

31: THE SOCIALIST COMMONWEALTH'S RAPID RISE AND EXTENDED DECLINE

**(11/87r, 9/90e; 11/94e, 9/95e,
11/96e)**

a. What were the accomplishments of the new regime in agriculture and industry during the First Five Year Plan, 1953-1958? What were the unresolved difficulties? How did the "Great Leap" propose to address these problems? In which ways and why did it fail to resolve them? In what ways was China under Mao coming to resemble earlier short dynasties of reunification?

b. In what ways did the years between the Great Leap and the Cultural Revolutions resemble the beginnings of a traditional crisis of the first succession? In what ways do they confirm the predictions of Austrian School economists? What were the Cultural Revolution's aims, to what extent were they achieved, and why in retrospect was it doomed to fail, particularly in terms of Voegelinian political theory?

A. The 1st Five-Year Plan

1. Collectivizing agriculture

The First Five Year Plan was planned to run from 1953 to 1958, but was not formally announced until 1955. Many outside observers suspect that the overall plan was not ready until then.

The authorities proclaimed in 1952 that they had restored the 1937 level of production. Perhaps so, but nobody mentioned that higher levels of production had been reached in both agriculture and industry as late as 1942. Establishing an artificially low base year for 1952 exaggerated growth during the

subsequent First Five Year Plan, since some of the new growth after 1952 was only a return to the 1942 level of production.

In agriculture, no sooner were the cooperatives organized and their new members calmed down, than the authorities began to transform the co-ops into lower order collectives. Both capital goods and land were pooled, but the collective paid its members partly in proportion to the amount and value of capital and land they contributed at the time the collective was organized. This return resembled the return to shareholders in a corporation, except that a person could not sell his shares in the collective. It would not have done him any good to sell his shares anyway, since he was forbidden to move to town, and so had no other way to earn a living.

Even before lower order collectives could be established in some places, higher order collectives were proclaimed. Their members were paid entirely on the basis of their labor input. Land and capital goods originally contributed were no longer the basis for even partial remuneration. In plain English, this property was confiscated without compensation.

The quantity and quality of labor was supposed to determine the rate of pay on collectives. But labor on the collectives was not paid for in the same way as would the market. On the market, persons tend to get their "discounted marginal value product" (DMVP). That is, a laborer tends to get as his wage the market price of what he actually produces discounted by the pure interest rate. If he does not get that rate from one employer, he can usually move to another who does pay the DMVP. That would pressure the first employer to raise the wage he offered.

Since there was no longer a private labor market left in most rural areas, it would have been hard to measure market wage rates anyway. In any event, each laborer was virtually ensnared to a particular collective. That made it easier to force most wage rates below their market value. Inevitably, cadresmen gave themselves and their friends higher pay rates.

Cadresmen normally graded female tasks lower than male tasks. The

authorities also encouraged women to stay home and have babies, which they were doing anyway, to make up for lost time during the preceding decade of war and civil war. A new divorce law allowed women to get out of involuntary marriages, but it became a dead letter after a few months. The authorities feared adding insult to the injuries of collectivization among men.

Since most people, including landless laborers, were no longer allowed to move even seasonally to town, the men stayed close to home and happily collaborated with their resubordinated wives in baby-making projects all year 'round, instead of just a few months out of the year. This intensified the post-civil war baby boom.

If, despite the burdens of childbearing, a wife did work, she not only got lower wages than a male, officials ignored her complaints. Comparable worth agitation was not permitted under socialism.

The wages fund in most rural areas was smaller than it might have been because fewer real goods were left over after mandatory deliveries of grain to the state. Mandatory deliveries to the state were mostly in grain, as were most rural wages. The state was still, as Chinese governments had since ancient times, levying a tax in kind, and at a higher effective rate than KMT era local governments had exacted. That left significantly less for farmers to consume.

The grain remaining to farmers was not very marketable, and if marketable, the price was more often than not pegged at an arbitrarily low level by the state. This further discouraged production. So even if wages could have been allocated fairly, there would not have been much to allocate. Still worse, what was left had to be spread among more people as the baby boom (also state accelerated) increased the size of the population.

The state used its control over prices and the permission only it could give to market agricultural goods at all to ensure monopoly profits for itself. These it funneled into the towns for investment and pseudo-investment. This diversion crippled agriculture's recovery. Though grain production increased in absolute amount during the '50s, it did not keep

up with population growth. During the '60s, grain production actually fell even in absolute terms. Per capita grain production did not return to 1930s levels until the 1970s.

2. Stalinist industrialization

a. Russian foreign aid

When we follow these agricultural goods to the cities, we find that the most conspicuous urban projects during the First Five Year Plan were several hundred "turnkey" factories which China bought on credit from the Russians on a barter basis.

In a "turnkey" factory, the Russians would deliver the parts of a factory and assemble them. Then the Chinese would come in and, as it were, turn on the key to get the factory producing.

This was not very efficient. It would have been better for the Chinese to have had their own production engineers learn how to evolve new production facilities through trial and error, and gradually acquire the best mix of machinery by poring over capital goods catalogues from all over the world. That is how the South Koreans were doing it during those years.

The Chinese were also rooked on the barter price equivalents charged them by the Russians for these factories. Since the Chinese paid for the factories through barter, the Russians could easily overstate the implicit money prices of their machines and/or underprice the Chinese agricultural products—soybeans, rapeseeds (Canola is now the p.c. label) for oil, etc. — being bartered for the factories.

When China broke with Russia in 1960-61, it not only proved difficult to get spare parts, a number of the factories were not finished. The Russians departed, sometimes without even leaving the blueprints behind, making it very difficult for the Chinese to finish those factories. Since this was an inter-nation quarrel, there was no civil court in which the Chinese could sue the Russians for breach of contract.

Still worse, even before the end of the First Five Year Plan in 1958, the Chinese had to start paying back the earliest of the loans. Before long, and

even before the break, there was more going out in repayments to the Russians than the Russians were "giving" (actually lending) China in new factories.

The favorable *trade* balance that China was thereby beginning to run with Russia meant that China was exporting *capital* to Russia. That is a hell of a way to make a run toward industrial takeoff—to give other nations more capital than you are getting from them! (The U.S., for example, was a net importer of capital during most years before 1914. That considerably eased our industrialization.)

b. Chinese state investment

The Chinese state mostly financed its own direct investments in industry from agriculture. At first the state used wealth confiscated from agriculture to nationalize the urban firms it had left private during the stabilization phase up through 1952.

Before long, however, planners alleged most of agriculture's forced savings were going into *new* activities. Strange macroeconomic statistics began to be published. The state was supposedly investing enormously high percentages of national income, resulting in a suspiciously high annual growth rate. To put it charitably, the planners seem to have exaggerated these numbers.

Some of what planners called investment comprised useless show projects, payment for which merely legitimized unearned consumption by the ruling class and its urban worker clients. Though producing useless goods, privileged urban workers were capital-W Workers. They and the still more privileged Party Intellectuals constituted the "People" (notice the capital "P" indicating presence of a pseudo-transcendent).

The Party rewarded these paragons of the revolution by keeping prices in the cities low, for both agricultural and certain manufactured goods. The elite used queuing rules that favored them over non-People in determining who got access to non-necessities. This disguised the increase in Workers real wages and underestimated the labor costs for making even legitimate capital goods. The rural masses did not get to come to town

to line up for these goods, and the Party established few goods queues in the rural villages.

Many urban investments were mal-investments—real investments that never paid off or did not pay off well enough to have justified making them. These mistakes resulted from the "fog of calculational chaos" Mises predicted must arise as markets for producers' goods disappear.

