

**The Theory of Transition in China:
The Thought of Liu Shaoqi**

by

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Abstract

Liu Shaoqi, the Chairman of the People's Republic from 1959 to 1968, had a coherent set of theories of transition which was distinctive from Maoism. Liu's theory resembled state capitalism, and the theory of transition of Nikolai Bukharin and Lenin, who believed that as long as the major industries were in the hands of the proletariat, the existence of a limited market economy and the retention of private ownership would not hinder a nation's progress towards socialism. Expanding from this principle, Liu believed that if the proletariat were in a ruling position, the purge of the bourgeoisie was not necessary as they could be educated and transformed into socialists. Therefore, Liu disliked class struggle, and did not see the ideological factions within the Party as a threat to the central authority. The bottom line is that if the Communists' grip on power had not been challenged, a certain level of multiplicity should be tolerated. He distrusted mass mobilisation, and believed that transition to socialism could only be successful if it was under the guidance of the Party. As the nation's Chairman who carried out his job as Mao's front man, Liu had still managed to insert his line of thoughts into mainstream politics in disguised form, though from time to time he had to succumb to Mao's political power. Most writers from the West would regard Liu as Mao's puppet, particularly in view of his involvement in the Great Leap; whereas most Chinese writers from the PRC would try to portray him as the pioneer of market economy in support of China's economic policy. This study aims to show that beneath the façade of Mao's faithful lieutenant, Liu had been applying his own thoughts of transition in a coherent and defiant manner.

Acknowledgement

I owe the completion of the thesis to my wife, Angie, who worked hard to support my studies and our living. Without her this would not be possible.

Note on Text

Unless otherwise stated, all Chinese pronunciation has been translated to English via the *Pinyin* method. All Chinese terms and jargons have been converted into English and additional descriptions are presented in the form of footnotes. Therefore there is no glossary section in this thesis. Where references are concerned, if the titles are not stated in Chinese *Pinyin*, the English translations are original. No Chinese characters are used in this thesis. The original English translations of specific words have been typed within inverted commas and in italics, as these may not conform entirely to conventions of English usage. The examples are Bukharin's idea of 'grow-into socialism', and Liu's idea of business conglomerate, 'the Trust'. Full descriptions of all these terms have been provided in the thesis. Besides, the titles of books, articles and speeches are also typed within inverted commas and in italics.

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List of Abbreviations

(The author name in the form of editorial board or institution will be quoted in abbreviation in the text)

BNSBWH Zhongguo gongchandang biannianshi bianweihui (The Editorial Board of the Chronology of Historical Events of The Chinese Communist Party)

CCP Chinese Communist Party

DZHBJ Deng Zihui zhuan bianji weiyuanhui (The Editorial Committee of the Biography of Deng Zihui)

GXHZSJJ Gongxiao hezuoshe jingji (The Economy of Supply and Marketing Cooperative) (A journal's title)

NYWYH Guojia nongye weiyuanhui (The National Agricultural Committee)

RMCBS Renmin Chubanshe (The Editorial Board of the People's Publishing House)

SHKXY Zhongguo shehui kuxueyuan (China Institution of Social Science)

ZGWTYJ Zhongguo wenti yanjiu zhongxin (The Centre of Chinese Studies)

ZGZYBGT Zhonggong zhongyang bangongting (The Central Office of the CCP)

ZGYJZZS Zhonggong yanjiu zhazhishe (The CCP Studies Journal-Taiwan)

ZYDXCBS Zhonggong zhongyang dangxiao chubanshe (The Chinese Communist Central Party School Publisher)

ZYWXCBS Zhongyang wenxian chubanshe (The Central Literature Publisher)

ZYWXYJS Zhongyang wenxian yanjiushi (The Central Office of Literature Studies)

Chapter 1: Introduction

1.1 Hypothesis

This research attempts to prove that Liu Shaoqi (1898—1969), the then Chairman of the People's Republic of China (1959—1966), had a set of coherent theories of transition for the transformation of post-revolution China into a socialist nation.

My research is not intended to draw a separating line between Liu Shaoqi and the mainstream theories of Chinese Communism, but to prove that Liu had a set of theories of transition, which were, however, not entirely invented by him. This research will identify the core elements that consistently underline all his writings, speeches, as well as his revolutionary practices and domestic policies. The element of thought that is evidently coherent throughout Liu's practices and ideologies, and consistently influenced Liu's formulation of domestic policy as well as his strategy of organisation, is interpreted from two aspects in this research. One is from the aspect of party and organisation, in which Liu's thought emphasised the primacy of central authority, encouraging the self-cultivation of party members, and the toleration of multiplicity and contradiction within the party. The other aspect is economy, where Liu advocated the model of a mixed economy resembling some elements of state capitalism. His thought advocated the control of major industries by the state and the tolerance of the continuation of private businesses in minor industries; a more effective distribution of wealth by the rural cooperative and the establishment of 'the *Trust*'¹ to have more effective control of heavy industry.

The essence of Liu's theory of transition is the primacy of central control, as he relied very little on the initiative and organisational skills of the masses. He preferred to implement a policy via well regulated central guidelines rather than through the mobilisation of masses. The adherence to central rules and regulations were the prerequisites for Liu's tolerance of contradictory ideas and class enemies. He did not favour accomplishing goals through class struggle, but believed that as long as the proletariat ruled, capitalism could be transformed into socialism and private businesses could be squeezed out of the market by state enterprises. Liu also believed

¹ For definition and discussion of the industrial conglomerate in socialist world, 'the *Trust*', see footnote 5 of chapter 3 and chapter 5

that the development of productive forces must not be disrupted, meaning China's economy must be fully developed before the transition to socialism, and the collectivisation of the peasantry must not precede the mechanisation of farming—all these must be carried out in accordance with a central plan. This research attempts to prove that, despite some common perceptions that indicate otherwise, the above elements remained consistent in his thoughts throughout his political career.

1.2 Background & Objectives

Two of the countries that claimed to have put Marxism into practice, the former Soviet Union and China; had made full use of the Marxist theory to underline their revolutionary slogans. V. I. Lenin, particularly, was a remarkable theoretician as by himself he reinterpreted Marxist theories in his enormous volume of writings in support of his revolutionary movement and post-revolution domestic policy. Mao, on the other hand, did not have the intellectual background of Lenin in applying Marxist theory to his revolutionary goals. Mao actually paved a new path by inventing his own set of revolutionary theories along with a theory of transition, which was loosely based on Marxism but with more emphasis on nationalism. Ironically, the discussion of Marx's theory of transition, *the historical materialism*, which states the evolutionary transformation of the form of human society in the sequence of slavery, feudalism, capitalism, socialism and communism, had stirred controversy and even triggered political struggle in these socialist states during the aftermath of their revolution. The reason for this was that most of the countries that had successfully gone through the socialist revolution were arguably not economically developed; hence theoretically the authentication of the revolution would be in doubt if anyone persisted with the application of the theory of historical materialism. The significance of the period of transition in socialist countries is not confined to the existence of market and private ownership, which are generally perceived as capitalist in nature. It actually raises an important question for academic studies and social analysis with its implications on the development of Marxist theory: Does it prove Marx right, or wrong, that transition to socialism must be preceded by a capitalist society? Or, was it a new contribution to the development of Marx's theory that even a backward or undeveloped country may be transformed into a socialist state? These questions still remain unanswered and it will be beyond the scope of this research to look into the

issue, though the practice of Marxism by the major revolutionaries will be discussed in chapter 3, the theory chapter.

Mao's figure has been so prominent in Chinese studies that most research has centred on him. Studies of Mao's involvement in political and economic development in China's contemporary history are frequently undertaken by Western scholars. Even theoretical studies of Maoist thought (Schram, 1989, 1974, 1963; Harris, 1978; Dirlik et al, 1997) are not uncommon. Contrastingly, Western academic studies of Liu have remained scarce. We can only extract Liu's involvement in China's political history from the study of China's politics or the studies of Mao. Jack Gray does write briefly about Liu's idea of economic development as an 'alternative line' to Mao, but does not give detailed elaboration and discussion of the two (Gray, 1973). That makes Dittmer stand out as the only Western scholar who has done an exclusive study of Liu. But even Dittmer does not dig deep into Liu's ideologies to work out whether Liu had a coherent set of theories of transition of his own, bearing in mind the fact that Liu was a well-regarded theoretician within the Party.² The reason for such significant omissions (by Western Scholars) could be the perception that the mainstream ideology of the CCP during Maoist era was Mao's ideology. This is understandable as Mao's influence over his nation was so overwhelming that his ideology in fact represented the mainstream ideology of Chinese Communism. Nevertheless, what was imposed by Mao was virtually totally accepted by the Chinese leadership, which meant it represented the party instead of Mao alone, (Knight in Dirlik et al., 1997, 4—5) albeit Mao was the cult figure in China and opposition to him was rare. Therefore, the study of other leaders' ideologies would definitely broaden the scope of Chinese Studies, as it is indeed a wrong conception to view the pre-Deng China from only Mao's point of view.

Studies of the writings of Liu by Chinese scholars on the other hand, have been dominated by 'mainstream writers', who are not independent of any state-sponsored institution (like universities, the Party, or the CCP related publishers). Furthermore, like Western studies of Liu, there has been no Chinese publication of academic studies of Liu's theory of transition, though some short articles are available.³ Most important of all, like their Western counterparts, many Chinese still

² We will have detailed discussion of this in Chapter 2, the literature review

³ This is referred to academic study in compliance with Western research standards. It means no book has been written by an independent academic researcher on Liu in China, though some short articles

regard Maoist theory as the representative ideology of Maoist China. In his interpretation of Marxism, Liu Shaoqi had kept to the simplest form of historical materialism that advocated the primacy of productive forces, and was regarded as a good theoretician because of his ability to reinterpret Marxist theory to facilitate his support for a more market based economic policy during the transitional period. The objectives of this research are thus, first of all, to fill up part of the vacuum left over by Dittmer and other Western scholars—in this case to provide a specific study of Liu’s theory as a coherent theory of transition; and secondly, to provide an alternative view of Maoist China from the perspective of the period of transition—there was indeed an alternative path for the post-revolution China to take, should Mao’s overwhelming political power not have prevailed.

1.3 Summary of the Approach

This research focuses on the study of Liu’s speeches, writings, revolutionary practices and economic policies as well as his involvement in major political events. Due to the scarcity of research on Liu, the extraction of Liu-related materials from other studies has become one of the core methods of data collection. These materials are analysed and categorised into three key chapters (4, 5 and 6) in the thesis: Firstly, regarding Party and Organisation (Chapter 4), which comprises Liu’s idea of party discipline, his conception of organisation and inner party struggle, his belief in the possible cultivation of good party members, and how his theory of contradiction was applied; Secondly, Economic Development and Cooperatives (Chapter 5), which examines his ideologies and economic practices during the period of transition—his advocacy for the consolidation of New Democracy, the establishment of the SMC (Supply and Marketing Cooperative) and ‘*the Trust*’, the reform of the educational system, the introduction of workers incentives, the abolishment of permanent employment schemes, etc. However, to prove that Liu was ‘coherent’ in his approaches to the development of China’s political economy during the transitional period, the final part of the core content (Chapter 6) is crucial, as it discusses Liu’s involvement in the Great Leap, and puts forward an argument that Liu’s high profile

are published by the mainstream writers. The Chinese writers who have been educated abroad and publish their books in English are classified as Western scholars. The independent writers who have fled China and written in Chinese have not come out with a book on Liu’s theory. For further discussion, see Chapter 2, the literature review.

involvement in the launch of the Great Leap was due to his position as one of the Republic's top men and his concession to Mao's power politics, as he had never supported the Leap wholeheartedly. The chapter argues that in fact Liu had been trying to neutralise the effect of the Leap by highlighting his views that bore significant differences from Mao's. While Chapter 4 and 5 are the study of Liu's theory and practice, Chapter 6 adds a conclusion to the first two by showing Liu's persistence with his line of thought, that Liu had never abandoned his belief, despite the political pressure he had to bear. These three chapters coordinate to form an assertion that Liu did have a set of coherent theories of transition, in which he articulated.

The research involves the interpretation of three major types of references. First is the collection of Liu's works (writings and speeches), which were published by the CCP in the 1960s (Maoist era) and 1980s, (after the rehabilitation) and Hong Kong and Taiwan's independent publishers in the 1960s and 1970s. The selection of Liu's works published under different categories of study—economic development (1993), party (1991), and cooperative (1987) are new additions to the series of collections of Liu's works, some of which have not been quoted by Dittmer. The second type of material that will be referenced is the biography of Liu. Besides the official biography published by the CCP and a biography written by a Taiwanese scholar in the 1970s (in English), Dittmer's political biography seems to be the only Western biography of Liu (though strictly speaking Dittmer's work is not a biography, see note 4). However, the emergence of new publications like the chronological analysis of Liu's life published in China in 1996 (ZYWXYJS, 1996, Vol. 1 & 2,) has provided useful material for cross-referencing. The third major type of material used is the political and historical studies of China that do not centre upon Liu. These sources have never been in short supply, though the best and most comprehensive studies of Maoist China are still those written by established scholars like Macfarquhar, Teiwes, Fairbank, Saich, and Schram in the late 1970s, 1980s and early 1990s. In addition to that, the publication of many new Chinese articles and the memoirs of former members of the politburo since the 1990s have facilitated the research with new materials. (For more details of the literature, the evaluation of the references, the availability of resources and the application of materials, refer to chapter 2)

1.4 Summary of Contents

The literature review in Chapter 2 consists of three main sections: the evaluation of references, the study of Lowell Dittmer and the discussion of Liu's theory as a theory of transition. The chapter firstly evaluates the existing literature on Liu in terms of their political bias and the availability of important materials. The references evaluated have been classified into three categories: first, the biography of Liu, which discusses biographies of Liu that have been available so far, both in China and the West⁴; secondly, primary references, which discuss the collections of original writings and speeches of Liu published in China, Hong Kong, Taiwan and the West, and whether there have been any alterations in the original content of any editions. The approach to extracting information from these different editions of Liu's works is also discussed; and finally secondary references which mainly discuss the secondary sources published by China's scholars and retired politburo members. It looks into the differences among different categories of materials published in China and their respective advantages and weaknesses as references for this thesis. The evaluation section is then followed by an exclusive discussion of Lowell Dittmer, which critically assesses the only Western comprehensive writing on Liu to date. The section highlights the contribution of Dittmer to the study of Liu and the shortcomings of his works from the perspective of this thesis, which concludes that besides the absence of discussion of Liu's theory of transition, Dittmer should have focused on fewer topics of discussion and may have spent too much effort in evaluating the evidence for Liu's conviction during the Cultural Revolution. The final part of the literature review is the discussion of Liu's theory from the perspective of the research based on existing materials, from both China and the West. As there has not been any comprehensive study of Liu's theory to date, the discussion is based on the extraction of relevant statements from the writings of other studies, from which these writers' opinions on Liu's ideology as a coherent set of theory of transition are constructed and interpreted for review purposes.

Chapter 3 is a discussion of the theoretical references that underline Liu's theory. The chapter begins with a discussion of the basis of Marxist historical materialism and all its major elements, which basically forms the theoretical

⁴ Dittmer's work, which is claimed as 'political biography', only comprises a short chapter on Liu's life. It is not treated as biography and will be discussed in different sections.

framework of Liu's theory of transition. The chapter does not carry out a comprehensive discussion of Marxist Leninism, as only the theories relevant to the research will be discussed. It then discusses the theories of transition by the major socialist revolutionaries—Lenin, Bukharin, Stalin, and Mao, all of whom had improvised Marxist theory to suit their political agenda, and put their theory of transition into practice. As Marx was just a theoretician rather a practitioner of his own theory, the study of the application of Marxist theory as theory of transition by these revolutionaries provides crucial references to the theory chapter. The discussion of Lenin focuses firstly on, his belief in the initiative of the masses to launch revolution ('voluntary' revolution) in an economically backward country, and secondly, his advocacy for state capitalism during the post-revolution era. He launched the NEP⁵ (New Economic Policy) as the policy of transition, which emphasised the control of major industries by the state and the tolerance of private business and ownership during the period of transition. He stressed the importance of discipline and the dictatorship of the proletariat but reminded his colleagues that the time for a full-scale socialist state was yet to arrive.

Bukharin is seen as the successor to Lenin in terms of economic development during the period of transition, as he became the most vigorous supporter of the NEP after Lenin's death. He did not favour class struggle, as he believed in the evolutionary transformation of class enemies under the rule of the proletariat (he called it the '*grow-in*' model of transition), which reflects Liu's idea of self-cultivation of party members. Bukharin also talked about the retention of the function of the market and squeezing the capitalist out of the market via state controlled enterprise. He saw wealth accumulation in rural Russia as a prerequisite to development of Soviet industries. Liu's theory seems to have resembled many of the elements of Bukharin's ideology, as both of them advocated the gradual transformation of capitalists instead of class struggle, and believed in the ultimate socialisation of the economy as long as the major industries were in the hands of the proletariat. On the other hand, the discussion of Stalin is focused on his advocacy for 'socialism in one country', which believed that post-revolution Russia should go for socialist development without waiting for other developed nations to become socialist, as even an economically backward nation can become socialist. The failure

⁵ For detailed discussion of NEP, see section 3.3.1

of the NEP to meet grain production targets and the grain shortage in urban areas prompted him to believe that the only way to improve efficiency and productivity in farming is to collectivise the peasantry. Stalin was a staunch believer in vast scale collective farming with high levels of mechanisation.

Mao's view on the economic construction of post-revolution China was not significantly different from Liu's during the early 1950s. During the aftermath of the revolution, the CCP leadership as a whole basically supported a policy called New Democracy (*xinminzhuzhuyi*), a model of mixed economy meant for the period of transition. But Mao lost his patience in 1953 and started to call for the shortening of the period of transition and the rapid collectivisation of the peasantry. Dramatically, his plan was halted by the Eighth Congress in 1956 due to the Anti-Rash Advance Campaign led by Premier Zhou Enlai. But Mao managed to turn the tables around via the Anti-Rightist⁶ campaign and resumed the collectivisation plan in 1957. Though both of them advocated rapid collectivisation of the peasantry, the principle difference between Mao and Stalin was that Mao was not particularly concerned about mechanisation, as he had faith in the combination of massive labour power and primitive tools in the peasantry. For Mao, the initiative and determination of the masses was the most vital determinant of success. In addition, Mao believed that contradictions with the enemy would always exist even when the revolution had been successful, as class enemies were defeated, the 'people's enemy' continued to exist. This conception contrasted sharply with Liu's belief that the contradiction with the enemy had ceased to exist since the victory of the proletariat in the revolution.

The discussion of Liu's theory begins with Chapter 4, which discusses Liu's conception of party and organisation. The chapter points out that Liu's common image as the party's disciplinary master is not entirely correct. Liu's emphasis on discipline was rooted in his preference for the adherence to a set of well-regulated central guidelines in the implementation of his policy. From Liu's perspective, right or wrong was a clear-cut and straightforward matter, as it should be judged by a set of rules or policies, not personal feelings or political bias. The best example was his handling of the SEM (*Social Educational Movement*, or the *Four Clean Movement*⁷),

⁶ Both Anti-Rash Advance and Anti-Rightist Movement will be discussed in detail in Chapters 3, 4, and 6

⁷ SEM, *Social Educational Movement*, or *siqingyundong*—the *Four Clean Movement*, by which Mao intended to clean up the irregularities in four aspects: *organisation, thought, economy, and politics*. See Chapter 4 for more discussion

where he only purged those who wronged by the standard of '*Four Clean*'. My research sees Liu's advocacy of the Maoist cult as his attempt to replace the Comintern ideology as the central ideological guideline with a more peculiar image for China's masses whose level of literacy could not appreciate orthodox Marxism. Liu's advocacy for the self-cultivation of communist members stressed the possibility and potential of people from all classes to become good communists. With the primacy of the central authority secured, he was willing to tolerate differences within the party. He described the inner party differences as a 'contradiction among people', which was supposedly a minor contradiction; as Liu saw the major contradiction, the contradiction with enemies, as becoming extinct upon the seizure of power by the proletariat. Liu believed in the evolutionary transformation of class enemies via re-education, inner party influences, and self cultivation. For Liu, all these could be achieved as long as the power was firmly in the hands of the proletariat, and a set of central ideological guidelines existed.

Chapter 5 discusses Liu's theory of economy and his vision of post-revolutionary China's economic construction. Liu's call for the consolidation of New Democracy not only highlighted the differences between him and Mao, but also the political inclinations of a 1950s China that did not favour a mixed economic model. His conception of the structure of China's economy during the period of transition almost resembled Lenin's model, which comprised five major types of economy that co-existed with each other. Liu stressed that the leading role assumed by the nationalised industries and the control of major and heavy industries by the state were vital in guiding the national economy to socialism during the period of transition. He advocated the tolerance and retention of the market and private businesses, and believed that these private enterprises could be squeezed out of the market by the more competitive state-owned enterprises in time. He planned to make the state-owned enterprises more competitive via state subsidies so that they could sell at lower prices. Liu also attempted to merge heavy industries into conglomerates called 'the *Trust*' for more efficient administration and cost effectiveness; and building *Supply and Marketing Cooperatives* (SMCs) in rural areas to deliver household goods to the peasantry at the lowest price possible. The cooperative played a significant role in Liu's economic model, as he regarded cooperatives as institutions for wealth redistribution and a medium to channel goods between urban and rural areas. The establishment of the SMC also reflected Liu's preference for commercial activities as

a mechanism to lift rural living standards during the period of transition. The SMC was meant to purchase agricultural handicrafts at high prices and sell household goods at low prices to the peasantry. However, in spite of his tolerance of private business, Liu had never been in favour of a free economic model, as the adherence to central guidelines was prerequisite for his economic development plan. Liu would never envisage an economic development model based on mass mobilisation and the initiative of the peasantry, without the guidance of the Party's Centre.

Liu's participation in the Great Leap is evidence of his support for Mao's collectivisation plan, and as a result, his persistence with his model of economic construction has been questionable. Chapter 6 discusses the issue via an in depth study of Liu's involvement in the process leading to the Great Leap, and asserts that Liu had never supported the Leap wholeheartedly. He was on Zhou's (the Premier) side when the latter opposed the rapid collectivisation plan favoured by Mao. But he refrained from further action when Mao was angered by the campaign and remained silent when Zhou was punished. The inauguration of the Leap by Liu was more a formality than the reflection of his real intention, as he was merely reading the script that had been vetted by Mao. Liu had been putting on two faces during the Leap. On one hand, like other leading members of the leadership, Liu toured the country to demonstrate his support and his appreciation of the Leap. On the other, Liu also tried to put forward his views that contradicted Mao's collectivisation plan and showed his rationale in the interpretation of the cadres' report. Behind Mao's back, Liu even tried to remind his colleagues that the outcome of the Leap was not what they saw. Liu's involvement in the Lushan Conference and the purge of Peng Dehuai as well as his assistance in launching the second wave of the Leap were other key issues that appeared to have undermined the consistency in his economic practice. My research points out that Liu indeed succumbed to Mao's political power in launching the second Leap and second wave of Maoist cult in 1959. Moreover, contrary to some studies that Liu was mainly responsible for the purge of Marshall Peng, I found that Liu's criticism of Peng during the conference was insignificant and he had indeed tried to minimise the damage of the purge at Lushan and to rehabilitate Peng in 1962. The chapter concludes that Liu showed his persistency in his practice of his theory of transition during the Leap, but his role as the republic's chairman put him in the limelight.

Although Liu did have a set of coherent theories of transition, he was not consistent in his politics. His inclination towards pleasing Mao had seen him abandoning his policies on many occasions. Interestingly, he tended to try to reverse what he had done or to rectify the consequences of his actions after his concession to Mao and those were the times he unveiled his ideas and personality. It must be noted that opposing Mao in that era was not an easy task, which could mean ending one's political career. The similarity of the major elements of the theory of transition between Liu and Bukharin was interesting, though as suggested by section 3.7, there has been no official record to suggest that the two had met. The fate of the two was tragically similar as well, since both Bukharin and Liu were purged and killed by their colleagues who preferred rapid collectivisation. Should they have succeeded, the history of the two nations may have been rewritten. Therefore to view history from an alternative angle is always important. This brings me to one of the objectives of my research, to show that besides 'Mao's way', 'Liu's way' did exist in Maoist China.

Chapter 2: The Literature Review

2.1 Introduction:

One of the objectives of this research is to provide an alternative view to the existing perspectives of the discussions of Liu Shaoqi, in which the Western scholars have centred on the political development underlining the Cultural Revolution and the political struggle between Liu and Mao, rather than a thorough study of Liu's thoughts as a whole. Some believe Liu was merely an interpreter of Maoist ideology and that, although he had occasionally interpreted the Party's central policies in his own way, he had not gone beyond the framework set by Mao. While many see Liu as one of the pioneers in the formulation of a more market-based economic policy, some also regard him as an orthodox Leninist advocating strict inner party discipline. None of these views are wrong, but they are merely part and parcel of his thought. Dittmer has given so far the most illustrative interpretation of Liu's character and ideology in his 1998 publication, and Frederick Teiwes (1979, 1988; with Warren Sun 1993, 1999) has provided a comprehensive study of Liu's involvement in all the rectification campaigns, ranging from the Yan'an (1943) period to the *Four Clean Movement* (1964). A series of detailed studies of Yan'an as the root of the Cultural Revolution, and the *Four Clean Movement* as the cause of conflicts between Liu and Mao by Roderick MacFarquhar (1974, 1983, 1987, 1997), and the pioneering research on various aspects of the politics of Maoist China by Franz Schurmann (1968), H.F. Schurmann (1960), James Hsiung (1970), Jing Huang (2000), Tony Saich (1981, 1995, 1996) and many others, have also provided very good references, guidance and inspiration for this research.

Nevertheless, due to perceptions among Western scholars that Liu was merely, most of the time, a Maoist and Leninist interpreter, few studies have been made to establish Liu's theory of transition, or to extract the essence of his thought that had traversed the Maoist era for more than a decade. Furthermore, the predominant perceptions of Communism mean Western researchers, particularly Americans, would hardly view Liu as a genuine reformer of the Chinese system, as they might regard any alternative ideology or reformative policies as political manoeuvre or gesture. Jack Gray could be one of the exceptions, as he rightly points out that Liu's line of

thought was an alternative to Mao. Gray believes Liu was in favour of assimilating policies adopted in Eastern Europe and the Soviet Union (Gray, 1973, 62). Though not actually correct, Gray has stated that there is clear division between Liu's line and Mao's line, which was the mainstream ideology. His brief accounts on Liu's ideas will be discussed in Chapter 5. Dittmer, the only Western scholar who writes extensively on Liu, has gone a step further, as he seems to be the antithesis of other researchers by showing his trust in Liu's personality. However, his omission of Liu's major faults, lack of theoretical discussion, and the lengthy and unnecessary validation of Liu's conviction, have undermined an otherwise comprehensive study of Liu.

Chinese scholars, on the other hand, have overwhelmingly indicated that Liu developed a set of coherent theories, particularly after his rehabilitation in 1980. Dittmer has pointed out that the scope of study of Chinese publications after Liu's rehabilitation is a highly politicised matter, as these publications have been the endorsement to Deng's economic reform as well as the legitimisation of the current CCP institution (Dittmer, 1998, 278—291). Most of these publications see Liu as the 'correct' interpreter of Marxism, who advocated the development of productive forces, which is vital to legitimise the prevalence of the capitalist route in today's China. These publications also highlight the connection between Liu's idea of "seeking truth from facts" and today's "Socialism with Chinese characteristics" as well as the notion of "application of Marxism with China's peculiarity." These statements that have been frequently used by the writers are significantly in tune with contemporary China's political climate. However, their political motives aside, these Chinese writers have apparently done extensive reading of Liu's works, as they show a good understanding of Liu's thought, and manage to provide original interpretations of it, which adds valuable assistance to the writing of the thesis. Moreover, Chinese materials written independently of the CCP could also be found in sources published in Taiwan and Hong Kong. However, none of this Chinese literature, regardless of whether it was published in China, attempts to study the thoughts underlining Liu's theories and practices in a rigorous academic manner.

In fact, if we were to be precisely in line with the research topic in writing the literature review, there would be hardly any Western literature to be reviewed. The approach taken is thus to examine the comments and interpretation of Liu and his ideologies extracted from the writings of Mao's and pre-Deng's China, in which Liu

was not the major subject. That also explains why some of the references quoted in the thesis are quite dated, as the popular subjects of Chinese study in post-Mao China are Deng and Tiananmen Square, not Mao; let alone Liu who has been considered as playing second fiddle to Mao.

The first part of the literature discussion, section 2.2, evaluates the references used in this research via three categories: firstly, the biography of Liu, secondly, the primary references; and lastly the secondary references. Also included in the discussion are the evaluations of the credibility of some materials that were published by the CCP-controlled publisher or the works from writers with a political background. There will also be a section (2.3) to discuss Dittmer's work from the perspective of the research, and to show how my research can contribute to the study of Liu, in addition to what Dittmer has done. Section 2.4 will discuss the extraction of the studies of Liu in line with the research from resources other than Dittmer. These include the Chinese or English interpretation of Liu by established scholars, whose research interests are mostly Mao or China's politics rather than Liu.

2.2 The Evaluation of References

2.2.1 The Biography of Liu

There is very little specific writing on Liu's life by Western researchers and Lowell Dittmer seems to provide the most prominent of such studies. But strictly speaking, Dittmer's work is too comprehensive to be categorised as biography, as he tries to cover too many aspects in one publication. A biography of Liu should comprise a detailed illustration of his life, family background, his upbringing, detailed accounts of his participation in the revolution, his role in the crucial events (like the Long March) of the CCP history, how the partnership with Mao was formed, Liu's involvement in policymaking after liberation, how he stood against Mao before changing his stance in the case of collectivisation, his role in the Great Leap, the 'period of recovery'⁸, the *Four Clean Movement* and finally his purge during the Cultural revolution. But instead, Dittmer's illustration of Liu's life (Dittmer, 1998,

⁸ It basically refers to the period from 1962 to 1965, where the "large scale retreat from the radicalism of the Great Leap Forward" took place. Liu was in charge of formulating policies to deal with the economic crisis and famine. As a result, private ownership was extended to involve the individual peasant household; while profitability and material incentive were emphasised over communist ideology—in an attempt to revive the economy
Source: (Meisner, 1999, 162—262)

Chapter 2), which constitutes less than one fifth of his 1998 publication, was too brief; moreover, his focus was actually on the validation of Liu's conviction and the development of the Cultural Revolution. Dittmer's discussion of Liu as a subject of the Cultural Revolution is to see Liu from the perspective of the unfolding of events, and take Liu as subject matter for discussion of the theory of mass criticism. Therefore I find it difficult to regard the book as a biography of Liu; though Dittmer calls his work "political biography" (Dittmer, 1998, 7) (We will have full discussion of Dittmer's works in the next section).

The other Biography of Liu is '*Liu Shaoqi zhuan*' (ZYWXYJS, 1998a, Vol. 1 & 2), which was published by the CCP-controlled Central Literature Publisher (Zhongyang wenxian chubanshe).⁹ This 'official' biography of Liu published in Beijing has been written carefully to present Liu's image as that of an economic reformer and a moderate socialist with a pragmatic approach. It can be regarded as a vast improvement for China's official publications as many sensitive issues have not been omitted, like Mao's purge of Peng Dehuai at Lushan and his insistence on the Rash Advance in the face of Zhou's opposition. Comment such as "the Great Leap originated from the wrongful accusation of Anti-Rash Advance..." shows that Mao is no longer untouchable (ZYWXYJS, 1998a, 2: 827—828, 842—844). The biography also gives a detailed illustration of the development of the *Four Clean Movement* in 1964 and the rift between Mao and Liu has been implicitly indicated as well (ZYWXYJS, 1998a, 2: 944—973). However, some controversial issues, though stated, have been depicted in a milder manner. Liu's involvement in the purge of Peng Dehuai at Lushan is stated as "Liu chaired the meeting on 13th and 15th August," and his launch of the second wave of Maoist cult at the conclusion of Lushan Conference has only been recorded as "Liu delivered the speech regarding personal cult..." (ZYWXYJS, 1998a, 2: 843)

Like many CCP publications, the biography tries to highlight the shared opinions between the two leaders. Liu's initiative to investigate the livelihood of the peasantry during the Great Leap was described as in response to the Chairman's suggestion of "leaving the office for fact finding;" as Liu observed that the local cadre had exaggerated the production report, "Mao too, had noticed the problem." (ZYWXYJS, 1998a, 2: 833, 835) However, the shortfall is minor and it is indeed a

⁹ The book was written by a group of editors from the Central Literature Publisher

very useful secondary reference, as most of the major events are well elaborated and chronologically listed, though it tries to blur some issues with tactful description, such as calling the purge at Lushan Conference a “tragedy” rather than another political catastrophe of Mao’s dictatorship. Moreover, the 2-volume ‘*Chronological Record of Liu’s Life (Liu Shaoqi nianpu)*’ published in 1996 by the same publisher has significantly supplemented the official biography of Liu. Both the credibility and the usefulness of ‘*Liu Shaoqi zhuan*’ and ‘*nianpu*’ will be discussed again later. It must be noted that the Chinese resources will not be solely relied upon in compiling Liu’s history.

As I do not consider Dittmer’s works as biography, the only non-Mainland biographer of Liu is Li Tien-Min from Taiwan, who wrote a book specifically about Liu’s life and political career in English. The book, published in 1975, seems to be the only book published outside of China that matches the criteria of a biography that I mentioned in the previous paragraph. However, this book also seems to be the product of an ‘enemy survey’, as Li was sponsored by the Institute of International Relations of the Republic of China, an institution unofficially functioning as think-tank for the KMT (Kuo Min Tang or *guomindang*, the Nationalist Party of the Republic of China) government. As Taiwan was still under the governance of martial law in the 1970s, it was virtually impossible for an independent academician to have access to so much personal detail regarding a communist leader and avoid being arrested. From my point of view, Li’s book lacks theoretical and ideological analysis of Liu, an area in which Dittmer’s book has done slightly better. However, its emphasis on the political struggle within the CCP should be seen as perfect material for cross-referencing with the official biography published in Beijing 23 years later. But on the other hand, its KMT background has surely biased its writing against the CCP, though it does not mean the facts stated are faulty. For instance, Li states that the CCP, in the name of fighting the Japanese, was hiding under the wings of KMT to nurture their growth, and armed by the Soviet Union with Japanese weapons (Li, 1975, 69, 95). This would never be mentioned by any of the Mainland-published materials, though nobody can prove otherwise. But surely any KMT-committed crime would have been omitted in this book as well. The separation of the two governments and the isolation of the KMT from the CCP had sometimes blinded them to important happenings. By the time of publication in 1975, Li was not even sure whether Liu had died, although Liu

had indeed already died in 1969. So by today's standards, the book is outdated, though it still has some insights to provide.

2.2.2 Primary References

The most fundamental of all the primary references for this research are the original writings and speeches of Liu. Besides the publication of those single articles (like '*How to be a Good Communist*') in the 1960s, collections of Liu's works (not necessarily complete) have been published a couple of times since the 1950s. The earliest version of Liu's '*Selected Works*' was a Japanese version published in 1952, which comprised only a few articles. Then there is a Chinese 1-volume version of '*Selected Works*' published in 1962, by the People's Publishing House (Renmin chubanshe), seemingly with Mao's approval.¹⁰ It was understood that the Japanese did publish a few more editions of Liu's collections in the late 1950s and the 1960s. However, the 3-volume English version of '*Collected Works of Liu Shao-Ch'i*' (1968—1969) published in Hong Kong, and '*The Special Collection of Materials on Liu Shaoqi (Liu Shaoqi wenti ziliao zhuanji)*' written by the editorial body of the CCP Studies Journal and published in Taiwan (ZGYJZZS, 1970), are by far the two most comprehensive single publications so far, in that they have comprised all those articles published earlier, either by the Japanese (1952) or the Chinese (1962). These two publications are the most original and unedited collections of Liu's works, and they comprise the majority of the important works of Liu.

Nevertheless, it must be noted that these books collected and published Liu's works after his fall, and arguably with the intention to denounce Mao (or the Red Guard), or to demonstrate Liu's true character by unveiling the 'genuine and complete' set of Liu's works. Supposedly, they obtained the information through their Mainland contacts which were sympathetic towards Liu. Strangely, for unknown reasons, Liu's writings or speeches regarding economic reform were hardly quoted by the '*Collected Works*', which was published by the Union Research Institute of Hong Kong¹¹. Of course, the reason for the omission could be that the articles were not

¹⁰ This was the only version of Liu's '*Selected Works*' published (in China) during Mao's era.

¹¹ Normally those materials were handed over to Hong Kong publishers by their mainland contacts. Union Research Institute was one of the most important publishers and information providers in the late 1960s for Hong Kong and Taiwanese scholars and it stored up to 1000 Red Guard Newspapers in 1967. Its close working partnership with the US Consulate-General in the translation of the material might have depicted its political connection. But Hong Kong was still the place to gather unbiased

available in Hong Kong in the late 1960s. *'The Special Collection of Materials'*, on the other hand, is another product of 'enemy survey'. Published by the CCP Studies Journal (Zhonggong yanjiu zazhishe) of Taiwan, *'The Special Collection of Materials'* does not comprise the volume of Liu's works that could match the three-volume *'Collected Works'*. However, it does consist of important speeches that the *'Collected Works'* omitted, like the speech Liu made to Tianjin entrepreneurs in 1949; and more importantly, it also includes a good collection of press articles written by the Red Guard for the condemnation of Liu.

Today, the *'Selected Works of Liu Shaoqi'* normally refers to the version published by the Central Literature Publisher (Zhongyang wenxian chubanshe) in 1981 after Liu's rehabilitation. The 2-volume *'Liu Shaoqi xuanji'* (1981) are edited and designed to serve political objectives. As pointed out by Dittmer, these 2 volumes of Liu's writings and speeches have been filtered in such a way that they could portray the essential character of Liu as "circumspect, paternalistic, rigidly disciplined, and intelligent Leninist," in order to promote the supremacy of party discipline. From these two books that were published in coherence with the economic reform, Dittmer sees Liu's image presented as, "consistently moderate", and "defined in formal and procedural rather substantive terms, with an instinctive recourse to the middle of the road," and the main purpose of such filtering is to rectify a "Cultural Revolution-vintage impression of divergence of opinion," namely between Mao and Liu (Dittmer, 1984, 126—128).

The rehabilitation of Mao's opponents such as Chen Yun, Liu, and Deng has brought forward a new unwritten rule—the CCP has to ensure that Mao is shielded from harsh criticism for his major errors. For example, the exclusion of certain articles like *'Pingshan sets an example in Land Reform and Party rectification'* (February, 1948), which condemned the extreme leftist measures of subjecting peasants to mass struggle, was to avoid highlighting the rift between the two leaders (Dittmer, 1984, 131). But the article can be found in the Hong Kong-published 3-volume *'Collected Works'* (Liu, 1969, 2: 119—122). Having known this, it is not surprising at all that Liu's celebrated series of speeches in Tianjin (April—May 1949) where he encouraged the capitalists to persist with exploitation so as to foster wealth accumulation have not been included at all. The speeches were briefly and selectively

sources for research in the 1960s. See Gordon Bennett, *'Hong Kong & Taiwan Sources into Research of Cultural Revolution'*, in *The China Quarterly*, No.36, Oct—Dec 1968, 133—137

quoted in the ‘*Chronological Record of Liu’s life (Liu Shaoqi Nianpu)*’ (ZYWXYJS, 1996, Vol. 2) that was published 15 years later in Beijing. Besides the omission of articles, publication of articles does happen as well. Liu’s comment on Peng Dehuai during the speech at the 7000-cadres conference in January 1962 has been omitted in the ‘*Selected Works*’, though most parts of the speech are published (Liu, 1981. 2: 349—443).

However, such filtering and exclusions do not pose an obstacle to the research, as cross-referencing can solve most of the problems. For example, Liu’s articles ‘*Internationalism and Nationalism*’ (November 1948) and ‘*On the expansion of Democracy*’ (1944), though missing in the ‘*Selected Works*’, could be found in the ‘*Collected Works*’ and ‘*The Special Collection of Materials*’. On the other hand, the ‘*Selected Works*’ have included some unpublished accounts that the ‘*Collected Works*’ and ‘*Collection of Materials*’ do not print. For example, an unpublished manuscript of Liu’s regarding the industrialisation of China: ‘*The Industrialisation and the Improvement of the Living Standard of the Nation*’ (1950), the report urging for self-improvement of Party members: ‘*To Struggle for Higher Standard as Party Members*’ (April 1951); and important speeches regarding economic reform like ‘*Regarding Some Issues of Cooperation*’ (1951); are all printed in the ‘*Selected Works*’ but missing in the ‘*Collected Works*’. In a way, the two publications could compensate for each other.

In addition to that, new books are published—the publication of many collections of ‘new’ (meaning previously unpublished) writings by Liu on different subjects like ‘*The Development of the New Chinese Economy (Lun xinzhongguo de jingji jianshe, 1993)*’, ‘*The Workers Movement (Lun gongren yundong, 1988)*’, ‘*The Cooperative Economy (Lun hezuoshe jingji, 1987)*’ and ‘*The Construction of the Party (Lun dang de jianshe, 1991)*’, most of which were published by Zhongyang wenxian chubanshe (The Central Literature Publisher), has provided a wider range of references for this research. These new books, most of which contain good coverage of Liu’s economic writings, have also not been quoted by Dittmer. The biggest advantage of these books is that they are subject-focused and well categorised. ‘*The Cooperative Economy*’ (1987) for example, has compiled a series of speeches and writings of Liu regarding his idea of using cooperatives as the institutions to re-channel the wealth of the nation. Many of these articles are in fact unpublished manuscripts of Liu, short speeches delivered by Liu while he was touring the

peasantry and his comments during meetings with his ministers. Although not lengthy ideological writings, these speeches or meeting minutes show the consistency of Liu's thought, in that he had actually been talking about his ideas since the early days by making use of every opportunity he had. His unpublished manuscript '*To Realise the Organisation and Planning of the Nation's Economy*' (1948), his speech during the North East cadre meeting '*How to form a Cooperative,*' (1949) and his comment during his meeting with the then Commerce Minister Yao Yilin '*Some Questions Regarding Commercial Work*' (1956) are all valuable materials to determine the coherence of Liu's economic theory.

So generally, as far as the primary sources are concerned, those works published in the 1960s and 1970s have the advantage over unedited political discussion, but include only a few economics-related articles; whilst those published after 1979 and Liu's rehabilitation have their focus on Liu's economic theories, but tend to disregard Liu's political comments that might reflect explicit ideological rift with Mao. Combinations of both would make good references. Although nobody can be sure if there are still any omissions from the major writings or speeches, the existing primary sources are sufficient to assist the construction of a coherent set of Liu's theories, and they do assist the appreciation of such a collection. It must be noted that the compilation of data and formation of conclusions do not solely rely on the primary sources, but also the secondary sources, particularly the historical studies by established scholars or reputable institutions.

