional model-making for Xi and the CCP is that disgruntled party elites might resort to politically disruptive means to challenge the party line. This would be a direct attack on Xi's power due to the replacement of collective leadership by strongman rule. It is unlikely to transpire as long as Xi can hold on to power firmly (see Chapter 7). However, the sustainability of Xi's power is already being challenged by factors that he cannot fully control. The enduring pandemic, economic slowdown, and the significant deterioration of Sino-US relations have proven to be particularly trying. These problems do not seem to have undermined Xi's authority for the time being. But they suggest that there are no quick fixes to some of the most formidable challenges confronting the Xi-led CCP. It can be safely assumed that Xi would double down on efforts to discipline the Party and society in the light of increasing challenges. If regime resilience equates with Xi's power consolidation, his coercive approach has already paid off in the short term. However, since dissatisfaction can at most be minimized and suppressed, rather than eradicated, it is entirely possible that regime resilience in the longer term is being compromised by the suppression of factional model-making. After all, it is a technique that had proven its value in preventing internal political disagreement from culminating in regime-threatening dissent.

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