The existence of such divergences from what markets might have decided is the only way to account for the fact that though the percentage of investment was so high, everyone remained so poor. A few honest macroeconomists in the West began to puzzle by the late '50s over why the "marginal efficiency of investment" (growth in product per unit of investment) seemed to be dropping by the end of the First Five Year Plan. But in those days (and in many more places now) it was no more considered polite in most academic circles to raise such questions than it would be among more pious folk to belch in church.

Still, even discounting official figures heavily, there appears to have occurred at least a crippled version of a full industrial takeoff by c. 1956-57. It was only then, two years into it, that the authorities announced that the First Five Year Plan was under way, and projected the outcomes for its last three years. Without using the as yet uncoined word "takeoff," in 1957 they implied that what would soon be called takeoff had happened.

3. "Walking on two legs"

The Chinese authorities were following the Stalinist model for industrialization. They emphasized heavy industry over light, investment within towns rather than in the countryside, and bleeding the countryside for the sake of the towns.

This should not be surprising. Mao explicitly promoted himself as China's version of Stalin. Stalin's picture was normally paired with Mao's in public displays.

The easiest way to get quick results to satisfy so centrally monitored a plan

was to concentrate investments on the already heavily industrialized lower Yangzi Valley and in Manchuria. Because of this geographic bias, by the last year or two of the Five Year Plan, the authorities were already worrying about a supposed dilemma of unbalanced growth.

Though rapid industrialization seemed to require encouraging townsmen over country folk, this was one aspect of Stalinism of which Mao Ze-dong disapproved.

Mao still hated the big cities of the east and the "stinking intellectuals" who lived in them. Already by the late '50s he was starting to talk about the moral and practical necessity for "walking on two legs," one leg urban, one rural. He began to propagandize the Chinese people to get them ready to endure heroic measures so as to resolve the dilemma of unbalanced industrialization.

However, this supposed dilemma rested on a false dichotomy. There was no need to exploit the rural areas or the interior to make the cities or the coastal regions grow. This exploitation resulted wholly from the rapid abolition of the market for all but a few trivial sectors of Chinese economic life. It was the absence of market prices that permitted the rulers to fool themselves into thinking they were not exploiting agriculture to feed the ruling class and its urban pets. Even when they dimly began to realize what had happened, they did not understand that the growing disjunction between urban and rural development was entirely the result of their own foolish actions.

The authorities disguised this and their other mistakes even from themselves by overestimating (and sometimes apparently telling outright lies about) China's rate of growth and effective investment rates. This allowed them to assume that this amazingly high growth would eventually permit them to compensate the regions and classes being exploited. But since much of the growth was phony, such compensation could never be made.

The pity of it is that none of this foolishness was necessary. We will see when we deal with the '80s and '90s how easily even a partial restoration of the market partly resolved this dilemma

by diminishing the opportunities for the rulers to exploit agriculture.

B. Unresolved Difficulties As Of 1958

1. Tension with Russia

Blunders in domestic economic policy could be lived with, at least over the short run. But the new regime faced more immediate difficulties in foreign policy. Nor could the social consequences of demographic trends be easily reversed.

In foreign policy, Stalin could remain one-up on Mao as long as he lived, since he was the senior dictator in the Communist world, ruling the most powerful Communist state. But after Stalin died in the spring of 1953, Mao felt that he had become the senior Communist. He was running a more populous country than had Stalin. Mao also considered himself far superior morally to his fellow vulgar country bumpkin, Stalin's eventual successor, Nikita Khrushchev.

Khrushchev had as little use for Mao as Mao had for him. By 1956, Khrushchev had just finished clawing past his rivals to gain supreme power. But Russia was only just recovering from World War II, and hence still had to exploit Eastern Europe as well as China through rigged barter prices in foreign trade.

Russia's trading partners increasingly recognized that this exploitation was occurring. Khrushchev reversed it as quickly as he could afford to do. But before he could finish doing so, generalized political resentment by the East European satellites of exploitation by their home grown Communist quislings led to the 1953 East Berlin uprising. Continuing tensions led to periodic riots in Poland, and the 1956 Hungarian uprising.

Mao openly criticized Khrushchev for making foreign policy mistakes that led to these uprisings. Khrushchev reciprocated by breaking the promise made by Malenkov in the confusion after Stalin's death to give the Chinese the technology to build an atomic bomb. He also did not back China in the 1958 Taiwan Straits crisis, when Mao

(unwisely as it turned out) tested President Eisenhower's will by shelling the KMT-held islands of Quemoy and Matsu located just off the coast of China opposite Taiwan.

Mao had to suffer the humiliation of backing down when Khrushchev made it clear that Russia preferred to start the process of détente with America to continuing Stalin's confrontation with the world's only other atomic power. Tension between Russia and China increased thereafter. Though hard line Cold Warriors in the West tended not to believe it, the two largest Communist powers were heading toward an open and nasty break by the end of the '50s.

2. The imminent half-generational change and the population explosion

Within China by the late '50s, a decade after the success of the revolution, the key leaders, the men who were already in important positions during the Long March of 1934-5, were visibly aging. The prudent thing would have been to at least get ready during the next five years for a half-generational change at or near the top levels of the leadership. Leadership would remain with men who had made the Long March, but would shift to those who had been in more junior positions then.



An idealized portrait of Mao in early old age. (Hsü.)

The good organization man Zhou Enlai was indeed preparing such successors, notably Deng Xiaoping, who eventually did become dominant. But Mao, that priapic egotist, like the First Emperor of Qin, on whom he sometimes

modeled himself, simply could not face his own mortality, either as man or revolutionary.

Mao would not permit this half generational change to take place during the early 1960s. It was postponed until after his death in 1976, when the half-generation younger leaders had themselves become very old men.

Trouble was also brewing below the level of the ruling class. China's postwar population explosion finally began in 1950, a bit later than but for many of the same reasons as the post-1945 American baby boom.

The economic effects of the Chinese postwar baby boom were made worse by the authorities not allowing people to move from the countryside to the cities. That delayed any spontaneous decline in the birthrate. City people tend to very rapidly reduce their hoped-for family sizes compared to rural folk. By keeping too many people in the countryside, the Party managers of the Chinese economy were artificially prolonging the normal postwar impulse to have more babies.

By the late '50s, this artificially exacerbated population explosion's leading edge was well into the primary school stage. Any social demographer would have told China's authorities to look out for trouble when some of those kids finished secondary school and began looking for work and entrance into the tertiary stage of education during the late 1960s.

Even before these baby boomers could begin causing mischief simply by growing up, tensions originating in demographic factors were already present among non-Party and lower Party meritocrats.

A population explosion of officeholders occurred in 1949-50. The new regime immediately required a much bigger bureaucracy than had its predecessor. These recently fledged bureaucrats were only in early middle age by the late '50s, so there were few jobs opening up for each age cohort of younger would-be bureaucrats.

Tensions among these unrequited meritocrats were getting ready to come to the surface by the late '50s, well before the general increase in numbers of people could worsen the overall demographic problem during the mid '60s.

3. Thought reform's failure

In 1957, Mao made his famous "hundred flowers" speech. "Let a hundred flowers bloom; let a hundred schools of thought contend," said Mao, quoting the old scholars' cliché alluding to intellectual ferment during the Warring States Era. He was confident that this speech's encouragement of criticism of the Party's first eight years in power would evoke largely constructive criticism.