2.2.3 Secondary References

As far as the secondary references are concerned, first of all, we look at a range of vital references that I consider fairly important as they contain information primary to the research, or some insights that Westerners could not access; yet they were published in China, and some even by the Party-controlled publishers like The Central Literature Publisher and The Central Party School Publisher, which might raise the question of whether they have been edited, or written in accordance with a constrained scope. These include the memoir or personal notes by former Politburo members like Bo Yibo (1993, Vol. 1 & 2), Hu Qiaomu (1994), Li Rui (1993, 1996, 1998), Peng Dehuai (1981), and the former Renmin ribao (The People's Daily) chief editor Wu Lengxi (1995); as well as the '*Chronological Record of Liu's life*' (ZYWXYJS, 1996, Vol. 1 & 2), and the biography of Liu, '*Liu Shaoqi zhuan*'

(ZYWXYJS, 1998a, Vol. 1 & 2). Generally, direct or harsh criticism of Mao has been avoided in these publications (with the exception of Li Rui), though restrained comments on Mao's errors are common. This could be due to the fact that these retired leaders had, in their time, worked closely with Mao. However, these writings provide good references for historical events, in which new revelations could have compensated for what the studies in the 1970s missed. Bo Yibo's (1993, Vol.1 & 2) illustration of the series of incidents such as Rash Advance, Anti-Rash Advance, and the culmination of political struggle prior to the Great Leap, have, for instance, been extensively quoted by established researchers like Frederick Teiwes (1999).

Moreover, these authors manage to write tactfully and thus balance revelation of facts and criticism of Mao. '*Liu Shaoqi zhuan*' has stated implicitly that Liu made a concession to Rash Advance under Mao's pressure, "...Liu changed his mind after he had seen Zhou (the Premier) condemned by the Chairman..." (ZYWXYJS, 1998a, 2: 792) In Bo Yibo's comments on the Lushan Conference, the criticism of Mao almost went unnoticed, "The Lushan incident has indicated that though Chairman Mao would talk about his mistake, he could not take it when others talked about it, especially those who were not on good terms with him." (Bo, 1993, 2: 876) Besides Bo Yibo, the most quoted writer is Li Rui, whose writing of the Lushan conference has been regarded as the core reference by many researchers in this respect. There are reasons why Li Rui enjoys the perception of being 'reliable': first, he was the only one who took meeting minutes in Lushan (which are also the only written meeting minutes of Lushan); second, he rebelled against Mao during the Great Leap, challenged Mao's view and was subsequently purged as a member of Peng Dehuai's military clique in Lushan; and thirdly, neither the surviving Lushan witnesses (like Bo Yibo) nor the current Chinese leadership dispute his view, despite his plain revelation of Mao's conspiracy against Peng. After all, via cross-referencing with Maoist or Chinese studies in the West, these writings would provide credible and valid references. However, the most prominent problem of them is not the background of their authors, but that their focus is not on Liu, as they mostly write about Chinese politics and Mao. Therefore extraction of the right information is vital.

References like '*The Final Years of Liu Shaoqi (Liu Shaoqi de zuihou sui Yue, 1996)*'; '*The Life of Liu Shaoqi (Liu Shaoqi de yisheng, 1995)*', '*The Great Man Liu Shaoqi (Lishi weiren Liu Shaoqi, 1998)*', and '*The Collection of Essays: The Studies of Liu Shaoqi (Liu Shaoqi yanjiu lunwenji, 1989)*' have all been written in accordance

with a particular framework. A standard pattern of omission and inclusion can be observed among the books, even when they are written by different authors, and published by different publishers. For example, if you cannot find the missing part of Liu's speech of January 1962 in one of them, you would not find it in another. By the way, the usefulness of these references is that, years after Liu's rehabilitation, more stories about Liu, which could still be unknown, are allowed to be published, even though they might reflect the rift between Mao and Liu. This is also made possible by the gradual loosening of control on the criticism of Mao, as it seems indirect criticism (of Mao) is now permissible, although some of these books still try their best to avoid portraying direct confrontation between the two leaders, and play down the significance of Mao's role in launching and directing the Great Leap by making it look like a group decision.

Another category of secondary references in Chinese that is gradually gaining popularity among the Western scholars is the works of those Chinese writers who appear to be independent and have access to confidential information either due to their previous engagement with the CCP or their special channel of communication. Their writings seem to be independent of any political constraint. The authors in this category come from various backgrounds, as some still maintain good relationships with the authorities, while some have retired, and a few are in exile. This category consists of writers like Gu Longsheng (1993, 1996) who writes extensively about economic development and is a more 'status quo' figure where criticism of the CCP is concerned; Cong Jin (1989), the researcher from the University of Defence who digs deep to discover the statistical truth of the Great Leap famine; Su Xiaokang (1989) and Ding Shu (1991), the established writers and political exiles who now live in the US; and Feng Zhijun (1998), a Hong Kong based writer who writes about the working relationship between Mao and his four lieutenants, Liu, Zhou Enlai, Deng and Lin Biao. What makes these books stand out is that they venture beyond the boundaries of mainstream publications, making interesting revelations as well as critical comments on Mao and Liu, providing useful insights into political affairs during the major events like the Eighth Congress, Rash Advance, and the Great Leap. However, few of the books are properly referenced, as these writings were not written in adherence to a proper academic framework, but with the intention to tell a story. Hence it is not surprising at all that the referencing is not neatly monitored. Furthermore, apart from Feng, who wrote '*Mao Zedong and Liu Shaoqi*' (1998), none of them has particular

interest in Liu, as Mao has always been their focus. However, these books all make decent secondary references, and they are definitely a useful supplement to the established studies of China by the Western researchers.

The other useful sources are the articles from the academic journals published by China's higher educational institutions. One of the most common characteristics of pieces from academic journals is their undisguised rhetoric-styled statements in the introductory section, which try to link Marxism to the current reform, or to vindicate Deng's policies by paralleling them to Liu's ideologies. For example, "To do it our way and to establish socialism with Chinese characteristics" was the basic concept Deng stressed in the 12th Congress, and also the idea championed by Liu; (Fei, 2003, 28) and the comment from Liu's secretary, Liu Zhengde, "Liu's idea of transforming a country to socialism via New Democracy was directly rooted in Marxism..." (Liu, 2002, 8) The other tendency of these academic journals is the depiction of the close working relationship between Liu and Mao, as well as playing down the differences between the two leaders. Wang from Shanxi Teacher College, for instance, reminded us that Mao was the founder of New Democracy, although he later "had a drastic change of mind" (Wang, 2004, 70, 75); while Cui Xiaolin from Guangxi believes that "Mao and Liu share the fundamental principles of New Democracy, though there are also some minor differences between them..." (Cui, 2000, 53) Not all the writings uphold the status quo, as there are also some very straightforward comments, such as "Liu's and Mao's opinions are significantly divergent from each other. Normally, Liu would finally give up his own view and accept Mao's..." (Liu, 2002, 5)

The distinct advantage of these academic journals over other references is that they focus exclusively on Liu. By referring directly to the original writing of Liu as well as the Party's records and meeting minutes, these writings categorise and summarise Liu's ideologies via systematic interpretation, in accordance with the subject they discuss. In addition to that, they are all contemporary writing, which means their references reflect the most updated sources you can find in China—especially in the 21st century, when it is hard to find any Western publication about Liu. Moreover, these writings give effective assistance in focusing into different subject matter in Liu's theories, which provide the research with a wider scope of structures to refer to. Therefore the use of our common sense and personal judgement is crucial, and cross-referencing is important. These articles provide effective assistance in assessing and analysing the primary references of this research. As long

as we disregard the political rhetoric and concentrate on the main content of the writings, we should be able to articulate them to the main theme of the research.

My research will also discuss some ‘dated publications’. The referencing of Western publications in the 1960s or 1970s is to demonstrate the possible differences between them and contemporary studies. We must bear in mind that Liu was rehabilitated at the time of China’s ‘opening-up’, and also at the time when the tension of the Cold War had started to fade. Therefore the comparison of the information obtained when Liu was in power with that obtained in the post-1980 period could mark significant differences. If still, similar conclusions were drawn, then it means that particular points are worthy quotes. Secondly, the writings of those veteran China researchers like Edgar Snow or Han Suyin are still good supporting references even just for comparison purposes, as these authors were among those few researchers who had ever compared Mao and Liu personally. Thirdly, as stated in the Introduction, while the pre-Deng studies were mostly Mao-focused, the post-Mao studies tend to be Deng-focused, with Liu hardly being mentioned. Comparatively, Liu played a more significant role in the 1970s—1980s academic writings than in the contemporary 21st century study of China’s politics, which might not even mention Liu at all.

2.3 The Accounts of Lowell Dittmer

Dittmer’s studies of Liu Shaoqi (1974, 1981, 1984, and 1998) focus mainly on the political career of Liu; Liu’s fall amid the development of the Cultural Revolution; the major differences between Liu and Mao, as well as the impact of Liu’s legacy in Chinese politics. Besides, Dittmer devotes significant portions of his studies to the theory of mass criticism and mass line, and the application of such theory to the Cultural Revolution and the case of Liu Shaoqi.

Dittmer’s study of Liu has been characterised by his unusual, thorough and systematic evaluation of the validity of Liu’s conviction via his own set of criteria that consists of “Confessed” (which refers to whether Liu admitted committing the error); “Accurate” (that looks into the fact of whether the accusation is verifiable on the basis of reliable independent evidence); “Valid” (which assess the accusation’s variance from Mao’s thought as it was understood at the time); and “Sincere” (which sees whether there has been a good faith attempt in the post-Liu period to rectify the

‘erroneous’ policies). Liu’s conviction was then categorised into four groups: philosophical themes, political themes, economic themes, and cultural themes. For each group of accusations Dittmer outlines the detail of an accusation under the subtitle of “Critique”, and does the evaluation via the four criteria under the section of “Analysis.” (Dittmer, 1998, 176—221) It is indeed uncommon to evaluate the evidence of the Red Guard’s accusations with such significant amounts of effort and painstaking detail, having known that most of the Red Guard’s accusations were fabricated. Most important of all, is it necessary to carry out such a validation? This could be due to his distrust of the CCP, as Dittmer sees political motive as the rationale behind Liu’s rehabilitation, that Deng was making use of Liu’s theories to legitimise his economic reform (Dittmer, 1981, 466—467, 477—478). So that could be the reason Dittmer evaluates Liu’s conviction academically: so as to give Liu a ‘real rehabilitation’, instead of a political one.

However, Dittmer’s studies of Liu have fallen short in several aspects. First of all, Dittmer’s assessment of Liu’s ideology lacks theoretical discussion. It is a significant omission, particularly in view of the fact that he has discussed Liu’s life, conviction, and fall as a leader as well as Liu as a theoretician to supplement Deng’s reform. Dittmer even devotes a chapter to discussing Liu’s conviction for being a capitalist (Dittmer, 1998, Chapter 7) and another chapter to compare Mao and Liu in terms of their Display, Contact, Interest, Reality, Evaluation, and Work (Dittmer, 1998, Chapter 6), which are relatively unimportant in comparison with their ideological differences in economic policy and inner-party rectification. Dittmer’s appreciation of Liu’s capability to “incorporate other hierarchies and become inter-differentiated and multi-value,” his emphasis on law and order, as well as his preference for institutionalisation (“sought to combine elements of revolution and order, quality and efficiency”) (Dittmer, 1998, 23, 157); have all pointed to the fact that he has had a good understanding of Liu’s ideology. But he does not support his verdict with theoretical discussion, though his statements show that he has made a thorough study of Liu’s works. In view of the scope of his writings, a section of theoretical discussion would make his work look more complete.

The other obvious flaw of Dittmer’s studies is his lack of direction and cohesiveness, particularly in his 1998 publication, the latest study of Liu by Dittmer. Among all his writings, the 1974 publication could be ignored for being virtually the same as his 1998 writings, with the latter as the updated version. The 1984 writing

evaluates the validity of references he quotes in his future publication, something similar to Section 2.2 of this thesis. Dittmer's work in 1981 is a preface to the book of 1998, the most representative and comprehensive of all in terms of his studies of Liu. He first discusses Liu's life, the development of the Cultural Revolution and Liu's purge as a result of it. Then Dittmer evaluates Liu's conviction by validating the evidence supporting the accusation via the criteria and methods mentioned in the previous paragraph. This portion is significantly long, and could not link conceptually with the earlier chapters, particularly one might always wonder whether it is necessary to carry out such an evaluation. The verdicts of the evaluation such as: "criticism of Liu's liberal party-building policies are only *partially accurate* and *largely invalid* but seem to be *sincere*," "the criticism of Liu's nationality and religions policy are *accurate*, *invalid* and *sincere*;" "The accusation that Liu 'shielded' capitalists...was *accurate* but *invalid*," and "...the first two treason charges are *inaccurate*, the third is essentially *accurate* but *invalid*..." (Dittmer, 1981, 471; 1998, 189, 203) do not connect well with other sections.

Dittmer then proceeds with the comparison of Liu and Mao in terms of their contact with people, display of personal characters, attitudes to works, appreciation of reality, evaluation method, and interests (Dittmer, 1998, Chapter 6). He claims that his objective is to compare the personalities and political styles of Liu and Mao (Dittmer, 1998, 6). But he does not expand from there to continue to discuss the ideological differences between Mao and Liu as well as the political developments surrounding them. Instead, in the following chapter he shifts to the discussion of the theory of mass criticism and the model of mass critique. As a result, the chapter concerning the *validation of Liu's accusation* does not link well with the chapters discussing *Liu's life* and *Cultural Revolution*, neither is the *theory of mass criticism* relevant to *Mao-Liu comparison*. It is obvious that each and every chapter of his book can be expanded to a new book or an independent subject of study. Dittmer does write a comprehensive study of Liu, but it lacks depth in every subject. A very good example is that, in his discussion of the Red Guard's accusation of Liu's 'capitalist road', Dittmer does not discuss Liu's economic thought objectively but only validates the evidence of Liu's conviction. Therefore he has omitted one of the most vital parts of Liu's ideologies—the use of cooperatives as a means of wealth distribution (see chapter 5b of the thesis). Nevertheless, Dittmer's comprehensive coverage of topics does give me valuable assistance in locating various types of references.

In the discussion of Liu's political errors, Dittmer has made some significant omissions. While he does discuss Liu's advocacy of Maoist cult at the Seventh Congress (1945); his support for the launch of the Leap; and his support of Mao at Lushan in purging Peng Dehuai (Dittmer, 1998, 18, 32—33), Dittmer does not mention Liu's silence over Mao's attack of Zhou for his Anti-Rash Advance campaign in 1957¹², which Liu had earlier supported. Moreover, he did not discuss the most serious fault Liu was supposed to have been guilty of—his support for the launch of the second wave of the Maoist cult at Lushan (1959) after the condemnation of Peng Dehuai, which actually prolonged the Great Leap while framing Peng as 'revisionist' in the face of the Soviet hostility, at a time when Khrushchev accused Mao of being "petty bourgeois" for advocating utopianism (See Chapter 4 and Chapter 6). Surprisingly, Dittmer attributes Liu's earlier advocacy of the Maoist cult to his "mutually beneficial" alliance with Mao, with his sources mainly based on the statement of Zhang Guotao, Liu's former ally and Mao's rival. (Dittmer, 1998, 18—19; Liu, 1969, 1: viii) As an apologist for Liu, Dittmer should not have neglected the fact that Liu was making Maoist thought a central ideology for Party members, whose literacy levels were low, (see Chapter 4); or as Phillip Short suggests, following the dissolution of the Comintern in 1943 by Stalin, China needed a new figure to look up to as they were no longer under the direct command of the Soviet Union (Short, 1999, 392).

Furthermore, Dittmer only mentions Liu's official launch of the Leap as his involvement in the Great Leap, while omitting the details of the build up of the Leap—Liu's support for the Anti-Rash Advances in 1957, and his shift of stance after Zhou had been attacked by Mao. Most important of all, we must bear in mind that Liu launched the Leap as the Chairman of the state, not as a genuine supporter of the Leap, (see discussion in Chapter 6), and Dittmer misses that. In coherence with his writings, Dittmer should come to Liu's defence on these critical issues by providing a detailed elaboration of the events. But instead, he just gives a brief illustration of Liu's involvement in promoting Maoist Cult (1945) and the launch of the Great Leap in 1958 (Dittmer, 1998, 18—32) before moving on to the next chapter for the discussion of the development of the Cultural Revolution. This discrepancy could be due to his lack of cohesive direction in writing; as discussed in the previous paragraph Dittmer

¹² See the discussion in Chapter 6

attempts to include a fair bit of everything. But the main reason for this omission, as I believe, is the lack of theoretical study of Liu's ideas by Dittmer. As a result, he could not defend Liu effectively.

In addition, Dittmer's belief that Liu had never had any tendency to incline towards agreeing with Mao or pleasing Mao (Dittmer, 1998, 172) seems unconvincing as well, in view of the support Liu gave to promoting Mao's image. His quotation of the statement of the then Politburo member Zhang Guotao, who believed that "Liu was never much of an admirer of Mao's..." (Liu, 1969, 1: ix) is not good enough to support his claim, as Zhang was generally known as Mao's enemy. Actually it was obvious that even Liu was not a Mao admirer at heart, "Liu supported Mao most of the time in policymaking..." (Huang, 2000, 4) And Liu was also known to be so afraid of Mao that he was willing to adjust his timetable to work and rest in accordance with Mao's, ready to be called on day and night (Chang & Halliday, 2005, 401). In my opinion, seeing Liu inclined towards pleasing Mao at certain stages of his political life does not prevent the formation of positive conclusions on Liu, just as even the inclusion of all Liu's errors does not preclude argument in Liu's favour, in view of Mao's overwhelming influence and political power at that period of time.

In line with Dittmer's omission of Liu's 'political errors' is his praise of Liu's personal qualities. Dittmer believes Liu surrendered himself without a fight during his purge for his principles as a good communist and party member. He attributes Liu's final defeat at Mao's hand to his inclination to play the game by the rules, while Mao used to bend the rules to his advantage (Dittmer, 1998, 173—174). After his demotion, when Liu chose not to disobey the Party but to face trial passively, Dittmer sees Liu put himself on record in favour of "civility, rationality and reasoned argument". Dittmer observes that the function of Liu's civility was to "protect the structural integrity of the existing party state and its incumbent officer." In other words, even after his fall, he still expected the Party to play a leading role, and he still believed the Party would give him justice. So his position on public civility was, in Dittmer's opinion, "all together consistent with his previous talks and writing on inner-party struggle...and so forth." (Dittmer, 1998, 286—287) I agree with Dittmer that Liu was a principled, rule-abiding person who tended to put forward his policy via institutionalisation. But I would definitely be unsure whether his passive response during the Great Leap was due to his belief in his principles or merely because of his haplessness. Unwittingly, Dittmer's description of Liu seems to make him a martyr of

socialist reformation, as he finds that “Liu loomed as the great but unsung founder of reformist communism in China.”(Dittmer, 1998, 227) Nevertheless, I surely agree that Liu had laid down the fundamental ideas of China’s economic reform, before Deng took them to another level.

Besides the above shortfalls, Dittmer’s writings do provide valuable references for my research. From my point of view, many of his verdicts on Liu are accurate. Dittmer acknowledges that Liu’s pragmatism and willingness to work with non-revolutionaries or non-proletarians was due to his advocacy for a “moral efficiency” that tended to “incorporate other hierarchies and become inter-differentiated and multi-value,” as long as they adhere to certain formal values of meritocracy (Dittmer, 1998, 154, 157—159). This is indeed in line with Liu’s notion that “everyone can be a good communist”, as long as he is willing to be nurtured to become one. Dittmer also points out that Liu was more willing to work with “evil” while preserving “moral ambiguity”, but Mao simply eliminated the enemies (Dittmer, 1998, 165—166). He finds that Liu showed apparent preference for routine and technical tasks, which is true, as concluded by the study of Liu’s ideologies. And I also agree with Dittmer’s personal view that Liu “was more orthodox than the liberal he was accused of being, but more pragmatic and flexible than the iron-Bolshevik depicted in pre-Cultural Revolution and post-1980 China.” (Dittmer, 1998, 289) However, my conclusion will be formed on the premise of theoretical and historical studies of Liu’s advocacies. In addition, my research aims to prove that Liu has a set of theories of transition that are coherent and consistent, and thus I hope to enhance the scope of the study of Liu that Dittmer has already undertaken.

2.4 Liu Shaoqi as a Theoretician

Regarding Liu as a theoretician is not a notion without support. Liu’s reputation as the theoretician of the CCP was recognised long before he was rehabilitated. In a biographical dictionary of the PRC’s leaders published in the 1960s, Liu Shaoqi was described as “the party’s foremost expert on the theory and practice of organisation and party structure.” (Boorman, 1968, 405) Liu’s Taiwanese biographer has a bigger claim, as he believes that Liu was not only a Party theoretician, but he was also a strategic theoretician like Lenin, Stalin, Khrushchev and Mao, who were flexible enough to accommodate time and space problems. Furthermore, Liu’s ability

to marry Marxism with the CCP's rhetoric was remarkable (Li, 1975, 181). The veteran China writer, Han Suyin (her real name was Elizabeth Comber), who is well known for her pro-Mao stance, described Liu as a Marxist theoretician whose work helped to establish Mao's supremacy and Mao's thought (Han, 1994, 314). Teiwes believes that Liu's status as remarkable theoretician could be one of the reasons for his fall. He sees that Liu had to go ultimately because not only were his ideas regarding the *Four Clean Movement* at odds with Mao, but also his "capacity to systemise them theoretically." (Teiwes, 1988, 63) While most of the Chinese writers call Mao and Liu 'the great revolutionaries', they tend to position Liu as 'the outstanding Marxist theoretician of the Party.' (Lu in Lu et al., 1998, 39; Wu, 1998, 14) Regardless of whether his capability in theorising the policies was a threat to Mao, it seems clear that the studies ranging from the 1960s to the post-Cold War era have all pointed to the fact that Liu was a decent theoretician.

Ironically, recognition of Liu as a theoretician aside, there have been very few studies of Liu's theories; even those who regard him as a theoretician do not quote Liu's speeches or writings as their supporting references. However, the lack of theoretical study of Liu's thought does not prevent the researchers from forming conclusions on Liu based on their own criteria. As a result, we notice many subjective interpretations of Liu's ideology. One of the general impressions of Liu was his image as a disciplinary master of the Party or an orthodox Leninist, who advocates strong party discipline. In fact, this could be due to Liu's preference for the adherence to a central line, and his emphasis of the supremacy of the Party over individuals. But without detailed study of Liu's ideologies, labelling Liu as an orthodox left-wing revolutionary with an obsession for discipline seems inappropriate. In his discussion of the different treatment of the *Four Clean Movement* by Mao and Liu, Franz Schurmann even labels Liu as orthodox communist (Schurmann, 1968, 544). An American scholar writing of the Cold War era, Schurmann's verdict is hardly surprising at all. But some newer writing seems to be still occupied with similar perceptions, calling Liu an "orthodox communist and organisation person." (Terrill, 2003, 174) Schram attributes Liu's preference for straight discipline and party-centred policy to his background as ex-clandestine worker in the late 1920s. But his description of Liu as a revolutionary favouring "orthodox Leninism and party discipline" (Schram in Lewis ed., 1970, 170—173) is once again, a judgement that does not reflect the whole picture. But it seems Liu's image as "an organisation man

and a disciplinarian,” (Hutchings, 2000, 283) looks certain to stay. Having said that, the line separating the two notions, “Liu as advocate for a centrally-based Party line,” and “Liu as advocate for strict Party discipline,” is actually quite thin. It is also controversial to relate the advocacy of party discipline with the orthodoxy of communism, unless we see communism from the perspective of Stalinism. Similarly, it is equally inappropriate to regard the concept of centralism of Liu as ‘Leninist’, while ignoring the fact that Lenin was the inventor of the relatively moderate New Economic Policy of the Soviet Union, before Bukharin continued to advocate for the policy after Lenin’s death. In short, such labelling is pure generalisation.

Meisner believes that the difference between Mao and Liu was more in methods employed than goals to be achieved. He sees that Liu was inclined to use the the Party and state apparatus to rectify the rural situation, whilst Mao would rather stimulate a popular movement based on the ideological mobilisation of the peasantry (Meisner, 1999, 264). On the other hand, Saich sees Liu interpreting *Democratic Centralism*, the so called ‘democratic policy’ propagandised by the CCP, differently in comparison with Mao in that he preferred not to use the mass line too much (Saich, 1981, 42). These are more reasonable arguments, but although it is not wrong to assert Liu’s preference for using “state apparatus to rectify the rural situation”, Liu’s concern for the rural well-being and material incentive should not be ignored (see Chapter 5). However, it is correct that democratic centralism, the highly ambiguous notion of “Chinese democracy” (which in fact did not have any substance of real democracy), had indeed been interpreted in a different way to serve a political purpose. For Womack, while Mao emphasised the interactive relationship between the masses and the party, Liu stressed the importance of “the correctness of the party and the party’s bureaucratic responsibilities to administer the revolution on the people’s behalf.” But his view that the difference between the two leaders is the inherent conflict of “Left Leninism” and “Right Leninism” (Womack in Womack ed., 1991, 74—75) is quite shallow, as to define “interactive relationship with the masses” as “Left” and “correctness of the Party” as “Right” is debatable; and not least, labelling both Mao and Liu as Leninist is unconvincing.

The common example quoted to portray Liu’s “hardliner” image was his preference for a thorough purge of the corrupt cadres during the *Four Clean Movement*, in comparison with Mao’s leniency to the masses (Short, 1999, 522; Harris, 1978, 57; Hsiung, 1970, 195; Shue, 1980, 342; Baum, 1975, 449). However,

Teiwes believes that this common perception could be wrong. As he rejects the notion that Liu was an advocate of rigid discipline, Teiwes instead sees Mao's and Liu's views as complementary during the Yan'an period¹³, as well as during the land reform from 1947 to 1949. For Teiwes, any differences between them were simply "the matters of nuance or the degree of attention each gave to specific problem". So any subsequent divergence of Liu from Mao was due to the "difficulties in applying the ambiguities of the doctrine to new circumstances, rather than to any standing difference in emphasis." (Teiwes, 1976, 47; 1979, 16) But some researchers are more accurate than Teiwes', as they think that Liu's notion was so straightforward that he believed "the main contradiction of the movement is between *Four Clean* and *Four Unclean*, not the contradiction between enemy and friend. We should solve the problem as it is, and rectify the wrong as it is..." (Wang, 1999, 54—60; Liu, 2002, 20—21; Jie, 1996, 64—66; Feng, 1998, 501—503) However, such literature does not discuss Liu's thought that underlined his support for massive political purge, which is his belief in a central policy, and his insistence that any deviation from the central policy should be 'corrected'.

The claim that Liu was a disciplinary man is not actually incorrect, but it lacks theoretical backing, as the formation of conclusions was either based on observation or general perception, since most of these writings have their focus on Mao. Study of Liu's theories would unveil the centre of his thought was indeed 'organisation' and not 'discipline', and the two could be mixed up easily without in-depth study of Liu's thought and political practice. Teiwes has never doubted that Liu's priority after the liberation was to consolidate the party organisation, in comparison with the Premier, Zhou Enlai, whose main concern was to develop the roles and power of the government apparatus (Teiwes in MacFarquhar et al, 1987, 59). Han Suyin, who has met Mao and Liu personally, sees Liu as "a competent organiser," as he was a "very efficient Party man, a seasoned veteran of trade unionism..." (Han, 1994, 116, 314) Hutching believes that experience and instinct made Liu a very different communist from Mao. "He was an organisation man and a disciplinarian, not a Marxist dreamer desperate to make a mark on history." (Hutching, 2000, 283) Note that all the above

¹³ Yan'an period refers to the periods in between the late 1930s and the 1940s, where the CCP took a much needed rest after surviving the ferocious pursuit of the Nationalist Army during the Long March (1934—1935). In the newly founded base, the CCP consolidated its power and grip, rebuilt and reshaped its military forces, and purged the dissidents.
Source: (Hutching, 2000, 476—477)

studies are Mao-centred, even if they had come to the same conclusion as my research, the findings would have been based on different foundations. Only systematic study of Liu's thought could unveil the rationale behind Liu's emphasis on organisation.

The root of Liu's particular preferences or inclinations was his belief in a central policy that superseded everything, particularly when he was in charge of any revolutionary campaign, where any divergence from the central guide line was deemed intolerable (see discussion in Chapter 4). Such tendencies, however, could lead to some drastic action, like his alleged execution of a KMT union representative¹⁴ (Li, 1975, 28—29). However, there is an increasingly popular alternative view to look in Liu's conception of party and organisation. Some Chinese scholars have begun to discuss Liu's famous article '*How to be a Good Communist*' from softer angles. Zhang Jinrong of Central South University in Changsha sees Liu's ideology on party construction as the inheritance and development of Confucianism. He believes that Liu's idea of self-cultivation of the CCP member was in fact rooted in the traditional Confucian teaching (Zhang, 2003, 173). Even someone with political background like Professor Ouyang of Fujian Provincial Centre of Party History Studies shares Zhang's view in believing that Liu has absorbed the 'good' elements of Confucianism into his theory of self-cultivation (Ouyang, 1999, 19). This is an ironic development, as first of all, Confucianism had been a 'feudalist ideology' that was condemned by the CCP; and secondly, one could hardly relate Liu's ideology to Confucian teaching.

Surprisingly, the Chinese are not alone in seeing this. Mitter also sees the elements of Confucianism in '*How to be a Good Communist*'. (Mitter, 2004, 114) Dittmer, too, has joined the pack, as he points out straightforwardly that "from Confucianism Liu borrowed the notion of self-cultivation to define the ethical self-realisation of the model party member, attempting to broaden the term from its original hermetic idealism to include revolutionary praxis and class consciousness." (Dittmer, 1998, 286) There is, however, no evidence to suggest that a communist revolutionary like Liu was Confucian-minded. Liu's main purpose of writing the article ('*How to be a Good Communist*') was to foster greater loyalty from Party

¹⁴ Liu's Taiwanese biographer exposes the relatively dark side of Liu's firm grip on Party discipline. According to Li, the Wuhan Union, which was under Liu's control, had arrested and executed the then KMT Chairman of the Executive Committee of the Congress of Canton-Hankow Railway Workers, Lu Shiyong, through the "Regulation Enforcement Detachment", an Union enforcement unit that was directly under Liu's control.

Source: (Li, 1975, 28—29)

members. A Confucian-minded leader would not order harsh purges during the *Four Clean Movement*, or the arrest and execution of a KMT union member. The Chinese writers' assertions aim to legitimise Liu's ideology as "Chinese-based communism"; while the Westerners could be preoccupied with the notion that Confucianism is a deeply rooted Chinese tradition, and Liu applied the ideology as a native Chinese

The price to pay for being seen as a disciplinary man means bearing the image of a dull character. Therefore it is not surprising at all that Liu was to some, a less prominent figure, or in Macfarquhar's term, "the least colourful" of all the principal characters, as he was "grey in eminence" even in comparison with Deng Xiaoping, Peng Zhen, and Zhou Enlai (Macfarquhar, 1974, 5). Similarly, Phillip Short's impression of Liu is in no way more colourful, namely that "Liu was organisation personified, a remote, intimidating man, with no real friend, no outside interest and little sense of humour, whose phenomenal energy was channelled in its entirety into the service of the party." (Short, 1999, 519) It seems the notion that a 'disciplinary man' and 'organisation man' equals a 'dull man' is popular among the researchers who write about Liu. But I am always unsure about how the conclusion of Liu as dull and "least colourful" was formed. First of all, since these studies are centred on Mao, Liu's character has always been compared with that of Mao, who was definitely more colourful, aggressive and sometimes flamboyant. Secondly, we must bear in mind that a dull man would not be able to lead underground work teams and trade unions so successfully, as the work definitely involved winning people over via good interpersonal skills and making appealing speeches. A "remote and intimidating man" was unlikely to have succeeded in completing such daunting tasks. The impression was therefore subjective, and should be rooted in Liu's low-profile appearance and inclination to behave like Mao's assistant.

Liu Yuan is one of the few who points out Mao's hesitation to reorganise the low ranking cadre with strict discipline and Liu's drastic action during the *Four Clean Movement* as the result of ideological difference. Liu Shaoqi always believed that the contradiction existed between the 'clean' and the 'not clean' (which means the corrupt and the non-corrupt, the right and the wrong), and the solution was to sort out the 'not clean' (a grand scale rectification campaign). Comparatively, Mao sees a much more complex picture, that the rectification of the corrupt cadre would not solve the problem as the "root of the problem is at the top". because "some high-ranking officials have surrendered to capitalism". (Liu, 2002, 16—21; see also Wang, 1999,

54—60) However, as Liu's son, Liu Yuan does omit the fact that Liu had made a serious mistake during the *Four Clean Movement*. With reference to his wife's (Mdm. Wang Guangmei) investigation report of Taoyuan County (in Hebei Province), Liu drafted a guideline for rectification, which was too strict and rigid. The work teams (*gongzuodui*) who carried out the rectification campaign based on Liu's guidelines had finally gone too far and got carried away, so that the outcome was beyond Liu's control (Jie, 1996, 64—66). As a result, almost no rich peasant was spared during the rectification, as thousands were killed in the brutal and violent purges, which had been expanded to include ideological, political and economic offences. As one lowly cadre described, "all hell broke loose". (Siu, 1989, 201—202) Regardless of whether this was Liu's mistake; the scenario reflects Liu's Party-centred tendency, and his distrust of decentralised operations and mass movement. But most Western researchers see that as Liu's preference for discipline (for detailed discussion of *Four Clean Movement*, see Chapter 4), which might not be an accurate interpretation.

However, some simply disregard any possibility of ideological complement or conflict among the CCP leadership, and study Liu's behaviour from the perspectives of political expediency and power struggle. Hence, they see Liu and Mao's co-operation during the Yan'an period as a sort of shot-gun marriage, as both of them were fighting the returned students led by the Comintern appointed Wang Ming (also named Chen Shaoyu), a Soviet-influenced figure whose loyalty was with the Stalinist regime (Saich in Saich et al ed., 1995, 311—313). Liu's orchestration of the construction of Maoist cult in Yan'an has been seen as part of a political deal, which would promote Liu to second in command (Gupta, 1982, 50; Dittmer, 1998, 18—19). But from the Chinese perspective, the rationale behind the cooperation of the two leaders is much more straightforward, as they believe those sceptics could have overlooked China's major problems during the Second World War: Liu believed that if the Soviet-backed Wang Ming prevailed, the CCP's cooperation with the Nationalists in fighting the Japanese would have been undermined (Zhang, 1995, 36—38; Zhou, 1998, 11—15). From the perspective of political studies, and in the absence of solid evidence, neither assertion is wrong. But we must face the fact that we not only lack exclusive studies on Liu, we are also short of studies discussing the two leaders, not least the absence of the ideological discussion of Liu's thought. There is never any comprehensive illustration of Liu in Mao's study, as the conclusions are always drawn from Mao's perspective, which could be inaccurate.

Parallel with the image of disciplinarian is Liu's 'Russianness', which normally refers to his centrally controlled economic plan and his emphasis on party discipline. Schram believes that Liu's educational background had deep influence on him (Schram in Lewis ed., 1970, 173—174). Koschmann sees Liu's economic policies as the same as the Russians', forging new modes of production by breaking the divisions under capitalism between mental labour and manual labour, and between city and countryside (Koschmann, in Dirlik et al ed., 1997, 359). The veteran China writer, Edgar Snow, believed that though Liu was not pro-Russian, his early years in Russia did influence him, as he tended to see results less from zeal and exhortation but more from the effort of a professional human machine (Snow, 1971, 70). Li shares the view, and believes that Liu's Russian education had "turned him into an orthodox communist in whom the qualities of dogmatist and practical administrator were combined." But he also categorised Liu apart from those Russian-supported CCP members, "Liu was never one of the clique of the 28 Bolsheviks headed by Chen Shaoyu, Zhang Wentian, and Qin Bangxian." (Li, 1975, iii, iv, 8) Another veteran researcher finds that Liu's "Russianness" was obvious, as his policy of contracting production to individual households in 1962 resembled what Lenin did in the early 1920s under the NEP¹⁵. "The similarities are too striking to be ignored," Richard Baum says, "as both profoundly distrusted the peasantry, which they considered stupid, brutish, and hopelessly petty bourgeois. Both were strict advocates of party discipline and centralised authority, both permitted tactical concession to peasant self interest in the face of severe economic crisis." (Baum, 1975, 164) Similarity aside, the question is, was Liu really Russian-influenced?

Ironically, Liu's educational background was not in line with the image of a Russian-influenced Chinese revolutionary. The only thing that comes close was his short period of study in Moscow (August 1921—March 1922). Liu was one of the first Hunanese to go to Moscow under a Russian work-study scheme after he graduated from the First Teacher Training School 5 years after Mao's graduation. He was sent to the University of Toilers of the Far East in Moscow. However, Liu did not

¹⁵ NEP stands for New Economic Policy, a mixed economy model introduced by the former Soviet in the 1920s after the civil war. It is well summarised by Moshe Lewin as "coexistence of a centrally planned sector with several cooperatives and private concerns. A mixed economy with 'market categories accepted as tools in economic life'; significant decentralisation inside the state sector; relatively free interplay of social factors and interests of a party with different groups of intelligentsia and experts; curtailment of the terror apparatus," as he called the system "a liberal dictatorship" Source: (Lewin, 1974. 96)

complete his study as he stayed there only for 8 months. Due to the language barrier (he was not fluent in Russian) and shortage of resources (Russia was suffering from the consequence of War Communism), he seemed to spend most of his time reading ‘*The Communist Manifesto*’, ‘*The ABC of Communism*’, and ‘*The History of International Labour*’, some relatively short writings of Marx and Lenin (ZYWXYJS, 1998a, 1: 35—37; 1996, 1: 19—21; Terrill, 1980, 52n). The details of his stay in the former Soviet Union have been elaborated clearly in his Chinese biography, which was published by the Party-controlled publisher. Should they have had more positive information that could enhance Liu’s image as a “university graduate” they would not have hesitated to state it, so as to portray Liu as a university graduate. So Liu could have done most of his Marxist reading on his own after his return from Moscow, in view of his fine appreciation of Marxist theory. The notion that Liu was Russian-influenced or Lenin-influenced is rather subjective, but it does not mean that Liu was never attracted to any of the Russian models at all. Instead, he openly praised Russian economic models on a few occasions; for instance, he quoted the Russian mass-scale mechanised farming as the pre-requisite for China’s collectivisation of agricultural land (ZGYJZZS, 1970, 365; for further discussion see chapter 5). Economic development aside, Liu had seldom passed positive comments on Russian political thought or models, but this fact has generally been ignored by those who label him as “orthodox Leninist.”

According to James Hsiung, the emphasis on cost consciousness and profitability, workers’ material incentives, more independent managerial authority, tolerance of an open market, and the subordination of leftist bureaucracy to expertise have placed Liu’s policy in line with the NEP (Hsiung, 1970, 194—195). And Hsiung is not alone in seeing that, as one could easily relate Liu’s policy during the recovery period (1962—1965) to Lenin’s NEP. Meisner believes Liu’s policy from 1961 to 1965 resembled the ‘NEP’. But he points out that it was improper to brand Liu’s policy ‘capitalist’ since Liu “walked a far more narrow and cautious path in the early 1960s than Lenin did in the 1920s.” Comparing the Chinese economy in the 1960s with NEP, Meisner found that “the agricultural production remained basically collectivised, no more than 12% of the tillable land was allowed to be restored as private plots; industries mainly remained under state ownership; commerce generally remained under strict government control; and there was no invitation of foreign capitalist investment.” (Meisner, 1999, 261—262) Wang Lirong from Guangdong

Zhongnan University sees in Liu's theory of transition four core elements that resembled Lenin's NEP: the emphasis on the construction of heavy industry during the transitional period; the advocacy of rural market economy to generate accumulation as the major resource for industrialisation; acceptance of the continuous existence of capitalism as part of the transitional process, and finally, the assertion of the necessity of going through the stage of state capitalism during the transition to socialism (Wang, 2004, 104—105). In fact, Liu did praise NEP in his report on the future development of China's economy during the aftermath of the liberation. But the centre of his thought was state capitalism, so he quoted NEP as an example to reflect his preference, "...we should organise the economy via state capitalism...allow the development of private capitalism, nationalise the major industries...this sort of transition has to see us through a long period of painful struggle, this is what Lenin called 'who defeats who' during the era of NEP." (Liu, 1981, 1: 428) The elements underlining Liu's "Russianness" were just Liu's appreciation of some Russian economic policies that he believed could lift China out of poverty.

But relating Chinese economic policy to NEP is not something new, though accrediting the policy during the recovery period (1962—65) to Liu is not incorrect. In the early 1950s, Robert North had seen in the first five-year plan the policies that were reminiscent of the NEP. "Like the NEP," North says, "current Chinese Communist policy calls for important concessions to the peasantry and for moderation in other spheres of political and economic activity...like Lenin in 1921, the CCP leaders of today are using certain capitalist incentives and institutions in order to move towards the eventual destruction of all capitalist institutions." (North, 1951, 52) In the mid 1960s, Schurmann came to the same conclusion for the period of adjustment, "...the Ninth Plenum halted the Great Leap and launched a programme that bears strong similarity to the Russian NEP". (Schurmann in MacFarquhar ed, 1966, 211) Peter Nolan also refers to the early 1950s as a "brief NEP" period in China, and Mao was regarded as the chief architect of these market-oriented economic policies (Nolan, 1988, 27). Wang of Shaanxi University believes that Mao had copied some of the policies of NEP during the formulation of the first five-year plan (Wang, 2004, 70). Similarly, Chen of Fuzhou University classifies Mao's policy in the 1950s as state capitalism, a transitional stage in the route to socialism advocated by Lenin in implementing his NEP (Chen, 2004, 89—94). However, the obvious shortcomings of

these findings are that most of the discussion of 'China's NEP' refers to Mao as the mastermind, though it is understandable. So it could be difficult to relate Liu with NEP from these studies because first of all, none of these studies was centred on Liu. Secondly, since the economic policies had always been officiated by the Central Office; Liu's role was thus ignored.