Much to Mao's surprise, an ever larger number of Party as well as non-Party intellectuals soon began "blooming" in an alarmingly un-Marxist fashion. Of course intellectuals are born complainers, but this defection of the new meritocracy went beyond grouching. Judging from the substance of the criticisms, the regime's economic failures had become obvious to the intellectuals. It was soon equally obvious that meritocratic factionalism was once again getting out of control, in part due to the demographic tensions resulting from the shortage of bureaucratic jobs.

Mao promptly told the unseasonable "bloomers" to shut up. He launched yet another thought reform campaign against them too, and sent a considerable number of intellectuals off to where they would not hear the birds sing for the next several decades.

Nevertheless, it was quite evident that Mao's China had turned out to be as vulnerable as Khrushchev's Russian empire was to resentment amongst the men of merit who were supposed to be a Marxist-Leninist regime's major beneficiaries.

More alarming, by the late '50s, thought reform was not working as well as it once did. The Yale Freudian psychoanalyst Robert J. Lifton would soon point out that disconcerting development to Western readers of his *Thought Reform and the Psychology of Totalism*.

It turns out, Lifton discovered, that if you keep repeating the "brain washing" process, you get the psychic equivalent of "split ends" in the brain cells. Even if you keep its subjects isolated from external information, the process apparently stops taking as well as before.

Still worse, the regime found it ever

harder to enforce isolation. The Party discovered that it could not keep industrial age people permanently isolated intellectually from the rest of the world.

For example, the Chinese authorities censored the Russian newspapers kept in Chinese libraries to keep readers from learning about Khrushchev's 1956 speech denouncing Stalin. Nevertheless, students at Beida soon read about all about it in their own college library. They did not do so in Russian. Even *Pravda* never published the complete text. They did so in English from the full account published in the New York *Daily Worker*—the official newspaper of the American Communist Party. In a matter of months, the word had gotten out amongst the apprentice Chinese intelligentsia that Stalin, the Russian Mao Zedong, had feet of clay. Mao had reason to fear his debunking might come next.

If Mao should lose his moral authority, whose authority could the Party mobilize to keep its ruling class's increasingly unsatisfied meritocratic wing in line? The first decade of the new regime ended far more uncertainly than it had begun.

C. The "Great Leap"

After some indecision, Mao decided he could solve all the problems piling up by the late '50s with what his propagandists soon labeled the "Great Leap Forward" of 1958-59. This brief but heroic effort would jerk China up from the lower rungs of Socialist Society into the final stage of human history, Pure Communism. In retrospect, Mao seems to have fulfilled the comic definition of a neurotic as a person who, when he discovers that what he is doing is not working, redoubles his efforts along the same lines.

In retrospect it is clear that Mao was lurching into yet another of those sharp changes in course that had been shaking to pieces the institutions of China's second stage of high civilization since the turn of the century. If the "People's Republic" turns out to have been the last of China's second stage states rather than its first third stage state, historians will probably trace the beginnings of its fall

to the years of the Great Leap.

1. Retaming the ruling class

a. meritocratic-aristocratic tensions

The ills becoming visible by the late '50s were not inconsiderable even to apologists for the new regime. The Hundred Flowers campaign of 1957 revealed that the Chinese intelligentsia was as alienated from the regime which was their ostensible champion as the intelligentsia of Eastern Europe was from the satraps of their Russian conquerors.

Mao may not have been much surprised by this disaffection of the intellectuals. He would have expected no better, especially from the upper levels of this urban new meritocracy whose snubs during his youth gnawed at his soul.

Apparently the intellectuals were still playing such tricks. Some of the people who criticized the regime in 1957 even surreptitiously compared Mao to the First Emperor of Qin, but with an unflattering pun. They called him (but not to his face and not in print) *Shi Hong Di* 始紅帝 (first red emperor) rather than *Shi Huang Di* 始黃帝 (first emperor).

Though he despised such critics and their puns, Mao himself seems to have rather liked the comparison. While he did not eat mercury compounds, Mao never brushed his teeth, and practiced the same sort of sexual hygiene as had First Emperor.¹ Mao thought that First Emperor was the only man in Chinese history who was a figure fit to compare with himself. First Emperor presided over the creation of the imperial order. Mao was presiding over the creation of the post-imperial order. It was obvious to him that his critics were behaving as foolishly and wickedly as had the traditional Confucians who rejected Qin's revolution and called for a return to decentralized Feudal Society.

Mao sneered not just at the meritocrats, for whom his favorite epithet was still "stinking intellectuals," but at what he was already calling the "little red princes and princesses"—the children of the Party aristocrats. Nevertheless, even

he dared not use the word "aristocracy" for the upper ranks of the Party. Such a label would have been considered sacrilege. Several people were jailed and at least one of them executed during the '50s for openly calling the Party members China's new aristocracy.

b. rise of the new Party aristocracy

After all, Mao himself was also vulnerable to being labeled a Party aristocrat, despite his self-conscious cultivation of peasant manners. Back in the Yan'an days, he made a point of growing his own tobacco. He once grossed out a visiting American Communist lady by dropping his pants in her presence.² He also forced on everyone that most wretched of 20th century uniforms, the so-called "Mao jacket" (actually just one Chinese version of the common 20th century Western military fatigue uniform).

Mao nevertheless himself enjoyed many of the traditional Chinese privileges of royalty, including an informal harem, as well as access to luxury goods and a fine house inside the Forbidden City, near the imperial quarters during the Qing Dynasty.

That the upper ranks of the Party constituted the first generation of something akin to the conquest aristocracy of the Manchus in the 17th century can be confirmed at least indirectly, and not just by how ferociously the Party reacted against anyone who called its members aristocrats. Formal sociological studies of such matters were and still are, of course, forbidden in China itself.

Unlike the men of merit in the lower ranks of the Party itself or outside the Party in the bureaucracy, children of Party members at the higher ranks do not have to take exams to get into ruling class schools. Nor do they have to climb painfully up multi-ranked ladders of merit in government and the professions. Party members simply gave the more important jobs to each other and, which is even more significant, to each other's children. This is supposed to finesse charges of nepotism. High Party

members' children are also much more likely to marry other high Party children than people of other ranks.

From the beginning, Party leaders also made sure that top Party men (and the occasional woman) occupied the top jobs in each ministry and at the top of each level of the governmental hierarchy, to control non-Party technical experts.

To anyone (including readers of this text) who knows a little of the history of the Qing Dynasty, this was strikingly analogous to the role of high Manchu aristocrats. High ranking Manchus ran the army and held the top jobs in each civilian ministry. Chinese meritocrats could not rise above the rank of vice minister.

Of course the top Party men did not overtly call themselves a "party aristocracy." Nor did they commit the indiscretion that the Russians had of calling the hereditary privilege-holding upper ranks of the Party the *nomenklatura*—the "named ones" in a list of Party aristocrats.

Such lists, constituting a kind of Red *Debrett's Peerage*, actually existed in the Soviet Union from the 1930s on. There is no similarly overt "named" aristocracy in China, but it is clear that the essence of a *nomenklatura* had developed by the late 1950s, less than a decade into the new regime's existence. You could even recognize a Party aristocrat by the cut of his Mao jacket, which was well-tailored, made of good cloth and featured inset rather than patch pockets.

Though he was prepared to capitalize on resentment against this Party aristocracy, Mao did not yet move against the Party itself during the late '50s. Ostensibly he was still only worried about the alienated intelligentsia—the meritocratic sector of the ruling class. He got in his jabs at the top Party men only by sometimes lumping some of them in with this unreliable meritocracy.

Mao also sensed what writers like Lifton would soon document—that mere thought reform would no longer be sufficient to keep wrong thoughts out of the heads of the meritocrats. Mao concluded he would have to contrive a basic change in the whole style of life of these people.

² Mao was very much the lady's man, but he was not anticipating President Clinton's welcome to Paula Jones. Chinese peasants do that sort of thing with no intent to commit sexual harassment, but rather just to cool off on hot days.

¹ See the memoirs of his physician, Dr. Li Zhisui.

Perhaps he could take the city out of these boys' heads by taking the boys out of the cities. He would "rusticate" meritocrats using the motto *xiàfāng* 下方 or "sending down [to the countryside]."

This, he thought, would also allow him to resolve the dilemma of the uneven development of urban and rural areas. He would use these rusticated urban meritocrats to fundamentally urbanize the countryside. Their departure from the cities would also make it easier to ruralize urban life.

Domestic factors were the key elements leading Mao to trip off the Great Leap. Foreign policy concerns were secondary.

2. Foreign policy problems

Tension with the Soviet Union sharply increased even before the Great Leap's nature became evident, though once he realized what Mao was up to, Khrushchev definitively turned his back on Mao at the end of 1958, as shown by his subsequent actions. Khrushchev overtly began to betray Chinese interests when he failed to back Mao during the 1958 Taiwan Straits crisis.

The Russian dictator visited President Eisenhower in Washington, DC, during the autumn of 1959. He went up the mountain with Ike to Camp David, and there the two men formally decided to get along. They would encourage "the Spirit of Camp David" to spread through the world's information media, at least for a short time thereafter.

Ever since 1953-4 what in the '70s Henry Kissinger would call *détente* had been Russian policy. *Détente* was, however, just another Communist-sponsored popular front. It was designed, like its predecessors, to unman foreign opposition, this time, in the aftermath of Stalin's death, while the Soviet Union recovered from the bouts of socialist excess of Stalin's old age.

Khrushchev stopped off in Peking to settle accounts with Mao on his way back from the fall 1959 Camp David summit. There is a famous Life magazine photograph taken at the Peking airport showing the two men shaking hands and exchanging exceedingly dirty looks. In retrospect, we can date to al-

most that moment the sharp break between Russia and China, a break that Mao's and Khrushchev's successors only formally healed nearly thirty years later in May, 1989.

In this 1959 meeting, Khrushchev apparently told Mao to cut out the foolishness of directly challenging the Americans, or Russia would cut off all aid. Mao did not stop the foolishness, at least verbally. Khrushchev went home, and at the end of the following year cut off all military and economic aid to China. He pulled his people out of China, including those assembling the last of the several hundred turnkey factories. They even took some of the blueprints home with them.

This confirmed the worst fears of China's autarkists (believers in developing in isolation), Mao at their head.

Mao retaliated by proclaiming a far more assertively independent foreign policy than before. At least verbally, China became far more radical abroad. China would break not just with the Capitalist "first world," but also with the "second world" of Russian-led socialist states. It proclaimed itself a model for the poor but numerous "third world" of undeveloped and recently decolonized states who had so labeled themselves at a 1955 conference in Bandung, Indonesia. Through the Great Leap China would lead these states directly to Pure Communism by setting them a good example and exhorting them to follow it.

In terms of China's actual interests, this new policy was an act of folly. The prudent thing would have been to make up for the loss of the Russian connection by seeking an opening to the other great power, the United States. That, however, was not expedient in terms of Chinese domestic politics. It would have given too much leeway to China's new meritocracy.

If Mao were to cozy up to the Americans, why couldn't the numerous detained students from America, many of them clustered at or near the top of the Chinese meritocracy, do the same thing? But if they could restore their lost American connections, the Party might lose control over them altogether. In the aftermath of the Hundred Flowers fiasco, that hardly seemed prudent.

Henceforth, domestic policy would have to determine foreign policy, rather than the reverse. Instead of turning moderate, and reconciling with America, Mao proposed to out-radical the Russians abroad, single-handedly if necessary, until China could create allies as radical as itself. There would be no radical revolution anywhere in the world that the Chinese would not support, at least as cheerleader for its most radical elements. Whatever troubles that caused, it would at least ensure that any foreign influence exerted on China's own meritocracy would be as radical as that being exerted by Mao himself.

In fact, however, this new foreign policy amounted to isolationism. No country but North Korea and Albania proved willing to align with China, and those two countries isolated themselves still more from the world than China did.

3. The "Great Leap"

a. building Heaven on Earth

Mao would also out-radical Khrushchev at home by making what he soon announced as a "Great Leap Forward." In one jump, China would move from mere Socialism, where Russia had been mired for over a generation, to Pure Communism, the ultimate goal of all human evolution. The last vestiges of the market would disappear.

As Marx had prophesied, Mao intended that even the state would begin to disappear. Counties and townships would be replaced by "communes" (Kang Youwei's *gōngshè* 公社), ideally suited to become units for the administration of productive rather than political life.

Only the central organs of the state would remain. Even they might begin to "wither away" (in Marx's phrase) once "the world countryside" (the poor, undeveloped nations) had overthrown "the world cities" (America and Europe, but also Russia). This triumph would put Mao one up on Khrushchev not just in foreign or domestic affairs, but metaphysically.

The key, Mao had decided, to making this Great Leap at home was to end the artificial distinction between rural

and urban life. Not just intellectuals were to be physically rusticated as a wholesome substitute for thought reform. The whole style of life of large groups of urban Chinese would change by moving many of them out of the cities into the countryside. This more intensive rustication would also further inhibit any impulse on the part of peasants to move into cities.

Even those urbanites who escaped physical rustication would have to endure psychic rustication. Mao proposed to move at least the habits of the countryside into the cities. Just as there would be people's communes to replace the collectives and counties in the countryside, similar organizations would ultimately replace all other forms of political organization even in the cities.

As Kang Youwei had hoped, communal life would be the same everywhere. Mao's and Kang's vision of the commune was not too different from what was envisioned for the 19th century utopian socialist Fourier's *phalansteries*.

Ultimately, everybody, rural and urban, would live in the same kind of dormitory, and would give up separate kitchens in favor of communal kitchens. They would throw their now redundant individual *woks* and rice pots into the scrap heap. They would be melted down to use as raw materials in the back yard blast furnaces that peasants would build all over the countryside to make each rural commune citified and industrialized enough to be self-sufficient even in iron production.

Everyone would work directly for the commune. No longer would individual rural families be allocated private garden plots, the produce from which they might consume or sell in petty markets. In principle, all markets, rural and urban, small and large, were to be abolished.

Since this was to be Pure Communism, each commune would be a family writ large. All would spontaneously work as hard for the commune as they had for their own families. Each would be given the little needed to keep him working efficiently. Until full abundance had been achieved, psychic revenue would make up poor material returns.

Just as there was to be industry in the rural areas, agriculture would flourish in the urban areas. The People would plow up the median strips in the wide avenues even of the capital city, planting cabbages in the good earth thereby made available. They would drain the shallow decorative ponds in parks and on college campuses, and lay out paddy fields to provide at least some of the rice for their tables.³

The dilemma caused by the favoring of urban over rural life would be definitively resolved by "walking on two legs," except that both would be left legs—i.e. only the countryside would remain.

Even the transitional shortage of labor caused by the post-1949 baby boomers not yet having reached working age would be compensated for by mobilizing women (who would "hold up half the heavens" in the Chinese feminist slogan of the day) both in city and countryside.