However, we must also note that Mao, until 1955, had in fact been in favour of a model of mixed economic policy.¹⁶ So if we were to draw a line separating Liu's theory, we must be aware of the fact that, while Liu was the strongest advocate of New Democracy: a policy of mixed economy, and had been lobbying for its persistence, it was indeed Mao who first talked about New Democracy publicly, or at least it was the CCP who originated it. As a result, Liu's role in policymaking has always been understated; moreover, there has been hardly any effort to relate his advocacy to his ideology. That is why this research places its focus on Liu's centre of thought and the coherence of his theory of transition rather than looking for a set of his original theories. Some of Liu's ideas are no doubt original. His speeches like '*How to be a Good Communist*' (1939), '*Inner Party Struggle*' (1941), '*On Party*' (1945) and his interpretation of Mao's theory of contradiction were new and inventive even from the perspective of Marxist theory. These theories of party and organisation contribute significantly to the Communist Party as organisational and disciplinary guidelines. However, as some ideologies, particularly of economic development, were not originally his, Liu's centre of thought has thus been ignored; in particular, it was Mao who had been seen as the representative of China's government. The point I would like to stress is that it is his advocacies that matter, not his invention. Study of his advocacies could help in the identification of his centre of thought, which had been consistent throughout his political life.

On the other hand, relating Liu to NEP as well as China's economic reforms has been popular among Chinese scholars. As Dittmer reminded us, Deng's reform needs theoretical and ideological endorsement, so Liu's theories and policies are just right for the purpose. Xi Wenqi, a standing committee member of the People's Congress of Beijing Dongcheng District, positions Liu in between Lenin and Deng in terms of economic ideology. He believes that Lenin's NEP and Liu's advocacy of New Democracy were the two sources that had inspired Deng Xiaoping for his

¹⁶ See the discussion regarding Mao's theory of transition in the theory chapter, Chapter 3.

economic reform. He summarises Liu's economic ideas into eight points: the consolidation of New Democracy, the development of productive forces, gradual transition to socialism, respect for the rules of economics, administration of the economy via relevant measures, adjusting production relations to suit the productive forces, institutional reform, and constructing socialist society via capitalist methods (Xi, 2002, 10—15). Many Chinese writings do suggest that Liu had a coherent set of theories, but their discussions were mostly restricted to the economy, for obvious reasons. Chen Yongchang, the principal of Heilongjiang Provincial Cadre College of Economic Management, sees the accusations made against Liu during the Cultural Revolution, the so-called “eight points of revisionism” as the reflection of Liu's theory. These accusations comprise Liu's theories of exploitation¹⁷ to boost accumulation, the CCP as a party for all rather than a proletariat party, the primacy of productive forces, the priority of economic development, responsibility system for rural private farming, the demise of class struggle after the success of the revolution, material incentives for workers and the abolition of permanent employment, and New Democracy as the preliminary stage of communism (Chen, 2004, 5—9). It looks like another piece of writing that tries to echo Deng's reform with Liu's conviction. However, this also seems to support my suggestion that the Red Guard's accusations have to a certain extent, though not very accurately, summarised and highlighted Liu's ideology for us.

As the atmosphere of social studies relaxed, not only would the Chinese scholars have more freedom to discuss the mistakes committed by the leaders in building the People's Commune, they could also highlight the differences between Mao and Liu, although they would still avoid critical comment against Mao. Ma Yunfei believes that Liu had been consistent in his economic thought even before 1962, the aftermath of the Great Leap when he shouldered the task of reviving China's economy. According to Ma, Liu resisted the rapid cooperativisation in the early 1950s and condemned the process as practicing the ideology of “Utopian Agrarian Socialism” (*kongxiang nongye shehuizhuyi*). Ma also reminds us that Liu did express his dissatisfaction over the collectivisation in 1957, stressing the inability of

¹⁷ This refers to Liu's Tianjin speeches, when he assured the factories' landlords in Tianjin of the continuance of their business operations after the liberation. Liu stressed that in order to accumulate wealth for the development of productive forces, exploitation was inevitable. However, he points out there were two types of exploitation, one is feudalist, which should have been eliminated by then; the other is capitalist, which was to stay for a while.

Source: (ZYWCBS, 1996, 2: 209; Han, 1978, 27)

undeveloped productive forces to cope with an oversized production unit (Ma in Lü ed., 1991, 392—399). Ma has apparently ignored the fact that Liu did not do enough to stop the collectivisation process even though he was dissatisfied with Mao. But it is interesting to see the use of terms like *Utopian Agrarian Socialism*, which had been a sensitive term in China for decades as it reflects Mao's catastrophic economic policies like the Great Leap. It was first used by Khrushchev in his description of the People's Commune as "*the product of utopianism*", which Mao attributed to Peng Dehuai's "*petty bourgeois fanaticism*" in his 'Letter of Opinion' at Lushan (Lieberthal in Macfarquhar et al ed., 1987, 313; Macfarquhar, 1983, 225—228; see the complete 'Letter of Opinion' in Ding, 1969a, 7). It shows that the control on criticism against Mao had been loosened in order to legitimise Deng's policy.

Liu Chongwen summarises Liu's idea of transition as: "Collectivisation is only viable when the nation's productive forces has grown strong, or else we would be heading towards Egalitarianism (*pingjunzhuyi*), which does not help to increase the productive forces." For him, some of Liu's ideas were new in Maoist China, like the reform of the educational system (dual system of education) to tackle the shortage of labour and rural illiteracy concurrently; the reform of labour law that proposed to abolish permanent employment; and the reform of labour accommodation to deduct mortgage instalments from wages. Liu Chongwen believes that the theme of Liu's thought is "to seek truth from facts" (*shishi qiushi*). (Liu in Lü ed., 1991, 449—452) "To seek truth from facts" was one of the two most popular terms the CCP has been promoting since 1979's economic reform, while the other one is "building socialism with Chinese characteristics". So it is really obvious that Chinese writers try to assimilate Liu's and Deng's ideologies and policies. In attempting to reinstate Liu as a predecessor of Deng, Fei Juying of Zhejiang University is even more straightforward, in that she believes Liu's thoughts on the economy during the early 1950s were entirely in line with Deng's ideology of "constructing socialism with Chinese characteristics." (Fei, 2003, 28) It must be noted that though it is not wrong to relate Liu's policies to Deng's, there are still differences between them. Liu might have advocated rural material incentives as the driving force of productivity, but he had never envisaged a possible vast scale privatisation of industries, as Deng did. In short, what Deng had done was much more "capitalist" than Liu. Of course, Liu was definitely constrained by the political climate of his time. But to say the two were

“entirely in line” is surely an overstatement. Rana Mitter’s description of Liu as a “pragmatic” leader seems to be more in tune with Deng’s practices. (Mitter, 2004, 212)

However, economic theory aside, has Liu Shaoqi impressed the Western researcher as an outstanding economic planner in his own right with his practices and policies, like Nikolai Bukharin, or was he just another different voice in the Maoist camp? Many manage to position Liu distinctively in terms of economic policy, though they have never made an in-depth study of his ideology as a whole. Carl Riskin finds that three factions of leadership arose during the adjustment period: the Mao-led group that still championed the fundamental communist ideology, the group consisting of Deng Xiaoping and Peng Zhen who favoured reform in the direction of market socialism, and Liu Shaoqi and Bo Yibo who advocated the professionalization of economic management and its separation from local political control (Riskin, 1987, 179). The separation of Deng from Liu’s group is uncommon, as this is the result of a classification not based on ideology, but economic concepts; however, it could also be due to Liu’s insistence that he wanted the management of ‘*The Trust*’ to be independent of the state (ZYWXYJS, 1996, 2: 583). The other view is to separate them based on working relations instead of ideology. Despite the rhetoric of the Cultural Revolution that referred to Liu as the No.1 and Deng as the No. 2 person in authority taking the capitalist road, “Deng’s closest working relationship at this time appears not to have been with Liu Shaoqi, to whom he had not been particularly close, nor with Zhou Enlai, whom he looked up to as (in his own words of 1980) an elder brother rather than a co-equal, but with Peng Zhen.” (Goodman, 1990, 77) Similarly, while Dittmer places Deng and Liu in one camp, he also stresses that the “purpose-rational relationship” of elite politics did help to shape an alliance among the leadership. The truth is, they might never have supported each other wholeheartedly, though Deng pushed hard to rehabilitate Liu as soon as he was in power (Dittmer in Unger ed., 2002, 13). The above opinions all lack theoretical studies of Liu as their foundation. They are not all wrong from their own perspectives. But making judgements based on working relationships, policies or political alliance is not sufficient to appreciate Liu’s economic strategies.

Some regard Liu, Chen Yun and Yang Yanzhen as advocating a policy of mixed economy with continuing centralised control, while Mao, Ai Siqi and Chen Boda opted for an accelerated programme of collectivisation (Hamrin in Hamrin et al ed., 1986, 71—73; Goldman, 1981, 99—101). Bo Yibo, the Finance minister in the

1950s and senior member of Deng's state council, believes that the differences between Mao and Liu in terms of economic development were clear: while Liu wanted to establish a system based on the policy of New Democracy in which private ownership had to be sustained, Mao regarded New Democracy as a policy of expediency during the transitional period (Bo, 1993, 1: 60). For some researchers, all these could mean a philosophical dispute between the subjective and objective factors, and the conflict of 'ideology and practice'. Misra jumps to the conclusion of a clean-cut two-tier comparison, believing that "both sides in the argument selectively drew their legitimacy from the writing of Marx and Engels, which emphasised both revolutionary critical praxis and a deterministic historical materialism." As a result, she sees a dilemma of dialectical combination posed for Marxists that was "exhibited repeatedly in the history of the international communist movement..." Hence the conflict of ideologies and practices between, as she sees it, "Kautsky and Plekhanov vs Lenin, Stalin vs Bukharin, and Mao vs Liu and Chen Yun." (Misra, 1998, 69) Nevertheless, this conflict of "ideology and practice" in the application of Marxist theory could be dated back to much earlier times. The conflict of ideology and physical reality had been openly discussed in official journals of the CCP such as *The Red Flag (Hongqi)* in 1960, though no leader's name was quoted (Wang, 1960, 16—29; Guan, 1960, 33—41). Some of these accounts are interesting, and Misra, for example, has actually come close to pointing out the ideological difference dividing Liu and Mao. However, there is no theoretical study to vindicate whether Liu actually represented "deterministic historical materialism" or Mao was in the group of "revolutionary critical praxis". This sort of comparison represents simplicity of thought. It helps to appreciate the basic difference between Mao and Liu, but it does not help to understand Liu further.

For some Chinese scholars, however, the difference in economic policy between the two leaders is less contradictory. Unlike the Western scholars, they seldom look at the philosophical conception of Liu and Mao as a whole (like Womack, Misra, and Dittmer), or categorise the leaders by differentiating their economic policy (like Riskin, Hamrin, Bo Yibo). They normally place their emphasis on the analysis of individual policy, rather than the distinctive character of their ideologies. This will make life easier for them as critical comments on Mao could be avoided. Xu Luoqing from Guilin College of Technology sees both Liu and Mao as two remarkable theoreticians, and "they shared most of their thoughts and ideas" as there were only

‘minor differences’ between them. For example, both of them agreed on the implementation of New Democracy, but Mao wanted to replace it with the *General Line of Transition* in 1953 while Liu believed it should be continued for at least a few decades; both of them saw cooperative economy as the ultimate solution for rural China, but Liu favoured the precedence of industrialisation over cooperativisation, while Mao preferred full cooperativisation before mechanised farming was introduced, in order to have maximal exploitation of rural resources for industrialisation. Mao favoured economic development prioritising heavy industries, by channelling resources from agriculture, while Liu preferred the construction of economy in the sequence of agriculture, light industry and heavy industry (Xu, 2003, 15—18).

Some might question: how could these mean ‘minor differences’? But there are Chinese scholars who share Xu’s view; and the structures in which they put forward their assertions, the facts referred to, as well as the points stressed are astonishingly similar (Peng, 2003, 34—35; Wang, 1995, 34—37; Cui, 2000, 53—56; Ouyang, 2000, 88—92). This remarkable characteristic of the Chinese writing could be rooted in their notions that if Mao had not changed his mind at several crucial moments, it would be difficult to tell the difference between Mao and Liu. In other words, a faction of Chinese scholars would not regard Liu as a thinker, a Marxist theoretician, an economist with original ideas, or a revolutionary who was entirely independent of Mao. They position him as a pragmatic reformer who laid down the ‘blueprints’ for 1979 reform, but they seldom discuss his ideology without attaching him to Mao. They see Liu merely as an interpreter of Mao in an alternative form. This could be due to Liu’s inability to express views opposing Mao explicitly, and that provides the Chinese writers with the best proof of little difference between the two great leaders.

Nevertheless, there is another branch of Chinese scholars who differentiate between Mao and Liu distinctly, but only in terms of individual policy. Generally, besides the most talked about New Democracy, cooperative farms had been regarded as the best economic topic that could illustrate the difference between the two leaders. Professor Qing Hongyi from Guilin Technological College believes that Liu and Mao had entirely different views on cooperativisation, and the differences had never been resolved even after Liu conceded to Mao’s idea. First of all, Mao believed that the mobilisation of the masses was the key to the construction of cooperatives (as ‘‘some

join, others would follow”) and favoured rapid institutional change (Mutual Aid Group—cooperative—collective farm); while Liu believed in the pre-eminence of central planning, and the priority of linking the rural economy with the nationalised industries before the mass construction of cooperative farms. Secondly, Liu advocated the co-existence of private and state-owned enterprises for a longer time, while Mao believed the persistence of private farming would sharpen the contradictions between the rich and poor peasantry. Thirdly, Liu insisted on the precedence of the mechanisation of agriculture before the replacement of private farming by mass-scale cooperative farming; and Mao preferred otherwise; and finally, in terms of the application of Russian experience, Mao preferred the Stalinist model of collective farm while Liu favoured Leninist rural economic policy (Qing, 2004, 119—123). Qing has a good understanding of Liu’s policies on cooperatives, and has given a concise interpretation of it. But it is still simplistic to relate Mao’s model to ‘Stalinist collective’ and Liu’s to ‘Leninism’, which could, however, be too complex an issue for such a short article to discuss. Liu’s core idea in cooperativisation, regarding cooperatives as the medium to channel wealth to countryside, has been surprisingly ignored by most Chinese writers.

The former Head of the National Administration of the SMC (Supply and Marketing Cooperatives), Cheng Zihua, believes that not only is Liu distinctive in his concept of cooperativisation, but more significantly, Liu had laid down the foundation of today’s SMC, which has better commercial links, and functions effectively as the medium between rural and urban commerce (Cheng in ZYWXCBS ed., 1989, 307—315). But unlike Cheng’s opinions, most of the discussions on cooperatives are framed by political constraints, which try to play down the contradictory nature of Liu and Mao’s view of cooperativisation. For example, Sun Yali believes that Liu had indeed never opposed any collectivisation before the mechanisation of agriculture, but only resisted a full socialist reform of peasantry before the successful mechanisation of farming (Sun, 1994, 58). Li Boren relates SMC to the development of a productive forces, the key element of Deng’s reform propaganda; and summarises Liu’s core idea of the construction of cooperatives as “transiting the peasantry to cooperative farming via market economy”. According to Li, Liu sees the development of a rural market economy, mainly assisted by the SMC, as the only way to develop the productive forces as well as improving living standards before the peasantry could be transported to collective farms (Li in ZYWXCBS ed., 1989, 317). Liu’s advocacy for the

construction of SMC is indeed more appreciated today than in the mid-1960s, since his main concern was, undeniably, the development of productive forces. However, these writers still neglect the fact that Liu believed the SMC should function as an interchange to market rural products and to purchase from the urban industries the products that the peasantry needed. We will discuss this in Chapter 5b.

One incident was detrimental to Liu's image as an economic reformer: his involvement in the Great Leap. Some Chinese scholars believe that Liu had been keeping his mind clear and had never ceased applying his philosophy of '*seeking truth from facts*' even during the Great Leap. They believe Liu had been opposed to the plan of Leap Forward as early as 1958 (Li, 1996, 16; Tan, 2000, 47). This is supported by Edward Rice, who sees Liu being forced to revoke his initial script of the second five-year plan and rewrite it in accordance with Mao's plan—an extremely optimistic growth projection, before he read it out in the second session of the Eighth Congress (Rice, 1972, 161). But Huang Lingjun from Wuhan University of Technology believes they are wrong. "In fact," Huang says, "Liu had been giving his endorsement to the construction of Public Kitchens, People's Communes, and the backyard steel furnace, as well as showing great enthusiasm in the development of the Great Leap." Huang has no doubt that Liu was one of those who should be responsible for the Great Leap. Liu had indeed defended the Great Leap during the Lushan conference in July 1959. Moreover, he advanced the propaganda of the Maoist cult again during the conference, thus making it impossible for any proposed rectification to succeed (Huang, 2003, 120—121; Li, 1993, 318). Lieberthal points out that both Deng and Liu had much to gain from the Great Leap, in view of their political careers. While Deng was managing the Great Leap via his position as the head of the CCP secretariat, Liu Shaoqi refrained from opposing Mao in the interests of his security and legitimacy of succession to Ma (Lieberthal in Macfarquhar et al ed, 1987, 307). Phillip Short has the same view as well, "if Liu had doubts about the Great Leap—and there is no evidence he did—the prospect of achieving assumption of the highest office of state through a dramatic upsurge of economic growth was evidently enough to make him close his eyes to them." (Short, 1999, 483) This issue is the most vital to this research. If Liu did support the Leap genuinely and wholeheartedly, the formation of the conclusion would be affected. In this section we will not discuss the above comments as we will have full discussion on this issue in Chapter 6.

2.5 Afterwards

Basically, this research involves the reading and sorting of two types of materials: first, Liu's role in the party's history and the nation's economic development, particularly some crucial periods in China's history, like the aftermath of the liberation, the first five year plan, collectivisation, the Great Leap, the SEM, etc; secondly, Liu's policies and original texts, which include his speeches and writings, published by both the CCP and foreign publishers, ranging from the period of the 1960s to the 1980s. Regarding the former, there have been few new discoveries or revelations of historical development in the Maoist era, as most of the recent studies have focused on post-Mao periods, where Deng is the prominent figure. Similarly, the writing of a literature review for 'Liu's theory in transition' is virtually impossible, as it seems nobody in the West besides Dittmer has undertaken specific discussion of Liu. On the other hand, there are so many Chinese writings about Liu, of mixed quality, that careful filtering is necessary. Nevertheless, the comments against the Chinese references in section 2.1 do not mean to understate the credibility of these references, but to show my appreciation of the references and the intended approach to utilising them. In sum, while some of them must be treated with caution, they should not be written off just because they were written by scholars from state-sponsored institutions. Some of these writers do have a very good understanding of Liu's ideologies, which would give significant assistance to my thesis.

The references to Liu's role in the party and nation's history have to be extracted from the writings about Mao, but that does not always work well. The extraction of information from the latest publications is particularly difficult, as Liu is no longer within the scope of the latest trend of Chinese studies. Judith Shapiro writes about Mao's legacy on China's environment (2001), which is new, but is not relevant to the research. Michael Lynch of Leicester University has written a good summary of Mao's role in the building of the Republic (2004) but no new revelation could be found. Arif Dirlik edits and writes about Marxism and Mao, but Liu Shaoqi was hardly mentioned (1997, 2005). Michael Schoenhals' edition, '*China's Cultural Revolution—Not a Dinner Party*' (1996), seems to be a relevant reference, but it appears to be a compilation of the trial records of the Cultural Revolution, and the collection of personal notes of the victims as well as the Red Guard. Little

information about Liu could be found. A new political biography of Mao from 1949 to 1976 was published in 2004 by the Central Literature Publisher (ZYWXCBS), but the content simply resembles the stereotypical Communist writing about Mao, though more details of party conferences and the process of decision making are now unveiled. Phillip Short's book in 1999 has been translated into Chinese and was published in 2004 (China Youth Press), but there is no additional material and some contents are removed. However, the unorthodox biography of Mao, newly written and published by Jung Chang and Jon Halliday, provides the researchers with some insights into the relationship between Mao and Liu. Despite its controversy (for being not well referenced and disputed by some of the claimed interviewees for statements misquoted) and its Mao-focused nature, '*Mao, the Unknown Story*' (2005), is still a helpful guide in facilitating the formation of an alternative view.

The review of literature also found that the enormous writings of Marfarquhar, Teiwes, Schram, Schurmann, Fairbank and Saich are still by far the most comprehensive studies of the political development of Maoist China; or in sum, the 'core story line' that we already knew about Liu and Mao is almost unchanged. Though new revelations of facts do emerge from time to time, they do not have significant impact on the mainstream studies and conclusions. Where the primary sources are concerned, more original writings of Liu have emerged since the publication of his '*Selected Works*'. Publications like '*The Development of New China's Economy*' (1993), '*The Workers' Movement*' (1988), '*The Cooperative Economy*' (1987), and '*The Construction of the Party*' (1991) have not all been quoted by Dittmer or other Western writers. These writings, which have been categorised into various topics before being published, do help to structure my assertions. However, as I have stressed, cross-referencing with secondary references, particularly those written by the Western scholars, is vital to the thesis. Most important of all, the available materials are sufficient for the writing of this thesis.

The general conclusion of the review of the literature is that the principle to understanding the rationale underlining Liu's policy is to study his ideology, which could only be done via a detailed interpretation of his original writings, speeches, advocacies, etc. Forming conclusions on Liu's political inclination or economic ideology based on the history of political struggle would be inappropriate, as it might not enable the writer to see the overall picture, or the 'true Liu'. Furthermore, comments on Liu made by authors of various studies of Mao could be derived through

an interpretation from Mao's perspective. To understand Liu fully, we must have an exclusive study of Liu, so that every interpretation of Liu is made from the perspective of that particular 'Liu study'. For example, in my study of Liu, his consistency in advocating his ideas is the perspective I adopt to select references and make interpretations. My approach is to establish the characteristics of Liu's theories by studying his writings and speeches (primary sources) as well as his attitude, reaction, and involvement in policy and decision making (secondary sources). In this thesis Liu's theories will be discussed in two major aspects, organisation and party, and economy, which I believe will underline Liu's preference for the existence of limited freedom and multiplicity under the predominance of the Centre, namely the Party.

Chapter 3: Theoretical References

3.1 Introduction

This chapter is a discussion of the Marxist theory that underlines Liu's thought. The chapter does not intend to put forward a comprehensive discussion of Marxist-Leninism, as its objective is to discuss the interpretation of Marxist historical materialism, or *the theory of history* as many Marxists call it, in a newly 'liberated' nation (or a nation that had just gone through the socialist revolution), by revolutionaries like Lenin, Bukharin, Stalin and Mao, as their theory of transition to socialism, to which Liu's theory of transition was theoretically relevant. In other words, this is not only the outline of the backbone of Liu's theory of transition; but also a discussion of the theory of transition of revolutionaries who interpreted Marxist theory otherwise, or who, in the name of Marxism, had indeed invented their own set of theories of transition in order to suit the peculiarity of the domestic revolution. It must be noted that it is post-revolutionary transition that we discuss, as the research deals with transition from developing countries to socialist nations where the revolution had already happened.

Contrary to Liu's practice of always mentioning Marx in his speeches or writings, this chapter only treats Marx as the founder of the theory, not the core figure that put the theory into practice. It must be noted that Liu's frequent quotation of Marx was an exercise of legitimisation of doctrines, which was common for a communist leader. Marx was more a theoretician than a revolutionary, and his theory had been significantly improvised for the purpose of waging revolution or economic planning by the revolutionaries. In addition, Marx's writings have been criticised for lack of coherence, as his massive volume of works that spanned a period of more than 20 years, do not always have neat connections with each other. Some believe that he suffered from "severe lack of intellectual control" (Elster, 1986, 105), but some still see lines of consistency between his earlier writings and the later works¹⁸, claiming

¹⁸ There is no general agreement on how to define early or mature writing of Marx. But '*German Ideology*', which was written in 1845, was the first to discuss historical materialism systematically. Hence some tend to take '*German Ideology*' as the mark of division in Marx's writings, although most would only regard his later writings like '*The Capital*', '*Theory of Surplus Value*' as the works of 'mature Marx'. Sources: (Giddens, 1971, 18—19; Wood, 1981, xiii)

that he “did not abandon the perspective that guided him in his earlier writings,” even in one of his most representative ‘mature works’, ‘*The Capital*’ (Giddens, 1971, ix).

The focus of the discussion will be on historical materialism as Marx’s theory of transition. In consistence with the theories of other revolutionaries that were meant to transform an economically backward nation to a socialist state, the centre of discussion will be the constitution of the prerequisites of pre-socialist society and its transformation to socialism. Section 3.2 will discuss Marx’s view on socialist revolution in a backward state like Russia, and show that Marx did, for once, agree that direct transition to socialism could happen in a backward country. This section outlines the origins of historical materialism, the concept of dialectics he inherited from Hegel, and Marx’s notion of historical transformation. As the introductory session to the discussion of Lenin, Bukharin, Stalin and Mao, the section will also discuss the process of Marxist historical transformation; namely the breaking of old production relations by the expanding new productive forces, the deepening of the contradictions between bourgeoisie and proletariat, the alienation of the working class and finally the emergence of the inevitable, the revolution. In short, the section deals with the basis of Marx’s historical materialism that underlines the theories of Liu and others. Ironically, the revolutionaries are adapting Marxist theory of how a revolution would happen in the scenarios regarding the transition to socialism in a post-revolutionary world.

Lenin’s interpretation of Marx will then follow in section 3.3. Besides being a theoretician, Lenin was also a revolutionary who managed to improvise Marx’s theory to suit domestic political campaigns. It was his theory that provided the foundation supporting the launch of NEP (New Economic Policy)¹⁹ after the devastation of the Soviet economy by the civil war²⁰. However, we must also note that Lenin after the launch of NEP was more reform-minded²¹ than before. At the same time, his ambition to fully impose NEP was somewhat hindered by his ill health. Bukharin emerged at this very moment as the saviour of the campaign while Lenin was struggling to rally

¹⁹ For definition and elaboration of NEP, please see section 3.3.1 of this chapter

²⁰ The civil war was rooted in the conflict between the Red Army (Bolshevik) and the White Army (Menshevik), among them former Tsarist army officers and moderate socialists who were against Lenin’s leadership and did not see the necessity of the October Revolution. The White Army combined force with international interventionists. The civil war lasted for 2½ years and devastated the economy. Lenin’s government imposed war communism, a militarization of the economy by strict control over goods supplied. The method brought catastrophic consequences, Lenin then replaced it with a pragmatic NEP to revive the economy. Sources: (Lewin, 1964, 7—8; Kenez, 1999, 33—34)

²¹ I mean seemingly more willing to impose a model of mixed economy with elements of market in it.

support for the policy from his Bolshevik counterparts. As a former opponent of the policy, Bukharin appeared to be convinced by Lenin that the NEP was the only way forward, and took over the promotion of the NEP vigorously after Lenin's death. In section 3.4 we will discuss the inventive interpretation by Nikolai Bukharin of historical materialism and the formation of his 'grow in' model of transition that was evolutionary in nature, as well as his differences with Lenin. There were actually certain aspects of similarity between Bukharin's, Lenin's and Liu's ideologies. From Lenin's voluntary revolution, to Bukharin's evolutionary transition, and Liu's theory of self-cultivation, we seem to see a line connecting their ideologies; similarly, Lenin's state capitalism seemed to collaborate well with Bukharin's notion of imperialist state, and with Liu's conception of state-controlled gigantic corporations like 'The Trust'²². But besides the 'ideological inheritance' from Lenin, Bukharin had also shown the originality of his theory of transition. I surely feel the legacy of Lenin is significant in the appreciation of Bukharin's line.

Section 3.5 will see the discussion of Stalin's theory of transition, 'socialism in one country,' which advocated for Russia to go alone in its transition to socialism without having to wait for the victory of the proletarian revolution in the developed Western countries. Stalin first incorporated his model of economic development with the NEP, which he hoped would really revive Russia's economy. However, crisis mounted when the rich peasantry stockpiled grain and refused to sell to the government at a lower price and the production levels fell below Stalin's expectations. The grain shortage in urban areas had consolidated Stalin's belief that private farming was the root of inefficiency and low productivity, and prompted him to part with Bukharin, denounce the NEP and push for rapid collectivisation. Stalin's collectivisation of the peasantry in an economically backward country and his advocacy for 'socialism in One Country' indicated a significant deviation from Marxist theory of transition that requires a fully developed capitalist economy as the prerequisite for the socialist transition. This is in line with Mao's conception, which gave little consideration to the development of socialism in other countries, while

²² 'Trust' means industrial conglomerate, a term regularly used by Russian and Chinese communists. The original documents call it 'tuolasi', a Chinese translation. It is more likely to be the Chinese translation of the Russian word, *Tpecr*. In China, 'the Trust' also referred to amalgamated business corporations in the capitalist world, or the way the communists understood the accumulation of capital on the biggest scale.

Sources: (Zhu, 2001, 88; Liu, 1981, 2: 506).

focusing on transforming a backward nation by adapting his theory of transition to the peculiarity of his country.

As we see in section 3.6, Mao's experience in implementing the policy of transition for post-revolutionary China almost assimilated Stalin's, as he first and foremost imposed a model of mixed economy, New Democracy, for his first five year plan, then ran out of patience in 1955 and began to push for full-scale collectivisation. Dramatically, he was overwhelmed by his colleagues who denounced the collectivisation plan as Rash Advance and called for a more moderate development model that included the retention of private ownership and the delay of rural collectivisation. Mao endorsed the conception of New Democracy at the Eighth Congress in 1956 via the speech '*On the Ten Major Relationships*' and a resolution had been passed to impose the speech as policy. However, Mao turned the tables in 1957 via the Anti-Rightist Campaign, and the Anti-Rash Advance campaign led by the Premier Zhou Enlai was defeated. The resolution of the Eighth Congress was overturned and Mao pushed for a more radical development plan, the Great Leap Forward, in 1958. The detail of the political events like the Rash Advance, Anti-Rash Advance, Anti-Rightist campaign and Liu's involvement in the Great Leap will be discussed in Chapter 6. Finally, we will also discuss Mao's conception of contradiction and have a brief comparison of his notion of *Uninterrupted Revolution* with Trotsky's *Permanent Revolution*. In spite of his background as a prominent revolutionary in Russian history, there will be no separate chapter for the discussion of Trotsky in my thesis, as he had never ruled a country or been given the opportunity to put his theory of transition into practice.

Bukharin is the key figure of this chapter, but I strongly believe that the theoretical discussion cannot be based solely on him, as the developmental process of the theory is equally important. I found that Bukharin's theory of transition was the most relevant to Liu's advocacies. However, I also notice that Liu had just been sticking to the simplest form of historical materialism, stressing the importance of the development of productive forces, the fundamental element that drives the social transformation via market development and wealth accumulation before the society can be transited to socialism. It was the practice of his ideology, his economic policies, his conception of party and organisation and his attitude towards political and economic reform that made him substantially a Bukharinist, though he was at the same time, in certain aspects, a Leninist as well.

Both Liu and his Russian counterpart, Bukharin, were purged and killed after conviction as capitalist reactionaries. However, it is indeed a simplification of the facts to regard Liu and Bukharin as in the camp representing political and economic reform while taking Stalin and Mao as the Orthodox revolutionaries who believed collectivisation could be achieved without having gone through capitalism. Bear in mind that Russian and Chinese political climates were entirely different, not least, the stage of economic development and the experience of war and civil war in these two countries before the revolution varied significantly in magnitude. To make the issue more confusing, both Bukharin and Liu showed signs of inconsistency in exerting their ideologies. Bukharin, for instance, had been an ultra-leftist who advocated war communism before he publicly stamped his acceptance of Lenin's New Economic Policy and began to talk about economic reform. Liu as well, had been questioned for his insistence on reform in the face of his support for the Great Leap (see Chapter 6) Therefore it is not actually accurate to categorise both of them as reformist in the socialist world during the Cold War, though they looked very similar in many aspects.

3.2 The Origin of Historical Materialism

3.2.1 An Introduction

Frederick Engels, in his brief biographic draft on his companion, states that the materialist conception of history is one of Marx's two most important contributions to social science, along with the theory of surplus value (Engels in Marx & Engels, 1968, 355—357). However, as stated in the introduction, historical materialism is just one of the popular interpretations of Marx's theory of transition, as there is no fixed rule in interpreting Marx's theory. "There is no such thing as 'Orthodox Marxism': All orthodoxies—Kautsky, Lukács, Stalin are particular theoretical constructions culled from the possibilities within the complex whole of Marx and Engels discourses." (Hirst, 1979, 420)

Marx outlined his theory of history in the *Preface* of his '*A Contribution to the Critique of Political Economy*' (1859). Marx put forward the assertion that the material productive forces determine the form of production relations, which form the economic structure of a society and the base supporting the constitution of legal and political superstructure. In summary, when the production relations could no longer accommodate the development of the productive forces, they would have become a

‘fetter’ restraining the expansion of the productive forces and the advancement of the society. The existing production relations will give way to the new productive forces when they are fully developed. Consequently, revolution will arise and the existing social and economic structure will collapse, and a new, or more advanced form of production relations, in which the new productive forces could fully function, is thus born (Marx, 1970, 19—21).

Marx developed his theory of history out of Hegel’s philosophy of history, which sees the spiritual attitude of human nature as the key feature of historical development; as Hegel says, “The phenomenon we investigate—universal history—belongs to the realm of spirit.” (Hegel, 1956, 16) For Hegel, human spirit reflects human consciousness, and “this self-contained existence of spirit is none other than self-consciousness—consciousness of one’s being,” and he believes that, if “the essence of matter is gravity...(then) the essence of spirit is freedom.” Man is capable of developing a better self out of his old self through self-realisation, or by objectifying the better self from himself via spiritual consciousness, where the freedom of spirit of man could be attained; as Hegel stresses, “the history of the world is none other than the progress of the consciousness of freedom.” (Hegel, 1956. 17, 19) Hence the evolution of human society to a more advanced level, in Hegel’s sense. So while Hegel relied on “self-realisation” to upgrade oneself to a more advanced level, Marx replaced self-realisation with the “interaction of materials.” For Hegel, “Man is conscious...the objective world as a mere phenomenon of spirit, and man’s relation to this world is one of knowing;” while for Marx, “man is an objective being, the objective world is the real and necessary realm in which man fulfils himself, and man’s relation to the world is one of activity rather than knowing.” (Maguire, 1972, 87)

As a concise comparison of both, “History is the history of human industry (*world spirit*), which undergoes growth in productive power (*self knowledge*), the stimulus and the vehicle of which is an economic structure (*culture*), which perishes when it has stimulated more growth than it can contain.” We can actually make a similar comparison by quoting Marx’s phrases in ‘*Critique of Political Economy*’: “...no social order (*Cultural Form*) ever perishes before all the productive forces (*Consciousness*) for which there is room in it have developed.” (Cohen, 1978, 26) The backbone that supports both Marxian and Hegelian thought is the dialectic nature of their theories. Both Marx and Hegel agreed that the “world is dialectically

structured”, but while “Hegel sees reality as structured organically and developmentally,” Marx believed “the world is a system of organically interconnected processes characterised by inherent tendency to develop.” (Wood, 1981, 208—210)

However, “it is not the consciousness of men that determines their existence, but their social existence that determines their consciousness.” This famous assertion of Marx presents the sharpest distinction of the materialists from the idealists, as Marx explained, “At a certain stage of their development, the material productive forces of society come in conflict with the existing relations of production...from forms of development of the productive forces these relations turn into their fetters, then begins an epoch of social revolution.” Marx stressed that material condition was the most fundamental fact in changing a society, “the legal relations as well as forms of state are to be grasped neither per se nor from the so called general development of the human mind, but rather rooted in the material conditions of life.” (Marx, 1970, 21)

“For a theory of social change to be Marxist it must be embedded in a historical perspective.” (Lichtheim, 1961, 385) But the determinant for historical progression from capitalism to socialism is, in Marxist terms, economy. Wood believes that the central claim of historical materialism is economic determinism, i.e, the “people’s economic behaviour” and their “mode of production in material life”, which form the “basis of their social life generally, that this economic basis generally conditions or determines both the society’s remaining institutions, and the prevalent ideas or forms of social consciousness.” (Wood, 1981, 63) Some Marxists believe that the “historic conception of economics” and the “economic conception of history” are inseparable, in view of Marx’s emphasis on capitalist economic expansion before socialism. As productive forces (the economic power) will continue to distort political relations until they can be constrained from further development, “the age of freedom will only dawn when economic determinism is overcome and controlled”. (Lindsay, 1931, 27, 29, 32, 35)

Marx formed his materialist conception of history years before the writing of his ‘*Critiques of Political Economy*’. In one of his early writings, ‘*The Poverty of Philosophy*’ (1847), in which Marx criticised the French philosopher M. Proudhon, the primacy of the productive forces in human historical development had already been emphasised, “...the relation in which productive forces are developed, are anything but eternal laws, but correspond to a definite development of men and of

their productive forces, and a change in men's productive forces necessarily brings about a change in their production relations." (Marx, 1955, 106—7)

'*The German Ideology*' represents the first important work of Marx's mature writings, as it was the first time the conception of historical materialism was raised (Giddens, 1971, 18—19). The book elaborates how the production relations correspond to the development of productive forces, "it consequently follows that a certain mode of production, or industrial stage, is always combined with a certain mode of cooperation, or social stage, and this mode of cooperation is itself a productive force. Further, the multitude of productive forces accessible to man determines the nature of society." (Marx in Marx & Engels, 1974, 50) This is then followed by discussion of how the productive forces could have affected the creation of a new society, "...the form of community adopted by the settling conquerors must correspond to the stage of development of the productive forces they find in existence; if this is not the case from the start, it must change according to the productive forces." (Marx in Marx & Engels, 1974, 90)

One of the most prominent theoretical assertions of historical materialism appears in '*The Communist Manifesto*' (1848), where Marx put forward the argument that the productive forces were at their optimal level under capitalism, which would unleash maximum productive power through the expansion of markets and industries before the development of socialism. The class of bourgeoisie, according to Marx, was "the product of a long course of development in the feudal society", where the elements of capitalism were cultivated. Hence the subsequent bourgeois dominance of the society was expected and inevitable—through which capital accumulation is maximised, and the productive power will reach its peak. As a result of the industrial expansion, the exploited class, namely the proletariat, arises. Class antagonism was thus intensified before the revolution of the proletariat succeeded (Marx in Marx & Engels, 2002, 222—5). Marx believed that the "enormous productive forces of capitalism generate possibilities for the future development of man which could not have been possible under the previous forms of productive system." (Giddens, 1971, 15)

Marx's historical evolution under the materialist conception, as presented in the *Preface* of the '*Critique of Political Economy*', is that the stages of historical development of human society before the socialist revolution are Asiatic, Ancient, Feudalist and finally the rule of the Bourgeoisie. (Marx, 1970, 21) Though Marx had

mostly written about capitalism and post-capitalism, he did write about pre-capitalist development. The extracts of Marx's writing on pre-capitalist societies from his unpublished manuscript, which was later compiled into '*Grundrisse*', 892 pages in length, (first published in 1953), was released as a smaller book in 1952 with the title of '*Karl Marx, Pre-capitalist Economic Formation*'. Nevertheless, it could still be true, as Jon Elster particularly points out, that Marx had written very little about the superstructure of the pre-capitalist society (Elster, 1981, 104). However, this has no doubt provided the revolutionaries like Lenin and Mao with plenty of space to manoeuvre—on how to theoretically position the economically backward nation for a legitimate revolution, or in sum, how to prove that time is ripe for socialist revolution.

Marx first wrote about the classification of historical transformation in '*The German Ideology*' (1845—6), in which he gave details regarding the evolution of property relations in response to the division of labour from tribal ownership to feudal ownership:

According to Marx, these forms of property relations were firstly, tribal ownership, which corresponded to the undeveloped stage of production in which people live by hunting, fishing and the rearing of beasts or at the higher stage, agriculture. The division of labour was still elementary, and the social structure was limited to the expansion of family. The second type was the ancient communal and state ownership, which saw unions of tribes moving into a city by agreement and a more developed form of division of labour emerging. The ownership of property still belonged to the commune, which holds power only over their labouring slaves in their community. But private ownership of property and the antagonism between village and town had begun to exist. The third form of ownership was feudal ownership or estate property, which rose as the alternative to the former instead of emerging out of evolution. Its formation was basically the legacy of the Germanic annexation of Rome (note: this shows how Eurocentric Marx's theory is), and the direct producing class no longer consisted of slaves but of serfs and minor peasantry. Antagonism between town and country persisted and intensified (Marx in Marx & Engels, 1974, 43—6).

Finally, the transition from feudalism to capitalism was, on the other hand, a process of evolution. Following the development of international or inter-city trade, the division of labour is at its mature stage. The burghers fought the feudalists and the revolution has its base in the cities. With the prevalence of the industrial revolution, wealth accumulated in fewer hands of the bourgeoisie as many former property

owners joined the proletariat—a legacy of the division of labour, where economies of scale rendered the ownership of the means of production by petty bourgeoisie insignificant. Class antagonism between the bourgeoisie and the proletariat sharpened (Marx in Marx & Engels, 1968, 89—90; 2002, 223—8). The deepening rift between the bourgeoisie and the proletariat thus preconditioned the socialist revolution.

In his *‘Wage, Labour and Capital’* (1847), Marx summarised the process of the evolution of human society, “Thus the social relations within which individuals produce, the social relations of production, change, are transformed, with the change and development of the material means of production, the productive forces. The relations of production in their totality constitute what we called the social relations, society, and specifically a society at a definite stage of historical development, a society with a peculiar, distinctive character. Ancient society, feudal society, and bourgeois society are such totalities of production relations, each of which at the same time denotes a special stage of development in the history of mankind.” (Marx in Marx & Engels, 78—79)

To understand the process of historical materialism in detail, we must first take a look at the major elements and stages that form the theory, which include productive forces, production relations, base, superstructure, exploitation, alienation, class struggle, etc.

3.2.2 The Elements and Processes of Historical Transformation

Marx had never given a precise definition to productive forces. However, he did narrate the composition of production relations in the *Preface* of *‘Critique of Political Economy’*, “The sum total of these relations of production constitutes the economic structure, the real basis, on which rises legal and political superstructure.” (Marx, 1970, 20) In one of his earlier writings, *‘Poverty of Philosophy’* (1847), Marx showed that he had already formed his conception of the connection between productive forces and production relations, “Machinery is no more an economic category than the bullock that drags the plough. Machinery is merely a productive force. The modern workshop, which depends on the application of machinery, is a social production relation, an economic category.” (Marx, 1955, 116) Therefore, the productive forces comprise labour power and the means of production, and are independent of the economic structure, which is ‘the base’; while the economic structure comprises the total of all production relations, and forms the base for the

constitution of a legal system and social relations, or the so called superstructure, of a society (Cohen, 1978, 28—30). Bukharin, too, stated that, “by productive forces, Marx evidently means here the material and personal elements of production and, the corollary of this, the category of productive forces is a technical and not an economical one.” (Bukharin, 1979, 120)

In line with the materialist conception, Marx had on many occasions distinguished the existence of productive forces from the physical manifestation of human beings, for instance, “the productive forces appear as a world in themselves; quite independent of, and divorced from the individuals...” (Marx in Marx & Engels, 1974, 91) For Marx, it was the chain of production relations supported by productive forces, not the individuals, that form the society, “society does not consist of individuals; it expresses the sum of connection and relationships on which the individuals stand.” (Marx, 1973, 265) Marx believed that the social history of man was the history of the development of his skill, strength and intelligence, which was in Marx’s sense, the development of productive forces, “the appropriation of these forces is nothing more than the development of individual capacities corresponding to the material instruments of production. The appropriation of a totality of instruments of production is, for this very reason, the development of a totality of capacities in the individuals themselves.” (Marx in Marx & Engels, 1974, 92)

The production relations, or the connection between the productive forces and the social relations, are part of the economic structure, which could be enveloped in various forms of society, or social forms, like slavery, feudalism, proletariat, etc. For example, Marx explained that a Negro was not necessarily a slave, as a Negro could only become a slave when the production relations determined it. Therefore a sewing machine could be the means of production or a form of capital—it depends on the production relations concerned (Marx in Marx & Engels, 1968, 78.) On this economic structure, or *Base*, in Marxist terms, a legal structure is erected to legitimise the ownership of the property. The legal structure, together with all the non-economic elements or institutions that are based on this economic structure, namely politics, ideology, social behaviour, beliefs, etc, form the *superstructure*.