After all, mothers would no longer have to take care of their own children since the communes would provide nurseries. Wives would no longer have to cook for their families. The communal kitchens would take care of that. So women could go out into the fields and into the factories, and make up for the labor shortage by doing all the low-wage jobs that male chauvinist Party cadres could foist onto them.⁴

³ WWU's Outback (our now extinct primitive farm just behind Fairhaven College) was inspired by the Chinese urban communes and for many years wafted the inspiring odor of goat dung into the windows of Buchanan Tower dormitory. Dozens of thousands of equally loony urban farms soon pervaded China's cities with their still more wholesome if pungent aromas of human nightsoil, symbolizing the erasure of all distinctions between town and countryside.

⁴ Much of the above paragraph, though straight narrative of events in China, reads like a satire on the American radical feminist movement of the past generation. That is because much of the energy of what cynics of both sexes have come to call the "Women's Lip" or in less charitable moods, "Feminaziism," and many of its ideas were in fact inspired by favorably distorted academic consensus reports of the Great Leap's alleged new deal for women. Some of the propagandists for these ideas in North America were newly radicalized Jesuits, unconsciously parodying the sinophilia of their 17th and 18th century predecessors. Perhaps Marx and the German Romantics from whom Marx stole the insight were correct on one point at least: history always repeats itself, the first time as tragedy, the second time as farce.

China could have made up for the transient labor shortage caused by the baby-boom by increasing real investment, but of course savings sucked out of agriculture had mostly been diverted into disguised consumption and pseudo-investments in favored urban areas. These perverse activities added to the real shortage of labor an artificial shortage of capital through its chronic misuse and waste.

b. disaster strikes

It should not be surprising that within a year agricultural production fell sharply. Bad weather, some of it a result of the downturn in the climate cycle, was partly responsible.

However, most of the decline was because too many farmers were wasting their time doing things like trying to smelt iron in their back yards, or spending too much time at political meetings. They could no longer work efficiently in the common fields and were not permitted to work at all on private plots. As a result, the state could no longer continue to divert ever more resources from agriculture to urban industry. Some new projects in towns could not be finished; some old ones lost their urban customers.

Not only did the Great Leap fall short of the achieving Pure Communism, but symptoms very much resembling those of the "bust" phase of a capitalist boom-bust cycle appeared. Just as in a business cycle bust, the capital-goods sector (making new and maintaining old factories, etc.) were collapsing first.

The first documented peacetime business cycle downturn in the history of totalitarian maximal socialism appears to have begun in China during 1959 and to have continued until 1961-2. Though indirect production was affected soonest and hardest, shortages of agricultural goods, as well as a wide variety of industrial goods were reported as production collapsed in a downward spiral.

The situation was even worse than in normal capitalist busts. Rumors spread (fully confirmed much later) of widespread starvation as well as malnutrition. We now know from Chinese de-

mographers that somewhere between 20 and 30 million people died because of the bust.⁵

This development is so outside their mental categories for both Keynesian and other Neoclassical economists as well as Marxists that most of them have missed its significance for economic theory. According to their principles this downward spiraling bust should not have happened. The business cycle is supposed by both Neoclassical and Marxist theory to be created by the market. Yet this one was apparently occasioned by the radical abolition of the last vestiges of the market.

Actually, however, business cycles without markets are entirely plausible if you accept the theory of the business cycle first worked out by the fully Post-classical Austrian School economist Ludwig von Mises. Mises first stated this theory in outline in 1912. His student Friedrich von Hayek perfected it during the 1930s. This theory is fully congruent with the ideational determinist philosophical position.

Mises argued that the Western business cycle was caused not by the natural processes of the market but by *political* intervention in the market. All modern states sooner or later establish central banks. They use the ability of these central banks to create money out of thin air to stimulate the private banking system into creating even more new money.

The banks then lend much of this new money to businesses. The new money's appearance has created an artificially low interest rate. The low interest rate encourages businesses to start new projects through borrowing those funds. Since the actual rate of savings has not changed, money is not withdrawn from other activities to fund the new activities. The increased demand for factors of production soon drives up their prices without forcing down other prices. That creates a shortage of money.

To keep this "boom" going, the central bank must continue to pump ever larger quantities of new money into the banking system. Only this can provide enough cash for all the ever more ex-

pensive new and old goods to be bought.

If, at any stage of the boom, the amount of new money stops increasing (or, eventually, does not increase at an ever higher rate to accommodate the rising prices) the following occurs. First, the private banks' supply of loanable funds dries up and interest rates increase. Investors find they cannot afford to finish their new projects or, if they do finish a project, some find that they cannot sell their goods. If new producers succeed in selling their goods, producers of old goods can no longer sell all their goods unless they drastically cut prices.

Finally, the boom, which misallocated investment, is followed by a bust as production collapses. Bankruptcies finally correct the boom's misallocation of credit.

China in 1959-62 displays most of the symptoms of a bust of the above Mises-Hayek sort. But this bust came not via a private banking system, since private banks and businesses had been abolished, but through a set of commands to save and invest coming direct from the government. These commands had been misallocating investment funds all through the '50s, and (uncorrected by markets, which were rapidly disappearing) these misallocations were growing ever greater.

Finally, in the chaos caused by the Great Leap, the authorities lost control of the flow of wealth from agriculture. This obliged them to at least stop further increases in reallocation of that wealth to the cities. They had run out of new real wealth to misallocate. The end of new Russian loans after the break with Khrushchev while repayment of old loans continued, made the situation even worse. Hence the bust.

D. The 1959-65 Pause of Exhaustion

1. The circuit-riders' short-run triumph

The bust of '59 did not bottom out until 1962, and was followed by a slow, crippled recovery. Widely perceived as the author of China's troubles, Mao Ze-

dong lost as much credibility in early '60s China as Herbert Hoover had in America during 1929-32.

Though they did not fully understand what had happened, Mao's Party opponents took advantage of this Chinese Great Depression to try to gently kick Mao upstairs into at least a glorified semi-retirement. These moves were masked by Mao's opponents' encouragement of the cult of personality that Mao himself had earlier exploited to put himself on a par with Stalin. His opponents now used Mao's persona to legitimize their own factions.

This quarrel was more than a conflict of personalities or even of policies. It also represented a clash of parties or factions with deep historical-institutional roots.

The old Yan'an central authority that Mao had led was from the beginning functionally separate from the circuit-riding faction created in the mid to late '30s by Liu Shaoqi. Now, however, Liu was President of the state, and his circuit riders had become provincial governors and coordinating members of the Party's bureaucracy. Their protégés were now running the district and township Party structures being threatened by the creation of the communes.

That Liu and Mao were both from Hunan had become less important than two other facts: they belonged to two functionally separate wings of the Communist state's ruling class, and the interests of those two wings no longer jibed.

Liu formed an alliance with Zhou Enlai, the Prime Minister and sometimes also Foreign Minister, who as during the '30s, was going along with whoever seemed to have the dominant power. By 1960, both Liu and Zhou wanted to neutralize Mao's crazy Stalinism.

The anti-Mao factions wanted what Russia in the '50s had finally achieved—a sane and rational Stalinism, but without a Stalin to threaten the *nomenklatura* Stalin had created. Stalin created this Party aristocracy to serve as his ally against the Founding Fathers of Bolshevism. Now these Russian Party aristocrats lived well by supervising the experts from the meritocracy, but without being tyrannized over by a monstrous Stalin.

⁵ Even during our Great Depression overall and infant mortality rates continued to fall.