From the other perspective, the legal, political and intellectual superstructure could be explained through its beneficial consequences for the maintenance of production relations. In short, “politics and ideas are explained by the fact that they stabilise property rights, and the property rights are explained by the fact that they

give impetus to technical change (productive forces).” (Elster, 1986, 113) Similarly, Wood believes the production relations and superstructure are interactive, although one does not equal the other. As he points out with the example of property ownership, “Legal ownership, with its attendant ‘juristic power’ is distinct from property, and derives its content from the social relations it expresses. For Marx, social relations are not to be understood in terms of property relations (much less in terms of legal ownership or property rights). On the contrary, property relations (legal or moral) can be understood in terms of social relations.” (Wood, 1986, 84)

Marx’s view on superstructure was indeed very social-based, as he asserted in his speech at the ‘*Trial of the Rhenish District Committee of Democrats*’ (1849) “society is not founded upon the law, but the law must be founded upon society.” (Marx in Marx & Engels, 1977, 327) So according to Marx, illegal activities can be legitimised if they have become common practice; as an example he quoted the authorisation of the combination of workers by the English Parliament, “...it is the economic system which has forced Parliament to grant its legal authorisation. In 1825...Parliament had to modify the law in order to bring it more and more into line with the conditions resulting from free competition, it had of necessity to abolish all laws forbidding combinations of workers. The more modern industry and competition develop, the more elements there are which call forth and strengthen combination, and as soon as combination becomes an economic fact, daily gaining in solidity, it is bound before long to become a legal fact.” (Marx, 1955, 148) In fact Marx even referred to the usurpation of land by the landed proprietors during the Stuart era of England as a case of legitimisation of a new production relation, where “they abolished the feudal tenure of land, got rid of its obligation to the state...vindicated their rights to modern private property on estates to which they have only a feudal title.” (Marx, 1961, 723) In other words, when something has become social practice it would appear as the new rule or new social perception, and its acceptance by the society would have legitimised its existence.

In Marxist perspective, the ownership of labour power belongs to the workers, who might or might not own the means of production. Labour power is the only thing a worker can sell to the capitalist, in exchange for wages and means of subsistence. Unlike the serf under a feudal system, the workers are free labour in the capitalist society, which means they have the right to exercise their labour power whether to work or not to work, or in other words, whether to sell their labour power. However,

as Marx pointed out in his *‘Wage Labour and Capital’* (1847), the workers, “whose sole source of livelihood is the sale of their labour, cannot distance themselves totally from the class of purchaser, that is, the capitalist class.” Hence, although the labour is free labour, he has to discharge himself (or his labour power) to the bourgeoisie, who are the owners of capital, means and subsistence of production. If a serf belongs to his owner, then free labour belongs to the bourgeois class as a whole. Therefore, “labour is a commodity”, Marx said, “neither more nor less than sugar.” (Marx in Marx & Engels, 1968, 71, 73)

The exchange value of commodities is price, and “wages are only the price of labour”. After taking into consideration that the prices of commodities are either below or above the cost of production, Marx saw that the average price of commodities equalled the cost of production, which was also the cost of production of labour (Marx in Marx & Engels, 1968, 71—2). This actual value or cost of the product is the *use value* of the product. The price at which the capitalists sell their commodities in the market is the *exchange value*, which is a mark-up of the *use value*. To fit the two into the materialist conception, Marx said, “Use value expresses natural relationships between things (product, commodities) and men, in fact the existence of things for men. Exchange value, as a result of the social development that created it...is the social existence of things.” (Marx, 1972, 296) To view it from another angle, “exchange value expresses the social form of value,” and this appears as a practice in bourgeois society. Use value, on the other hand, “is the substance of the commodity and the body of capital,” because it “expresses no relevant economic form whatever, rather merely being the product...” (Marx, 1973, 301, 872)

The exchange value and wage labour, according to Marx, are the roots of capital accumulation and exploitation of labour. The capitalist does not pay the labour with the income generated from the product, but from his wealth, and he produces the end product with raw material and instruments that he already owns. “Wages are therefore, not the worker’s share in the commodity produced by him; wages are part of the already existing commodities with which the capitalist buys for himself a definite amount of productive power.” Labour is therefore a commodity the waged worker sells to capital—in order to live (Marx in Marx & Engels, 1968, 72). “Capital consists of raw materials, instruments of labour and means of subsistence of all kinds... component parts of capital are creation of labour, products of labour, accumulated labour.” Then, the domination of “accumulated, past, and materialised”

labour over the direct and living labour has turned accumulated labour into capital (Marx in Marx & Engels, 1968, 78—79). Subsequently, the inevitable development of capitalist society, the division of labour, will intensify the process of exploitation and capital accumulation. The competition among labour will grow in line with capital expansion, resulting from the growth of the application of machinery and the division among workers (Marx in Marx & Engels, 1968, 89—90).

The existence of exchange value has become a social form adopted by the products, thus separating the product from the producers, who appear to be producing for the society rather than for their own consumption. As a result, “individuals are subsumed under social production; social production exists above and beyond them as their fate; but social production is not subsumed under individuals, or managed by them as their common wealth.” (Marx, 1973, 158) Therefore for Marx, waged labour has thus become the essential part of the prerequisite of transition to socialism, as it will lead to the growth of the proletariat, who are the backbone of the revolution: “Capital presupposes waged labour, waged labour presupposes capital. They reciprocally condition the existence of each other; they reciprocally bring forth each other... Capital can only increase by exchanging itself for labour power, by calling wage labour to life. The wage labour can only be exchanged for capital by increasing capital, by strengthening the power whose slave it is. Hence, increase of capital is increase of the proletariat, that is, of the working class.” (Marx in Marx & Engels, 1968, 80—81)

This leads to the process of alienation, where the workers are said to be deprived of (or alienated from) the products they produce in an environment and with an instrument that is ‘alien’ to them. The workers are paid for their labour (work) instead of their products: “As, owing to the form of wages, all the products appear to be paid for, the unpaid part seems necessarily to come not from labour but from capital.” (Marx in Marx & Engels, 1953, 245—6) Therefore what has not been paid for is the surplus value the workers produce. The surplus value of the product does not belong to the workers, but the owners of the raw materials, machines, tools and reserve fund, which allow these owners to buy the labour power of the working class (Marx in Marx & Engels, 1968, 69). Because of alienation from their product, men perceive the products have value, but in fact the products have value because labour has been bestowed on them: “In principle, there is no exchange of products, but there is exchange of labour, which cooperated in production.” (Marx, 1955, 67)

The result of alienation is the existence of two incompatible social processes—the socialised production, which sees the workers being alienated from the product; and the capital appropriation, which means the growth of the exchange value of commodities in the hands of the capitalists. This has finally resulted in the emergence of two social classes with conflict of interests. As Engels pointed out in *'Socialism: Utopian and Scientific'* (1880), “the contradiction between socialised production and capitalistic appropriation manifested itself as the antagonism between proletariat and bourgeoisie.” (Engels in Marx & Engels, 1968, 398) In Marxist terms, this is a phenomenon of the final stage of capitalism and revolution is thus inevitable.

The expansion of capital resulted in the emergence of the masses of the working class, who, as a result of alienation, did not own the product they produced, as the products were turned into capital and thus consolidated the capitalist system, “(The existence of) a class that possesses nothing but its capacity to labour is a prerequisite for the existence of capital. It is only the domination of accumulated, past, materialised labour over direct, living labour that turns accumulated labour into capital.” In his *'Wage, Labour and Capital'* (1847), Marx said, “The indispensable condition for a tolerable situation for the workers is therefore, the fastest possible growth of productive capital.” It means the growth of the domination of bourgeoisie over the working class. “If capital is growing rapidly, wages may rise; the profit of capital rises incomparably more rapidly. The material position of the worker has improved, but at the cost of his social position. The social gulf that divided him from the capitalist has widened.” (Marx in Marx & Engels, 1968, 79, 81, 85)

As discussed before, Marx's conception of history had been founded years before the writing of *'A Contribution to the Critique of Political Economy'* (1859) and *'The Capital'* (Vol.1, 1862), as the basic structure of his conception has seen little change, from early theses like *'The German Ideology'* (1846), *'Wage Labour and Capital'* (1847), and *'The Poverty of Philosophy'* (1847); to the notebook that represents his interim period of writing, *'Grundrisse'* (1857—8), and later works like *'Theory of Surplus Value'* (1862—3), and *'Critique of the Gotha Programme'* (1875). However, inconsistency in terms of the description of historical stages does occur from one thesis to another. This seems to vindicate Jon Elster's comment of “lack of intellectual control.” For example, in his *Communist Manifesto* (1848), Marx's historical development has been simplified (for no obvious reason), and only three, instead of four, types of societies are classified as the pre-socialist historical stages—

slave society of antiquity, feudalism and bourgeois society (Marx in Marx & Engels, 2002, 219).

Moreover, Marx habitually tended not to give clear distinction to the pre-capitalist society, namely Asiatic (tribal community) and ancient (slavery). (Instead, he regularly combined the two) This could be due to the fact that the emphasis of Marx's theory of history is not on the transformation from tribal community to feudalist society, but on the development of socialism from capitalism. However, Eric Hobsbawm reminds us that for Marx, the societies of tribal community and slavery could have co-existed for a certain period of time (Hobsbawm in Marx, 1965, 34—5). Because of his ignorance of the East, Marx saw in India, which was then under British rule, the image of Asia (Marx in Marx & Engels, 1979, 125—133). Therefore the word “Asiatic” does not refer to a region but backwardness. In his ‘*Pre-Capitalist Economic Formation*’ (1857—8), Marx's elaboration of the third and fourth types of primitive society, Germanic and Slavonic, as alternatives to ancient society, showed that he was aware of the possibility of the coexistence of different types of society (Asiatic, Ancient, Germanic, Slavonic) before the evolution to the next stage (Marx, 1965, 69—80).

3.2.3 The Period of Transition

In ‘*Critique of the Gotha Programme*’ (1875), Marx gave an illustration of the transitional period, the period when capitalism is over but full scale socialism is yet to be imposed. First it was about who should be in charge, “Between capitalist and communist society lies the period of revolutionary transformation of the one into the other. Corresponding to this is also a political transition period in which the state can be nothing but the revolutionary dictatorship of the proletariat.” (Marx in Marx & Engels, 1968, 313) Marx then suggested that there would be two phases of communism. The first phase of communism (which Lenin calls socialism²³), according to Marx, would still see the existence of inequality in the society, as the more capable or superior will achieve higher incomes than the less capable. It recognises no class distinction, because everybody is a worker, but it still recognises the unequal individual endowment. Marx sees this as inevitable because the first phase of communism inherits the capitalist social system and economic structure that

²³ Lenin says, “In striving for socialism, we are convinced that it will develop into communism...” (Lenin, 1975, 2: 298)

has existed for long time. When it comes to the higher phase of communism, Marx believes people do not work for a living but for joy of life, “labour has become not only a means of life but life’s prime want” The division of labour would have vanished while the productive force is at its peak, and “...the spring of common wealth flows abundantly—only then can the narrow horizon of the bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his abilities, to each according to his needs!” (Marx in Marx & Engels, 1968, 306)

In ‘*Socialism: Utopian and Scientific*’ (1880), Engels not only summed up Marx’s conception of historical stages in a more orderly manner, but put forward what were virtually the prerequisites for a socialist society by elaborating the consequence of capitalist development in stages, and also brought up the notion of state capitalism, the interim stage after capitalism before socialism was born:

Firstly, “the severance of producer from the means of production, condemnation of the workers to wage labour”, and as a result, “antagonism between the proletariat and the bourgeoisie arises”. Secondly, we will see a “growing predominance and increasing effectiveness of the law governing the production of commodities,” and the deepening “contradiction between socialised organisation in the individual factory and social anarchy in production as a whole.” Then, we see “the perfecting of machinery due to competition among manufacturers and unlimited expansion of production”. While advanced technology leads to maximum development of productive forces, which in turn brings overproduction, the capitalist form of production “prevents the productive forces from working and the products from circulating making it impossible for social well-being to develop along with production; the contradiction grows, the mode of production rises in rebellion against the form of exchange.” And finally, “partial recognition of the social character of the productive forces is forced upon the capitalist themselves. Takeover of the great institutions for production and communication will then occur, “first by joint-stock companies, then by Trusts and by the state. The bourgeoisie will prove to be a superfluous class.” (Engels in Marx & Engels, 1968, 409—410)

This was the first time Marxist theory discussed a notion similar to state capitalism (and it was not by Marx, but Frederick Engels), though the term ‘state capitalism’ had never been applied. Engels saw in the aftermath of the disintegration of a capitalist system the inevitable takeover of the major industries and means of production by the state before they could be socialised under the rule of the

proletariat. The new state under this intermediate period of transition, according to Engels, “is an essentially capitalist machine, it is the state of the capitalists, the ideal collective body of all capitalists. The more productive forces it takes over...the more citizens it exploits. The workers remain wage earners, proletarians. The capitalist relationship is not abolished; it is rather pushed to the extreme.” As a result, it has rendered the capitalist “superfluous”. And this extreme will transform the system to the opposite—the abolition of the state and the establishment of social ownership (Engels in Marx & Engels, 1969, 403—408; Engels, 1943, 306—312). As discussed later in the section on Lenin and Bukharin, this conception of state capitalism was vital in understanding both Lenin’s and Bukharin’s notions of imperialist state, which also bore significant elements of Hilferding’s theory of transition.

The critics of the theory must have been preoccupied by doubts as to why Marx was so sure that the production relations would give way to the expansion of productive forces. What if the (old) social relations stay on or the revolution (or the transformation, in the case of a post-revolutionary period) does not happen? Because of the ambiguity of the answers to these questions and Marx’s inconsistency in using phrases in his writing, one could have regarded Marx’s historical materialism as “simply a matter of dogmatic guesswork inspired by a priori speculative doctrine.” (Wood, 1981, 81) However, “in any case, correctly used and understood, scientific socialism or Marxism is primarily a system of ideas, a method for comprehending the social universe, not a blueprint of either a socialist or communist society.” (Balinky, 1970, 8)

In fact, Marx did admit that Historical Materialism is no master key to history and that revolution or transformation might not happen, as he stated in his letter to the Editor of the *Otechestvenniye Zapiski* in November 1877, “At the end of the chapter the historical tendency of production is summed up thus: that it ‘begets its own negation with the inexorability which governs the metamorphoses of nature’; that it has itself created the elements of a new economic order, by giving the greatest impulse at once to the integral development of every individual producer; that capitalist property, resting already, as it actually does, on a collective mode of production, cannot but transform itself into social property. At this point I have not furnished any proof, for the good reason that this statement is itself nothing else but a general summary of a long exposition previously given in the chapter on capitalist production.” (Marx in Marx & Engels. 1953, 378—9)

The first ever country to adopt socialism, Russia, which had yet to have a developed and industrialised economy, became the centre of attention among Marx's critics. Long before the October Revolution, even when Marx was alive, he was well aware of the contradiction between reality and his theory. Contrasting his theory of historical materialism, Marx suggested that it was not necessary for Russia to go through capitalism, "Now what application to Russia could my critic make of this historical sketch? Only this: if Russia is tending to become a capitalist nation after the example of the Western European countries...she will not succeed without having first transformed a good proportion of her peasants into proletarians, and after that, having been taken to the bosom of the capitalist regime, she will experience its pitiless laws like other profane people. That is all." Marx also pointed out that his theory could be too Eurocentric, "But that (the issue of Russia) is too little for my critic. He feels he absolutely must metamorphose my historical sketch of the genesis of capitalism in Europe into an historical-philosophical theory of the general path every people is fated to tread, whatever the historical circumstances in which it finds itself...but I beg his pardon. He is both honouring and shaming me too much...By studying each of these forms of evolution separately and then comparing them one can easily find the clue to this phenomenon, but one will never arrive there by using one master key, a general historical philosophical theory, the supreme virtue of which consists in being super-historical." (Marx in Marx & Engels, 1953, 378—9)

In his preface to the German edition of the '*Communist Manifesto*', written in January 1882, the period when the latter part of Marx's economic theories were founded, Marx referred to Russia as the starting point of socialist revolution, "The '*Communist Manifesto*' had as its object proclamation of the inevitably impending dissolution of modern bourgeois property. But in Russia we found, face to face with the rapidly developing capitalist swindle and a landowning bourgeoisie, just beginning to develop, more than half the land was owned by the peasants. Now the question is: can the Russian *obshchina*, though greatly undermined, yet a form of the primeval common ownership of land, pass directly to the higher form of communist common ownership? Or on the contrary, must it first pass through the same process of dissolution as constitutes the historical evolution of the West? The only answer to that possibility today is this: If the Russian Revolution becomes the signal for a proletariat revolution in the West, so that both complement each other, the present Russian common ownership of land may serve as the starting point for communist

development.” (Marx in Marx & Engels, 2002, 206—207) But some argue that Marx’s theory of economics was still appropriate to Russia, though it missed out in the US and UK, as he sees Russia had had rapid industrial or capitalist development in the 19th century. Furthermore, Marx’s thought asserts that once socialism starts in one country, it spreads (Sweezy, 1953, 21—22).

Indeed, one could be preoccupied by the knowledge of the practical political environment that one lives in, while ignoring the fact that what Marx presented was just a set of social political theories formulated upon the political climate of the 19th century. It does not matter whether it is *Asiatic-ancient-feudal-bourgeois-socialism* or *slavery-feudalism-capitalism-socialism-communism*; what concerned Marx was the entire process of historical development, not the stages of historical transformation (Hobsbawn in Marx, 1965, 14). Marx did put forward the conception of the pre-socialist society, but it is also true that Marx “did not complete the theory of transition from capitalism.” Marx wrote a lot about capitalism, the prowess of the productive forces of a capitalist society and its inevitable transition to socialism. Therefore it is not surprising at all that some regard ‘Marxian economics’ as “in reality a part of the functioning of a particular social system, namely capitalism.” (Sweezy, 1953, 307, 310) The incompleteness shows that the description or the label of the type of society should not be the theme of the theory of societal evolution. It must be noted that Marx took the view of history common to his age, as he assumes that slavery, feudalism and capitalism are definite phases in the development of Western Society (Lichtheim, 1961, 152).

3.3 NEP and the Origin of Lenin’s Theory of Transition

3.3.1 Introduction

Moshe Lewin summarises the features of the NEP as “coexistence of a centrally planned sector with several cooperatives and private ones, a mixed economy with market categories accepted as tools in economic life; significant decentralisation inside the state sector itself and the non-imperative character of economic planning; a relatively free interplay of social factors and interests; collaboration of the party with different groups of intelligentsia and experts, without the imposition of a too rigid ideology;...an evolutionary approach to the process of industrialising society and to restructuring it, and a moderate use of censorship in a culturally and socially pluralist

setting.” He called the system “a liberal dictatorship.”(Lewin, 1974, 95—96) In the eyes of economists, the NEP “instituted in 1921 was a remarkable attempt to restore the shattered economy by establishing a mixed system in which the transactions of relatively small peasant households were undertaken via a relatively free market.” (Wheatcroft, 1986, 267)

The NEP was a policy of mixed economy under which, the state-owned industries traded with peasants through a market, which was partly in the hands of the state and partly in private hands. The market was operated within the definite constraints set by the Bolsheviks. However, no coercion was exerted against the peasants as they only sold what they agreed to sell. All banking and large-scale industries, as well as foreign trade were dominated by the state. The cornerstone of the policy was the proportional agricultural tax, or *Tax in Kind*, which was based upon the fixed proportion of peasants’ net produce. After the state took a fixed portion of their produce, the peasants were free to sell their surpluses in the market. Though the grain price was fixed by the state, the peasant could hold back their surplus if the price was not right. It was in fact a market economy operated within a straightforward political framework (Gregory & Stuart, 1986, 59—60; Carr, 1952, 280—281; Davies et al, 1994, 8—9). However, the Tax in Kind was to be set at a much lower level than the grain requisitioning quota that it replaced, it would thus only “secure the minimum of the state’s requirement on behalf of civilian consumers.” (Service, 2005, 125)

The New Economic Policy was generally viewed as the measure of economic recovery for the former Soviet Union after the devastation of the civil war and the economic radicalism from 1918 to 1920, the War Communism²⁴. The Russian economy was then on the verge of collapse, as inflation was rampant and the currency devalued tremendously. The absence of imported goods and the fuel crisis halted industrial activities, while Moscow and Leningrad were struck by famine. As a result, industrial workers were restive, the military was in a rebellious mood and the

²⁴ War communism, a policy of extreme measures to counter scarcity of resources during the Russian civil war between the Bolsheviks and Mensheviks, could be defined as “first, requisitioning of the countryside; second, strict rationing of the town population, who were classified into categories; third, complete socialisation of production and labour; fourth, an extremely complicated and chit-ridden system of distribution for the remaining stock of manufactured goods; fifth, a monopoly of power tending towards a single party and the suppression of all dissents; a state of siege and the Cheka (Soviet secret police organisation)” (Serge, 1963, 117) However, War Communism was also the product of the illusion of the majority of party leaders, including Lenin and Bukharin, who “believed that the militarization of an economy and society at war produced the features of the higher communist system.” Source: (Lewin, 1974, 8)

peasantry was calling for abolition of the state grain monopoly. The Bolsheviks, who had just won the civil war, were losing control and support of the nation as the regime was on the brink of being overthrown (Carr, 1952, 246; Dobb, 1966, 98—99; Davies in Davies et al, 1994, 6). Russia was then in need of radical measures to overcome the crisis.

The NEP was not only a remedy for the devastated economy, but should be regarded as a policy of transition as well. Of course, it is surely uncertain whether Russia would have implemented NEP had the civil war not happened. A ruined economy needs industrial and market expansion, or, in Marxist terms, the rapid development of productive forces, which should reach its peak under capitalism. The theme of the NEP was to revive the economy by surplus accumulation by the peasantry. However, in a newly liberated socialist nation like the former Soviet Union, surplus accumulation means a concession to capitalism, a step backward to the old society they have just overthrown. It is not surprising at all that “a lot of Bolsheviks felt that the October Revolution had been betrayed.” (Service, 2005, 127) The revolutionaries’ insistence on complying with the sequence of historical developments had resulted in paradoxes. On one hand, these revolutionaries insisted that their country had ventured into the era of socialism, which was advancement from the stage of capitalism; on the other, they could not ignore the fact that their countries had not experienced the stage of capitalism, which in Marxist terms, would see the expansion of productive forces and wealth accumulation. Hence almost all policies of transition in socialist countries, be it Russia or China, provoked fierce debate and had always ended prematurely.

3.3.2 Lenin and Pre-capitalist Transition to Socialism

Lenin, who conceded that the launch of the NEP was a retreat from socialism, believed that the period of transition to socialism must be ‘prolonged’ (Lenin, 1971, 636) in the post-civil war Russia. However, it must be noted that while Lenin kept calling the NEP a “concession” (Lenin, 1971, 599) he was indeed the chief architect of the policy, though Nikolai Bukharin has been generally regarded as the strongest advocate for it. Besides, nobody played a more prominent role than Lenin in theorising the background of the NEP, which seemed to be the best way out for a country that practiced ‘revolution first, economic development later.’

The most prominent improvisation Lenin had ever made in relation to Marxist theory was the voluntary tendency of the revolution. “For the orthodox Marxist, any attempt by a given class to seize power before it had been put in a dominant position by the development of the economy would be premature and condemned to failure”(Schram & d’Encausse, 1969, 17). For Lenin, however, socialist revolution could take place in an economically backward country, because he believed that communism would introduce higher productivity of labour than the capitalist society. He saw labour under communism as voluntary (both for work and revolution), class conscious, and united (Lenin, 1936, 9: 439). In Russia, according to Lenin, the growth of a labour movement is spontaneous. Hence the uprising can also be a spontaneous process, a key to his theory of voluntarism for the revolution (Lenin, 1936, 2: 53). In his ‘*What is to be done*’ (1902), Lenin drafted out a cohesive revolutionary plan, pointing out that in a country where the working class was not large and not well educated, political class consciousness could be brought to the workers from outside—they could be educated by the bourgeois intellectuals. He believed that a socialist revolution did not rise out of “trade union consciousness”, which only brought the workers immediate material advantage. “The theory of socialism grew out of the philosophical, historical, and economic theory that was elaborated by the educated representative...bourgeois intellectuals (which as Lenin suggested, including Marx).” (Lenin, 1936, 2: 98)

The backwardness of a nation, as Lenin saw it, could be a stepping-stone to the revolution. In one of his most representative works, ‘*Imperialism, The Highest Stage of Capitalism*’ (1916), Lenin criticised the working class of advanced countries as corrupt and “inclined towards opportunism” since they could easily be bribed by the material advantage they gain out of the capitalists’ profit made by exploiting the colonised and backward nations. (Lenin, 1978, 118) In his ‘*Backward Europe & Advanced Asia*’ (1913) he stated that the bourgeoisies of the backward nations were still capable of playing a progressive role in revolution (because they were not yet corrupted), while in Europe the bourgeoisies had all been corrupted (Lenin, 1963, 99—100). Therefore, he showed his optimism about the revolutionary potential of the colonised nation in ‘*Civilised Europe & Savage Asia*’ (1913): “under the suppression and aristocracy of the European, Asia was awakened; the people of Asia have become democratically minded.” (Lenin, 1963, 57—8)

In support of his assertion and in line with the theory of voluntarism, Lenin put forward an argument in his *'The Rights of Nation to Self-Determination'* (1914) that the self-determination of workers can be achieved in the process of socialist revolution, and should be pursued by the proletariat of both the oppressed (colonised) and the oppressor (colonial master) nations (Lenin, 1964, 451). This attracted ire from the Polish female Marxist revolutionist, Rosa Luxemburg, who argued from the perspective of dogmatic Marxism that humans can only turn the right to self-determination into reality under socialism, but not before achieving socialism. "Socialism will never be accomplished if the burning spark of the conscious will of the great masses of the people does not spring from the material condition which has been built up by past development...socialism will not fall as a manna from heaven. It can only be won by a long chain of powerful struggle..." (Luxemburg, 1971, 333)

This assertion of Lenin not only rewrites Marx's theory of history that socialism is only possible when the nation is economically developed, but also underlines Lenin's view of socialist revolution from a global perspective—as Lenin believed that the building of socialism in Russia can only be successful if other nations have become socialist. "Until world socialist revolution breaks out, until it embraces several countries and it is strong enough to overcome international imperialism, it is the direct duty of the proletariat not to do battle against the giant of imperialism." (Lenin, 1975, 2: 624) However, Lenin did not make any further qualification to this statement in his later years, and this provided the room for debate over whether 'Russia should go it alone in socialisation.' (See section 3.5) Lenin denounced the nationalist-based revolution as "liberal-bourgeois nationalism." For him, "all liberal-bourgeois nationalism sows the greatest corruption among the workers and does immense harm...to the proletariat class struggle...all these were concealed behind the slogan of 'national culture'", which was indeed a sort of "bourgeois fraud." According to Lenin, "our slogan is the international culture of democracy and of the world working class movement." (Lenin, 1964, 23) So he stressed in his *'Critical Remarks on the National Question'* (1913), that under a "working class democracy," the workers should pursue "the unconditional unity and complete amalgamation of workers of all nationalities in all working class organisations." (Lenin, 1964, 22)

This notion of "voluntary revolution" is complemented by the thought of Gramsci, who believed in the cultivation of intellectuals among the masses in order to

smooth the path to proletarian revolution. Gramsci pointed out that the reason why proletarian revolution did not happen in the West as it did in Russia was due to the vigorous defence of the status quo by the class of intellectuals, who were brought up and educated in the old society, and benefited from the capitalist system. Because of the persistence of these intellectuals, who continued to influence and educate society, the revolution that Marx predicted would happen at the peak of the development of productive forces would not come. According to Gramsci, every class of people has their own group of intellectuals, which he called “organic intellectuals.” These intellectuals, who might not necessarily be highly educated, were pivotal in educating and influencing that particular class of people as well as leading them in any political campaign, including revolution. So in order to succeed in the proletarian revolution, the working class must have its own group of intellectuals. The key to the success of controlling one nation (or one society, or one class) was to control its intellectuals. The nurture of intellectuals among the masses was the key to the voluntary political campaign (Gramsci, 1971, 5—23).

In one of his fiercest criticisms of Leftists within the Party, ‘*Left-Wing Communism—an Infantile Disorder*’ (1920), Lenin reminded his party that “under the rule of the bourgeoisie it is very difficult to eradicate bourgeois habits from our own, i.e. the workers’ party; it is difficult to expel from the party the familiar parliamentary leaders who have been hopelessly corrupted...Yet these difficulties are child’s play...compared with these truly gigantic problems of re-educating, under the proletariat dictatorship, millions of peasants and small proprietors, hundreds of thousands of office employees, officials, and bourgeois intellectuals, of subordinating them all to the proletariat state and proletariat leadership, of eradicating their bourgeois habits and tradition...” (Lenin, 1971, 428) This worry of Lenin’s regarding the obstacles they faced in re-educating the class enemy seems to have some of its resemblances in Liu’s theory of “cultivation of communist members”. However, Bukharin had other views, as he believed that as long as the proletariat was in power, the nation would move towards socialism in a process of evolution. (See section 3.4)

3.3.3 Worker-Peasant Alliance during the Transition

Lenin took very a pragmatic approach towards the revolution, in view of the weak and unorganised workers’ revolutionary forces in Russia during the early 20th century. He thus talked about the cohesion of all classes in the revolutionary

movement, "...not an organisation of average workers...we must speak about a single all-Russian organisation of revolutionaries." (Lenin, 1971, 183) His emphasis on the alliance of workers and peasants in his letter to Pravda, '*Alliance between the Workers and the Working and Exploited Peasant*' (1917), highlights the incapability of the proletariat to construct a socialist nation single-handedly, "The alliance between the Bolshevik workers and the Left Socialist Revolutionaries (note: a party representing peasants) is an honest coalition...socialism is able to meet the interests of both." (Lenin, 1975, 2: 450) This resembles Marx's notion about the role of the peasantry in a socialist revolution. In his '*The Eighteen Brumaire of Louis Bonaparte*' (1852), Marx suggested that peasants are the potential ally of the proletariat, despite the assertion that they must not be given power: they can only be represented by someone else. Marx's "imperial sentiment of the peasant class" refers to the "smallholding peasants" who "want to see themselves and their smallholdings saved". (Marx in Marx & Engels, 1968, 162—5) Therefore the indication was clear—only the proletariat should hold the power.

The inclusion of the peasantry in the revolutionary alliance seemed to be political expediency, as drafted by Lenin's 2-stage revolutionary plan in his '*Socialism and Peasantry*' (1905). Lenin stated that, the first revolution is waged within the present autocratic feudal system, forming the alliance with peasants as a "democratic dictatorship of the proletariat and peasantry," with the aim of achieving bourgeois democracy and overthrowing the feudalists. The other revolution was a class struggle against the bourgeoisies and peasantry with bourgeois inclinations, and will be waged within the future bourgeois democratic system. (Lenin, 1962, 307—8, 235—6) The notion of a dictatorship of the proletariat and the distrust of peasants (for their bourgeois instinct) has had long lasting effect on both the Russian and Chinese communist leadership. Lenin, like Marx and Mao, had no doubt that only the workers could be classified as the class of the proletariat, which will dominate the leadership of the country: "...socialism is inconceivable unless the proletariat is the ruler of the state. This is ABC."(Lenin, 1965, 334)

Hence we see the rationale of the NEP. From the inclusion of the bourgeoisie in the revolutionary line-up for socialisation of backward countries, Lenin had shown his willingness to adapt to domestic peculiarities and to bend the orthodox rules of Marxism for revolution. All these culminated in the advocacy of the theoretical background underlining the NEP—state capitalism, by Lenin as a means of transition

to socialism for the nation. Lenin believed that state capitalism (for Engels' interpretation of state capitalism, please refer to the previous section), where the capitalist economy could be compatibly operated in a state-controlled market in combination with the proletariat dictatorship (Lenin, 1965, 344), was a system to revive the devastated Soviet economy and to develop the productive forces for socialist construction. Struggling to fend off the fierce accusations from the far left within Bolshevism, Lenin stated in his '*Left wing childishness and petty bourgeois mentality*' (1918) that in terms of the transition to socialism, one must take into consideration the existence of the mixed social economic structure in Russia (by then), which consisted of:

- 1) Patriarchal—natural peasant farming
- 2) Small commodity production
- 3) Private capitalism
- 4) State capitalism
- 5) Socialism

This socio-economic structure almost assimilates the one in 1950s China. Lenin sees in the present structure the domination by small commodity production, which is the key reason that socialist revolution is not suitable (Lenin, 1975, 2: 632). The state is set to control major resources of the country, namely banking and all other large-scale industries, and form an alliance of convenience between the socialist state and foreign capital through the policy of concession (the NEP) in order to promote foreign trade. The *Tax in Kind*, a type of proportional agricultural tax, is imposed on the peasantry to boost productivity and encourage accumulation, as urgent measures have to be taken to improve the condition of the peasants and to increase their productive forces. With the revenue from peasantry and commercial trade, Lenin hoped to re-build the heavy industries and improve the technology (Lenin, 1971, 599).

In fact, in as early as 1917, four years before the NEP was launched, Lenin had already put forward the explanation of what state capitalism entailed, in his thesis '*Impending Catastrophe & How to Combat It*', when the nation was under imminent threat of famine. According to Lenin, monopoly capitalism can be developed into state-monopoly capitalism. And if the state is merely an organisation of a ruling class, then capitalism under a revolutionary democratic state will mean capitalism dominated by workers and peasants. Therefore, state capitalism is a step closer to socialism than bourgeois capitalism (Lenin, 1975, 2: 211). Obviously, Lenin had a

deep faith in the structure of a monopoly capitalist economy, which he believed was the best foundation on which to cultivate heavy and advanced industries as well as for the government to maintain control of the major resources. This conception that envisions ‘a massive state-controlled cooperative or business conglomerate as an institution of transition to compete with the capitalist in the market’ is the vital element of the theories of transition of Liu and Bukharin. It actually bore a deep influence from the Jewish Marxist economist Rudolf Hilferding, who had significant influence on both Bukharin’s and Lenin’s notion of imperialism (see next section).

In the Marxist school, however, the first outline of state capitalism (it was not referred to as such) as an intermediary of transition was articulated by Frederick Engels in his ‘*Anti-Dühring*’ (1878), as discussed in 3.2. Lenin was convinced that while the transition from cooperative capitalism to socialism was one from small-scale production to large-scale production, which was slower; the transition from state capitalism to socialism should be the one from large-scale production to another, which was easier and faster (Lenin, 1965, 348). On the other hand, although Marx did not, as stated in the previous section, complete the theory of transition from capitalism, he had actually pointed to the establishment of the cooperative as the model of a monopoly economy for the proletariat during the transitional period, though he did not envisage the cooperative as the means of huge centralised control apparatus as in the model of state capitalism of Lenin and Bukharin. Some believe that the production mode of a workers’ self-managed producer cooperative was entirely in tune with Marxist theory, and it has been ignored by Marxist researchers (Jossa, 2005, 15—16). This could be vindicated by Marx’s view of the cooperative as a feasible system of economic construction in Volume 3 of ‘*The Capital*’ which states that the exploitation of workers could be overcome via the cooperative system, “The cooperative factories of the labourers themselves represent within the old form the sprout of the new, although they naturally reproduce, and must reproduce everywhere in their natural organisation all the shortcomings of the prevailing system. But the antithesis between capital and labour is overcome between them, if at first only by way of making the associated labourers into capitalists themselves, i.e. enabling them to use the means of production for the employment of their own labour.” (Marx, 1959, 431)

Moreover, it is interesting that Marx saw the capitalist mode of production as a form of transition, “Without the factory system arising out of the capitalist mode of

production, there could be no cooperative factory...the capitalist stock company, as much as the cooperative factories, should be considered as a transitional form from the capitalist mode of production to the associated one, with the distinction that the antagonism is resolved negatively in the one and positively in the other.” (Marx, 1959, 431) His emphasis on the function of the cooperative as a symbol of communism was also seen in *‘The Civil War in France’* (1871), “If the cooperative is not to remain a sham and a snare; if it is to supersede the capitalist system; if united cooperative societies are to regulate national production upon a common plan, thus making it under their own control, and putting an end to the constant anarchy, and periodical convulsion which are the fatality of capitalist production—what else, gentlemen, would it be but communism, ‘possible’ communism?” (Marx in Marx & Engels, 1968, 277)

But this was not exactly the notion of cooperatives as the integral part of state capitalism for economic institutionalisation, as we see in Liu’s theory of transition. The only time Marx came close to this was his comment in the *‘Critique of Gotha Programme’* (1891), where he mentioned ‘state aid’ for the cooperative, “The German workers party, in order to pave the way for the solution of the social question, demands the establishment of the producer cooperative society with state aid under the democratic control of the working people.” (Marx in Marx & Engels, 1968, 311) Apparently, “the democratic control of working people” referred to the central control by the proletariat government. Marx’s early impression of the cooperative could be a rather primitive idea. We must also bear in mind that Marx, as we have understood, had never been a real revolutionary. He therefore must not have foreseen the variation of cooperatives which emerged under the economic model of Lenin, Bukharin and Liu.

3.3.4 Party Discipline and the Dictatorship of the Proletariat

Lenin had never hidden his main concern—the social disorder and economic status after the civil war, and this could be the reason why he was widely regarded as a revolutionary who advocated strong party discipline, as he insists that, “victory over disorder, economic ruin and laxity is the most important issue.” On the other hand, he was always expediently flexible in his approach. “Since workers hold power”. Lenin believed that, “it is worthwhile to sacrifice a bit to the private capitalist.” But he also stressed the temporary nature of the correlation of petty capitalist and proletariat.

“when the workers have learned how to defend the state system against the anarchy of small ownership, have learned to organise large scale production...they will hold the trump card.” Lenin also reminded his comrades that his approach still resembled Marx’s thought, as “socialism is inconceivable without large-scale capitalist engineering based on the latest discovery of modern science...state monopoly capitalism is a complete material preparation for socialism” In the period of transition, while the petty bourgeoisie are free to accumulate their wealth, Lenin hoped to keep them at bay with a straight requirement for obedience to the proletariat, as he thought the “uncultured capitalist” should be “ruthlessly suppressed”, while the “cultured capitalist” could be bought off with “methods of compromise.” (Lenin, 1975, 2: 632—9)

The importance of party discipline and the dictatorship of the proletariat in the post revolutionary era could be caused by the seizure of power by the proletariat in a pre-capitalist society; as from the perspective of Marxist theory, Russia had not reached an era where the majority of people were working class. However, this ‘orthodox’ notion of the proletariat-ruled government did have its root in Marxism as peasants were generally landowners and had therefore been regarded as bourgeoisie. So for Lenin and Marx, peasants represented the petty bourgeoisie and the major representative of the proletariat was the worker. As discussed before, Marx had described the dictatorship of the proletariat as the only form of transitional government in ‘*Critique of Gotha Programme*’ (Marx in Marx & Engels, 1968, 313).

When he talked about dismantling the coalition between capitalists and socialists after the domination of the proletariat, he gave no regard to the good faith of the petty bourgeoisie who show the communists their trust, “after seizing power, you must begin to talk about discipline...(during the first phase of communism), control must be established over the insignificant capitalist minority, and workers who were corrupted by capitalism.” (Lenin, 1975, 2: 312, 645) However, Lenin was always ready to concede should he feel that the time for radical change had not come. For example, the NEP’s leniency towards the peasantry attracted criticism from the far Left, but Lenin stood firm, as he saw the success of the revival of the rural economy rooted in the initiative of the peasants: “there is only one way to achieve agrarian reform, which is unavoidable in present day Russia—play a revolutionary democratic role: as it must be effected by the revolutionary initiative of the peasants themselves.” (Lenin, 1962, 315) He thus explained why the socialist revolution could not be waged

on the peasantry during the period of transition: (because of) the existence of the undeveloped state of class contradiction “in the people in general, and in the peasantry in particular”, and because of economic backwardness, any form of socialist reform could not go beyond the framework of petty-bourgeoisie relationship.” (Lenin, 1975, 2: 309)

Hence the whole picture of the Leninist ideology of transition—first the voluntary proletariat uprising in a backward country, and the education of the proletariat by the intellectual bourgeoisies; then the temporary alliance with the peasantry for democratic revolution to overthrow the feudalists and, after the revolution, the economic revival via rural accumulation; in which concessions were made to win the peasant initiative. Last would be the class struggle to purge the rural and urban bourgeoisies, as well as the establishment of the dictatorship of the proletariat. Finally, after the success of the revolution, the proletariat government should consolidate the power with strict centralised control and party discipline.

Lenin’s advocacy for voluntary and self-determined revolution by the proletariat and the peasantry does not appear to be materialist, but idealist—as it is rooted in self-consciousness. It seems like a major divergence from Marx’s Historical Materialism. However, it could also be viewed from such an angle that Lenin, though arguably quite manipulative, had solved the unanswered question posited to Marx—the timing of the revolution. If revolution did not begin, particularly in an undeveloped country, then the voluntarism of the proletariat and the initiative of the peasantry is apparently the key to changing social relations. Though the practice looks consciousness-based, which seems to be idealist, it could be regarded as a reconstruction or improvisation of Marxist Theory. Lenin’s view of consciousness in his ‘*Philosophical Notebook*’ somehow reflected the argument posited by the previous section that Marx’s theory was indeed also very much human-centric, that, “man’s consciousness not only reflects the objective but creates it.” (Lenin, 1961, 212) This was echoed by Lenin’s Marxist guru Georgi Plekhanov²⁵ (1856—1918) in his

²⁵ Georgi Plekhanov was widely regarded as the founder of Russian Marxism and Lenin was his admirer. After the split of the Russian Social Democrats in 1903, Plekhanov joined the Mensheviks. (or the Anti-Leninist, *Minorityites*) He believed that socialism can never be successful without the precedence of full-scale capitalism. As even if the workers in capitalist countries were left to themselves (without any intervention or revolution) they would come to socialism. In other words, he was the orthodox Marxist that believed Marx’s theory should be applied strictly from the book. He went into exile and died in Finland in 1918. Sources: (Baron, 1963, vii—x; Volkogonov, 1994, 89—91; Le Blanc, 1990, 61—63)

'Materialist Conception of History' (1897), that, "there is no historical fact that did not owe its origin to social economics; but it is no less true that there is no historical fact that is not preceded, not accompanied, or not succeeded by a definite state of consciousness." (Plekhanov, 1969, 116)

Despite being a socialist revolutionary, he knew the focus in the 1920s should be to rebuild the economy at all cost. It had become more apparent when he was seriously ill, that he was desperate to let his voice be heard before his death. He reminded his comrades in January 1923 that the time for full-scale socialist society had not come. In his words, it was this "semi-Asiatic ignorance from which we have not yet extricated ourselves..." and the most important point he wanted to stress was that "the development of the productive forces of Russia has not attained the level that make socialism possible." (Lenin, 1971, 756, 768) However, while pushing for the full implementation of the NEP, he had never given any precise statement whether Russia should go it alone in the transition to socialism (which contrasted his earlier statement). That left room for debate after his death, and space for Stalin to assert his theory of 'socialism in one country'.

By outlining the strategies of transition, he had filled the vacuum Marxist theory has left behind, which was the uncertainty of the practicality of the theory. Lenin was the first person to wage revolution by applying Marxist theory, albeit he did fine tune it to suit the practical situation. After the war communism, the devastation and backwardness of the Russian economy prompted him to reinterpret the theory of transition out of the existing Marxist ideology. Upon the launch of the NEP, Lenin had made his view clear that he did not believe instant transition to socialism was possible in the 1920s for the Soviet Union. His health undermined his desperate effort to exert his views and to convince his fellow comrades that the NEP was the way forward. Interestingly, despite his condemnation of the hard left and his support for a mixed economy, nobody portrayed him as 'right opportunist' due to his reputation as the father of the Soviet Union.

The reason why Bukharin was so important in Russian's theory of transition was that he actually tried to complete the tasks that were supposedly Lenin's, albeit with his own interpretation and understanding of Marxism. So while this section discusses the original theory of transition for Lenin, the next section illustrates the overlapping of Bukharin's and Lenin's ideologies. Lenin's conception of transition could be understood better from the following statement where he hit back at those

who disagreed with his assertion, “They all call themselves Marxists, but their conception of Marxism is impossibly pedantic. They have completely failed to understand what is decisive in Marxism, namely, its revolutionary dialectics. They have even absolutely failed to understand Marx’s plain statement that in time of revolution the utmost flexibility²⁶ is demanded.” (Lenin, 1971, 767)

3.4 Bukharin’s Theory of Equilibrium and Lenin’s Legacy

3.4.1 Lenin, Bukharin and State Capitalism

Bukharin had never been a prominent figure in terms of the development of Marxist theory. Though Lenin openly praised him as the “most valuable and major theorist of the Party” (Lenin, 1971, 741), and his biographer regards him as the “official theorist of Bolshevism in the 1920s,” (Cohen, 1970b, 41) he was still one of the least studied 20th-century Marxist theoreticians. “There is no Bukharinist School of Marxist thought and little attention has been paid to the idea of a thinker who was for the most part concerned with an academic career.” (Kellogg, 1989, 357) His relentless support of Lenin’s NEP had been overshadowed by his earlier opposition to the policy, when he was seen as one of those “who suggested an extremely radical line of instant socialism.” (Nove, 1972, 44) Lenin’s famous writing that attacked the leftists within the party, ‘*The Left-wing Childishness*’, was actually meant to accuse Bukharin (Nove, 1972, 58) of not supporting the NEP. Bukharin shifted sides only when War Communism was replaced by the NEP, and had since become the staunchest supporter of the policy. His interpretation of the New Economic Policy could be considered as a branch of thought derived and improvised from Lenin’s practices and ideologies of transition. But it was his unique interpretation of historical materialism in transition to socialism that made him prominent in the study of Russian Socialism.

²⁶ Lenin was believed to be referring to Marx’s statement in ‘*The Civil War in France*’ (1871), “The Commune made that catchphrase of bourgeois revolutions, cheap government, a reality...It supplied the Republic with the basis of really democratic institutions. But neither cheap government nor the ‘true Republic’ was its ultimate aim; they were merely concomitant. The multiplicity of interpretation to which the Commune has been subjected, and the multiplicity of interests which construed it in their favour, show that it was a thoroughly expansive political form...” (Marx in Marx & Engels, 1968, 276—277)

Besides, the dramatic change of stance (from opposing to supporting the NEP) prompts his biographer to believe that Bukharin actually had moments of “troubled uncertainty” on the eve of the NEP, and he finally made an opportunistic move to take a stand in between Lenin and Trotsky (Cohen, 1974, 103). However, Bukharin played the essential role of economic planner during the transitional period in the Communist Soviet, particularly when he became the strongest advocate of the NEP after Lenin’s death. He even “influenced Lenin’s thinking on crucial questions such as the role of a state in a future socialist society, and contributed new and original interpretation of the international economy.” (Kemp-Welch, 1992, 3)

Where economic theories were concerned, Bukharin inherited the belief in state capitalism from Lenin. His notion that the state-controlled major industries would steer the nation’s economy towards socialism was clearly a legacy of Lenin’s. Besides being preoccupied by the power of the state in transforming the economy as stated in Engel’s *‘Anti-Dühring’*, both Lenin’s and Bukharin’s notions of state capitalism owed many of their ideas to Rudolf Hilferding (1877—1941), whose celebrated writing, *‘Finance Capital’* (1910), had been the major source of inspiration for the two Soviet leaders. Hilferding disputed Marx’s theory of the eventual disintegration of capitalist society, by asserting that the increasing concentration of capital, along with the formation of cartels, was actually strengthening the capitalist system, as “the policy of expansion unites all strata of the propertied class in the service of finance capital.” Finance capital, in its maturity, will concentrate the control over social production in fewer hands, and finally, the capitalist oligarchy. According to Hilferding, since capitalism would not collapse by itself, the most effective way to socialise the state for the proletariat was to wage revolution so as to seize power and thus get hold of the finance capital—“the state conquered by the working class, to seize finance capital in order to gain immediate control of these branches of production.” (Hilferding, 1981, 365—370)

The centre of Hilferding’s thought was that cartels, or gigantic business amalgamations, would emerge at the peak of capital concentration in a capitalist society. Bukharin was significantly influenced by Hilferding’s interpretation of state-controlled finance capital as a gigantic machine that would swallow every business entity until only a single business cartel was left, and was directly controlled by the state. The expansion of this huge, single entity of “finance capital” would finally lead to war, and “hence to the unleashing of revolutionary storm.” (Hilferding, 1981, 366)

According to Hilferding, at the demise of the capitalist society, free trade would be eliminated and trade monopoly would prevail, as capitalism would not collapse following the disintegration of old and obsolete production relations, as Marx had claimed. The only way out for the proletariat was to start a socialist revolution.

This thought of Hilferding and the statements in Engel's *'Anti-Dühring'* had moulded Lenin's and particularly, Bukharin's perception of state power as well as of the authority and significance of huge, amalgamated business enterprises. The ideological legacy of Hilferding had formed the theoretical background of Lenin's conception of the imperialist state, and Bukharin's conception of the gigantic corporate monster that would swallow everything, the 'Leviathan' (see discussion below). Bukharin had never hidden the inspiration for his writings from the public. His acknowledgements of Hilferding's contribution were notable in his book, *'Imperialism and World Economy'* (1915) (Bukharin, 1972, 36, 64n1, 71, 107). Many would have regarded Lenin's *'Imperialism, the Highest Stage of Capitalism'* (1916), and Bukharin's *'Imperialism and World Economy'* (1915) as parallel. Few people noticed the fact that Bukharin's book was completed at least 6 months before that of Lenin, who had actually read Bukharin's writing and used it as his new book's reference (Zhen, 1994, 57; Cohen, 1974, 34—35). The most notable similarity of the two writings was that both of them saw the inevitable existence of imperialism as the final stage of capitalist development (Bukharin, 1972, 142; Lenin, 1978, 83). A researcher summarises Lenin's and Bukharin's notions of imperialist state development into three stages: firstly, the formation of concentrated economic units in the form of monopolies, trusts and syndicates; as a result, anarchy in the economy would be replaced by concentrated control and planning; secondly, banks as the top gun of the control apparatus, intensify the amalgamation of business enterprises and control major industrial policy; and finally, "the capitalist state, through central banks and the economic regulatory agencies...superimposed its authority over the whole economic system as both controller and owner." (Buchanan, 1976, 67; see also Lenin, 1978, 16—45, 83, 84; Bukharin, 1972, 64—65, 70—73, 118—119)

But there are remarkable differences between the two. Lenin's idea of the NEP and state capitalism was always dialectic in nature. His notion of imperialism portrayed a coexistence of monopoly power and market competition in a contradictory unity, and he saw the interaction of the two would inevitably create the highest stage of capitalism, i.e. imperialism. Finally, at the end of what he called the

“parasitic and decaying capitalism”, Lenin foresaw the existence of an economic anarchy that was characterised by “simultaneous growth and decay”; as he said, “more and more prominently there emerges, as one of the tendencies of imperialism, the creation of the ‘rentier’ state, the usurer state, in which the bourgeoisie to an ever increasing degree lives on proceeds of exports and by clipping coupons...on the whole, capitalism is growing far more rapidly than before; but this growth is not only becoming more and more uneven in general, its unevenness also manifests itself, in particular, in the decay of the countries which are richest in capital.” (Lenin, 1978, 115—120)

As with Bukharin’s, Lenin’s state capitalism emphasised the control of *commanding height*—the major resources and industries (or in Hilferding’s term, the finance capital) by the state—and the co-existence of the private and state ownership. But he believed socialism would prevail through the final stage of class struggle when the proletariat had dominated the social production. Bukharin, on the other hand, did not see the intensification of economic anarchy at the end of capitalism. He believed in the emergence of an ultimate capitalist state mechanism that is colossal, powerful and interventionist in nature. This state machine would attain control of every business entity and major industry, including banks. Contrary to Lenin’s thought, and more inclined towards Hilferding’s conception, Bukharin saw the consolidation of capitalism by the state apparatus. He called this “ultra-imperialism,” and believed its existence was “a real possibility.” He also foresaw the establishment of “state capitalist trusts”, a gigantic state-business amalgamation, which would “devour one another gradually until there came into existence an all-embracing power.” Like Hilferding, Bukharin even perceived War as an inevitable outcome of capitalist-imperialist development, as “War is one of the ‘business operations’ of modern bourgeoisie...capitalist interest imperatively dictates these steps.” (Bukharin, 1972, 142, 148) As Cohen put it, Bukharin had translated Hilferding’s insights into a “sequential, and inevitable historical equation: monopoly capitalism—imperialism—war—proletariat revolution.” (Cohen, 1974, 27)²⁷

Although Bukharin’s less dialectic and more straightforward approach had been accused of violating the theory of dialectics (see below), he had actually laid down the pretext of his theory of ‘*grow in*’ socialist transformation and social

²⁷ For more comparison of Lenin’s and Bukharin’s writings on imperialism, see Stephen Cohen, ‘*Bukharin and the Bolshevik Revolution*’ (Wildwood House, 1974), pp34—35

equilibrium in his writing of imperialism. By merging his idea of state as economic mechanism in '*Imperialism and World Economy*' with the importance of *commanding height*, Bukharin had found a new theoretical path for transition to socialism. In his '*Towards a Theory of Imperialist State*' (1915), he continued the line of his previous writing by predicting the inevitable formation of the ultimate capitalist state, and his assertion was straightforward: if the *commanding height* was in capitalist hands, a system of "collective capitalism" would exist after all organisations of banks and entrepreneurs had been transformed into a *Verbandskapitalist*, the sole member of an organisation, where all domestic competition perished as the entrepreneurs united under a cartel to compete with foreign capital (Bukharin, 1982, 18). Later, in his '*Economics of the Transitional Period*' (1920), Bukharin went on to describe this gigantic state machine as the "New Leviathan", the massive monster depicted by the English philosopher Thomas Hobbes to reflect the power of the state, "the life of a state organisation that had become all-embracing, not the life of society, but that of a state – moves to the forefront...old Hobbes wrote that there is no power to compare with that of the state, but his Leviathan would seem like a puppy compared to the monstrous force displayed by the state apparatus of finance capital" (Bukharin, 1982, 42)

The ideological legacy of Engel's '*Anti-Dühring*' and Hilferding's '*Finance Capital*' could easily be spotted in his writings, "...the requirements of imperialist development compel bourgeois society to mobilise all its forces, to extend its organisation throughout the broadest possible context: the state absorbs into itself the whole multitude of bourgeois organisations...in which the state swallows up these organisations and once more becomes the sole universal organisation of the ruling class, with advanced, internal, technical division of labour." (Bukharin, 1982, 30—31) And this was consistent with his earlier writing of '*Imperialism*', "The individual production branches are in various ways knitted together into one collective body; organised on a large scale. Finance capital seizes the entire country in an iron grip. National economy turns into one gigantic combined trust whose partners are the financial group and the state. Such formations we call state capitalist trust." (Bukharin, 1972, 118) As Kemp-Welch points out, Bukharin "characterised imperialism by its most radical development: state intervention in the country's economy and the consequent militarization of everyday life." (Kemp-Welch in Kemp-Welch ed., 1992, 3) Consequently, Bukharin's 'fear' of the domination of state-

controlled finance capital, and his obsession with the power of the state in steering the economic development had become the major elements attributing to his belief in the smooth transformation of state capitalism into socialism via overwhelming control of *commanding height* by the proletariat state.

Compared with Lenin's notion that the collapse of state capitalism was conceived of simultaneous growth and decay, Bukharin's view was comparatively simple. Dialectics would never be absent from Lenin's theory, as he stressed in his '*Philosophical Notebook*', "the identity of opposite...is the recognition (discovery) of the contradictory, mutually exclusive, opposite tendency in all phenomena." (Lenin, 1961, 359—60) But Bukharin's dialectic was different. He believed that towards the end of state capitalism, the subordination of all the workers' organisations to the state will complete the transformation of state capitalism to socialism, "'Statification' of the trade union...and all the mass organisations of the proletariat...into the vehicle of a general organisational process, systematically directed and led by the collective intelligence of the working class...thus the system of state capitalism is dialectically transformed into its own antithesis...workers' socialism." (Bukharin, 1979, 106)

So Bukharin was indeed advocating a policy of evolution rather than revolution, that historical materialism "is not political economy nor is it history, it is the general theory of society and the law of its evolution." (Bukharin, 1926, xv, for further discussion see 3.4.2) In other words, Bukharin believed that as long as the proletariat rules, anything capitalist will be converted into its antithesis if put under state control. This could have also been reflected by Bukharin's application of Engels' statement of 'transformation to the opposite' (at the end of state capitalism), but in a more simplistic basis. As Bukharin stated in '*The Economics of Transition Period*', "...the dictatorship of the proletariat, will bear a formal resemblance to the epoch of the dictatorship of the bourgeoisie; i.e. it will be state capitalism in reverse, its own dialectical transformation into its own antithesis." (Bukharin, 1979, 101) This was the fundamental ideology behind Bukharin's '*grow in*' theory of transition, in which he paralleled with his imperialist theory—while the growth of capitalism would consolidate capitalist power via institutional control of economy by the imperialist state, the transition to socialism could follow the same path via the control of *commanding height* by the proletariat.

3.4.2 'Growing into' Socialism and Social Equilibrium

This conception of Bukharin's did attract criticism for its simplicity, or being a "fundamental postulate of uniformity and monism" (Day in Bukharin, 1982, li). He was accused of failing to apply dialectics correctly, "Bukharin was precluded from undertaking a systematic dialectical analysis of political and economic phenomena by his tendency to think of the capitalist state as a more or less transcendent form." (Day, 1976, 246) Some, however, disagree, and argue that, "Bukharin's argument was lucid and involved a skilful use of the Marxist dialectic. He took two apparently opposite phenomena—autarchy and anarchy—and showed they were both strengthened in a parallel fashion with the development of capitalism." (Kellogg, 1989, 360) But even Stephen Cohen, Bukharin's biographer and staunch apologist, admits that his understanding of dialectics was "mechanistic", "sternly deterministic", and "emphasising the hegemony of objective condition over the interventionist capabilities of man." However, having come to Bukharin's defence, Cohen believes that "the meaning of Marxist dialectics remained unclear." (Cohen, 1970b, 41, 51) According to Bukharin, a cooperative farm will be capitalist in nature if the *commanding height* is capitalist, as the cooperative will become "subordinated to the economic leadership of the bourgeoisie" via investment and bank savings. On the contrary, if the *commanding height* is socialist-controlled, then "the general bounds of cooperative development in our country are determined... by the fact that the whole of large-scale industry, transport and the credit system are under the control of the proletariat...if our state economy is strengthened, the result will be a growing link between the proletariat and the peasantry—peasant cooperation will inevitably '*grow into*' the system of proletariat economic organs." (Bukharin, 1982, 237—8)

It must be noted that, however, while Bukharin's assertion seemed to be overshadowed by his belief in the power of the *commanding height*, Lenin was the first in Russia to put forward the conception of improving material incentives and uplifting the cultural standard of the peasantry via rural cooperatives. Lenin realised that if Russia were to catch up with the West, the peasants, who were widely regarded as petty bourgeoisie, had to be transformed so that they could participate in the building of socialism, and cooperatives seemed to be the best media of transformation (Lih, 1991, 244). As Lenin put it, "With most of the population organised in cooperatives, the socialism which in the past was legitimately treated with ridicule, scorn and contempt by those who were rightly convinced that it was necessary to

wage the class struggle, the struggle for political power, etc, will achieve its aim automatically.” (Lenin, 1971, 760) It seems that Lenin, the revolutionary who overthrew the Imperialist Tsars, was against waging another class struggle again in his old age. Therefore it was sometimes difficult to tell Bukharin’s notion from Lenin’s, though they definitely supported their ideas with different theoretical backgrounds. Bukharin summarised his thought underlining the NEP, the theory of ‘*growing into*’ socialism in his ‘*Concerning the New Economic Policy*’ (1925), “in line with our economic growth, and through corporations, the tax system, etc, we shall economically elevate the middle and poor peasants until they reach the point where their standard of living will approach the well-to-do. We shall not do so on the basis of robbers’ repartition...but on the basis of economic expansion. On the basis of this expansion, we shall reach an even higher stage, in which the peasantry will disappear as a special class in relation to the proletariat.” (Bukharin, 1982, 207) This could be the reason why he was described as “deterministic” and “monistic” in his interpretation of historical materialism, as he had simplified a supposedly complicated matter. But as we shall see in Chapter 4, Liu Shaoqi had also articulated a similar argument, that via ‘*cultivation*’ and education, and in line with the expansion of economy, he believed the transition to socialism could be completed without class struggle.

This evolutionary form of transition had raised one question, could Russia march into socialism in isolation, as the ‘evolution’ progressed, without the rest of the Europe? Bukharin was obviously inconsistent in this respect. In the early 1920s he stood by Lenin’s verdict that the Soviet could only become socialist if the rest of the world was swept by proletariat revolution, as he stated, “the complete and decisive victory of the proletariat, its worldwide victory, will ultimately restore the unity of society on a new basis...then absolute, stateless communism will be a reality.” (Bukharin, 1979, 43) This mirrored Lenin’s speech in the first Congress of Communist International, “...winning a Communist majority in the Soviet is the principle task in all countries in which Soviet government is not yet victorious...the revolution will come very soon in many Western European countries...then our victory can be assured and no power on earth will be able to do anything against the communist revolution.” (Lenin, 1971, 163) But Bukharin shifted his stance after Lenin’s death and supported Stalin openly for the advocacy of building ‘*one-country socialism*’ in Russia. In his book particularly written for this purpose, ‘*Building up*

Socialism' (1926), Bukharin admitted that Lenin's idea was not to build a socialist state in isolation. But he tactfully argued that Lenin had also hinted at the possibility of a single socialist state in one of his latest writings, '*On Cooperation*' (1923), where Lenin believed that the Soviets possessed "all that is necessary for the construction of a complete socialist society," and stressed that "...this is not the building of socialist society, but it is all that is necessary to and sufficient for it." (Lenin, 1971, 761) Furthermore, Lenin's final statement in that article stated that the priority by then was cultural development, "in our country the political and social revolution was preceded by the Cultural Revolution...this cultural revolution would now suffice to make our country a complete socialist country." In Bukharin's interpretation, Lenin referred to the cultural development as the final obstacle of transition to overcome before a socialist state could be born (Lenin, 1971, 766; Bukharin, 1926, 50—52).

In short, according to Bukharin's interpretation, Lenin had implicitly 'approved' the notion of the building of 'socialism in one country' a year before his death. However, some believe Bukharin's change was political, as he could be pledging his loyalty to Stalin when they managed to work together for the first few years after Lenin's death. As one could not find a precise statement of Lenin's that supported the notion, Bukharin was suspected of manipulation. Liu Wenhui from Nanjing Teaching University thus finds Bukharin guilty of assisting Stalin in consolidating his power, as well as digging his own grave (Liu, 2004, 114, 118—119). Stalin, who was the pioneer and the strongest advocate of 'one country socialism', rejected the idea of the 'world revolution.' His theory of "self-sufficient, autocratic development" had laid the foundation for the new trend in Russian Communism—Stalinism, which was "in its essence national-communist." (Pantsov, 2000, 82)

The honeymoon period for the two leaders was soon over, as Stalin finally turned against Bukharin after 1928. Bukharin was then purged and killed in 1938. In fact, it was 'world revolution' rather than 'one country socialism' that was the Bolsheviks' tradition, as they strengthened their belief in the inevitability of world revolution from the bitter experience of October Revolution and civil war. (Pantsov, 2000, 73—74; Kenez, 1999, 32)²⁸ But Cohen sees the '*grow in*' model of transition as

²⁸ "When the Bolsheviks took power they believed their regime had no need for foreign policy. The governments of the world would be implacably hostile...the Bolsheviks saw the solution to their difficulties in immediate revolution." (Kenez, 1999, 32)

simply a coincidental match for Stalin's notion of 'building socialism in isolation' in December 1924. He also sees that Lenin's verdict in '*On Cooperation*' was sufficient evidence of Lenin's approval for advocacy. It seems Cohen suggested that Bukharin's support for Stalin was due to the non-contradictory nature of his theory of transition with Stalin's advocacy (Cohen, 1974, 147—148). However, Liu Wenhui's account was plausible on the ground that Bukharin actually wrote a book, though a short one ('*Building up socialism*', 1926), to support the notion of the building of socialism in isolation. Regardless of whether Lenin had actually endorsed the idea, we cannot help but relate Bukharin to Liu Shaoqi, who, for political reasons orchestrated the Maoist cult in 1947, assisted Mao in propagating the Great Leap in 1958 and promoting the second wave of the Maoist cult at the Lushan Conference in 1959, and was purged during the Cultural Revolution and died of medical negligence (see Chapter 6 for detail discussion).

Bukharin's belief in the '*growing in*' model of transition was distinctive among the Marxist schools, as most Marxist leaders advocated the ultimate purging of bourgeoisie and political opponents via political struggle or revolution. The '*growing in*' seemed like a branch of dialectic theory, but it did not emphasise the intra-society interaction and the contradiction between kulaks and the workers, like other communist leaders do. It thus gave an impression that Bukharin had buried all social contradiction under the presumption of 'equilibrium'. It is therefore not surprising at all that Lenin had, in his letter to Congress on 24th December 1922, accused Bukharin of not understanding dialectic, "...his theoretical view can be classified as fully Marxist only with great reserve...he has never made study of dialectics, and, I think, never fully understood it." (Lenin, 1971, 741) The simplicity of Bukharin's interpretation of the NEP is largely due to his preoccupation with the power of the state-controlled means of production, the *commanding height*, which he believed could alter the form of society, or steer the society in a specific direction.

In his '*The New Economic Policy*' (1925), Bukharin believed that "if we are strong ourselves, if real economic might is concentrated in our hands, if we control really powerful economic heights, we need not be afraid of an expanding economic turnover." (Bukharin, 1982, 195) However, it could also be a norm that socialists were concerned by the state as a powerful mechanism of change. Gramsci had described the state machine as hegemony where, "the state is an entire complex of practical and theoretical activities with which the ruling class not only justifies and

maintains its dominance, but manages to win the active consent of those over whom it rules.” (Gramsci, 1971, 224) This seems to coincide with Marx’s statement in his ‘*The Civil War in France*’ (1891), that “the state is nothing but a machine for the oppression of one class by another, indeed, in the democratic republic no less than in the monarchy; and at best an evil inherited by the proletariat after its victorious struggle for class supremacy...” (Marx in Marx & Engels, 1968, 246) Some see that Bukharin’s belief in ‘winning over’ the rich peasantry and bourgeoisie under socialist rule was rooted in his experience of War Communism, which reminded him of the danger of state violence, the result of the misuse of state power (Kemp-Welch in Kemp-Welch ed., 1992, 5).

While Lenin was well aware of the existence of the social contradiction under any circumstances, Bukharin believed that a sort of social equilibrium could be achieved after long and painful struggle towards socialism via the NEP, “...in theory, a complete disintegration of the apparatus is not necessarily bound to happen. Thus the new equilibrium arises through a prolonged struggle and that is why its establishment is slow and painful.” (Bukharin, 1979, 118) His interpretation of the NEP was accumulation by the peasantry followed by the removal of grain surpluses to finance the construction of industries. State coercion, according to Bukharin, was vital in achieving the “minimal equilibrium”, where the national and local government’s organs of distribution as well as the taxation scheme (like the *Tax in Kind* imposed by Lenin via NEP, see section 3.3) will ensure the sufficient distribution of grain and surpluses to the urban and industrial area. Bukharin believed that both the peasants and the workers share some mutual interests, which make the equilibrium possible, “the peasantry itself has an interest in the growth of industry, which supplies it with agricultural machinery, artificial fertiliser and electric power...the state power of the proletariat is the best means of protection against the restoration of the economic pressure of the large-scale landowner, banker and capitalist state.” (Bukharin, 1979, 116) It is this notion of urban and rural equilibrium that backed Bukharin in forming his theory of workers—peasant alliance, or *Smychka*, in his lengthy writing ‘*The Road to Socialism & the Worker—Peasant Alliance*’ (1925). He strongly believed that “the more quickly accumulation occurs in our peasant economy, the more quickly will it occur in our industry. That is, the more quickly the peasant economy emerges from poverty and the more prosperous it becomes, the more it will buy in the way of agricultural equipment and machines...industry requires successes in agriculture for

its own development; and agriculture requires the development of industry. This mutual dependence is the most basic fact in determining the proper policy to be followed by the ruling party.” (Bukharin, 1982, 242)

Although his version of peasant—worker relationship is more harmonised than other communist revolutionaries would have thought, Bukharin too, had never thought of sharing power with the peasant, as he stressed, “the leading role in this alliance must belong to the working class (workers).” (Bukharin, 1982, 222) The insistence on the dictatorship of the proletariat is implicated in his statement of the “protection” of the peasant by the proletariat against the large-scale landowner, or “tearing the broad layers of the peasantry away from this (capitalist) influence and helping them to free themselves.” (Bukharin, 1982, 213) However, his pragmatism, which had softened his stance, had been reflected in many parts of his writings, as he always stressed that the priority of the nation after the success of the revolution, was to blend the contradicting classes into a mutual-aid working relationship, “the need for mutual assistance between industry and agriculture is the basic condition for the stability of the worker-peasant bloc, without which any movement towards socialism is inconceivable.” (Bukharin, 1982, 245)

Bukharin had never shied away from stating the primacy of economic development, as he boldly stated that “the fundamental purpose of the dictatorship of the proletariat lies in the fact that it is a means of economic revolution...the dictatorship of the proletariat turns all the relations of the world upside down...the political dictatorship of the working class must entail its economic dictatorship too.” (Bukharin, 1979, 48—49) Again, this had its root in Leninism, as the founder of the Soviet had asked, “Will not this (the NEP) be a reign of peasant limitation?” Then he answered, “No, if we see to it that the working class retains its leadership over the peasantry, we shall be able, by exercising the greatest possible thrift in the economic life of our state, to use every saving we make to develop our large scale mechanised industry...” (Lenin, 1971, 787)

Bukharin put forward his assertion of equilibrium and his belief in evolution comprehensively in his celebrated writing ‘*Historical Materialism*’ (1920), in which he made his own interpretation of Marxist theory. He stressed that, “whenever a society exists, there must be certain equilibrium between its technology and its economy, between the totality of its instruments of labour and its working organisation, between its material productive devices and its material human labour

system.” (Bukharin, 1926, 136) Then Bukharin talked about the elements constituting the superstructure, “in general, these rules (the great variety of standards) indicate the line of conduct conducive to preservation of the society, class or group in question, and require a subordination of the individual to the interest of the group. These norms are therefore conditions of equilibrium for holding together the internal contradictions of the human social system...” (Bukharin, 1926, 157—158)

3.4.3 Bukharinism as a Marxist Theory of Transition

In summary, Bukharin believed that, in Marxist terms, after the development of new productive forces had broken the old production relations and settled down as a new historical stage, a sort of “social equilibrium” would occur; this would be sustained until that equilibrium was “disturbed” and the whole cycle would start again. (Bukharin, 1926, 242—243) “...the world consists of forces, acting in many ways, opposing each other.” Bukharin explained his interpretation of ‘dialectics’, “These forces are balanced for a moment in exceptional cases...a state of ‘rest’...if we change one of these forces, immediately the internal contradiction will be revealed, equilibrium will be disturbed, and if a new equilibrium is again established, it will be on a new basis, i.e. with a new combination of forces.” Surprisingly, while Marx disputed Hegel’s theory of history, Bukharin quoted Hegel to support his statement, “Hegel...called the original condition of equilibrium the thesis; the disturbance of equilibrium the antithesis, the establishment of equilibrium on a new basis the synthesis (the unifying proposition reconciling the contradiction). The characteristic of motion in all things, expressing itself in this tripartite formula (or triad) he called dialectic.” (Bukharin, 1926, 74—75)

Bukharin also stressed that historical materialism is a natural rule of social change, that any arguments that believed “the theory of historical materialism should under no circumstances be considered a Marxian sociology and should not be expounded systematically,” are “in error” (Bukharin, 1926, xiv—xv). Bukharin seemed to be fond of relating historical materialism to the rule of nature, as he saw many developments were inevitable, “Man can never escape from nature.” Bukharin said, “it is impossible, therefore, for the state of nature at a certain place and at a certain time not to act upon human society.” Bukharin then tried to establish the relation between humans and nature via the perspective of dialectics, “when human society adapts itself to the environment, it also adapts environment to itself...the

interrelation between society and nature is a process of reproduction...the process of reproduction is a process of constant disturbance and re-establishment of equilibrium between society and nature.” (Bukharin, 1926, 105, 107, 111, 118) The interaction between man and nature, as Bukharin believed, involved the transfer of material energy from nature to society, as the “expenditure of human energy (production) is an extraction of energy from nature...” (Bukharin, 1926, 110) But Lenin’s view was entirely different, as he believed that “man’s consciousness not only reflects the objective world, but creates it.” (Lenin, 1961, 212) As a Bolshevik, Bukharin realised that he could not defy the orthodox camp within the party, who believed class struggle must take place in the process of transition. Therefore he put forward his notion of evolution tactfully, “Marx therefore conceived of revolution as intervening when the equilibrium between the productive forces of the society and the foundation of the economic structure is disturbed; such is the content of the conflict solved by revolution, this, of course, means transition from one form to another. But so long as the economic structure still permits the productive forces to evolve, social change will not take place in the form of revolution. We shall here find evolution instead.” (Bukharin, 1926, 244)

One of the most famous criticisms of Bukharin’s version of historical materialism was by Antonio Gramsci, the celebrated contemporary Marxist. Gramsci pointed out the first error of Bukharin’s ‘*Historical Materialism*’ was that Bukharin asserted all his point of views from a philosophical ground that was thought to be proletariat in nature, believed to be representing the masses but only presumed (by Bukharin) to have existed; instead of the traditional system of philosophy. In Gramsci’s words (*Problems of Marxism* in his ‘*Prison Notebook*’), “The first mistake of the ‘*Popular Manual*’ (Bukharin’s ‘*Historical Materialism*’) is when it starts, at least implicitly, from the assumption that the elaboration of an original philosophy of the popular masses is to be opposed to the great system of philosophy and the religion of the leaders of the clergy—i.e. the conception of the world of the intellectuals and of high culture.” Secondly, echoing Lenin’s view, Gramsci saw Bukharin’s book “contains no treatment of any kind of the dialectic,” and attacked the ‘evolution’ and ‘*grow in*’ concept of Bukharin that, “...philosophy of praxis is envisaged as split into two elements: on one hand a theory of history and politics conceived as sociology—one that can be constructed according to the methods of natural science (experimental in the crudest positive sense), and on the other hand a philosophy proper, this being

philosophical alias metaphysical or mechanical (vulgar) materialism.” (Gramsci, 1971, 419, 434) Gramsci’s criticism of Bukharin was mainly based on the fact that any thesis that lacked the substance of dialectic could hardly be defined as a Marxist study, and from here, he condemned Bukharin’s theory of evolution for transition to socialism as “mechanical and vulgar materialism.” Contrary to the views on philosophical grounds that Bukharin’s theory of equilibrium could be flawed, those views from social economic perspective do not find the same problem. Salter sees that “...for Bukharin, equilibrium implied more than economic equilibrium but stood also for social equilibrium.” He believes that Bukharin “viewed the market as inherently benign in the sense that market relations between town and country, which provided the basis for maintaining the necessary economic balances, also provided the framework for maintaining harmonious social relations between the workers and peasants.” (Salter, 1992, 563)

It does not really matter whether one regards Bukharin as an old Bolshevik (Cohen, 1974, 3), a liberal (Day, 1976, 259), a market socialist (Nolan, 1988, 12), an advocate for a “rightist alternative” (Kemp-Welch, 1992, 18) or the supporter of the “third way” (Gregory in Gregory ed, 2001, 40). Similarly, it does not really matter for this research whether, in view of Gramsci’s criticism, Bukharin was a genuine philosopher or a ‘qualified’ Marxist. What really matters was his new interpretation of the NEP as well as Marxism: as long as the finance capital and the major resources are in the hands of the proletariat, nothing could go wrong—even if it meant the kulaks (rich peasants) were allowed to accumulate their wealth and a free market exists. His notion of how the market could function has vindicated this, as he stresses in ‘*New Economic Policy*’ (1925) about the role of market in socialist economy: “We control the *commanding height*, we organise what is essential, then our state economy, by different means, sometimes even by competing with the remnant of private capital through market relationships, gradually increases its economic might and in diverse ways, draws the backward economic units into its own organisation, doing so, as a rule, through the market.” (Bukharin, 1982, 189)

His interpretation of the function of market might have portrayed him as part of a ‘rightist opposition’ amongst the Bolsheviks who advocated a market economy. But this seems to eclipse the notion he inherited from Lenin, which was to eliminate market and private trade, squeeze the “remnants of capitalists” out of the market, via cooperative types of gigantic organisation; as Lenin kept reminding his men of his

real intention, “By adopting NEP we made a concession to the peasant as a trader, to the principle of private trade; it is precisely for this reason (contrary to what some people think) that the cooperative movement is of such immense importance... We went too far when we introduced NEP, but not because we attached too much importance to the principle of free enterprise and trade—we went too far because we lost sight of the cooperative, because we now underrate the cooperative, because we are already beginning to forget the vast importance of the cooperative...” (Lenin, 1971, 760—761) Lewin, too, believes that in Bukharin’s model, private entrepreneurs in the cities and countryside were “to be evicted in the long run.” (Lewin, 1974, 41) Just as Bukharin had repeated in ‘*Historical Materialism*’, “The class that is dominant in economy will also be dominant in politics and will also politically fortify the specific type of production relations which will also give security to the process of exploitation operating in favour of this class.” (Bukharin, 1926, 246)

From radical leftist who doubted the function of the state as well as advocacy of war communism, to the staunch believer in the NEP and state capitalism, Bukharin seemed to have changed his thought from one side to another according to the political and economic environment of the former Soviet. But as Cohen pointed out, he was best described as a “seeking Marxism”, which means he would “view Marxism not only as the ideology of the party state, but as a system of living ideas competitive with and alert to the accomplishment of contemporary Western thought.” (Cohen, 1974, 122) This is agreed by another researcher of Bolshevism, who believes that “there is no contradiction between Bukharin’s pre-NEP justification for coercion applied to the peasantry and his later views during NEP... He consistently affirmed the basic argument of Economics of the Transition Period about the cost of revolution; he consistently defined ‘war communism’ as a policy that would always be justified under similar circumstances of class struggle... He consistently described the Russian civil war as a time for worker-peasant alliance—in contradistinction, for example, to the Hungarian revolution in 1919.” (Lih, 1997, 70n52)

We always forget the fact that revolutionaries are at the same time politicians. For example, Bukharin had actually suppressed and purged many intellectuals in his earlier years as Bolshevik leader after the October Revolution in an attempt to ‘tame’ intellectual dissidents. Bukharin’s bloody campaign was based on a strict categorisation of classes, which characterised the apparatus of most socialist parties during their earlier years of revolution. (Zhen, 1997, 51—53) This seems to contradict

our image of Bukharin, but it was also reflected in Liu Shaoqi's ruthless struggle against rich peasants during the first phase of land reform, as well as his merciless purge of the 'corrupts' during the *Four Clean Movement* (see Chapters 4 & 6). Some of these politicians were at the same time good theoreticians. However, while we expect a theoretician to be consistent, we should not expect the same from a politician.

Bukharin's main concern was not to assert his school of thought or his interpretation of Marxism, but to revive the national economy and to go through the transitional period in stability. At least in this respect, he seemed to stand by his old master. Lenin's statement made during his last year of life should have drawn more attention. In the notes of his diary written on 2nd January 1923, a year before his death, Lenin showed that he had no doubt the time for the former Soviet to march into communism had not arrived, "under no circumstances must this be understood to mean that we should immediately propagate purely and strictly communist ideas in the countryside. As long as our countryside lacks the material basis for communism, it will be, I should say, harmful, in fact, I should say, fatal to communism to do so." (Lenin, 1971, 758)

By simplifying the practice he inherited from Lenin, Bukharin had paved a new path of transition to socialism for newly liberated communist nations. His interpretation of the NEP was easy to understand, and the major elements of his interpretation—state controlled finance capital, market for competition with capitalist, accumulation of surpluses in peasantry and alliance of workers and peasants to achieve the ultimate equilibrium; had formed the backbone of Liu's theory of transition, though, the relationship between Liu and Bukharin remains unclear. It must also be noted that the ideological legacy that Lenin left behind was somehow full of ambiguity (as we will discuss later) so that some would regard Stalin as the more legitimate successor to Lenin's theory of transition.

3.5 Stalin and Socialism in One Country

3.5.1 Socialism in a Backward Country

"If intellectual commitment to Marxism inspired the effort to bring about a socialist transformation of Chinese society, that same doctrine thought that socialism was impossible under conditions of economic backwardness." (Meisner, 1999, 104)

Contrasting Bukharin, who believed that the transition to socialism could be a process of voluntary progression and social evolution, and a backward country like Russia would only be ready for socialism when the economy is fully developed; Stalin advocated for 'socialism in one country', and believed that socialist construction in a backward country is possible even without the full development of capitalism. The theme of Stalin's thought of transition is that the absence of socialist nations among Russia's neighbouring countries did not justify Russia's delay in moving into socialism, as poverty and backwardness provided the fertile ground for revolution; and rapid collectivisation and industrialisation is the key to the success of socialist economic construction. In the aftermath of the October Revolution, Stalin was clear about the direction of the Party and where the nation should head towards in years to come, even if at the time the notion of 'socialism in one country' was not popular. But he tactfully incorporated the reality of Russia into international communism, stating that if the Bolsheviks wished to maintain power in one country, they must "support and stir up revolution in all countries." (Stalin, 1936, 46) With such statements he avoided the issue of whether Russia should wait for other European countries to become socialist.

Officially, Stalin only began his political campaign for 'socialism in one country' in 1926, when the weakness of the NEP had surfaced. However, his conception of 'socialism in one country' and his inclination towards rapid collectivisation had been obvious in the early years of his leadership. "Some comrades say that since capitalism is poorly developed in our country, it would be utopian to raise the question of a socialist revolution. They would be right if there were no war, if there were no economic disruption, if the foundation of the capitalist organisation of the national economy were not shaken..." Stalin said in the Sixth Congress, 1919, "It would be rank pedantry to demand that Russia should 'wait' with socialist changes until Europe 'begins.' That country (Russia) which 'begins' has the greater opportunity... We must discard the antiquated idea that only Europe can show us the way." (Stalin, 1953, 3: 185—186) Stalin never allowed doctrine to supersede common sense. Time and time again, Stalin had not doubted that doctrines were subsidiary to strategy and tactics. "(If) there is dogmatic Marxism and creative Marxism, I stand by the latter." (Stalin, 1953, 3: 200) In October 1920, in a regional conference at Vladikavkaz, Stalin said that the notion that the October Revolution in Russia could be "crowned with success" only if it was followed by the West had been

refuted by events, since “Socialist Russia, which did not receive direct revolutionary support from the Western proletariat and is surrounded by hostile states, has already successfully continued to exist and develop for 3 years.” (Stalin, 1953, 4: 387—388)

At the same time, by promoting the construction of socialism in a backward country, Stalin also took the opportunity to pit himself against Trotsky as the upholder and interpreter of Leninism. As a result of that, an important essay of Stalin, the ‘*October Revolution and the tactics of the Russian Communists*’, which appeared on 20th December 1924 in *Pravda*, stated that the successful establishment of the dictatorship of the proletariat in Russia reflected the victory of ‘socialism in one country’. Stalin denounced Trotsky’s theory of *permanent revolution* as failing to recognise the significance of the alliance of workers and peasants, as well as the permanent nature of the dictatorship of proletariat. But most important of all, the article was meant to advocate ‘socialism in one country’ via the attack on Trotsky. “The victory of socialism in one country is not a self-sufficient task...but as an aid, as a means for hastening the victory of the proletariat in all countries.” Stalin stressed that ‘socialism in one country’ is possible because the world revolution needed a starting point, which in this case, was Russia. “The world significance of the October Revolution lies not only in the fact that it constitutes a great beginning made by one country in causing a breach in the system of imperialism and it is the first centre of socialism in the ocean of imperialist country, but also in that it constitutes the first stage of the world revolution and a mighty base for its further development.” (Stalin, 1953, 6: 381—386, 415, 419; Carr, 1959, 40) Therefore, according to Stalin, Russia was right to go it alone.