Sober party aristocrats in both Russia and China wanted no more of the crazy experiments of either a Mao or a Stalin (especially as in Stalin's last, truly insane phase, or during Mao's Great Leap). By 1964, the Russian *nomenklatura*, led by Brezhnev, had come to perceive Khrushchev as being almost as eccentric as Stalin. Khrushchev's senseless experiments trying to grow wheat in Kazakhstan, and his moves to destabilize the Party hierarchy cost him his job that year. Liu and Zhou had decided by 1959 that Mao was even more dangerously eccentric.

Liu and Zhou also wanted to ease into a half-generational change at the top by promoting several of Zhou Enlai's protégés, particularly the earthy Deng Xiaoping, from Sichuan (Szechwan) Province. Deng was a very sharp, empirical little man who seemed capable of attracting loyalty in the same way that the genteel but also highly empirical Zhou Enlai did.

Deng was nearly a decade younger than his sponsors, but he was old enough to have made the Long March during the '30s, albeit as a fairly junior officer. That was enough to give him an aura of revolutionary sanctification. This might allow him to become the beneficiary of a half-generational change that would extend the time in power of the revolutionary generation by another half-generation. If Zhou could ease him up to a position just below the top leaders, Deng would be in a position to carry on Zhou's and Liu's policies after nature carried them—and Mao—from the scene.



Deng Xiaoping. (Hsü.)

2. Foreign policy

Surprisingly, there were not that

many differences between Mao's faction and the Liu-Zhou faction in foreign policy. Both wanted a policy independent from the Soviets. Both wanted to take a radical line. The difference was that Mao's radicalism was sincere, but Liu Shaoqi and Zhou Enlai's radicalism may not have been. Zhou, at least, may have just been playing along with Mao to give the aging tyrant some victories in foreign policy, which was not important, in exchange for Mao yielding real control to Zhou and Liu over domestic life.

Both sides may, however, have been sincerely radical. Perhaps China's tradition of isolation from other civilizations may once again have been reasserting itself. A Communist China may have felt itself so superior to everyone else (just as Buddho-Confucian China once did) that Liu and Zhou may have shared with Mao the belief that their radicalism abroad was merely a shadow play.

Large continental powers like China (or 19th century America) normally have no pressing foreign policy goals to thwart their domestic lives. They are, therefore, free to reflect the realities of their domestic politics onto the screen of diplomacy. They enjoy the primacy of domestic policy rather than suffer from the primacy of foreign policy.

Unfortunately, during the '60s, the rest of the world, including most American foreign policy makers, did not realize that this might be the case for China. They perhaps took Chinese posturing (if that is what it was) much too seriously.

Lin Biao became one of the chief casters of these foreign shadows. Lin too was a half-generation younger than the old leaders, had been an important junior figure under Zhu De during the Long March, and one of the authentic military heroes of the Korean War. Disabled by tuberculosis for a time thereafter, by the time of the Great Leap he had recovered (though he remained a hypochondriac) and joined Mao's faction.

In 1960 Lin made what soon became a famous speech abroad as well as in China. He proclaimed a war to the end between the "world countryside," led by China, and the "world city," led by the hated Americans. This rhetoric had the perhaps unintended effect of scaring many right wingers in the U.S. to sub-

stitute China for Russia as their bogeyman as post-Stalin Russia evolved into a more normal great power.



Lin Biao in 1967. (Hsü.)

Lin's intended audience was probably domestic. He was defending the world-view that had led Mao to launch the Great Leap by asserting that abroad, as at home, China would champion the rural masses against their urban oppressors.

China also repeatedly and publicly jeered at Russia during this time. There were indeed things to jeer at. Khrushchev's supposed boner over the Cuban missile crisis in 1962 was one of them, even though it is a real question whether Khrushchev won or lost on that occasion. After all, Cuba remained a Russian satellite after the crisis was over.

The Chinese were happy when Brezhnev & Co. purged Khrushchev in 1964. Khrushchev fell, we now believe, basically over domestic matters. One was his failed agricultural experiments in Kazakhstan. Another was his attempt to reform the Communist Party, which threatened the prerogatives of the Party nomenklatura. His opponents agreed with his China policy. Hence his fall evoked no Sino-Soviet rapprochement. It did not take long for the Chinese to realize that Brezhnev was no improvement over Khrushchev. Sino-Russian hostility soon intensified.

China's harshly activist foreign policy during the '60s was hardly more successful than Khrushchev's mixture of soft and harsh policies. The Chinese wound up becoming ever more isolated even from countries once friendly to

them.

The Chinese fought a war over the frontiers of Tibet and Turkestan with India in which they beat the Indians, but lost India's friendship, and threw India into the arms of the Russians. This was hardly a smashing success, especially since it also required the Chinese to embrace India's enemy Pakistan, a weaker state much less inclined toward socialism than was India.

A number of African countries expelled Chinese diplomats for virtually telling these new governments to overthrow themselves in favor of local Maoists. The Chinese also apparently backed an abortive coup by the Indonesian Communist Party (disproportionately Overseas Chinese in its membership). The Indonesian generals who survived the assassination attempts that were to be the coup's first stage massacred not only Communists but many Indonesian Chinese who had been innocent bystanders. As a consequence, Sino-Indonesian relations remained bad until the late 1980s.

A rational foreign policy was a non-essential luxury for what was an isolationist Maoist state. The above horrors and whimsies may have served Mao's aims more than Zhou Enlai's, because they scared not just the American right wing but President Lyndon Johnson.

After the assassination of Kennedy, Johnson became the leader of the waning liberal anti-Communist wing of the Democratic Party. He intervened in Vietnam in 1965 partly to keep these supposedly dangerous and fanatical Chinese from breaking out into Southeast Asia. Happily for China, the Americans intervened in a limited way, lest they attract the Chinese in. So there was never much of a chance that the Chinese would have to enter the Vietnam War for reasons similar to their earlier involvement in the Korean War.

America's self-hobbled ensnarement in the Vietnam War freed Mao to launch what turned out to be the Cultural Revolution in 1965-66. It also delayed for several more years any attempt by the pragmatic Zhou Enlai to replace the lost Russian alliance with at least a "cordial understanding" (from the French diplomatic phrase *entente cordial*) with the U.S.

3. Economic depression and recovery at home

a. depression

The economic and human effects of the bust of 1959-62 were grim. China's own demographers published figures during the 1980s suggesting that a short but severe upward blip in the death rate during 1959-61 accounts for 27 million more deaths in China during those two years than extrapolation of the pre-1958 and post-1961 trends would indicate. The birth rate also fell during 1959-62, and some of these unborn must have died in the womb because of poor nutrition for their mothers.

Having artificially intensified the population explosion earlier by preventing people from moving to town, the regime was now compensating in a grisly fashion for its previous error by starving many of the children being born back in the countryside, and their mothers.

The above figures alone are enough to put Mao on a par with the all-time champions in the inhumanity to man sweepstakes—Hitler, Stalin and Pol Pot. And that does not even count the millions of people who died during the consummation of the revolution during the late '40s and during the land reform of the early '50s. We have no idea how many people died in those two extended episodes of class persecution. Guesstimates range from 5 million to 30 million.

Enormous amounts of labor and capital were wasted in the countryside during the Great Leap, even compared to what was wasted during the First Five Year Plan that preceded it. Certain rural areas already at the margin of survival had their societies and economies so disrupted that they were simply thrown over the margin. This caused millions of their people to die of malnutrition or outright starvation. This terrible situation was made even worse since it coincided with a downturn in the climate cycle.