Before Stalin called for collectivisation, he incorporated his notion of ‘socialism in one country’ with the development of the economy via the NEP. The notion seemed to have the same appeal and same affiliation with the NEP, and it was regarded as the legitimate successor of NEP. (Carr, 1959, 48) That was why Bukharin for once stood by it, as neither agreed that Russia should wait for other capitalist countries to become socialist. (See section 3.3 of this chapter) When Lenin introduced the NEP, he set forth the two conditions for the success of socialist revolution in a backward Russia: “support at the right moment by the socialist revolution of one or several countries, and a compromise between the proletariat and the majority of the peasant population.” (Carr, 1952. 277)

It is also argued that the absence of Western influence in the formation of Stalin's mind and character distinguished him sharply from the other Bolshevik leaders from the early era of the Soviet Union. He had never lived in Western Europe, and neither could he read nor speak any Western language. This had to some extent shaped his political style. Those who stood closest to him in the later years of his political life, like Molotov, Kirov, Kaganovich, Voroshilov, Kuibyshev, were all as ignorant as him of the West. Carr sees that Stalin remained a national rather than an international socialist. At the 6th Congress in 1917, Stalin once argued that had Engels been alive to see the present situation, he would have said, "Devil take the old formulae, long live the victorious revolution of the USSR." (Carr, 1958, 177—178, 181) Regardless of whether the lack of Western influence had really moulded his political thought, it definitely gave Stalin the confidence to go it alone in the transition to socialism.

3.5.2 Stalin and NEP

Russian Marxists before 1905 had in general been reluctant to accept the view that a socialist revolution could be made in an economically backward country like Russia, i.e. in a country where the proletariat was in a small minority and where the bourgeois revolution had not yet occurred. (Carr, 1959, 36) This represented a very orthodox view of Marx's theory, which set forth the prerequisite for a transformation into socialism, namely the existence of a capitalist society. But Stalin made a brave amendment to this view. In April 1924, he told the whole world that the success of the Bolshevik Revolution in 1917 was proof of the possibility of 'socialism in one country', "formerly, the victory of the revolution in one country was considered impossible...now this point of view no longer fits in with the facts, now we must proceed from the possibility of such a victory...The history of revolution in Russia is direct proof of this." However, that was at the time when he worked closely with Bukharin, and the problems resulting from the NEP had not surfaced, so he still stressed "the complete victory of socialism" had not been assured, as he seemed to be content to repeat the conventional view that "for this (the complete victory of socialism) the victory of the revolution in at least several countries is needed." (Stalin, 1953, 6: 109—110) At the 14th Congress, to show his good working relationship with Bukharin, Stalin even stated that "we are, and we shall be, for Bukharin." (Erich in Blackwell ed., 1974, 222) Even by 1925, when Stalin began to push hard for

'socialism in one country', he still showed his support for Bukharin's policy, believing that the "NEP Russia would be converted into Socialist Russia" ultimately, and accusing Trotsky of not believing that (Stalin, 1954, 7: 32—33).

But some do believe that the NEP had actually "humiliated many of the revolutionaries, who regarded the policy as a retreat, and a concession to human weaknesses." It is argued that at least one of the reasons Stalin backed NEP was to defeat his enemy of the left, the old guard. After the old guard and Trotsky were defeated, "he turned against NEP and enforced collectivisation and rapid industrialisation." (Schapiro in Urban ed. 1982, 420—421) This interpretation is plausible because, as discussed in the early section, Stalin always believed that rapid collectivisation was the only option to revive the Soviet economy. During his alliance with Bukharin, Stalin, for once, sounded like a 'Bukharinite' and supported the accumulation in the countryside, as he made some statements like: "our industries, which provide the foundation for socialism and our power, are based on the internal and on the peasant market." (Erlich in Blackwell, 1974, 223)

But his support for the NEP was based on the fact that the NEP will help Russia to go it alone on the road to socialism. Therefore he called for the alliance with unlikely allies, the peasantry, as their principal ally: the proletariat in the developed countries, was not ready. He stressed that the leading proletariat of the West "is the immense force, and it is the most faithful, most important ally of our revolution and our regime. But unfortunately the state of the revolutionary movement in the developed capitalist countries is such that the proletariat of the West is unable to render us direct and decisive assistance at the present moment." Stalin's awareness and observation of the political reality after the First World War prevented him from sticking to the orthodox revolutionary doctrine. Instead, he always hinted that the Soviet Union should go it alone in socialisation as soon as they could before the post-war revival of capitalism, which was, for Stalin, inevitable, "The situation is that world capital after the war, after passing through several crises, has begun to recover. That must be admitted... This is a gain for capital, and a loss for us." (Stalin, 1954, 7: 26—27)

However, when the appraisal of the NEP showed that the grain collection fell by one third in 1926, Stalin changed his tone drastically, linking the fall in the production to the "extreme backwardness of our agricultural technique and exceedingly low cultural level in the countryside," and the "scattered agricultural

production does not have the advantage that our large scale, united, nationalised industry has.” At the Fifteenth Congress, 3rd December 1927, Stalin stressed that there was “no other way out” except collectivisation, “Nationalised industries must and will develop at an accelerated rate. This is the guarantee of our advance to socialism...what is the way out? The way out is to turn the small and scattered peasant farms into large united farms based on cultivation of the land in common....the way out is to unite the small and dwarfish peasant farms gradually but surely...” (Stalin, 1954, 10: 311—313) That was the year Stalin had yet to openly split with Bukharin, but his denouncement of Kulaks, the rich peasants, did somehow pass a profound message to Bukharin’s camp, “there has been a certain increase in the number of kulaks in the countryside. That is the liability in the balance sheet of our economy.” (Stalin, 1954, 10: 319) Stalin went as far as saying “as long as Kulaks exist, the sabotage of grain collection will exist too.” (Erlich in Blackwell ed., 1974, 228—231)

Stalin’s attack on the NEP after Bukharin’s fall during the announcement of the First Five Year Plan showed his distrust of the peasantry, “the adherence of Bukharin’s group to hoping to persuade the class enemy voluntarily to forego his interests and voluntarily to deliver his grain surpluses to us...they hope that these kulaks will give us their grain surpluses voluntarily at our procurement prices. Have they lost their senses?” (Stalin, 1955, 95) Stalin’s attack against the NEP did not only happen after his split with Bukharin, as there were occasions when he could not hide his contempt. At the Twelfth Party Congress in April 1923, a month after Lenin was incapacitated by strokes, Stalin surprisingly reversed his previous statement of support for the NEP, and stated that “evidently, we have to strengthen the barriers against an influx of non-proletarian elements, for the present time, under the conditions of the NEP, when the party is certainly exposed to the corrupting influence of NEP elements.” Furthermore, he also accused the NEP of causing “Great Russian Chauvinism”, which, according to Stalin, helped to foster local nationalism that would undermine the Soviet interests as a whole. He claimed that the conflict of interest in localities is “especially dangerous now, under the conditions of the NEP.” (Stalin, 1953, 5: 218, 248—249, 273)

If it was right to say that Stalin’s distrust of the NEP was due to his distrust of Kulaks, and his distrust of kulaks was rooted in his belief in the division of classes, “is it not obvious that they do not understand the mechanics of class struggle, that they do

not know what classes are? Do they know the kulaks jeer at our officials and the Soviet government at village meetings called to promote grain procurement?" He re-emphasised his point, "Class is class, comrades. You cannot get away from the truth." (Stalin, 1955, 96) Stalin could not refrain from showing his real thoughts even during the period when he was 'jointly in charge' with Bukharin. In November 1920, while he was talking about the treatment of the bourgeoisie after the revolution, Stalin showed why he would launch massive and brutal purges against the peasantry during the collectivisation 8 years later. "As to our policy towards internal enemies, it remains, and must remain...a policy of crushing all the enemies of the proletariat...in the era of the dictatorship of the proletariat there can be no universal freedom, that is, no freedom of speech, freedom of press, etc, for our bourgeoisie. The sum and substance of our home policy is to grant maximum freedom to the proletarian sections of town and country, and to deny even minimum freedom to the remnants of the bourgeois class." (Stalin, 1953, 4: 402)

3.5.3 Collectivisation: The Immediate Task

In as early as April 1918, Stalin enthusiastically spoke of "the consolidation of Soviet power in Russia and the beginning of the systematic reconstruction of the outmoded social-economic system on new, socialist lines," and called it one of the fundamental tasks of the Soviet dictatorship. We can observe Stalin's measure as the prototype of socialist construction, and he had indeed never envisaged going back to capitalism for economic purposes. This is reflected in what he called "the immediate task", and the future of Russia he foresaw just a year after the Bolshevik Revolution, "The growing scale of nationalisation of mills and factories, the increasing control over the branches of trade, the nationalisation of the banks, the daily developing, richly diverse activities of the supreme council of national economy...all go to show how the Soviet power is penetrating into the pores of social life. The power of the centre has become the real people's power that has sprung from the depth of the labour masses." (Stalin, 1953, 4: 76) For Stalin, there was no confusion over what should be the priority. He admitted in 1920 that "Soviet Russia is performing an experiment without parallel hitherto in the world in organising the incorporation of a number of states and races within a single proletarian state on a basis of mutual confidence, of voluntary and fraternal agreement...But this experiment can be certain of complete success only if our practical policy on the national question in the

localities does not run counter to the already proclaimed Soviet autonomy.” (Stalin, 1953, 5: 375)

Carr sees that Stalin was single-mindedly so determined to make the Soviet Union powerful, self-sufficient and independent of the West. The development of the political economy of Russia meant the idea stood at the opposite of the NEP. It transformed the priority from the appeasement of the peasant to industrialisation. “In one country” did not mean peasant socialism, as in old Russia, but the industrial socialism of Marx. It was a constructive and positive policy offered by Stalin, whereas his opponents had nothing to offer (Carr, 1959, 2: 49—51). While on the other hand, Tucker saw Stalin’s doctrine of “socialism in one country” reflected in the combativeness of war communism (Tucker, 1974, 402—404, 408—411; 1990, 80—86).

Stalin’s conception of industrialisation did actually strike at the hearts of the public, particularly amongst urban people, not least, the party members who were mainly urban workers. Nove links the issue to Russian nationalism, as he sees that the Bolsheviks shared some of the motives of industrialisation with the Tsarist bureaucrats, who believed that in order to achieve national strength and maintain independence, “Russia needed modern industries, especially heavy industries.” The other reason that Stalin managed to mobilise support for rapid industrialisation was the so called national defence argument, or the *defence of revolution*. This conception was rooted in the belief that the “Russian Revolution was in constant danger from a hostile capitalist environment, militarily and technically far stronger than the USSR.” Then it was this belief that the building of socialism and communism involved industrialisation, and a proletariat dictatorship would be insecure so long as it ruled in an overwhelmingly petty bourgeois, peasant environment. The rise of the number of Kulaks in the village was regarded as a potentially dangerous resurgence of capitalism. “For Russians, it was clear that by 1927, it was useless to wait for world revolution to solve these problems.” (Nove, 1964, 21)

The hatred against rich peasants was exacerbated by the refusal of the peasantry to sell the grain to the state at the procurement price. Hence the rift deepened and the crisis worsened. In fact when the decision for collectivisation was taken at the Fifteenth Congress, it did not at the same time mean the launch of a mass purge. However, the plan of rapid industrialisation was hindered by the shortage of grain and raw material supplied to the city. as a result of the hostility of Kulaks and

the inefficiency of individual farming, and unless such resistance was broken, the Red Army and the workers would suffer from grain shortages. By 1927, it became urgent to find the material and the financial means to expand the industrial base. The 25 million peasant families who had benefited from the land redistribution after the revolution, refused to provide more marketable surpluses. All these were forcing Stalin to collectivise; as he said, “There was no solution, after 10 years of the proletariat dictatorship; agriculture, particularly grain production, was still lagging behind badly. Furthermore, farming could not yield high levels of productivity due to the existence of small scale private farming and lack of technology.” (Ellison in Blackwell ed., 1974, 242—243)

While Bukharin still believed that it was possible to advance slowly into socialism “at the pace of tortoise” and “on peasant nags”, “(Nove, 1966, 401) the Bolsheviks were in a hurry. The Party saw themselves threatened by the ‘imperialist interventionists’ and the theme of economic industrialisation by then was not merely concerning speed, but also placing the priority on heavy and not light industries, since the heavy industries were always the foundation for arms industries. Stalin at this point swung towards the left, and his policy of all-out industrialisation and collectivisation was a means of making possible the acquisition of farm surpluses without having to pay the price which any free peasant would have demanded (Nove, 1964, 23). In fact historical experience did not provide Stalin with any positive example of the function of the market. Stalin’s distrust of the market could be strengthened by what Trotsky called the ‘scissor crisis’ in 1923. In 1921—1922: when agriculture was doing badly, prices for farm products were high. Since peasants had little money to spend on industrial goods, prices of the latter remained low. The state lowered output of industries to raise the prices, but the middle men or the merchants who were known as the ‘Nepmen’, held back industrial goods and pushed the prices even higher. Then the prices of farm products began to fall in 1922 following a good harvest, which made the life of the peasant even tougher. As a result, the peasant held back the farm products and the shortages of farm products spread the fear of famine (Suni, 1998, 150). The incident could be common in a market economy, but for Stalin, it was intervention from the hostile capitalist that must be rectified.

Stalin explained why the collectivisation of agriculture was necessary, and why Russia could not wait until the agricultural economy was fully developed, when he openly denounced Bukharin’s theory of *Equilibrium*. “Our large scale industry,

centralised, socialised industry...is growing in volume from year to year...But our large scale industry does not constitute the whole of the national economy. On the contrary, small peasant economy still predominates in it...Can we advance our socialised industry at an accelerated rate while we have such an agricultural basis as small peasant economy...No we cannot...What, then, is the way out? The way out lies in making agriculture large scale, in making it capable of accumulation, of expanded production..." Stalin then stressed that there were two ways of doing it. One was the capitalist way, which was to make agriculture large scale by implanting capitalism in agriculture that would lead to the impoverishment of the peasantry. The other is the socialist way, which was "to introduce collective state farms into agriculture...uniting small peasant farms into large collective farms, employing machinery and scientific methods of farming..." He then labelled Bukharin's *Theory of Equilibrium* as the "third way", which was "non-existent", "utopian", "ridiculous" and "Anti-Marxist". (Stalin, 1955, 151—152)

But was the failure of the NEP to collect grain from Kulaks the main reason behind Stalin's expansion policy? Stalin's policy to collectivise the peasantry for rapid industrialisation was actually rooted in his sense of insecurity in the face of hostile capitalist neighbours, his distrust of the peasant as petty bourgeoisie, and the fear of not being able to exchange Russia's raw material for machinery from the capitalist world. This had been reflected in his speech titled '*The party before and after the seizure of power*' in 1920, in which Stalin could not hide his worry about the ability of Russia to obtain assistance from the developed West (Stalin, 1936, 48—49). Fourteen years later, at the Seventeenth Congress, 26th January 1934, Stalin reminded the nation that it was no miracle to have developed the economy at such pace in an economically backward country, because "this development took place on the basis of expanding socialist construction...on the basis of the socially organised work of millions of people...it follows, then, that capitalist economy in the USSR has been eliminated and the individual sector in the countryside has been relegated to a secondary position." (Stalin, 1973, 245)

In his interpretation of 'Dialectical and Historical Materialism', Stalin stressed that if the time had come, they should begin to develop the socialist system and ignore the development of capitalism. "One must look forward, not backward." Stalin stated as why collectivisation by force was preferred to the voluntary evolution advocated by Bukharin, "...the transition from capitalism to socialism...cannot be effected by

slow changes, by reform, but only by a qualitative change of the capitalist system, by revolution... Hence, in order not to err in policy, one must pursue an uncompromising proletarian class policy, not a reformist policy of harmony of the interests of the proletariat and the bourgeoisie, not a compromise policy of '*growing of capitalism into socialism*.'" Therefore Stalin had doubt over the effectiveness of the expansion of the productive forces, calling it "vulgar materialism." (Stalin, 1973, 307—308, 315)

3.5.4 Stalin and Lenin

Himmer believed that, in terms of economic construction and building socialism, Stalin "did not think much on his own, but rather took his cue from Lenin. Wherever the master led, the supposition goes, the disciple faithfully followed." (Himmer, 1994, 515)

Indeed, many believe that Stalin's policy was the continuation of Leninism, though they did not actually see eye to eye in the months before Lenin's death. This notion is particularly popular among the 'mainstream Cold War school.' To quote a few, "All basic elements of his policies were taken over by Stalin from Lenin." (Gurian, 1951, 7) "Lenin provided the basic assumption which—applied by Stalin and developed to its logical conclusion—culminated in the great purges." (Reshetar, 1964, 218—219) "Stalin's victory... was not a personal one, but the triumph of a symbol, of the individual who embodied both the precepts of Leninism and the techniques of their enforcement." (Daniels, 1960, 403) "Perhaps the most enduring achievement of Leninism was the dogmatisation of the Party, thereby in effect both preparing and causing the next stage, that of Stalinism." (Brzezinski in Treadgold ed, 1964, 6) "Stalin preserved the Bolshevik tradition" and approached the "completion of the work that Lenin had started." (McNeal, 1975, 136—137) "The second revolution was, as Stalin claimed, the legitimate extension of the first." (Azrael in Huntington, 1970, 266—267) "Stalinism can and must be defined as a pattern of thought and action that flows directly from Leninism." (Meyer, 1986, 282—283)

However, even the 'counter-school' (in Stephen Cohen's words) like Carr and Deutscher share the view. Carr believed that without Stalin's revolution from above, "The sands would have run out for Lenin's revolution." In this sense Stalin continued and fulfilled Leninism." (Carr, 1950a, 214) Deutscher believed that Stalin managed to mobilise support because the national foundations of socialism were preserved, as Stalin had carried out the revolutionary goal of modernising Russia, while Trotskyism

could not provide a solid alternative to the Bolshevik, so “Stalinism continued in Leninist tradition.” (Deutscher, 1966, 463) Astonished by the “implicit consensus” of the two camps of scholars, Cohen does not see a line connecting Lenin and Stalin in a straightforward manner. Instead he believed that Stalin maintained his popularity because “revolution from above means greater expansion of the state and its functions, which means an equally great expansion of jobs and privileges,” as there were “multitudes of petty officials and workers who gained upward mobility and enhanced or even elite status.” But Cohen also sees Stalin’s leadership as a departure from Bolshevism and inclined towards Tsarist nationalism that had a “long history of state building, struggle against backwardness, and aspiration to world power.” (Cohen, 1985, 68—69)

One of the most celebrated of Stalin’s biographers, Colonel General Volkogonov, the ex-official historian of the Soviet Army, pointed out that Stalin did not understand economics. He said that “had Stalin been economically more perceptive, he would have been able to see in Lenin’s last articles the outline of a conception of socialism that embodied a link between industrialisation and voluntary cooperative farming, a powerful rise in the culture of broad masses, an improvement in socialist relations, and the unconditional development of democratic principles in society.” But Stalin had never, as Volkogonov believed, understood Lenin’s prophecy that the NEP could be the solution for many problems (Volkogonov, 2000, 105). For Volkogonov, Stalin’s economic view was “more than simple”, as he envisaged a model of socialist state construction in which “the country had to be strong, and not merely strong, but mighty...it needed to be totally industrialised...the peasant must be brought closer to socialism. The method should be the broadest reliance on the dictatorship of proletariat, which Stalin understood purely in coercive terms.” (Volkogonov, 2000, 105) On the other hand, Stalin’s thought of transition could be the product of the political economic development for the period of 1926—1928. “Collectivisation could not be voluntary,” says Nove, “while it would be going too far to describe Stalin as a true Leninist, if only because Lenin was not personally brutal. Stalin doubtlessly carried through some of the logical consequences of Lenin’s policy and ideas...Stalin was a necessary consequence of the effort of a minority group to keep power and to carry out a vast social economic revolution in a very short time. And some elements of Stalinism were, in those circumstances, scarcely avoidable.” (Nove, 1964, 32)

The intriguing part of the development of Marxist theory of transition is that sometimes some theories do not look as Marxist as others, yet everything is debatable. “Nothing is more central to Marxism than the proposition that socialism presupposes capitalism, that socialism becomes a real possibility only on the basis of the material and social accomplishments of modern capitalist production.” (Meisner, 1999, 104) However, Marx was just a theorist, not a revolutionary, thus his theory did not embrace any practical revolutionary experience. Lenin proved that a poor and backward state like Russia could be the ground for revolution, but he had never explicitly claimed that Russia should go it alone in socialisation without having to wait for the revolution in the West. Instead, while in the early days he emphasised that socialism in a country would only be successful if the world had become socialist, he seemed to avoid the topic after the launch of the NEP, and began to place his emphasis on economic construction and wealth accumulation. Bukharin inherited the ideology of the NEP from Lenin and put forward his assertion that a backward country could become socialist via gradual wealth accumulation in the countryside, as long as the major industries and political power were controlled by the proletariat. Stalin, on the other hand, was more straightforward and consistent in what he wanted to achieve. He distrusted the peasantry, whom he regarded as capitalist, and believed that in order to build the Soviet as a super power without depending on the hostile Western states, the Soviet must collectivise agriculture as soon as they could, and finance the industrial and military building with money generated from large-scale farming.

3.6 Mao’s Socialist Upsurge in Rural China

3.6.1 After the Liberation—the New Democracy

During the aftermath of the liberation, the leaders of the CCP were actually confronting “a cruel historical paradox,” as Meisner describes, the CCP “are not unaware of the Marxian-defined material preconditions for socialism, and they were painfully aware that a pre-industrial and impoverished China lacked those pre-conditions.” (Meisner, 1999, 104) This posed a key problem for the CCP leaders in drafting an economic development plan. To copy the Russian economic model seemed to be the best option for Communist China by then. But China in 1949 could not be reflecting Russia in 1917, as there were radical differences between the two in

terms of historical situation and the level of economic development (Schram, 1969, 75). Mao once admitted, “In the early stage of liberation we had no experience of managing the economy of the entire nation. So in the period of the first Five Year Plan we could do no more than copy the Soviet Union method, although we never felt altogether satisfied about it.” (Mao, 1977b, 122)

In as early as 1940, Mao had been looking for an alternative way to end Russian influence, which he thought was ‘European.’ Like Stalin, Mao was well aware of the peculiarity of China on the issue of period of transition. Knowing that it was impossible to go back to capitalism after the revolution, the CCP tactfully created a buffer zone in between capitalism and socialism called the New Democracy, a policy for the transitional period, both politically and economically, and which Mao introduced as a leader of the CCP, “For many years we communists have struggled for cultural, political and economic revolution...the new society and the new state will not only have new politics and new economy but also new culture.” He wrote in January 1940, “In the course of its history Chinese revolution must go through 2 stages, first the democratic revolution, second, the socialist revolution...Here the democracy does not belong to the old category, it is not the old democracy, but belongs to the new category—it is New Democracy.” It shows that Mao was well aware of the backwardness of the nation and was keen to position the CCP revolution as the ‘first phase’, which was democratic revolution; while trying to distinguish the revolutionaries from the bourgeoisie, who were theoretically supposed to carry out the democratic revolution. For political theory, Mao introduced *Democratic Centralism* as the state system, which was referred to as a “joint dictatorship of all revolutionary classes,” which meant no sharing of power with the bourgeoisie. This resembled the dictatorship of the proletariat introduced by the Russians.²⁹ While for the economy, the New Democracy proposed a model of mixed economy that resembled the major elements of the NEP, “Enterprises, such as banks, railways and airlines...shall be operated and administered by the state, so that private capital cannot dominate the livelihood of the people...but the republic will neither confiscate capitalist private property in general nor forbid the development of such capitalist production as it does

²⁹ Democratic Centralism had become Liu’s favourite conception in his advocacy for a system incorporating both multiplicity and centralised authority, while Mao changed his stance and kept referring to the more orthodox *Dictatorship of the Proletariat* in his later years as the CCP leader. See discussion in Chapter 4.

not at present dominate the livelihood of the people, for China's economy is still very backward." (Mao, 1965, 2: 340—342, 352—353)

As we will discuss in Chapter 5, the economic policy for the period of transition in China once placed its emphasis on the accumulation of wealth before the nation could be ready for full scale socialist economy. It was the conventional perspective of Marxism—to build the economy as the foundation for transition before collectivisation of private ownership; and it mirrored the idea of Bukharin—as long as the proletariat was in charge, private ownership should be allowed to exist. However, as Mao took a dramatic turn in the later stages, Liu became the only strong advocate for the policy. The New Democracy was a product of mutual consent and the policy represented the decision of the Party Centre. However, it also became Mao's policy of transition because first of all, Mao was the leader of the Party, and secondly, he was the one who introduced the policy to the nation. In fact, in 1949, Mao was still taking a stance in support of the model of mixed economy. His report to the second plenum of the Seventh Committee on 5th March 1949 sounded like an endorsement to market economy: "China's capitalist industry, which occupies second place in her modern industry, is a force which must not be ignored...because China's economy is still backward, there will be need, for a fairly long period after the victory of the revolution, to make use of the positive quality of the urban and private capitalism as far as possible, in the interest of developing the national economy. In this period, all capitalist elements in the cities and countryside which are not harmful but beneficial to the national economy should be allowed to exist and expand." (Mao, 1961, 367—368)

However, Mao's speech on 6th June 1950 to the 3rd plenum of the Seventh Committee showed that there were differences between him and Liu. Urging the party members not to 'hit out in all directions,' Mao unveiled that he had never intended to go for the policy of mixed economy wholeheartedly, as his tolerance of the private businesses in China during the period of transition was based on pragmatism and political expediency instead of economics. Mao stressed that the major task by then was to eliminate the "remnants of Kuomintang forces, the secret agents and the bandits." "In order to isolate and attack our immediate enemy," Mao stressed that "we must overcome them by every possible means...In short, we must hit out in all directions...we must definitely not make too many enemies. We must make concessions and relax the tension a little in some quarters and concentrate our attack

in one direction...so that all the workers, peasants and small handicrafts men will support us and the overwhelming majority of the national bourgeoisie and intellectuals will not oppose us.”(Mao, 1978, 34—36)

3.6.2 The High Tide of Socialism in Rural China

Mao’s emphasis on the rural economy differed from the Soviet model. However, before he pushed for full collectivisation, he emphasised the urgency of industrialisation during the aftermath of the liberation: “from 1927 to the present, the centre of our work has been in the villages, as we have been gathering strength in the village...the period for this method of work has now ended. The period of ‘from the village to the city’ has now begun and the centre of the Party’s work has shifted from the village to the city.” (Mao, 1961, 363) He believed that China could “develop steadily, under the leadership of the working class and the Communist Party, from an agricultural into industrial country...” In the early 1950s, before Mao had run out of patience, he realised that rapid industrialisation might not be the key to the current situation, and turned to advocating gradualism and moderation in the countryside, where the rich peasants were to be left alone in order to foster the restoration of agricultural production. In June 1950, he called for maintaining the rich peasant economy in order to facilitate the early rehabilitation of rural production, and a well planned and orderly executed economic plan, “In line with the principle of making overall plans and taking all factors into consideration, drifting and anarchy in our economic work should be eliminated, existing industries and commerce should be properly readjusted...The view held by certain people that it is possible to eliminate capitalism and realise socialism at an early date is wrong, it does not tally with our national condition.” (Mao, 1978, 30) This comment contrasted sharply with what Mao intended to do later. Even in August 1953, he still defined the ‘general line of transition’ as “basically to accomplish the country’s industrialisation and the socialist transformation of agriculture, handicrafts and capitalist industry and commerce over a fairly long period of time.” (Mao, 1978, 102) In March 1955, Mao still recognised that the road to socialism “would be a long one.” (Mao, 1978, 155)

Economic policy became radical in July 1955, when Mao’s patience ran out and he gave a vigorous push for collectivisation. His change of attitude “completely transformed the atmosphere in China.” (Schram, 1989, 113) Mao’s speech that underlined the turning point of China’s economic policy. *‘On the question of*

agricultural cooperativisation' that he delivered to the central committee on 31st July 1955, described his comrades who preferred gradual transformation as "walking like a woman with small feet." Having accused the other leaders for "worrying too much and unnecessarily," Mao stressed that the question of whether to collectivise the peasantry should not be an issue anymore as the collectivisation had been part of the process. "The masses are now in front of the leaders," Mao said, enthusiastically, "in fact, the leader should take the lead." (Mao, 1966, 295—296) This was followed by his comment on '*The High Tide of Socialism in the Countryside*', the book that was printed as propaganda for rapid collectivisation. Mao stressed that China was indeed more ready than Russia to go for full scale collectivisation. "Comparing ourselves with the Soviet Union: We had 20 years experience of fighting in the base areas, and had our training in three revolutionary wars, our experiences were exceedingly rich...Therefore, we are able to set up a state very quickly, and complete the task of revolution." (Mao, 1974, 27)

But in 1956 he turned moderate again during the Eighth Congress as he succumbed to the pressure of his colleagues who opposed the radical collectivisation, which they called the Rash Advance. His speech at the enlarged meeting of the Political Bureau of the Central Committee on 25th April 1956, '*On the Ten Major Relationships*', put forward a conciliatory set of policies that consisted of the major elements of the New Democracy. Mao talked about the relationships interrelating heavy and light industries, agriculture, state, interior regions and the coastal regions of China, economic and defence construction, units of production and procedures, central and local authorities, revolution and counter revolution and others (Mao, 1978, 285—307). In the speech Mao also criticised the Soviet Union for adopting a measure that "squeezed the peasant very hard." Mao, who saw the economic construction more from the rural perspective than the industrial perspective, believed that Russia "takes away too much from the peasant at too low a price through its system called obligatory sales..." However, such a comment simply mirrored the view of Bukharin and Liu who advocated accumulation within the countryside, as Mao said, "Our policies towards the peasant differ from those of the Soviet Union and take into account the interests of both the state and the peasant. Our agricultural tax has always been low...the peasant suffers no loss." Mao also accused the Soviet of "concentrating everything in the hands of the central authorities, shackling the local authorities and denying them the right of independent action." (Mao, 1978, 291)

Although ‘*On the Ten Major Relationships*’ had become one of Mao’s classic speeches that go down into the history as part of ‘Mao’s theory of transition’, it represented Mao’s temporary concession to his opponents who were Anti-Rash Advance³⁰ campaigners. Mao’s statements in ‘*On the Ten Major Relationships*’ that adopted a moderate and conciliatory attitude by no means implied that he was prepared to compromise to the will of the majority of his leading comrades. (Schram, 1989, 115) The Anti-Rightist Campaign in 1957, which Mao used to counter the Anti-Rash Advance campaign led by Zhou Enlai, gave Mao the perfect platform to launch his radical policy, the Great Leap, and overturned the resolution passed during the Eighth Congress (Schram, 1989, 10). The leaders’ explicit support for the ‘*Ten Major Relationships*’ had indeed upset Mao, who saw it as the reaction against his collectivisation policy. Mao was heard grumbling to Liu Shaoqi, Zhou Enlai and Chen Yun that, “everybody supports the Eighth Congress, they do not support me.” (Huang in Lü ed., 1991, 436) Interestingly, Mao seemed to have forgotten that it was ‘his policy’ and ‘his speech’ that had become the backbone of the Eighth Congress resolution. It also shows that Mao drafted the ‘*On the Ten Major Relationships*’ against his will.

After the leadership supporting the Anti-Rash Advance had been defeated and the resolution of the Eighth Congress overturned, Mao was unstoppable. The collectivisation process that started at the end of 1953 and halted in 1956 had been resumed in 1957. Mao inaugurated an overall and large scale collectivisation at the Chengdu Conference, March 1958, where he stated why it was time to collectivise rural China, “the Russians have only achieved so little after 40 years; we could achieve more than that within 18 years if we really want to do so, and actually it is possible, because we have more people...the pace of development is an objective issue, and regardless of whether it is an objective or subjective issue, as long as it can be done, we should push ourselves to the limit to achieve the target, and bearing in mind that our achievement should bear the characteristics of being ‘more’ (*duo*), ‘faster’ (*kuai*), ‘better’ (*hao*) and ‘more economical’ (*sheng*)...now the enthusiasm of the masses is like a 10th degree typhoon, and we should not try to block it...” (Mao,

³⁰ The Anti-Rash Advances campaign was led by Zhou Enlai, the then Premier of China and received strong support from Liu Shaoqi and Chen Yun, the then Finance Minister. The Anti-Rash Advance campaign was defeated by Mao in 1957 and the resolutions passed in the Eighth Congress were overturned. See Chapter 6 for more discussion on the Eighth Congress and Rash Advances.

1974, 166—167) The campaign culminated in June 1958 with the launch of the Great Leap. But what was the rationale underlining Mao's collectivisation?

Mao believed that as a foundation for socialist transformation, large scale industrialisation is not enough, as China must not merely engage in material preconditions without considering the question of superstructure (Mao, 1974, 334). If Liu was the advocate for primacy of productive forces, he was more materialistic and believed in the material expansion of the forces to break the old production relations, then Mao was a believer in the function of the superstructure, making use of social factors to mobilise the masses to accomplish his goal. "Mao tended to exalt the revolutionary will of human beings until it became not merely an important factor in history, but an all powerful force capable of re-shaping the material environment in a completely arbitrary fashion." (Schram, 1969, 79) This to certain extent reflects Mao's lesson learned during the years of guerrilla warfare—the distinctive features of the Yan'an model: self-reliance, decentralisation, antagonism to bureaucracy and elitism, collective aims and discipline, non-material incentive, and the participation of the masses in all aspects of social and economic activities. Mao's strong advocacy for rapid collectivisation in the years after liberation originated from his experience of step-by-step transformation of every aspect of rural life. Thus, contrary to Liu's and Bukharin's idea, he criticised the idea of "mechanisation first, collectivisation later", as he believed that collectivisation could and should precede the mechanisation of agriculture (Peck in Mao, 1977b, 14—15). In his speech at the Chengdu Conference (March 1958), Mao showed his preference for rural experimentation to mechanisation, as he encouraged the peasantry to develop and modify their farming tools on their own, "the modification of farming tools should be expanded to every corner of the peasantry. This is the beginning of the technological revolution...China is such a massive country that we could not have complete mechanisation of the peasantry. (If we continued in this way) some handicraft production would still be manually operated even after a thousand years..." (Mao, 1974, 165) On the other hand, Mao encouraged trial and error, "People must put their thought into practice to gain results, meet with failures as problems arise, only through such a process can knowledge gradually advance...Let them get involved in all activities and learn from their work, and they will become more capable." (Mao, 1966, 296)

Mao also observed from the Russian model the possibility of building a strong socialist industry from a backward nation. On why China could pursue socialism

before industrialisation, Mao said that “The 600 million people of China are poverty stricken. That seems like a bad thing, but it is really a good thing. Poor people want change, want to work, want revolution.” (Mao, 1966, 381) In his criticism of the Soviet economic policies, Mao boldly claimed that, “Lenin said, ‘The transition from capitalism to socialism will be more difficult for a country the more backward it is.’ This would seem incorrect today. Actually, the more backward the economy is, the less difficult the transition will be. The poorer they are, the more they want revolution.” (Mao, 1977b, 50)

Having believed that the coordination and hard work of “a few hundred million peasants” would make collective farming successful (Mao, 1974, 165), Mao also put forward an assertion on why superstructure should be prioritised over the mechanisation, “...as the degree of mechanisation (in the West) is high, the major problem after a successful revolution would not be advancing to mechanisation but transforming the people. Countries of the East, such as China and Russia, however, had been backward and poor... their ability to develop productive forces has fallen far behind the West...The Soviet textbook only addresses the prerequisite of materialism and seldom engages in the question of superstructure, ie, the class nature of the state, philosophy and science. All history of revolution shows that the full development of new productive forces is not a prerequisite for the transformation of backward production relations. Our revolution started with Marxist-Leninist propaganda, which served to create new public opinions in society. Only after the backward superstructure is overthrown in the course of revolution does the possibility to destroy the old production relations emerge. After the old production relations have been destroyed, and new ones established, the way is clear for the development of new social productive forces...It is difficult to deal with problems of economic base and production relations if the question of the superstructure is neglected” (Mao, 1974, 334; 1977b, 51)

In other words, Mao argued that while change may be triggered off by an incremental development of the productive forces, fundamental changes of the society can only be made if the beliefs and attitudes of the masses have been changed. “It is a general rule that you cannot solve the problem of ownership and go ahead to expand the productive forces, until you have mobilised the masses and seized political power.” (Mao, 1974, 347; 1977b, 66) Schram also sees that it is in harmony with Mao’s “consistent stress on the importance of conscious activity, subjective forces

and the superstructure.” (Schram, 1989, 5) Ironically, Mao always stressed his doubts over the effectiveness of the Soviet model. The major similarity between Mao’s model and Stalin’s model was that both preferred rapid collectivisation without having to wait for the national economic foundation to be constructed, and both squeezed the peasantry to finance the industrialisation. But Mao believed that the expansion of the peasantry could be by primitive means of production, and by incorporating the collective farming with the increase of manpower, would have achieved the desired goal. Therefore Liu’s advocacy for industrialisation as a precondition for mechanisation had been questioned, “Collectivisation is not all together determined by mechanisation, so industrialisation is not the prerequisite for it.” (Mao, 1977b, 48) Furthermore, Mao had no doubt that the Soviet’s model could not be applied in China without any alteration, “Some comrades have found in the history of the Soviet Union grounds for criticising what they call impetuosity and rashness in our present work of agricultural cooperation...but on no account should we allow these comrades to use the Soviet experience as a cover for their ideas of moving at a snail’s pace.” (Mao, 1966, 309)

3.6.3 Mao’s View on Contradiction

Mao’s view on contradiction and class struggle had a deep impact on his decision to collectivise farming, and played a significant role in his theory of transition. Basically, Mao did not trust the bourgeois class, and any incorporation of the petty bourgeoisie into his development system was for him, just a measure of political expediency. In this aspect, he was the same as Stalin. The difference is that Stalin did not trust the masses, while Mao did. Interestingly, though Liu did not trust the masses, he did not view the bourgeoisie as a class enemy as much as Mao did but was positive about the existence of private capital; but he emphasised central authority and advocated a centre-organised economic development model, which was similar to Stalin’s. In one of Mao’s most celebrated works, ‘*On Contradiction*’, written in August 1937, Mao stated that “as long as class exists, contradiction between correct and incorrect ideas in the Communist Party are reflections within the Party of class contradiction. At first, with regard to certain issues, such contradiction may not manifest themselves as antagonistic...the contradictions would have become antagonistic if the comrade who has committed mistakes did not correct them.” So Mao’s earlier version of contradiction was quite moderate, as he said, “Economically,

the contradiction between town and country is an extremely antagonistic one in both the capitalist and socialist society...But in a socialist country and in our revolutionary base areas, this antagonistic contradiction has changed into one that is non-antagonistic; and when communist society is reached the contradiction will be abolished.” (Mao, 1965, 1: 344—345)

This assertion actually echoes Liu’s theory of ‘extinction of class contradiction,’ which believes that contradictions between classes (hostile contradictions with the enemy) would have been extinct as long as the proletariat is in power, and the only contradiction left was the contradiction among the people (Liu’s view on contradiction will be discussed in Chapter 4). However, in June 1952, Mao gave a revised version of his view on contradiction, where he stressed that “with the overthrow of the landlord class and the bureaucrat-capitalist class, the contradiction between the working class and the national bourgeoisie has become the principle contradiction in China, therefore the national bourgeoisie should no longer be defined as an intermediate class. “ (Mao, 1978, 77) In June 1953, Mao warned that “the transition period to socialism was filled with contradiction and struggle. Our present revolutionary struggle is even more profound than the previous armed revolutionary struggle. It is a revolution that will bury the capitalist system and all other systems of exploitation once and for all.” (Mao, 1978, 94)

Mao put forward his latest version of contradiction in his writing ‘*On the Correct Handling of Contradictions among People*’ (27th February 1957), which had laid down his view of class struggle before the launch of the Great Leap. “Now we have two types of contradiction, the contradiction with the enemy and the contradiction among people. These are contradictions that differ completely from each other...But first of all, we must be clear of what enemy and people mean, as different historical backgrounds and different countries might have different definitions...At the present time, upon the construction of socialism, anybody, organisation or class who supports the construction of socialism should be categorised as people, and anybody who opposes and sabotages such construction is an enemy.” Mao pointed out that “the contradiction with the enemy is antagonistic, and the contradiction among the people is non-antagonistic.” However, Mao reminded that the contradiction among people could become antagonistic if it is not handled correctly. His elaboration of the Hungarian uprising in October 1956 unveiled his main concern about the ‘enemy’—the dissidents within the country. “Some people are

really happy after the Hungarian incident,” Mao said, “they hope something similar will happen in China as well...this is against the interest of the people, they will never have any support.” (Mao, 1966, 327—331)

Though in 1957, Mao agreed that the turbulent class struggle that characterised the revolutionary periods had come to an end, he insisted that “the class struggle between the proletariat and the bourgeoisie, the class struggle between the different political forces, and the class struggle in the ideological field between the proletariat and the bourgeoisie will continue to be long and tortuous and at times will become very acute...the basic contradictions in socialist society are still those between production relations and the productive forces, and between the superstructure and the economic base...however, the existence of bourgeois ideology, bureaucracy in our state institutions, and flaws in certain links of our governmental system, are all in opposition to the economic base of socialism.” (Mao, 1966, 327—328, 336)

For Mao, contradiction between classes always existed, and that belief was rooted in his distrust of bourgeoisie. However, during the Eighth Congress in 1956, where he was forced to retract his policy of rapid collectivisation, Mao gave a statement stating a more compromising view regarding class struggle, saying that “The difference between workers and office employees is now only a matter of division of labour within the same class...what is the point, then, of classifying these social strata into two different categories?” (ZGZYBGT, 1956, 2: 213—214) But then in December of the same year, he overturned his earlier statement again, as the editorial board of Renmin ribao published an article titled ‘*More on the Historical Experience of the Dictatorship of Proletariat*’ (*Zailun wuchanjieji zhuanzheng de lishi jingyan*), apparently under the instruction of the central authority, seemingly intended to clarify the matter of ‘contradiction’, “Under certain circumstances, the contradiction among people would become a contradiction with the enemy...As a conclusion, as long as somebody takes a stand on the side of the people, they should not treat the two types of contradiction equally. Those who deny the class struggle and do not distinguish between the enemy and ourselves are definitely not Communist or Marxist Leninist.” (Renmin ribao, 29th December 1956) Mao’s notion of contradiction, which he elaborated in 1957 via ‘*On the correct handling of contradiction*’, actually reflected his classification of comrades and class enemies as ‘friends and foes’, i.e. those who agree with him and those who oppose (See Dittmer,

1998, 165). His high profile purge in 1957 of the intellectuals who voiced their discontent during the ‘*blossoming and contending*’ (*damingdafang*) of the *Hundred Flower Campaign*³¹ reflected his intolerance of any supposed class enemy. But the profiles of Mao’s ‘class enemies’ do not comprise only the bourgeoisie, as fundamentally, those who opposed his authority and policy were classified as enemies of the people as well. Therefore with Mao, contradiction with the enemy always existed.

James Peck believes that Liu represented the main ideological critic of Mao’s view on the masses. He pointed out that Liu’s view carried significant Soviet influence and for Liu, “purity of devotion and ideological orthodoxy were the ultimate safeguards for the ability of the party to act correctly on behalf of the masses.” (Peck in Mao, 1977b, 20) Liu believed that class struggle against a class enemy was deemed unnecessary after he had joined the Communist Party because he would be educated and transformed within the party. But such conception had directly challenged Mao’s idea of contradiction, and Mao’s reaction was to defend his idea vigorously, even it was the time when the two leaders were on good terms, “Some seem to think that once in the Communist Party, people all become saints with no differences or misunderstanding...monolithic and uniform.” (Mao, 1978, 515) Similarly, Mao claimed that components of a socialist economy cannot be born or “brought into being” inside a capitalist economy based on private ownership. “This is our main difference with the revisionist,” Mao said. The argument that capitalism may peacefully develop into socialism is a “serious distortion of Marxism”. (Mao, 1974, 319—320)

In his criticism of Soviet political economic textbooks, Mao championed a measure of immediate and complete social transformation for the period of transition. “Marx had said that from capitalism to communism there is a period of ‘revolutionary transformation’. We are now in such a period...In this transitional period, all social relations must be fundamentally transformed.” (Mao, 1974, 320) In order to succeed in this complete transformation during the transition period, Mao urged the party leaders to be ready to apply tough measures if the result did not turn their way, “The

³¹ The *Hundred Flower campaign* (*baihuaqifang*), was Mao’s initiative to promote intellectual criticism of the party in order to fence off the resistance to adventurism within the party. However, the campaign backfired, as the criticism against the CCP had been so immense that Mao had to convert the campaign from an encouragement of intellectual debate to a method of conducting rectification. The Anti-Rightist movement was launched in 1957 and hundreds were purged and killed. Sources: (Bo, 1993, 2: 603—634; Teiwes in Macfarquhar et al (ed.), 1987. 61.135)

Communist party and the revolutionary of every country must have both their hands ready (two measures and one as alternative): one for winning the revolution peacefully, one for taking power with violence...the bourgeoisie will not give up their political power without a fight.” (Mao, 1974, 324) However, like Stalin, Mao had never thought the backwardness of the country would hinder the process of socialist economic development, “Lenin said, ‘The transition from capitalism to socialism will be more difficult for a country the more backward it is.’ I think this is incorrect today. Actually, the transition is easier the more backward the country is, as the poorer they are, the more they want revolution.” (Mao, 1974, 333)

3.6.4 Mao’s Theory of Uninterrupted Revolution

Nee and Peck observe the undercurrent beneath the solidarity the leadership showed in launching the Great Leap, as well as the branching of theories of transition, “While the CCP seemed relatively united on the first step of the transition towards socialism, beneath the surface were questions which became increasingly prominent...Was the aim of the revolution merely to build China’s wealth and power, or was it to entail the creation of a new socialist man as well? Was a professional party, equipped to lead China’s industrialisation through its mastery of planning and scientific technology, the proper motivating force for building a socialist society? Or was that force the creativity of the masses, liberated by new social, political, cultural and economic relationships?” (Nee in Nee at el, 1975, 45) In evaluating the application of the Soviet model in the 1950s, Mao began to see dangerous implications, the growing gap between town and countryside that threatened the revolutionary transformation of the nation, and the application of the Soviet model could exacerbate the situation. But Mao did not have a clearly worked out alternative, and differences within the Party occurred. Therefore, when Mao supported the agricultural collectivisation in July 1955 he was actually returning to “the experience of working among the peasants that had come to practical and theoretical fruition in Yan’an.” (Nee in Nee at el, 1975, 47—48)

Meisner believes that the ideological impetus of the Great Leap, or the rapid collectivisation plan of China, was “deeply rooted in revolutionary Maoism.” He sees Maoist revolutionary ideology consists of “a voluntaristic belief that the consciousness and moral qualities of human beings are the decisive factors in determining the course of history, and a populist belief in the true revolutionary

advantages of backwardness...These beliefs, combined lessons derived from the experience of a decade of post-revolutionary history, received their most general theoretical expression in what was announced on the eve of the Great Leap as 'the theory of permanent revolution.'" (Meisner, 1999, 192) Meisner views Mao's concept of permanent revolution as "characterised by an endless series of social contradictions and struggles which can be resolved only by radical revolutionary breaks with existing reality." Calling Mao "super Trotskyist", Meisner sees Mao's conception of developing the nation's economy as mobilisation of people who were armed with "revolutionary spirit, will and leadership;" as Mao attributed the success of the revolution and collectivisation to the "boundless creative powers of the masses and their inexhaustible enthusiasm for socialism." (Meisner, 1999, 195—197)

But it is indeed an overstatement to call Mao a Trotskyist, let alone "super Trotskyist". Trotsky believed that the revolution would not end even after the proletariat had successfully seized power. The working class who came to power in Russia would for a brief moment receive good support from the peasants, who accept the working class as the leadership. As Trotsky saw it, "the proletariat in power will stand before the peasantry as the class which has emancipated it." However, the dictatorship of the proletariat would become inevitable as there was virtually no agreement between the workers and the peasantry. The so called worker-peasant alliance was merely a sort of political expediency. When the proletariat tightened their grip on state control the peasant would find their interests sacrificed, as consideration would be given first of all to industrialisation and national economic building rather than the development of the peasantry. The peasantry would then turn hostile against the workers' government that was on the verge of collapse; but Trotsky believed that the second wave of revolution would never succeed because "historical experience shows that peasantry are absolutely incapable of taking up an independent political role." As a result of its failure to reorganise the country, the proletariat was not able to advance beyond the stage of revolution they have already achieved due to the backwardness and poverty of countryside. The primitive foundation of the country undermined the proletariat's effort to coordinate agricultural and industrial production. Trotsky asserted that the proletariat would not be able to push the revolution into another stage without the victory of socialist revolution in other European countries. So the cycle would go on in a backward country like Russia and a

real socialist state would never emerge, if Russia remained isolated and backward. (Trotsky, 1969, 71—73; Nee et al, 1975, 112—113)

It is debatable to conclude that Mao's notion of permanent revolution was actually the rationale behind his preference for rapid expansion of socialist industries and collectivisation. But Mao did talk about 'permanent revolution' in 1958 on the verge of launching the Great Leap. On 28th and 30th January 1958 at the Supreme Conference, Mao was in bullish mood after the defeat of the Anti-Rash Advance camp led by Zhou and Liu (in 1957). He said, "A friend accused us of being over-ambitious, unrealistic and impatient. But what does it mean? Who is being unrealistic? Are we talking about the reactionaries or the revolutionaries...Our unrealistic targets were set by 600 million Chinese people, and we are impatient and unrealistic in the name of socialist development." (Mao, 1974, 155) But his elaboration of permanent revolution, or uninterrupted revolution, did not seem to resemble much of Trotsky's version of permanent revolution. Instead of continuous class struggle at every stage of revolution, Mao indeed talked about continuous unfolding of events in the process of economic expansion, "Now we are in a new war, just as we were trying to concur with mother nature...after the *zhengfeng* (rectification in Yan'an), we are now focusing on the technological revolution. We have to learn properly, we have to do experimental farming; we have to join the factory as trainees, to learn natural science, social science, and literature. But social revolution must continue on a daily basis, rectification must go on...So we are talking about permanent revolution: we have land reform after the liberation, and we have mutual aid groups and cooperatives after land reform, cooperativisation of handicrafts and joint ownership (state and private) of trade in 1956, rectification in 1957 (to purge the dissidents of the hundred flowers campaign), then we have technological revolution. One event after another, you must mould the metal while the temperature is high, we should not stop and we will unite anybody that can be united." (Mao, 1974, 157)

3.7 Afterwards

3.7.1 Liu's Position

Marx stated in the '*Communist Manifesto*' that the pre-capitalist revolution was the bourgeois democratic revolution, which was to overthrow the feudal Lord,

when the new productive forces of capitalism had brought about conditions for change of the old production relations of feudal society (Marx in Marx & Engels, 2002, 225—7). This perception of the precedence of democratic bourgeois revolution over the socialist revolution forms the basis of Lenin's two stage revolution: an All-Russian-alliance (worker and peasant) revolution and the final class struggle against the class enemy during the proletariat revolution. The manipulation is understandable, as the Bolshevik revolution did not take place in a capitalist nation but a semi-feudalist state. Both Russia and China had more or less propagandised the importance and the necessity of the period of transition after they came into power. Apparently, the purpose of embracing a transitional period in their revolutionary propaganda was to provide the excuse to develop the nation's economy after the revolution, in a "bourgeois way". However, economic development of the transitional period also bore the rationale of instituting doctrinal legitimacy as well, since it was seen as compliance with Marxist theory that no proletariat revolution could be successful without the full-scale development of productive forces under capitalism. This seemed to be reflected in Liu's advice to his comrades that the CCP have completed the first task by winning the revolution, now they had to complete the second task, which was economic construction; and if the second task failed the first completed task failed as well (Liu, 1981, 2: 2—5, 32, see discussion in Chapter 5).

Nevertheless, it must be noted that nothing in Liu's theory of transition will match Bukharin's and Lenin's thoughts precisely. Neither could we find any evidence linking Liu's true inspiration in forming his own theory of political economy with Bukharin. But this theory section serves the purpose of providing the ideological background of similar practices in the past, i.e. the idea behind the Soviet economic reconstruction that happened years before the formation of Communist China; and the insights of debate and political struggle arising from the implementation and theorisation of the NEP. In comparison with the NEP, China's version of transitional policy, the New Democracy, was launched in the 1940s by the CCP as a scheme of mixed economy to revive the economy after the civil war, and Liu was a staunch believer in it. As we will discuss in Chapter 5, Liu's conception of the co-existence of five types of economies bore some resemblance to Lenin's model. The NEP's emphasis of the control of *commanding height*, too, was reflected in Liu's advocacy for the control of major industries. Liu seemed to echo Bukharin's notion that the Kulak (rich peasant) should be allowed to accumulate wealth in order to finance the

construction of the economy (Bukharin, 1982, 189—193) by stating that “The long term accumulation of wealth (by the capitalists) would fund the construction of heavy industries, the success of which would enable us to transform the urban capitalists into socialists; the development of the nationalised industries would result in the mechanisation of agriculture, which would then prompt the socialisation of the rich peasant economy in the rural area, and the development of agricultural collectivisation.” (Liu, 1981, 1: 430) His preference to educate and transform the bourgeoisie rather than to purge them resembled the “*grow in*” notion of Bukharin, and even some elements of Lenin’s *voluntary revolution*. Nevertheless, Liu’s advocacy for party discipline was absent in Bukharin’s theory. For this reason many had related Liu to Lenin (calling him the Leninist of China), for advocating strict party discipline in his earlier years (see section 3.3.4); while some even think that this was the legacy of Confucian teaching in Chinese society. We will discuss this in Chapter 4.

Their support for a smooth and time-consuming transition to socialism instead of an instant transition via class struggle was one of the reasons both Liu and Bukharin were criticised by their fellow countrymen, as Cohen put it, “the fundamental criticism of Bukharin’s sociological theory and its implication was that equilibrium presupposes social harmony while orthodox Marxism proves the prevalence of social conflict.” (Cohen, 1970b, 58—59) However, there are minor differences between them in terms of “smooth transition.” Bukharin believed that the dictatorship of the proletariat would ensure the ultimate ‘*grow in*’ (transformation) of the bourgeoisie, (Bukharin, 1982, 192), while Liu implicitly resisted the perception that the time for proletariat dictatorship had matured. Instead, he carefully avoided direct collision with Mao by ambiguously labelling their regime *dictatorship of people’s democracy*, and chose to advocate the education and the cultivation of the bourgeoisie, while being optimistic about their ultimate submission to communism without having to purge them. (Liu, 1981, 2: 2—5, 32; 1: 327, 337)

That brings us to another topic that caused Liu significant trouble: his open statement on the extinction of class struggle, in which he stressed that after the success of the proletariat revolution, the contradiction left behind was just the contradiction between different ideologies and principles, not contradiction with the class enemies (Liu, 1981, 1: 210—211). Liu further clarified his view on the resolution to contradiction, “if the differences are on principle and fundamental, then

no one should compromise unwillingly, as resolution embracing mutual consent must be worked out. However, if the differences are not fundamental, then they should be allowed to exist, or else it will undermine the party unity.” (Liu, 1981, 1: 206) On the other hand, Bukharin had never pointed to the extinction of class struggle. But his belief in the ‘*grow in*’ model of transition, which is evolutionary in nature, had no doubt eased the tension of class contradiction away. This had placed him in an odd position among orthodox Marxists, and his implicit opposition to the ruthless purge of class enemies on the grounds of his evolutionary theory of history had depicted him as the ideological rival of Stalin. Coincidentally, Liu had the same problem with Mao for almost identical reasons.

One of the most prominent similarities between Bukharin and Liu was their advocacy for the establishment of massive trade institutions or business conglomerates to manage the operation of the major industries, or the *commanding height*, on NEP’s terms. As we shall see in Chapter 5, Liu’s rationale behind his support for the nationwide establishment of cooperatives as a trading medium in channelling the resources in between towns and countryside, and the replacement of state-owned industries by ‘*the Trust*’, the industrial amalgamation; had the same root as the motives of Bukharin and Lenin in the establishment of cooperatives—let the proletariat control the major resources and political power, then everything will be on its way. But what underlined the characteristic of Liu’s theory of transition was his emphasis on the primacy of the productive forces, which Bukharin and Lenin did not quote as often as Liu. Not as well read, and not as good an economist or theoretician as Bukharin and Lenin, Liu seemed to play to his strength by keeping it simple. By stressing the primacy of productive forces, which is indeed the essence of Marx’s theory of history, Liu shielded himself under the banner of orthodox Marxism from the hard left of the CCP. It worked well in China where the majority of the population had low literacy. Unlike Bukharin, who at least enjoyed a long period of time of speaking and writing his mind, Liu had to compromise his position under Mao’s watchful eye and the complexity of inner-party power struggles.

3.7.2 Bukharin and Chinese Revolutionaries

Due to the success of the Bolshevik Revolution, Soviet Communism had become a role model for China’s revolutionaries in pre-communist China. The control of the Comintern by Russians and the formation of the Chinese Communist Party with

Russian supervision had had significant impact on the development of Chinese communism. However, as Wang points out in his research on Chinese historiography, “on one hand, Chinese Marxists were attracted to the Soviet experience in applying Marxism to historical studies...on the other hand, they attempted to circumscribe the Soviet influence in order to strike a balance between history and theory, the foreign and the indigenous, and the national and trans-national.” Wang sees an irony, “The fact of the matter is that the Marxists who succeeded in making the revolution in China were not those who had followed the Soviet model” (Wang, 2000, 95, 102)

Hammond, who studies the earlier relation between Bukharin and China’s revolutionaries also points out an interesting fact: When the CCP was operating under the advice and instruction of the Comintern in the early 1920s, one of the key persons in charge of the Comintern was Bukharin, whose Marxist writings had somehow become a theoretical guidance for the earlier batch of Chinese communists, who, unlike Mao, chose to be the obedient subordinates of the Comintern. Besides, Bukharin maintained organisational control of the Comintern so that “the theses of the Sixth Chinese Communist Party Congress held in Moscow in June 1928 would have been overseen by Bukharin, while Stalin would have had a certain responsibility for organisational matters.” So Hammond suggested that the “genesis of the Li Lisan line”³² was actually Bukharin, whom he believed had a say in China’s early revolutionary plan. Although Li claimed to be a staunch Stalinist, “Bukharin’s organisational power was too great for Li Lisan to be simply a ‘Stalinist’ candidate.” (Hammond, 1975, 466—468) This could be true to a certain extent, as Cohen believed that before Bukharin was ousted in 1928, Stalin was responsible for organisational matters while Bukharin drafted the theoretical guidelines for economic development. Since there was hardly any original economic writing by Stalin before 1928, “Stalin was largely a Bukharinist in economic philosophy; as he groped toward policies that were in effect counter-Bukharinist, he began to become a Stalinist.” (Cohen, 1974, 313)

³² Li Lisan (1899-1967) was one of the founders of the CCP, and the CCP leader from 1928 to 1930. In 1928, Li Lisan, the Party leader of the Chinese Communists by then, was ordered by the Comintern to re-extend Central control over the Chinese Communist movement and to build a Red Army. Li’s dilemma was that if he supported the build-up of a Red Army before he could control it, he would undermine his own political influence and those who had controlled the Red Army would replace him. But if he did not support the build-up of Red Army he was in direct opposition to the Comintern. The ‘Li Lisan line’ was therefore Li’s attempt, to resolve the problem. This was supported by the Comintern as part of their development plan in China’s revolution. He was dismissed from the Politburo on 7th January 1931. (Thornton, 1969, xv)

But this earliest connection between Bukharin and Chinese revolutionaries had a dramatic twist—the CCP leaders pledged their support for Stalin and denounced Bukharin and Trotsky as revisionists and traitors after Bukharin’s fall. Bukharin’s guidelines had been replaced by Stalinist leadership with a spirit for struggle and fighting. But later, in the power struggle against the Comintern delegate Wang Ming³³ (see discussion in Chapter 4), unquestionably a Stalinist, the CCP under Mao’s leadership showed their defiance and refused to copy the Soviet model mechanically, as they believed that the Chinese revolution had to take into account the peculiarity of Chinese historical experience. “That leaves us with a paradox,” Hammond said, “the Chinese communists led by Mao supported Stalin, but not their own Stalinists. The resolution of this paradox, as one might expect, involves Bukharin...(but) no specific organisational link can be traced between Mao and Bukharin after 1928. This results in part from the fact that the Chinese Party as a whole was less affected by the factional struggles in Moscow, but also from the failure of the pro-Bukharinist opposition to organise successfully.” (Hammond, 1975, 467—468)

An outline of the political view by one of the pioneers of the CCP in 1929, Chen Duxiu, compiled by Saich as an archival record of Chinese revolutionaries, highlights the difference between the Comintern and the CCP that Bukharin was actually treated the same as other Russian leaders, from the perspective of Chinese communists, “Since comrade Lenin’s illness and death, a serious opportunist crisis had occurred in the leadership of the Comintern and the Soviet CP controlled by Zinoviev, Stalin and Bukharin...they have used Soviet diplomatic strategy to replace the world revolutionary class struggle...” (Chen in Saich, 1996, 414) Therefore it would be interesting to contemplate the reasons behind the similarity between Liu’s and Bukharin’s thought. As China is still not an open society, the actual history of Liu’s socialist learning and the genuine inspiration of his writings is still a mystery. In Liu’s day Bukharin was hardly mentioned and Liu could only refer his idea to their mutual communist guru, Lenin. However, it could also be possible that all socialist revolutionaries who chose to persist with the original version of historical materialism and advocated the primacy of productive forces would have chosen the same path.

³³ Wang Ming, or Chen Shaoyu as was his real name (1904—1974), was a CCP Comintern loyalist, and one of the famous ‘28 Bolsheviks’ who studied in Russia. He was then sent back to China to oversee the implementation of the ‘Li Lisan Line’, and finally took over from Li the leadership of the Chinese Communists on 21st June 1931 when Li failed to deliver. (Thornton, 1969, 119—120; Saich, 1996, xxiv—xxv) But he was defeated by Mao and Liu in the inner power struggle of the CCP. (see discussion in Chapter 4)

The root of all these ideological confrontations, which were also the origin of almost all power struggles within both the CCP and the Bolsheviks, was the legitimacy of their Marxist doctrines. The interpretation of Marxism had thus become the key to legitimising their doctrines. In view of Marx's huge volume of writings and his inconsistencies, it was almost an impossible task to have a one-for-all interpretation. The result of the power struggle was that the interpretation of Marx had become rather political, not philosophical or theoretical. That was why the faith of many revolutionaries met tragic ends.

Chapter 4: Liu Shaoqi on Party and Organisation

4.1 Introduction

Although the notion that Liu was a *party disciplinary master* (Terrill, 2003, 174; Schurmann, 1968, 544; Schram in Lewis ed., 1970, 170—173; Hutchings, 2000, 283)³⁴ is not incorrect, as far as Liu's writing and practices were concerned, more emphasis was placed on the organisation and party unity, than on discipline. This chapter attempts to discuss Liu's ideas on party and organisation during the transitional period, as we will look at Liu's views on authority, the party's ideological guide, class contradiction and the transformation of class enemies.

Section 4.2 will discuss Liu's promotion of the Maoist cult as the central ideological guide, and his subsequent attempts to withdraw it. The section sees Liu's propaganda of Mao's ideology as the replacement for Marxist-Leninism in an attempt to undermine the Soviets' influence on the Chinese Communist leadership, as well as to create a more peculiar image of the revolutionary leader to rally support from the peasantry, among which the depth of Marxist-Leninism might not be fully appreciated due to low level of literacy. Therefore the Maoist cult was always the more effective option as a central ideology in mobilisation. In fact, Liu tried to halt the campaign promoting the cult when he realised that the worship of Mao had been radicalised and become irrational. Regardless of whether there was a political deal between Mao and Liu, as many claim, Liu's intention to position the Maoist cult as a party ideological guide is beyond doubt. The historical facts and politics behind the scenes will be discussed fully in Chapter 6, which deals with the issues that might undermine the coherence of Liu's theory. This chapter, on the other hand, merely concerns theoretical discussions. However, the separation of theoretical and historical discussions can sometimes be difficult.

We will then look at Liu's advocacy for the transformation of class enemies via education and the cultivation of good communists. The centre of the discussion in section 4.3 is Liu's persistence with the adherence to sets of central party rules, his zero tolerance of corruption and any irregularity within the party. or in his words, the

³⁴ Lowell Dittmer sees the publication of Liu's selected works by the CCP in the 1980s as an attempt to portray Liu as a "circumspect, paternalistic, rigidly disciplined, and intelligent Leninist." in order to promote the supremacy of party discipline. (Dittmer, 1984, 126—128)

“purification of the party.” Liu believed the best way to deal with crises was to iron out any wrongdoers in accordance with strict rules and discipline, regardless of their class and background. The best example of this was his handling of the *Four Clean Movement*, where he famously asserted that class enemies were not his concern, as he only persecuted those who were ‘unclean’ (the wrongdoers). His celebrated writing, ‘*How to be a Good Communist*,’ which outlined the behavioural standards of an ideal communist member, was his model of inner party purification measures, with which he hoped to mould all newly joined communist members to be good communists. He also believed in evolutionary changes, as he urged the existing members of the Party to exert their influence on new members or petty bourgeoisie in order to convert them into a proletariat in times to come, without the necessity of class struggle. Having taken into consideration the size of China’s population and the potential havoc should factional conflict occur, what concerned Liu was a set of rules for everybody to follow, and to transform those at the ‘wrong end’ into good communists. His statements consistently showed little preference for class struggle and placed much emphasis on the initiative of the party’s members. On the other hand, his emphasis of self-cultivation and party discipline could easily portray him as a party disciplinarian, as claimed by many Western Scholars.

In section 4.4 we will discuss Liu’s view on contradiction, which was a vital issue in socialist revolution. Contradiction had been regarded as the element reflecting Marx’s theory of dialectics. Lenin believed that contradiction between different classes or parties continued to exist under any circumstances, even after the revolution. This notion had been so popular in the communist world that it became the principle that underlined the campaigns of class struggle. Liu, on the other hand, believed that contradiction between proletariat and bourgeoisie would cease to exist after the success of a proletariat revolution. In line with his advocacy for the party’s purification and cultivation of good communist members, Liu stressed that the remnants of the petty bourgeoisie could be transformed into good socialists without class struggle. The centre of his thought in this respect was that as long as the proletariat was in charge, sooner or later the bourgeoisie would be transformed into good socialists. This resembled Bukharin’s evolutionary model of growth in transition, which we have discussed in Chapter 3. Nevertheless, Liu’s tolerance of inner party pluralism seemed to contradict his conception of party purification. But while Liu stressed the importance of the unity and discipline of the Party, he saw the existence

of the variety of ideas and attitude as part of human nature. This was actually the rationale behind his assertion that while contradiction between classes had ceased following the liberation, the contradiction among people with “different ideologies and principles” always existed. As Dittmer analyses Liu’s *‘Inner Party Struggle’* (1941), he concludes that Liu encouraged ‘principled’ (impersonal, reasonable, issue oriented) debate but called for compromise on ‘unprincipled’ dispute (Dittmer, 1974, 20). More importantly, he had always been confident that this sort of multiplicity within the party would not render the leadership ineffective, as long as the proletariat were in control, and everybody followed party rule.

4.2 Party’s Ideological Guide: The Maoist Cult

The power struggle in Yan’an³⁵ against the Comintern-led Wang Ming had a long-standing impact on Liu’s policy formation. Should he and Mao be defeated in the power struggle, the party could have been split into two and the cooperation with the Nationalists in fighting the Japanese could be in vain. Similarly, Liu would have never forgotten the hardship he had gone through in uniting the workers from the left wing Red Union and the Nationalist-inclined Yellow Union during his leadership of the Union movement in Anyuan. That explains why Liu stressed in his letter to Song Liang, *‘Answering Comrade Song Liang’* (1943), that, “the Chinese Communist Party has an obvious weakness—lack of theoretical appreciation (of Marxism). The theoretical learning among the party members has never been sufficient, and many of our failures in the past were the failures of leadership, which were rooted in ignorance (of Marxist theory).” (Liu, 1981, 1: 220) “The revolutionary spirit of the CCP members is highly respectable,” Liu wrote in 1943, “but their ideological preparation for scientific Marxist-Leninism has been poor.” (Liu, 1981, 1: 293) In another speech, *‘Training in Organisation and Discipline’* (1941), he expressed his belief in the

³⁵ The blockade of the Shaan-Gan-Ning Base Area (which comprised the bordering areas of Shaanxi, Gansu, and Ningxia Province, with its centre of politics at Yan’an) by the Japanese army and the influx of patriotic intellectuals with different ideological background into Yan’an had shown Mao the urgency to resolve the problem of the ideological cleavage and power struggle between the mainstream CCP leaders and the Wang Ming led Comintern supporters. With the support of Liu, Mao launched a campaign to rectify “subjectivism (zhuguanzhuyi), factionalism (zhongpaizhuyi), and blind application of party doctrine (dangbagu).” The campaign was officially launched in February 1942 at the opening ceremony of the Central Party School, and was first carried out in the form of study movement for senior cadres. It was soon broadened to the whole party. The end of the campaign saw the defeat of Wang Ming’s camp and the establishment of Mao’s absolute authority. (Saich, 1996, 971—991; Teiwes, 1979, 58—101)

significance of a central ideology for the party, “The unity of the party lies in ideological unity emanating from Marxism. Such ideological unity is the most fundamental matter, without which it will be impossible to form the party and maintain its unity...ideological unity precedes unification in organisation; the latter, on the other hand, helps, moves and, in a certain degree, consolidates the unity in ideology.” (Liu, 1969, 1: 371—2)

Then Liu highlighted the same issue again in his speech ‘*On Party*’ (1945), where he expressed his thought of reorganising the CCP, “Among all the issues regarding party construction, the most important of all is the ideological construction...which means to transform and re-educate our members, particularly those from petty bourgeois background, with Marxist-Leninist ideology.” Liu explained why a sole existing dominant ideology is vital for the survival of the party, “...most members had got themselves involved in the revolution before they could acquire good knowledge of Marxism, hence the deficiency of ideological construction within party. This gives the petty bourgeois within the party, who have not been transformed, the opportunity to spread (the thought of) opportunism in the party.” Liu saw the problem in a straightforward manner, “Many of our members suffer from the errors they make because they are theoretically unprepared.” (Liu, 1981, 1: 327, 337)

The observation of Liu’s that Chinese Communists were ideologically unprepared for a socialist nation had no doubt prompted his orchestration of the Maoist cult. The label of ‘*Mao Zedong’s Thought*’ was actually not the creation of Liu, but was originally the idea of politburo member Wang Jiaxiang (Wang, 2001, 16). But it was Liu who advocated the idea enthusiastically. In as early as 1941, Liu had begun to promote ‘Mao’s Thought’ to the cadres in the army camp (Wang, 2001, 16). After the Yan’an rectification, Liu decided to systemise the construction of the Maoist cult, in order to introduce to the members an ideology that, in comparison with Marxist-Leninism, takes a shorter time to appreciate while having more domestic appeal in China. In his letter to Song Liang, Liu gave his analysis of why the party members were generally weak on theory, “Firstly, the history of Marxism in China is not long, unlike Europe, where Marxist ideology has existed for nearly a hundred years. Secondly, China was at that time (with the formation of the CCP) objectively ready for revolution, therefore all revolutionaries in China had to involve themselves in the revolutionary work immediately, before they could find sufficient time for Marxist study. Thirdly, we are short of Chinese translations of Marxist theory, and most

Marxist books wrote about European history and culture, while China was hardly mentioned. The Chinese historical development has its distinct characteristics. Fourthly, there are two extreme ideological inclinations within the party: one emphasises the theory and ignores practicality, while another attaches overwhelming importance to practicality and neglects the study of theory.” (Liu, 1981, 1: 221) From there, Liu had laid down the foundation for the establishment of the Maoist cult, and had legitimised the necessity to replace Marxism with a domestic ideology as a central line to unite the party. In order to reinforce Party unification during the struggle of the Yan’an period, Liu saw the necessity to create a hero or an idol, and the cult of political discourses to mobilise the party members. As Wylie points out, Liu himself “had no notion of how far the swelling cult of Mao and his thoughts might eventually be carried.” (Wylie, 1980, 279)

He presented Mao’s thought as an ideology complementing Marxism for the first time in his 1943 article, ‘*Liquidate the Menshevik Ideology within the Party*’. With the power struggle of Yan’an in mind, he wrote, “How would it be possible that our party would not commit serious errors in matters of principle within the leadership of the various aspects of the revolutionary movement? This requires that, our party members, above all our cadres, must be able to distinguish true and false Marxism and Leninism...various kinds of pseudo-Marxism must be crushed, that the abundant historical experience of our party during these past twenty-two years must be summed up, that our studies must be well developed to enhance our vigilance, and the guidance of comrade Mao Zedong must permeate every link and every department of our work.” His intention of creating a ‘great leader’ as a symbol for Chinese revolution as well as the representative of the *real* Marxism was obvious, “These two kinds of Marxism have existed from the beginning in the communist movement of China...the first kind, the pseudo-Marxism of China, belonged to Chen Duxiu, the Trotskyites of China...the second kind, the genuine Marxism in China, comprised Comrade Mao and many others...it is a fact that in the long, strenuous and complicated twenty-two years of revolutionary struggle, it has finally been possible for our party, the proletariat and people of our country to find their own leader in comrade Mao Zedong.” (Liu, 1969, 1: 440, 442—443, 438)

But Liu planned to do more than that. The ‘official launch’ of the Maoist cult was Liu’s speech in the Seventh Congress, April 1945, where he tried to position Mao at the same level as Karl Marx, “Mao Zedong’s thought, is the combination of

Marxist-Leninism and the Chinese revolutionary practice. It is Chinese Communism, and Chinese Marxism. Mao's thought represents the continuous development of Marxism in the colonised, semi-colonised, and semi-feudalist countries, and also the classic example of localisation of Marxism...Mao's thought is a comprehensive revolutionary ideology for the Chinese, its content is entirely Marxist, yet perfectly Chinese...It is the only correct ideology and policy used by the Chinese proletariat to liberate the nation." (Liu, 1981, 1: 333—334) The speech put Maoist theory in an unchallenged position, "...Maoist Thought is the only and correct way to save China. History has told us that when the revolution was carried out under Mao's guidance, it succeeded; when the revolution was derailed from Mao's guidance, it failed." (Liu, 1981, 1: 334) This statement seems to have a political motive, as it is believed that the period "derailed from Mao's guidance" was referring to the period under the leadership of Comintern-inclined Wang Ming.

Nevertheless, the speech was very crucial in the construction of the Maoist cult, as it displayed a systematic theorisation of Maoist theory, instead of mere irrational praise of the leader, which was phenomenal during the Cultural Revolution. Comparing Liu's praise of Mao with Lin Biao's *theory of the summit*, which labelled Maoist Thought as 'the new stage of Marxist theoretical development and the summit of the contemporary Marxist-Leninism, the highest of everything' and Mao as "the greatest leader and the greatest genius," (Renmin ribao, 19th August 1966), we see Liu's rationality and restraint. The reasonableness behind Liu's praise was underscored by his well constructed theorisation of Maoist ideology as well as his motive—a central line for the masses to stick to during the revolution. As he said in the Congress, "Mao's thought was formed in the revolution and serves the revolution; it is the practice of Marxism in China, and the improvisation of Marxism under the new historical development of China. It is the combination of scientific spirit and revolutionary spirit...it is every member's responsibility to study Maoist Thought." (Liu, 1981, 1: 337)

Many do not realise that Liu had subsequently, in a series of events, tried to rectify what he had done. We will have more discussion on the historical and political development of the events in Chapter 6, while we place our focus on Liu's theory in this chapter. In 1947, two years after the Seventh Congress, in response to a slogan that read: "Chairman Mao is the saviour of the nation", Liu told a senior politburo member Liu Lantao that, "the public say that (the slogan) because they love the

Chairman, the cadres say that because they are closely related to the Chairman as fellow proletarians, and these relationships are precious. But we must bear in mind that the saviour of the nation should not be any individual, but the Party. To regard an individual as a saviour is not scientific, and it is definitely not Marxist.” (Feng, 1998, 523) A year later, when Liu addressed the students of the Marxist-Leninist College in December 1948, we saw a dramatic turn from what he said in the Seventh Congress, “Chairman Mao stresses that Marxist-Leninism is a theory of universal truth, that we can apply it in every aspect...Therefore we must have practical experience and theoretical knowledge (of Marxism), and we must learn from the Chinese experience as well as from the foreign experience...” (ZYWXYJS, 1996, 2: 170)

Note that Maoism was no more the ‘only and correct’ way, as he now believed “we must learn from the foreign experience as well.” Moreover, it was interesting that Liu still managed to legitimise his statements by implicating they were Chairman Mao’s ideas. Liu seemed to regret his advocacy of Maoist cult at a later stage, though he had never expressed it explicitly. In his address to the Marxist College students, he added something that seemed unimaginable during the time when Mao was regarded as God, “Many issues have been solved by Lenin. As we did not read Lenin’s ‘*Two Tactics of Social Democracy in the Democratic Revolution*’ (1905), the success of the revolution has thus been delayed by 20 years. If all of us had read Lenin’s ‘*Two Tactics*’, we could have succeeded in 1927.” (Liu, 1981, 1: 410—411) So it was no more “Mao’s way is the only way to succeed.” In other words, Liu had decided to cool the heat of the Maoist cult eight years before the Eighth Congress (1956) was held.

The Eighth Congress (1956), which had been regarded as a victory for those who preferred the delay of collectivisation and a model of mixed economy, marked a milestone for China’s economic planning. The retreat from ‘impetuosity and adventurism’ was a victory for the cautious minded economic planner, namely Zhou Enlai, Li Fuchun, Li Xiannian, Deng Zihui and Chen Yun.³⁶ However, one of the

³⁶ The ‘adventurism’ referred to the collectivisation process and the adventurous economic development that was favoured by Mao. Zhou rallied for the halt of the irrational expansion and was supported by Liu. Mao had to make temporary concessions in view of the opposition he faced for pushing forward the collectivisation, and wrote the famous ‘*Ten Major Relationships*’, which virtually supported retention of private ownership and private trade to show his support for the Eighth Congress. ‘*The Ten Major Relationships*’ and other resolutions were passed at the Eighth Congress in August 1956. But the resolutions had never been put into practice as Mao overturned them with his political power and influence, speeded up the process of collectivisation and launched the Great Leap two years

most prominent aspects of the Eighth Congress that was overlooked was the attempt to abolish the Maoist cult, and the leadership behind the plot to withdraw the Maoist cult as a policy was Liu. General Peng Dehuai admitted during the trials of the Cultural Revolution that he initiated the replacement of the clause of ‘Maoist Thought as our principal thought’ with ‘Marxism as our principal thought’ in the Party’s Articles, and Liu agreed, “I dislike personality cults as well.” Liu responded, “let us cancel this clause.” (Feng, 1998, 286; ZGYJZZS, 1970, 375)

After the Eighth Congress, Liu raised the question of the need for a better system to constrain the leader’s authority in the Second Plenum of the Eighth Committee, 10th November 1956. Liu seemed to have been inspired by the recent denunciation of the Stalinist cult in Russia by Khrushchev, as he said in his speech: “In some socialist countries, the leaders have become a special class of their own and form a class of ruling elites. We should avoid making the same mistake, or else sooner or later, a class of ruling elite could emerge in China as well. To prevent the emergence of a ruling class that distances themselves from the masses, we should have some new regulations instituted.” Liu then proposed some amendments to the current system, which not only reflected his intention to curb the Maoist cult, but also his ideological principles on party and organisation. Three of these proposals, which had never been put into practice, were actually at odds with the political climate in the late 1950s: Firstly, Liu urged limitation of the power of the leader, as he said, “There must be a ceiling on the power the leaders of the nation could exercise;” secondly, Liu saw the necessity of ending the practice of lifelong leadership within the Party, and suggested capping the term a leader could serve; and thirdly, he saw the necessity to superintend or monitor the leader via a cabinet or committee. (Or, he was actually dealing with the legacy of his own errors: he was the culprit who positioned Mao as the sole power holder, see below) (Liu, 1991, 643—645) As an advocate of the Maoist cult, his proposal looked bizarre, and this showed Liu’s regret as well as his realisation of the legacy of the cult. This is a fact that has always been neglected by those who accused Liu of orchestrating the cult.

One of the fiercest criticisms of Liu by the Red Guard was his omission of the Maoist cult in the revised version of his celebrated writing ‘*How to be a good communist*’. When the speech was delivered for the first time in 1939, Liu urged his

later. (Teiwes in Macfarquhar et al ed., 1987, 126; Teiwes & Sun, 1999, 30—31; ZYWXYJS, 1998b, 108) For detailed discussion of the events before and after the Eighth Congress, see Chapter 6.

party members to “strive to become the best pupils of Marx, Engels, Lenin and Stalin.” However, when he revised the script of his speech in 1962, he altered the statement and omitted Stalin from the article, as it read, “Be worthy pupils of Marx and Lenin.” (Liu, 1969, 1: 159, 225) At the same time, it was also the critical moment when Mao felt threatened by the ‘revisionist propaganda’ of Khrushchev, who denounced Stalin and abolished the Stalinist cult. Although Mao had never had a good relationship with Stalin, he regarded the omission of Stalin from the 1962 article as a sort of hostility against him, given the fact that he was still fond of popularising his own personal cult. Therefore, it is not surprising at all that the Red Guard accused the revised version of *‘How to be a good communist’* as a theory of conspiracy, “a propaganda of capitalism and anti-revolution in China...the attack on Maoist thought and Chairman Mao...the Chinese Khrushchev cooperated with the foreign Khrushchev, opposing Marxism and Maoism...he (Liu) responded to the request by Khrushchev, deleted Stalin from the article, attempted to deny Stalin as a Great Marxist-Leninist, openly contradicting Chairman Mao’s praise of Stalin’ ...he repeatedly emphasised the importance of being a good pupil of Marx and Lenin, while he did not mention Chairman Mao at all...” (ZGYJZZS, 1970, 505—506) Regardless of how the facts were exaggerated and twisted in such accusations, it was undeniably an interesting development that Liu, the advocate of the Maoist cult, did not encourage the members “to learn from Chairman Mao” in the 1962 version of his most celebrated article, particularly during the period when the Maoist cult was a part of life in China.

Liu had no doubt speeded up his rectification to Maoist cult after the Great Leap, in which he observed how the personal cult of a leader could ruin a nation. In his speech during the celebration of the Fortieth anniversary of the founding of the CCP (1961), Liu had again placed Marxist-Leninism ahead of Maoism, “All party members and cadres should study conscientiously the basic Marxist-Leninist principles of socialist revolution and socialist construction, study the theoretical and practical problems of China’s socialist construction as elucidated by Comrade Mao Zedong on the basis of Marxist-Leninist principles, study the general line and the various specific policies of socialist construction as formulated by the Central Committee of the Party, and study the experience in socialist construction of the Soviet Union and other fraternal countries.” In this statement, Mao has become merely an interpreter of Marxism, instead of the inventor of a Chinese political theory.

In addition to that, contrary to the 1945 (Seventh Congress) statement of “it is every member’s responsibility to study Maoist Thought”, Liu stressed, “As for the large number of new party members, they must in addition be given basic education in Marxist-Leninism and basic knowledge of the party.” (Liu, 1968, 141) Liu’s shift of stance became more obvious in 1964, when the Secretary General of Jiangsu province, Jiang Wei, told him that the party’s provincial committee had decided to impose the policy of ‘learning Mao’s teaching and instruction as a prevention of mistakes and fraud’ in all counties and cities. Liu responded, “You cannot treat Marxist-Leninism as unchallenged principles, just like you cannot treat Maoist Thought as such. We learn from somebody because he is right, not because of his supreme status. Many party members apply Maoist Thought strictly and blindly, which is wrong. You are not the only one who made this mistake.” (ZGYJZZS, 1970, 371) But all these ‘corrections’ by Liu culminated in 1966, the eve of the Cultural Revolution, when he hit back directly at Lin Biao’s *theory of summit*, “of course, the development of Marxist-Leninist theory will continue, as its development will not stop here (upon the formation of Maoist Thought). Anybody who thinks so (Mao’s thought is the summit of development) is wrong, that is mechanical materialism.” (ZGYJZZS, 1970, 464)

Apparently, in his effort to overturn what he had constructed, Liu kept referring the members to the Central rules and the Party’s authority. Liu’s notion that no individual should supersede the party had never changed. However, one of Liu’s weaknesses, or one of the reasons behind his tragic fall, was that he was always indecisive at crucial moments. There was one occasion where Liu could actually extinguish the Maoist cult, but not only did he let the opportunity slip through his fingers, he instead started the second wave of the Maoist cult. During the Lushan conference in 1959³⁷, when Mao decided to purge General Peng Dehuai by framing him with a treason charge³⁸, many of the politburo members were outraged. That was the time when the impact of the Great Leap began to be felt and Mao was indeed under tremendous pressure to concede to a more ‘rightist’ programme. This prompted one to speculate whether Mao’s persistence with the Great Leap could have been significantly challenged if Liu had firmly stood his ground, whilst having the support

³⁷ The political and historical background of the Lushan conference as well as Liu’s involvement in promoting the second wave of Maoist cult will be discussed in detail in Chapter 6, which studies Liu’s involvement in the Great Leap and the possible inconsistency in his theory.