Though similar waste of labor and capital also occurred in the cities, the privileged positions of most city consumers buffered them from the worst effects of the downturn. Nevertheless, it

is obvious even to the casual observer that urban people born c. 1960 tend to be smaller, thinner, unhealthier and are more likely to have bowed legs and hollow chests than people born during the early to mid '50s and since the early '70s. These members of the "Classes of '59-'61" will carry that heritage of the Great Leap with them to their graves.

Frightened statisticians working for provincial officials trying to ride the crest of the Great Leap to power and influence often simply manufactured reports of marvelous crops during the first year of the communes. A few months later, when the crops proved not to be there and people began to starve, the statisticians went into paralysis. The men of merit simply closed down the statistical services, and no more statistics were reported from 1959 until the mid 1970s.⁶

Similarly fearful of having blame for the bust foisted upon them, Chinese scientists, when and where they could, took refuge in pure rather than applied science. That was downright perverse for so backward a country, which needed all the applied science it could get. At a similar stage of development, America produced Morses and Edisons rather than Einsteins. Even now 80% of American science is applied science. By the early '60s, however, 80% of Chinese science was pure science, and also wasteful and duplicative pure science, since even scientific journals from the outside world were banned.

However, those who did applied science ran a severe risk to their health or at least to the leases on their city apartments if the applications did not work out.

b. crippled recovery

Nevertheless, by 1962, recovery was underway after a bust which had lasted as long as the nastier Euro-American economic busts of modern times. The post-Mao leadership during 1960-62

⁶ I have a friend who studies the contemporary Chinese economy. By 1960 the poor man was almost out of a job as a researcher because of the dearth of hard numbers coming out of China. He had to branch off into 18th and 19th century economic history to keep busy. I have always thought of him as another, albeit lesser, victim of the Great Leap bust.

did just what the doctor ordered, if you imagine the doctor as a cruel maximal socialist version of Ludwig von Mises.

Liu and his friends ruthlessly closed down the most mistaken of the Maoist investments. They lowered real wages. They allowed workers in the closed down factories to become and remain unemployed, even if they starved. They restored the farmers' right to cultivate small private plots on the side. The cities, however, remained almost as fully under a command economy as before, which slowed and limited the recovery.

Nevertheless, by 1962 China could slowly resume at least the crippled kind of growth that characterized the First Five Year Plan. Unfortunately, almost all the inefficiencies of the pre-Great Leap years remained as part of the economic structure. The Liu-Zhou group were not, as Mao later characterized them, true "capitalist roaders." They were merely sane Stalinists.

Partly for that reason they could not afford to take measures sufficient to ease the social tensions that had been building up ever since 1949-50. The baby boomers of the late '40s and early '50s were reaching the end of lower secondary school age by the mid-'60s. But very few of them would find places waiting for them in the upper secondary or tertiary schools. Secondary and tertiary institutions were simply too expensive for China to afford to build many of them. But there was no market to spontaneously generate wholesome jobs for these young people.

The parents of these youngsters were late thirtyish people. Some of them were senior enough to qualify for middling level meritocratic jobs. But by the mid-'60s few could get such jobs, which were all still engrossed by meritocrats less than a half generation older than themselves. These fortyish men of merit had been the first holders of these jobs in the '50s.

The baby boomers of the market economy of the U.S. suffered from analogous problems, and despite far superior market outlets, the resulting tensions exploded in the American universities by the mid-1960s. In America, only the baby boomers were mobilizable on the side of revolution. Their parents kept their allegiance to the establish-

ment. In China, both baby boomers and parents constituted potentially mobilizable dissatisfied masses.

By the middle of the '60s, Mao actually succeeded in mobilizing a large part of that mass on the basis of a common set of promises. Join me, Mao in effect said to both generations, and we can throw the rascals out from the schools and bureaus to make room for you.

E. The Cultural Revolution, 1966-76

1. A not-so-Great Proletarian Cultural Revolution

a. a new Long March

After biding his time until late 1965, Mao undertook this job of mass mobilization against his factional rivals with a vengeance. He started in a small way in 1965 from his temporary Shanghai base. He and his fourth wife, the ex-Shanghai movie actress, Jiang Qing, holed up there to keep away from his rivals in Peking.

Mao began by having one of his stooges denounce the Vice Mayor of Peking and historian of Ming times, Wu Han, for having written a play about a Ming Dynasty martyr to imperial tyranny which was a barely disguised denunciation of Mao's arbitrary behavior.

By the summer of 1966 Mao's faction had organized a number of rag-tag units of Red Guards from this mass of dissatisfied secondary and tertiary school students. The Maoists mobilized several million of them in Tiananmen Square, in the middle of Peking. There they became an enormous lynch mob. Zhou Enlai almost fell into their hands. Liu Shaoqi and his assistants, as well as several of Zhou's protégés were humiliated, purged and either imprisoned or rusticated.

Mao originally wanted these Red Guards to duplicate the Long March of 1934-5 symbolically by traveling to various sacred revolutionary sites in China (Mao's birthplace, the site of the Kiangsi Soviet, etc.) during their summer 1966 school vacations. Along the way, they could harass local Party offi-

cialists for taking the "capitalist road," as Mao called it.

These pseudo-sacred pilgrimages mimicked the outer forms of traditional religious pilgrimages. They were to launch a great "cultural revolution" among the workers and young intellectuals to achieve the Pure Communism that had eluded China's grasp during the Great Leap.

b. a revolution almost out of control

Oddly enough, though, these students broke away from the prescribed routes and mostly made their pilgrimages from less urban to more urban areas. They were apparently using the excuse of the Cultural Revolution to get around the preceding decade's enforced rustication.

Still, once in town, they raised more than enough hell with the civilian Party leadership to satisfy Mao. After Liu Shaoqi was purged, he was thrown into prison, where he eventually died. Liu's chief military assistant, Peng Dehuai, already purged, suffered a similar fate.

Zhou Enlai managed to escape the purges. He was simply too popular with too many people. This was partly because he had always followed the soft Legalist prescription of using rewards rather than punishments to get his way. He left the nasty stuff to others who enjoyed that sort of thing. Zhou also appears to have been a genuinely kind-hearted man. Shen Buhai would have approved of that.

Though nobody was ever really mad enough at Zhou to do him personal harm, they could and did move against his subordinates, including Deng Xiaoping, Zhou's candidate for top man in the half-generational change. Though the Red Guards purged Deng, Zhou managed to sneak him out of town and send him to Canton to hide out for the duration of the Cultural Revolution. As a result, the half-generational change was postponed for, as it turned out, another half generation, until after Mao's death in 1976.

Mao's hatred of the Party was now overt, undisguised. He used his ex-actress wife and her Shanghai contacts to purge his Party enemies, and even to virtually destroy the party structure at

the local level. Madam Mao then did the same to both popular and high culture. She reduced cultural life to the same level of hopeless drabness to which her husband had reduced economic life.

Just as in 1957-58, the whole meritocracy was once again completely cowed. Many of them were either rusticated or feared imminent rustication. Both primary and secondary schools closed down for several years during the late '60s. Tertiary schools remained closed until after 1973. During 1968, the high point of this Cultural Revolution, only four books were officially published in all of China. No scholarly magazines were published at all from 1967 until 1973. Only a handful of incredibly dull and stupid movies and plays and ballets were permitted.

While his wife was terrorizing the civilians, Mao had Lin Biao mobilize the military. Lin then used it to set up a separate and parallel military administration to replace the purged local civilian administrations of the Party.

Red Guard students had already turned on each other. New Red Guards formed, composed of the sons of middle-level officials who favored Liu and Peng. These struggled against the sons of would-be middle-level officials who favored Mao. During 1967, Mao had to use the army to put down all the varieties of Red Guards. Lin's troops sent most of them off to be rusticated once again.

Since macro-economic statistics were still not being published, and would not be until the '70s, neither we nor the Chinese themselves, then or now, are exactly certain how much damage was done to the economy by these political and social storms.

Judging from the anecdotal evidence, all the factions were fearful of disrupting production the way the Great Leap had. However, at best they did no better than permit farms and factories to poop along at the same dull-normal, sane Stalinist level attained during the 1962-65 recovery. There was probably little real growth, but also little or no further regression. Since the population was still growing at a good clip, this was, however, tantamount to a lowering of per capita production and consumption.

The Cultural Revolution wound down after 1968, at least partially, not because of economic stagnation, but in response to a new or alleged new danger from abroad.

2. Zhou plays the "America card"

That danger did not come from the Americans. The Johnson administration was destroyed by the Vietnam War. This let the unpopular Richard Nixon slip into the presidency. Henry Kissinger, a student of Metternich, became the chief of staff of Nixon's National Security Council, and hence Nixon's defacto foreign minister.

Nixon had passively backed President Kennedy's abortive Warsaw *démarche* in the early '60s. Kennedy had tried and failed to make contact with the Chinese by way of the two countries' ambassadors in Warsaw. Now Nixon got, or thought he got, word that the neo-Stalinist Brezhnev was planning a pre-emptive atomic strike against China. Brezhnev had supposedly concluded the Chinese leaders had gone crazy during the Cultural Revolution.

There is as yet no Russian archival confirmation of this. Both the Russians and the Chinese deny it. Kissinger, however, insists that it is so. Kissinger and Nixon sent formal warnings to Brezhnev that they would intervene on the side of China if he did this, and informed China. For whatever reason, no atomic pre-emptive strike by Russia occurred.

Zhou Enlai used this gesture to exploit Mao's hatred of Russia, and win Mao's consent for further moves toward *détente* with the U.S. The next step was Kissinger's famous sneaky entrance into China in July 1971.

Ostensibly resting in seclusion atop a Pakistani mountain on his way back from a trip to Japan, Kissinger actually escaped the reporters and flew to Peking. There he met with Zhou and Mao, and made the preliminary arrangements for a later open visit by Nixon.

When the visit was revealed upon Kissinger's return to Washington, the whole world was surprised. The Japanese Prime Minister was disgraced by

not having been taken into Kissinger's confidence and soon resigned.⁷

Back in Peking, Mao's designated heir, Lin Biao, apparently threw as great a fit as Chiang Kaishek did in Taipei. It may be that Lin soon thereafter made a deal with Russia. At least he was posthumously accused of this. Maybe, however, he just launched or planned to launch a pre-emptive move against both Mao and Zhou at home. In the grand tradition of imperial court intrigues, however, Mao and Zhou did unto him before he could do unto them.

They may then have dropped Lin's body and/or his son's body at the Mongolian border in a crashed airplane. The cover story was that Lin was trying to run away to Russia after his attempt at a coup had failed. In spring 1990 the Mongolians informally reported that Lin was not on that plane, but we still have no reliable idea of what actually happened.

In any event, by September 1971, two months after Kissinger's trip, Lin Biao was dead, and Mao's own attempt at a half-generational succession had failed.

Lin's death tripped off a bewilderingly self-contradictory propaganda campaign against both Lin and none other than Confucius (see Chapter 6). The "thought" of Chairman Mao was depicted as triumphing in a gloriously permanent revolution against both of these disparate figures. This "anti-Lin, anti-Confucius" campaign was, however, mostly an empty charade. By this time Mao was too old and too sick to take charge of it and guide it in a particular direction.

Mao's decline into senility during the early '70s meant that Zhou Enlai was in full control of what there was of Chinese domestic policy and foreign policy, which had temporarily grown in importance. Lin's death removed the main obstacle to *détente* and ultimately to an informal *entente cordial* with the Americans.

Nixon showed up on schedule in the

⁷ I was equally surprised, but did not resign my assistant professorship. Because I was living in Taipei that summer, I at least got to use all my would-you-buy-a-used-car-from-Nixon stories on a brand new audience of formerly Nixon-loving KMT partisans.

spring of 1972. Ultimately, by the beginning of 1979, under President Jimmy Carter, full diplomatic relations with America were restored, thirty years after the break between the two countries began at the end of the Chinese civil war.

China's thirty year "tilt to the left," as Mao had originally called it, was now over, at least in foreign policy. What Mao had feared since the late '40s, could now begin to occur. The meritocracy could start to use the regime's renewed contact with the West as a lever to oblige it to "tilt to the right" in domestic policy. This would within a few years publicly break the link between the meritocracy and the Marxist-Maoist vision of Heaven.

From 1972 to 1976, however, the Cultural Revolution continued at the cultural and economic levels. Mao's wife, Jiang Qing, was still running Chinese public culture, such as it was by then.

Not just culture remained in this Cultural Revolution desert. Hectored by Jiang Qing's Shanghai faction, no one in the government dared allow more leeway for the growth of a market sector to the economy. So the consequences of Zhou Enlai's foreign policy *démarche* could not yet be generally felt. Everybody merely stood around waiting for Mao to die, and trying to guess who would succeed him.

3. The crisis of the first succession postponed again

The end came with dramatic punctuation during 1976. Zhou Enlai died of cancer early in the year. In April, student riots occurred in Peking when the authorities prevented the students from public commemoration of the popular Zhou's death. Deng Xiaoping, who had recently made a modest comeback, went down in disgrace again, purged a second time because Jiang Qing's faction blamed him for these riots.

In June, Marshall Zhu De died. The founder of the People's Liberation Army, and Mao's old partner in founding the "second" Communist Party, Zhu had been in semi-retirement for over a decade, but his passing seemed a sym-

bol of more to come. Everyone held their breath.

The next month, July, brought the greatest earthquake in centuries. It occurred in northeast China, in the mining town of Tangshan. The quake collapsed mineshafts directly under the city, causing over a million deaths.

In the old days, when a new Confucian universal state had just been established, people would have taken this as a portent that the great founding figure emperor was about to die. Of course we are too sophisticated to believe in portents, but damned if old *Shi Hong Di* didn't die after all in September, not long after the earthquake.

It was revealed just after his death that Mao had left behind a kind of "pillow edict" seemingly designating an obscure former provincial politician, now a vice premier, Hua Guofeng, as his successor. At first, nobody knew anything about Hua, not even his birthplace. All they knew was that on his deathbed Mao had supposedly dashed off this edict saying "With you in charge, I can rest easy." (Bob Woodward was not present at bedside to confirm the event.)

Hua and Deng, who made a quick comeback, united against what they called the "Gang of Four." The "Gang" was led by the woman they quickly labeled the "dowager empress," Mao's widow, Jiang Qing, and three of her Shanghai friends. Hua delivered the support of the civilian *nomenklatura* in Peking. Deng provided the even more important backing of his former colleagues, the regional army commanders.

Together, they put the "Gang" down, launching what amounted to an Outer Palace coup against an Inner Palace dowager empress's faction. In their political cartoons they even depicted the old lady alternatively as the new Qing Dowager Empress Cixi of Qing or as the new Empress Wu of Tang.

Of course everyone knew that the Gang of Four had had a very important fifth member—Mao Zedong himself. But for the moment people contented themselves with a few subtle jokes on that subject. If, for example, when one uttered the label "Gang of Four," one held up a hand with all five fingers extended, everyone got the point.