³⁸ Peng submitted a ‘letter of opinion’ to Mao stating the deficiency of the current economic plan and urged Mao to halt the Great Leap. Peng was then purged on conviction of treason. See Chapter 6 for detailed discussion of events.

of the Premier Zhou Enlai and the Finance Minister Chen Yun. But Liu's inclination towards appeasing Mao prevented him from doing so. Worst of all, at the end of the Lushan Conference, Liu succumbed to Mao's insistence in that he finally delivered two speeches, one on 17th August and the other on 9th September (1959), to reinforce the Maoist cult, "...regarding the opposition to the personal cult...some in our party suggest we should abolish personal cults, one of them is comrade Peng...to take charge of a nation of 650 million people, and to be accepted by a nation of 650 million people, is not an easy task...only a strong party is able to unite such a massive nation...in order to combat imperialism, feudalism...and to mobilise hundreds of millions of people to construct communes...we cannot achieve that without the strong commanding power of an outstanding individual...in fact, I have been advocating a personality cult, or maybe the words 'personality cult' are not suitable, I should say I support enhancing the reputation and credibility of Chairman Mao. I have been doing this for a long time...and I will continue to do so. I support strengthening the personal cult of Chairman Mao, as suggested by comrade Lin Biao and comrade Deng Xiaoping. I will do it even if some of you do not agree...some try to abolish personal cult in China by quoting the abolition of Stalinist cult in the Soviet Union, that is wrong...is destructive to the accomplishment of the proletariat." (Li, 1993, 368—369)

On the other hand, Liu's reluctance and hesitation to go further on the Maoist cult was also fully reflected in the last few lines of his speech, "Is the leadership of the CCP and Chairman Mao the best leadership we could have? The best choice we have made? I think we could say that...would it be better if Karl Marx and Lenin became our leaders? Maybe it will be better, but maybe not." This contrasted sharply with Lin Biao's speech in Lushan that "only Chairman Mao is a great hero, nobody else should think he can be a hero." (Li, 1993, 211, 369) After that, Lin Biao praised Mao in public regularly, and at the eve of the Cultural Revolution, Mao was already hailed as "the great teacher, the great leader, the great guide, and the great commander-in-chief." (Renmin ribao, 19th August 1966) So it could be more accurate to say that while Liu started the wave of the Maoist cult, it was Lin Biao who propagandised and popularised it. In fact, Liu had been trying to cool the heat of the cult after the Great Leap, particularly during the period of revival (1962—1964). In September 1964 he wrote to Jiangwei, the first Secretary of Jiangsu Province and stated that "we should not take Marxist teachings as doctrine, and we should not take Maoist writings and speeches as doctrine." (Ding, 1967, 251)

Nonetheless, empowered by Liu's interpretation of theory, the speech in Lushan was another milestone in the construction of the cult, in that it saw all Liu's efforts before 1959 to curb the spread of Maoist cult end in vain. The speech also raised the question of whether there was any political deal between Mao and Liu. Some believe that Liu's support of Mao was the result of the deal sealed between the two during the Yan'an period (Gupta, 1982, 50), and others believe Liu's support of Mao during the Great Leap was due to the consideration of his role as the 'heir apparent' (Lieberthal in Macfarquhar et al ed., 1987, 307; Short, 1999, 483). It must be noted however, that Mao had announced his retirement in the Sixth Plenum of the Eighth Central Committee (28th November—10th December 1958), and Liu had subsequently assumed the position in April 1959, four months before the Lushan conference (Teiwes & Sun, 1999, xxii). For a better elaboration of Liu's real intentions, it is necessary to have discussion of political and historical development besides studying Liu's theories. But in order to avoid ambiguity and confusion, the politics behind Liu's controversial speeches at Lushan will be discussed in Chapter 6. It was indeed Liu's reluctance to resist Mao that mattered. Consequently, Liu tried to rectify the wrong he did in Lushan during the next eight years before his fall in 1967, but it was already too late.

4.3 Ideological Transformation: Self-Cultivation and Party Purification

However, Maoist theory's domination of the party is just part of Liu's picture of a united, single-voiced, and highly centralised party. Liu believed that, in view of the mixed background of the party members, a centrally guided transformation of party members into staunch communists is vital in securing the success of the revolution. So after the attempt to single out other schools of thought by promoting the Maoist cult, Liu presented his notion of self-cultivation of the party members, a process that he believed was essential during the transitional period. Liu had warned that the exercise of transition is a long term and painful process (Liu, 1981, 1: 427—9.) Therefore, in this process, or during the period of transition, the party members should transform themselves into good communists. He put the notion forward in his celebrated speech '*How to be a good communist*' (1939), advocating self-cultivation and self-improvement of party members. The theme of the speech could be summarised as, 'everybody can be a good Marxist and communist in as far as they are

willing to learn and transform themselves’, as Liu stressed, “We must see the necessity to transform ourselves, and indeed we are all transformable.” (Liu, 1981, 1: 98) Liu even referred to phrases by Marx to show that such requests to Communists are indeed Marxist, “Both for the production of mass scale communist consciousness, and for the success of the cause itself, the alteration of man on a mass scale is, necessary, an alteration which can only take place in a practical movement, a revolution; this revolution is necessary...because the class overthrowing it (the ruling class) can only in a revolution succeed in ridding itself of all the marks of ages and become fitted to found society anew.” (Marx in Marx & Engels, 1974, 94—5) Liu’s conclusion of this Marxist statement is, “that is to say, the proletariat must go through a long period of social revolutionary struggles, and in such struggles, he must be able to change the society, and finally, to change himself.” (Liu, 1981, 1: 98)

Liu’s view of transformation basically sees everyone has the potential to be a good Marxist, as his main concern was the willingness to be changed, not the class background. Liu believed that every party member would have carried with them some social habits and ideologies of the old society, regardless of the classes they were from (Liu, 1981, 1: 112—114). To elaborate his point, Liu even quoted the philosophies of ancient China, a period denounced by the communists as feudalist, “Meng Zi (a famous Confucian thinker) had said: everyone can be Yao-Shun (Yao and Shun, the two legendary emperors in Chinese ancient history, highly respected for their benevolence and wisdom). I think the statement is correct...every communist should try his best to improve his quality of thought and personality. He should never think that the great personalities we found in Marx and Lenin are unattainable...” (Liu, 1981, 1: 106) However, Dittmer sees that “Liu’s model of learning is one of ego-adaptation and emotional repression.” (Dittmer, 1998, 162)

When Liu was in charge of the first phase of land reform (1947), he could not wait until the completion of land reform for party reorganisation. Instead, he combined the two tasks in one campaign, as he believed that if the party was not ‘pure’³⁹, the land reform was doomed to failure. He made it clear in the National Land Office meeting on 20th August 1947 that since the majority of the cadres were rich peasants, the land reform could not be completely successful. “In order to carry out

³⁹ Liu referred ‘pure’ to the adherence to the Party’s rules and a party free of corruption, a party in which everybody was a good communist. It must be noted that Liu did not refer ‘pure’ to the superiority of certain classes.

land reform, we must construct an organisation that is capable of doing the task.” Liu stressed, “The rectification of the party should be top down...as the root of the problem is at the central...from highly ranked leaders to lowly cadres, a complete re-organisation is needed...We must realise that this rectification is not only for the success of the land reform, but also for the purity of the party.” (ZYWXYJS, 1998a, 1: 576—577) According to a member of the editorial board of his ‘official biography’, Jin Chongji, Liu had indeed overestimated the problem of corruption during the land reform, which had thus resulted in many brutal purges of local cadres and rich peasants (ZYWXYJS, 1998a, 1: 576; see also Gu, 1996, 270—271). However, regardless of whether Liu was right, he had demonstrated his conception of ‘the party’s refinement via his interpretation of the failure of land reform. As he reported the progress of the reform to the Centre on 4th August 1947, “This problem is pervasive and it is getting serious: many cadres are *not pure*, they are fond of bureaucracy, lack ideological education and do not behave properly. This is the reason why the land reform fails.” (ZYWXYJS, 1996, 2: 87)

So what did Liu try to achieve by advocating self-cultivation and inner-party purity? The answer should be a single-minded party who shared the same ideology and belief. Contrary to Mao’s preference for the mobilisation of the masses, Liu favoured a model that was entirely centre-guided. As he asserted in his address to the Central Committee during the ‘Conference of 7000 Cadres’ in January 1962, “Comrade Mao had, in the Sixth Plenum of the Sixth Central Committee, categorised the party disciplinary rules into four: the individual obeys the organisation, the minority obeys the majority, the subordinate obeys the superior, and the party obeys the Centre...Among the four, the most important is the last one, the whole party must obey the Centre (Liu, 1981, 2: 384). Liu was very straightforward on what underlined the primacy of Central power: the Party’s interests, “Party members have personal interests, which sometimes might conflict with the party’s interest. In such cases, the members should sacrifice their personal interests unconditionally. We should always fight for the party’s progress and success, and regard the party’s achievement as ours...Our party members are no ordinary people, but enlightened proletariat fighters...therefore their personal interest should not overshadow the interests of party and proletariat.” (Liu, 1981, 1: 134—135)

Actually, four years before the conference, he had already made his view clear during his visit to the press office of the Beijing Daily, on 30th June 1958, when some

of the editors thought it was wrong to follow the party blindly and do whatever they were asked to do, Liu replied, “Is it good for the members to be (merely) tools of the party? It is good, of course. To be a party’s tool with strict obedience—that makes unification easier, hence the standardisation of ideology. The press, the congress, the Chairman and the Premier are all tools (of the party). The party is the tool of the people and the proletariat...an individual will be successful if the party is successful...there is no unsolvable contradiction between personal interest and the Party’s interest.” (ZYWXYJS, 1996, 2: 429—430) It is obvious that Liu’s emphasis was not on ‘strict obedience’, but on the significance and superiority of Party over individual. In other words, nobody could surpass the Party, including the Party leadership.

It is thus not difficult to understand why Liu had been portrayed as the Party’s disciplinary master, given his emphasis on the single-mindedness and the purity of the Party. But the rationale behind his ideology is that: the CCP had been a huge and complex organisation so that its members were from various backgrounds, it was thus always at risk of being derailed from the supposed Marxist path, either by opportunists or reactionaries. While Mao tends to exaggerate the polarity between the classes and to encourage the loyalists to fight the reactionaries, Liu restricted the reactionaries with strict regulation and tried to turn them into party loyalists. According to Liu, strict discipline has become indispensable in governing the party, as the number of party members had risen tremendously since the establishment of Communist China, from 2.7 million in 1949 to 5.8 million in 1951. There were more than 10 million CCP members at the eve of the Eighth Congress (1956). “The rapid rise in the number of the party members will inevitably have negative impact on the quality of the members.” Liu said, “Many join the CCP for merit, status and a good life, not for the ideology. These people do not have to bear any risk (of their life, like the revolutionaries at the early stage of revolution). As they have not gone through the challenge the senior revolutionaries did...in addition to that, due to the governing position of the CCP and the peaceful post-liberation political environment, life was easy and many cadres have thus become corrupted.” (Liu, 1981, 2: 68—69) Liu believed that the only solution to the problem was to rectify and clean up the party, so as to “maintain the purity of the party.” “Those who had not been properly assessed must now be thoroughly reassessed, and those who had not been educated must now be re-educated.” Regarding how the disciplinary action should be taken, Liu stressed

that “those who are still not qualified after the re-education should be expelled from the party if they show bad personality traits, while those unqualified but without bad personality traits should be advised and counselled before they were asked to leave.” (Liu, 1981, 2: 75)

Liu had shown his preference for rules and discipline years before 1949. In 1938, during the Sixth Plenum of the Sixth Central Committee, Liu was assigned the authority to draft the foundation of the CCP’s rules and regulations, as nobody could do a better job than him. He drafted out the ‘*Three Decisions*’, which had become the blueprint of the CCP’s basic disciplinary rules. The ‘*Three Decisions*’ consisted of ‘The decision regarding working procedures and discipline of the Central Committee’, ‘The decision regarding the formation of temporary working organisations by cadres at all levels’, and ‘The decision regarding the working procedures and disciplinary rules for party members at all branches and all levels’. These drafted procedures were then all passed as resolutions in the Politburo meeting, and most significantly, they had channelled authority to the Politburo. The resolution stated that “without the authorisation of the Centre, the Politburo or the Secretariat, a Central Committee member (like Liu or Mao) could not issue any statement on the party’s behalf, nor could they voice any opinion that deviated from the central decision and policies”. (ZYWXYJS, 1996, 1: 241) On the other hand, the ‘three decisions’ could be viewed as just expedient measures to counter the interference of the Comintern in the CCP’s daily affairs. Nevertheless, Liu had demonstrated his capability of meticulous planning and logical analysis; and the drafts also reflected his perception of party supremacy.

Liu’s consistency in his ideology and practice could have been unchallengeable had it not been marred by incidents where he yielded to Mao’s power politics, and such incidents were so vital that they overshadowed Liu’s accomplishments. On the other hand, we must also see the fact that Liu had to survive the political struggles both within the party and against the Comintern. However, after the eve of Yan’an rectification and the fall of Wang Ming, Liu suggested that the CCP must have a chairman at the Central Secretariat. In the meeting of the Politburo on 16th March 1943, the post of Chairman (of the Central Secretariat) was created and Liu centralised all the power that he had channelled to the Politburo five years ago solely to Mao. This moment inaugurated the dictatorship of Mao with Liu as the second in command, as well as the ‘heir apparent’. (Hu, 1994, 273) A Russian

journalist, Peter Vladimirov, who spent three years (1942—1945) in Yan'an as an observer of the Comintern, believed there was a deal between the two leaders. His diary, which was recently translated into Chinese by the CCP but labelled 'for internal circulation only', suggests that Liu was, at the beginning, quite sympathetic to Wang Ming. However, Liu changed his political stance and even his attitude towards Kang Sheng, the Head of Intelligence whom Liu hated but who was trusted by Mao. And Vladimirov believed that was the reason Liu managed to retain his post in the CCP Central Secretariat (for pleasing Kang Sheng and Mao). According to Vladimirov, Liu had also been in constant power struggle with Zhou Enlai, over whom he finally managed to gain the edge. The only thing Zhou and Liu shared was their hatred of Kang Sheng (Vladimirov, 1975, 118, 121, 128, 462),

However, while Vladimirov's connection with the Comintern could have undermined the credibility of his accounts, most of the sources refer to Liu's alliance with Mao in Yan-an as well as the establishment of Mao's personal cult as an inevitable political development. The influx of patriotic Chinese intellectuals into Yan-an to fight the Japanese, had raised the alarm concerning the dangers of failing to maintain a coherent fighting unit with a "certain degree of ideological orthodoxy." (Saich, 1996, 971) Liu, who appeared to have been accusing the Comintern-supported returned students of 'Left-Opportunism' before the Yan-an rectification campaign (Wylie, 1980, 40; Shum, 1988, 212) was an unlikely ally to Wang Ming, though at the initial stage he struggled against the returned students without Mao's help. Wylie also points out that Liu, though, was not "totally opposed to Mao's leadership as such, but rather disagreed in principle with, or at least disliked, a trend towards a Maoist cult." (Wylie, 1980, 114)

Liu's obsession with strict discipline and the Party's purity was reflected again in his controversial handling of the *Four Clean Movement* (or the *SEM, Socialist Education Movement*), a rectification campaign in rural China called upon by Mao to counter the revival of mixed economy after the devastation of the Great Leap, and to destroy the reformist coalition led by Liu. Mao, who had been frustrated by the halt of the Great Leap, could not hide his resentment against the policies implemented by Liu during the 'period of revival' (1962—1965). Furthermore, the uprising in Hungary, the reformist triumph in Yugoslavia and the official denouncement of Stalin by Nikita Khrushchev had been haunting him and had threatened his sense of security. With the increase in the reported cases of corruption among cadres, Mao decided to raise the

banner of class struggle again and launch the *Four Clean Movement* (to clean the *organisation, thought, economy and politics*) in 1964 to purge those who were in the opposite camp to him. His rationale was simple, “what if a revisionist like Khrushchev emerges in China?” (Cong, 1989, 538—540; Short, 1999, 515—518; Bo, 1993, 2: 1105—1106) The campaign seemed to have been aimed at the revisionists within the party, but Mao’s target was actually the class enemy and the bourgeois leadership, which was implicitly referring to Liu Shaoqi (Feng, 1998, 501). He told Liu and the Central Committee that about “one third of the political power was already in the enemies’ hands”, and had thus generated a sense of emergency within the party. Liu believed the statement (or at least he accepted the statement wholeheartedly) and redrafted Mao’s ‘The First Ten Points’, a guidance for executing the campaign, into ‘The Later Ten Points.’ ‘The Later Ten Points’ stated clearly the classification of class enemies, and the yardsticks for punishment and reward (Cong, 1989, 528—533). This was again a work typical of Liu: logical, categorical, and with strong administrative rationale.

More interestingly, Liu added in the ‘Later Ten Points’ that the *Four Clean Movement* must not only involve ‘educating’ the class enemies (rich peasants, landlords, hooligans), but also rectifying the corrupt cadres as well: as Liu believed that the “education movement must be, at the same time, a party rectification.” (Bo, 1993, 2: 1114) Note that Liu had a tendency to launch rectification campaigns as supplementary to centre-guided mass-scale movement, reminiscent of what he did during the land reform in 1947. This research sees the reasons behind such tendencies being first of all, the distrust of the masses by Liu, as he did not believe the masses would have the correct motive and organisational skill to conduct a mass movement initiated by the Party; and secondly, his preoccupation with the supremacy of Party purity made him feel the urgency to rectify the wrongdoer as and when it is necessary.. While Mao’s intention of launching the *Four Clean Movement* was to fight the ‘class enemies,’ Liu was looking beyond the line separating the proletariat and the bourgeoisie. “The corruption is so pervasive,” Liu said, “that a new class of (corrupted) political elite could emerge, even from the proletariat, even from the Communist Party.” (Liu, 1991, 718) So it is not difficult to understand that when the *Four Clean* was steered towards the extreme left by Mao; Liu, who appeared to have agreed with the direction of the movement, drafted a harsher and more detailed rectification plan to make it one of the notorious purges in China’s history. Based on

the investigation report of his wife in Taoyuan, Hebei province, which had been written with the prejudice that “one third of the cadres are class enemies,” a newer guideline, the ‘Revised Later Ten Points’, had added significant changes to the ‘Later Ten Points’. One of them was the replacement of the local cadres with the ‘Work Team’ (*gongzuodui*) from the Centre as the unit in charge with absolute power to conduct the campaign. The ‘Revised Later Ten Points’ also reminded the Work team not to rely on the local cadres for assistance in carrying out investigations. In addition, the ‘Revised Later Ten Points’ separated the campaign into two phases, first to clean up the party and secondly, to reconstruct the organisation. Liu even pointed out that the seizure of power (means replacing the local cadres with a centrally appointed one) and struggle against the corrupt should take place immediately in those ‘rotten’ communes (Bo, 1993, 2: 1121—1122).

The *Four Clean Movement* was a disaster and Liu could not discharge the responsibility because he was fully in charge of the campaign. The campaign that was planned with administrative rationality had been conducted so recklessly by the Work Team that many cadres, whether rich or poor, corrupt or innocent, were purged, killed or forced to sell all their belongings to pay their ‘*fine*’, a self-declared amount of their wealth that (claimed to be) funded by misappropriated money (Bo, 1993, 2: 1124—1126). Unhappy about the purging of the masses, as well as worrying about the possibility of repercussions from the outraged lowly cadres, Mao accused Liu of “inclining towards the right though pretending to be left (*xingzuoshiyou*)”, while ignoring the fact that the root of the problem was his revival of class struggle. Such accusations triggered the much talked-about argument between the two leaders, which had, bar the political correctness of the *Four Clean Movement*, accurately reflected Liu’s conception of party and organisation. Mao condemned the Work Team for not relying on the masses, as the movement had become anti-proletariat (for Mao, masses mean proletariat). Mao believed that those cadres who were not so seriously corrupted (or, in Mao’s term, “only misappropriated insubstantial amounts of money”) should be spared. He told Liu that the real enemies were the ‘senior cadres and central leaders behind the rich peasants and landlords’, and those ‘from the ruling class’. Liu replied, “Our targets consist of three types of people, those landlords spared from the previous land reform, the newly risen bourgeois class, and those who are corrupt.” Mao hit back, “Forget about the classes, now I am talking about the ruling elites who have become the bourgeoisie, our enemy.” And Liu’s reply was classic, as it was the

exact reflection of his centre of thought, “The main contradiction of the movement is between *Four Clean* and *Four Unclean*, not the contradiction between enemy and friend. We should solve the problem as it is, and rectify the wrong as it is, not by categorising everybody as either enemy or friend.” (Wang, 1999, 54—60; Liu, 2002, 20—21; Jie, 1996, 64—66; Feng, 1998, 501—503)

So we see the major difference between Mao and Liu in terms of their view of party discipline. In the rectification campaign, Mao would have perceived the identity of his enemies without looking into the conviction. In fact, Mao always knew who he wanted to purge. In the case of *Four Clean Movement*, Mao insisted that the enemy was the ‘ruling elite’, which apparently meant there were some in the current leadership whom he did not like. Liu on the other hand, would prefer to stick to a set of guidelines and would only purge the wrongdoers. During the *Four Clean Movement*, Liu followed the guidelines strictly and found that the majority of the lowly cadres were guilty of various degrees of corruption. His repressive reaction to the corrupted cadres had not only gained him the label of orthodox Leninist, but also conviction for ‘struggling against the revolutionary masses’ during the Cultural Revolution (Dittmer, 1998, 185). However, in order to have a better understanding of Mao’s and Liu’s conceptions of discipline, it is important to discuss their notion of contradiction. The above illustrates Liu’s preference for administrative rationality, clear-cut procedures, and the reliance on the central guidance as well as strict party discipline; while his obsession with a party free of bad elements had sometimes trapped him in a controversial historical position. Liu’s ideology and perception of party and organisation had been very noticeable, though from time to time Liu seemed to echo what Mao had said and carried out the tasks like a loyal servant upon Mao’s instruction. It is indeed not difficult to distinguish Liu’s characteristics even from his full involvement in Mao’s catastrophic events, like the *Four Clean Movement*.

4.4 Contradictions, Inner Party Pluralism & Democratic Centralism

We could not separate Liu’s notion of contradiction from his tolerance of inner party pluralism. However, Liu’s tolerance of inner party pluralism seemed to contradict his notion of party purity. The truth is, Liu’s perception of purity refers to a party free of corruption and indiscipline members, while his tolerance of inner party pluralism was simply a transitional measure and political expediency—to compromise

on the complexity of the backgrounds of party members before all the non-Socialists could be transformed into staunch socialists after the period of transition.

As Mao had been the most prominent figure in the Chinese Communist Party, his speech in 1957 '*How to Deal with the Contradiction among People*' had overshadowed Liu's work in this area. Though Mao was no doubt the first to write about the theory of contradiction (in 1937), few would have noticed that Liu was indeed the first CCP leader to give detailed and systemic discussion on the handling of contradiction (Lü, 2003, 46; Feng, 1998, 213). The 1937 article of Mao, '*On Contradiction*' (Mao, 1952, 765—805), was largely a Maoist interpretation of Marx's, Engel's and Lenin's works in terms of contradiction, as we have discussed in Chapter 3. Mao forwarded his assertion that "confrontation is a form of the contradictory struggle," stating that the persistence of the reactionaries with their ideology would transform contradiction into confrontation (Mao, 1952, 800—802). The relatively more important work of Mao regarding contradiction was his 1957 speech, which highlighted the practical application of his notion of contradiction. Mao stressed that, "Now the whole nation is more united than ever...but that does not mean contradiction does not exist, the notion of a society without contradiction is a naïve one. There are two types of contradiction that we encounter in our society. One is the contradiction between enemy and foe, the other is the contradiction among the people...but we must first clarify who is the enemy...bear in mind that the classification of enemy varies from time to time. During the Second World War, the Japanese and the traitors were the enemies...now we are at the stage of building the socialist state, and the enemy are those parties or groups who were against the socialist revolution, and those who sabotage the building of socialism." (Mao, 1966, 327—328)⁴⁰

Most important of all, Liu had theorised the issue of inner party contradiction in a cohesive manner and the change of political climate from the 1940s to the 1950s did not affect the consistency of his theory. In as early as 1945, before the new China was born, Liu stressed that the major contradiction within the party was the contradiction between the proletariat ideology and non-proletariat ideology. He believed that the only solution to this ideological contradiction was to introduce education in Marxism. "That's why the priority of all sorts of party construction is

⁴⁰ Mao's conception of contradiction and his change of view have been discussed in section 3.5.3 of Chapter 3, the paragraph presented here is just a summary to ease comparison.

ideological construction.” (Liu, 1981, 1: 327) Note that this is in line with his theory of inner purification and cultivation of the communist, as we discussed in the previous section. Besides, Liu seldom mentioned the contradiction with the enemies, but mostly he stressed the conflicting nature of different ideologies. That was why self-cultivation was to him so important, as he advocated transforming the enemies. In 1951, Liu wrote about the ‘*Contradiction among People*’ for the first time when he expressed his view on a case of dispute between the management and the workers of a state-owned factory, “When the factories were owned by the capitalists, the contradiction of production relations existed between the classes of bourgeois and proletariat, as well as between employers and employees. But when the proletariat has taken over the nation’s leadership, and the factories have been nationalised, contradiction among classes would disappear...the existing contradictions would be contradictions between the factory’s management and the workers...they are the contradictions and relations among the workers and the people. This is non-confrontational, and can be resolved.” (Liu, 1981, 2: 93—94)

But Mao, in response to the resolutions passed in the Eighth Conference that were not in his favour, delivered a speech titled ‘*On the Correct Handling of Contradiction among the People*’ (*ruhe chuli reminneibu de maodun*), on 27th February 1957, in the Enlarged Meeting of State Affairs. Discussing the issue for the first time, Mao echoed Liu’s statement that the contradiction with enemies was confrontational, while the contradiction among people was not. However, he believed the contradiction with enemies still existed, and did not clarify, like Liu did, how to resolve the two types of contradiction. “To make it simple,” Mao talked about the two types of contradiction, “one is to identify the enemies from our people, and the other is to differentiate the rights and the wrongs. Of course, the matter regarding the enemy is also the matter of right or wrong—just like the confrontation between us and the reactionaries like imperialists, feudalists, and bureaucrats, though it is different from the right and wrong of the contradiction among people.” (Mao, 1966, 327—329) Mao used a major portion of his speech to criticise the uprising in Hungary and all his would-be enemies in China, while not giving detailed accounts of how to handle the contradiction among people. Two months later, on 27th April 1957, Liu delivered a speech that was also titled ‘*How to Deal with the Contradiction among People*’ at the Shanghai party conference, where he put forward a statement that was used in his conviction during the Cultural Revolution, “Fundamentally, the class struggle in our

country is over.” Liu said, “Now the main contradiction is no longer the contradiction between classes or with the enemies, but within the public (*renminneibu*), for example, the contradiction between proletariat and non-proletariat, workers and peasants, workers and capitalists, economic base and superstructure, production relations and productive force, public (people) and leaders, public and bureaucracy, materialism and idealism...” we could see how Liu tried to depict a picture of contradicting figures, elements, or facts, that naturally coexist in a society. “Therefore,” he said, “these contradictions are non-antagonistic, and the resolution for them should be non-confrontational...” (ZYWXYJS, 1996, 2: 398)

Liu had made two issues clear: first, since the proletariat had seized power, the class struggle was presumably over; second, there were proper methods to deal with the contradiction among people. Liu’s theory resembled his assertions that had been quite consistent over a period from the 1940s to the 1950s. To put them in a cohesive manner, we see first of all, Liu’s tolerance of different voices within the party, as he put forward in his speech ‘*On Inner Party Struggle*’ (1941) to the Central Party School student, “Comrades must understand that the inner party struggle is actually the struggle between different ideologies and principles. The clear division between different ideologies and principles is necessary. But it does not mean we should fight each other...we should resolve the differences via discussion and education... the contradicting principles among the comrades, and comrades’ obedience to the party as well as the obedience of the minority to the majority are all inseparable...the correct way to carry out inner party struggle is, while the division of ideologies and principles exist within the party, the division of organisation should not exist. We should not fight each other on the grounds of different ideologies and principles.” (Liu, 1981, 1: 210—211)

Liu further clarified his view on the resolution to contradiction among people, “if the differences are on fundamental principles then no one should compromise unwillingly, as resolution embracing mutual consent must be worked out. However, if the differences are not fundamental, then they should be allowed to exist, or else it will undermine the party unity.” (Liu, 1981, 1: 206) So we see the centre of Liu’s notion of ‘party discipline’ was actually party unity, the existence of a central line that could hold the whole organisation together. Secondly, Liu’s conception of contradiction made him believe that these differences of ideologies and principles could be resolved via the education of the minority (the ‘wrong’ side) by the majority

(the 'right' side). This sort of self-improvement process was, for Liu, a type of dialectical interaction. Liu's perception of dialectical interaction was independent of any ideological framework, as he recognised the fact that the interaction would happen freely, naturally and dialectically. This is best illustrated by his description of the possible social evolution under the new economic policy, the New Democracy, "Is New Democracy capitalist or socialist? It is neither of these but it comprises the elements of both. This is a special historical circumstance—it can either transform the nation into socialism, or into capitalism." (Liu, 1981, 1: 426—7) Therefore, the interaction that takes the form of inner party education, conducted via inner party struggle, would ultimately help to purify the party, as Liu stressed, "The inner party struggle is to maintain the party's purity and independence." The notion of self-cultivation also resembles the same rationale, "The reason a communist has to cultivate himself ideologically is to make him a clean and loyal cadre member, the model for others." (Liu, 1981, 1: 179, 167) Connecting the above with his writing in 1951 and his speech in April 1957, we see that: Liu's tolerance of pluralism and multiplicity was rooted in his belief that these differences within the Party could be resolved via 'education' and 'cultivation' in the process of transition, as long as the CCP was in charge and the adherence to its rules was maintained.

It must also be noted that Liu's theory of the 'extinction of class struggle' that caused him enormous troubles did have a Marxist background. First of all, it seems to portray the situation depicted by Marx as the first phase of communism in the '*Communist Manifesto*', that when the proletariat is in power, classes are abolished, but inequality still exists (Marx in Marx & Engels, 1968, 306; see section 3.2.3 in chapter 3); secondly, in '*The German Ideology*' (1846), where Marx believed that the contradiction in the absence of historical factors, which means the legacy from the previous intercourse of productive forces, will be the contradiction of the individuals, "The conditions under which individuals have intercourse with each other, so long as the above mentioned contradiction (contradiction of different productive forces) is absent, are conditions pertaining to their individuality, in no way external to them..." (Marx in Marx & Engels, 1974, 87) And what Liu described as the 'contradiction among people' seemed to resemble Marx's 'contradiction of the individuals'. In his '*Socialism, Utopian and Scientific*' (1892), Engels stated what he believed to be the aftermath of the revolution, "The proletariat seizes political power and turns the means of production into state property. But, in doing this, it abolishes itself as

proletariat, abolishes all class distinctions and class antagonisms; abolishes also the state as state.” (Engels in Marx & Engels, 1968, 406) Engels stated clearly that when the power and the means of production are in the hands of the proletariat, class distinction and the state would be rendered invalid. In addition, Marx had actually stated in the ‘*Communist Manifesto*’ (1848) that, “Of all the classes that stand face to face with the bourgeoisie today, the proletariat alone is a real revolutionary class. The other classes decay and finally disappear in the face of modern industries...” (Marx in Marx & Engels, 2002, 231)⁴¹ In other words, contradiction between bourgeoisie and proletariat would have “died out” if the proletariat revolution were successful. This, in Liu Shaoqi’s terms, could mean the extinction of the bourgeois class via education and self-cultivation.

This conception of Liu in terms of party and organisation had inevitably given birth to more of Liu’s policies reflecting the principles of inner party pluralism, which seemed to portray Liu as a liberal among the CCP leaders. For example, Liu was the first CCP leader who vowed to accept people from social ranks other than the proletariat as party members. In as early as 1932, Liu wrote about the eligibility of union members in an article titled ‘*The Backgrounds of the Members of the Union in the Soviet Area*’ published in Hongqi zhoubao (The Red Flag Weekly), “...regardless of whether he or she is a factory worker, rural labourer, or office staff, no matter what is his or her religious and political belief, sex and age, place of origin...as long as he is earning his living by selling his labour, he or she is eligible to be a union member.” (ZYWXYJS, 1996, 1: 121—122) Liu had been quite consistent with this line of thought, as he even gave new interpretations of intellectuals, who had been traditionally classified as bourgeois. In 1949, Liu suggested including intellectuals in the revolutionary class, “...the office staff in our factories are part of the workforces. We should not classify them as bourgeois simply because they are closer to the capitalists...this will create division among the working class, and it is principally wrong.” (ZYWXYJS, 1996, 1: 200) In 1949 at Tianjin, Liu made a more precise statement, “...the factory executives, university lecturers, and journalists all live on wages, so they should be allowed to join the union...” (Liu, 1988, 238)

I believe that what Liu did not say was: “if the CCP is in power, everybody can be transformed into a good communist, regardless of his or her class or

⁴¹ These are all additional discussion to Chapter 3, which has covered the same area of studies from a different perspective.

background”. However, Liu revoked his open support for intellectuals upon Mao’s insistence that intellectuals should always be classified as bourgeois. He kept his silence even when the Premier, Zhou Enlai, fought hard to give intellectuals a proper social status in the spring of 1956 (Zhu, 2003, 9). This has shown clearly that Liu was afraid of Mao.⁴² Nevertheless, this is not detrimental to the fact that Liu had been advocating, possibly unwittingly, a sort of limited pluralism within a state or a party. According to the memoir of one of Liu’s secretaries, Liu Zhengde, Liu’s widow Wang Guangmei recalled how Liu was worried by the revolts in Poland and Hungary against Soviet control. Liu said, “If we do not allow ‘small democracy’ (*xiaominzhu*), do not even allow people to raise their concerns and opinions, then we are actually forcing them to pursue a ‘big democracy’ (*daminzhu*) (which is more problematic and even harder to control).” (Liu, 1994, 38)

But Liu was surely not a liberal. Liu’s conception of the party was “liberal but focused,” featuring a “contradictorily united relationship between the majority and the minority, the higher level and the lower level, the local unit and the CC” (Xu, 1980, part 1, ch 8, quoted in Dittmer, 1998, 165). So this brings us to what underlines Liu’s thought of Party, discipline and organisation. What made Liu believe that the contradicting figures within a party could coexist and problems would be resolved, while the authority remains with the Party Centre? The answer could be Democratic Centralism, Liu’s conception of the political system. H. F. Schurmann points out that the CCP was able to have the Nationalists defeated because they had stronger organisation. He stresses that two elements are central to the organisation of the CCP: first, the theory of contradiction, and second, Democratic Centralism, the Chinese Communist version of democracy. Schurmann sees in Liu a leader dealing explicitly with the theory and practice of organisation much more than Mao, and he seems to imply that the theory of contradiction that Mao illustrated in his speech in February 1957 was based on Liu’s work⁴³. Schurmann also sees the theory of contradiction and Democratic Centralism as highly practical in maintaining the unity of the party (Schurmann, 1960, 47—49). In one of Liu’s early and undated speeches, ‘*Training in Organisation and Discipline*’ (Zuzhi yu jilü de xiuyang), he said, “What is the party’s

⁴² As we will see in the discussion of Chapter 6, aggression by Mao would always see a concession by Liu

⁴³ It is highly controversial to make this point, though Liu was more proficient as a theoretician. However, Mao did form his lengthy essay ‘*On Ten Great Relationships*’ based on his study of Liu’s idea prior to the Eighth Congress, see Chapter 6

organisational structure? It's a structure of contradiction; an object born out of the unity of contradiction...the party is neither a joint association, nor a joint organisation of local party organs. It is a complete body of a collective nature, comprising different party members and different departments." (Liu, 1969, 1: 369)

His interpretation of Democratic Centralism was that he saw the leadership as 'Centre', and their responsibility to members as 'democracy', and these two are actually contradictory in nature from the perspective of real democracy. "The party higher-level cadres were voted into office by the lower-level cadres who must, in turn, listen to the leaders they elected. This is the unity of contradiction in a system called Democratic Centralism." But he had never forgotten to remind the party members that, "The principle of Democratic Centralism calls for obedience of the minority to the majority, individual to the organisation, the lower level to the higher level and the party to the Central Committee. In addition, there is the disciplinary constraint, requiring every member to act in accordance with organisational principles." (Liu, 1969, 1: 372, 374) In such we see the effort of Liu to disguise authoritarianism under the banner of pluralism, as he concluded, "Democracy and centralism are interrelated, inter-dependent, and inter-penetrated. You cannot take one out of the other." (Liu, 1981, 2: 364) In the celebrated speech '*On Party*' (1945), Liu even subordinated the leader whom he tried to position as party idol to his theory, "Comrade Mao is the leader of our party, but he is also an ordinary member of the party. He is under the direction of the party, and adopts a most scrupulous attitude in observing party discipline in every aspect." (Liu, 1981, 1:319) Liu stressed that any obedience with conditions is wrong. "The obedience should be unconditional; the principle of Democratic Centralism must be followed strictly." (Liu, 1991, 337)

Liu's handling of the Cultural Revolution at the beginning of the movement was actually a reflection of his belief in 'centralism'. On 25th May 1966, the big character poster created by Nie Yuanzi and his followers first appeared in Beijing University. After Liu had assumed temporary command of the party in Mao's absence on 1st June 1966, he dispatched the 'work team' to curb the heat of the student movement among the universities. Unaware of Mao's real intention in launching the campaign, Liu's main concern was the possible derailment of the Cultural Revolution, which he believed would lead to public chaos. He imposed the 'eight requirements' on the movement on 3rd June 1966, in which he requested that 1) the 'big character poster' must only be displayed within the university compound; 2) the meeting held

by the students involved in the movement must not disrupt the on-going classes; 3) the demonstration should only be held within the university compound and not take to the streets; 4) foreign students were not allowed to observe the activities nor to take part; 5) the campaigners should not disturb the family of those who were accused in the movement; 6) the confidentiality of the movement must be maintained; 7) physical assault and fabrication of conviction must be avoided; 8) all campaigners must stick to their position and act as good leaders (ZYWXYJS, 1996, 2: 640; Ding, 1967, 257). With the work team and his intention to impose discipline on the movement, Liu “committed the errors that defined his essential guilt.” (Dittmer, 1998, 54) However, it had clearly shown Liu’s persistence in practicing the primacy of central authority as well as his distrust of the masses.

Therefore Liu’s notion of Democratic Centralism was, on one hand, the members elect their leader, on the other, the members must also obey the leader; the leader commands the members, but he must subject himself to the party’s command. There is no party member that could go beyond the party’s authority. Liu was extremely careful in choosing his words, as he tried to strike a balance between democracy and centralism. Consequently, this could be confusing for those who tried to ascertain Liu’s personality. Nevertheless, Liu was the CCP leader who mentioned democracy the most, “The centralism and unification of the party was rooted in the basis of democracy. In order to strengthen the unity of the party, we must, seriously, promote democracy.” And he was one of the central leaders who believed the existence of opposition would help the party to improve, “the key to promoting democracy within the party is to encourage criticism (of the Party’s Centre) and self-criticism within the party.” (Liu, 1981, 2: 411—412) “We must have some opposition parties, whether they are from the public or within the party, we need some open opposition,” but it was not an ordinary opposition that he meant, as he was indeed referring to opposition that would not challenge the central government, “...as long as these opposition parties do not break the disciplinary rules, do not conspire to overthrow the government...if they just have different opinions, they should be allowed to exist.” (Liu, 1991, 713—716) So the bottom line of his tolerance of opposition had been made clear: “Some members intended to sabotage the unity of the party and confront the party...they attempted to create divisions within the party...(in such cases) the party should in return carry out harsh struggle against them, punish them, and even expel them if necessary.” (Liu, 1981, 2: 130)

4.5 Afterwards

The claim that Liu's theory on party and organisation resembled the Leninist theory of strict party discipline is not entirely correct, though it is still acceptable to a certain extent. What Liu stressed was the centralised control of the Party and the gradual transformation (or self-cultivation) of the non-proletariat, in comparison with Lenin's conception of discipline that was rooted in distrust and scepticism of the bourgeoisie. As we discussed in the previous section, Lenin talked about dismantling the coalition between capitalists and socialists after the domination of proletariat, as he believed that after seizing power, the proletariat must begin to impose strict discipline in order to expel, or filter the remnants of the capitalists. In other words, Lenin's acceptance of the bourgeoisie was a sort of political expediency, as he had never hidden his distrust of them, and it must be noted that this is entirely different from Liu's distrust of the masses. The root of Lenin's scepticism was actually his belief that the building of socialism in Russia could only be successful if other nations had become socialist.

Liu's theories were quite substantially resemblant to Bukharin's model of 'grow in' transition. Bukharin saw that towards the end of state capitalism, the subordination of all the workers organisations to the state would complete the transformation of state capitalism to socialism, and he called the process *statification*. Bukharin believed that as long as the proletariat rules, anything capitalist will be converted into its antithesis if put under state control. This could have also reflected the application of Engels' statement of 'transformation to the opposite' (during the end of the period of state capitalism) by Bukharin, but on a reductionist basis. Bukharin saw the formation of the workers-peasant alliance (which, in the Russian case was the alliance of proletariat and capitalist), or *Smychka*, could achieve a sort of equilibrium that would not only maintain the stability of the society during the transitional period, but also gradually transform the nation into socialists. This has been reflected in Liu's tolerance of members from different backgrounds during the transitional period, as his belief was that the dialectical interaction via party education would transform these people into socialists. Bukharin talked more about economy than party unity, but his famous advocacy for the control of 'commanding height' by the proletariat during the transitional period had no doubt reflected Liu's insistence on

central control. However, where central control is concerned, Liu was more Leninist and even sometimes, Stalinist; though approaches taken by the three leaders were different. So the complexity of the leadership styles and the politics could present a confusing scenario: Liu did not trust the masses and preferred centralised control, like Stalin and Lenin, but he tolerated inner party multiplicity and resented continuous class struggle; Mao on the other hand trusted the masses and hated bureaucracy and centralisation, but he could not stand a single word of opposition and would destroy his enemies in a ruthless manner without hesitation, like Stalin. Therefore those (particularly the American school) who are not familiar with the historical background of Chinese and Russian communism could easily jump to conclusions such as calling all revolutionary leaders ‘Stalinist’ or ‘Leninist’.

As one of the revolutionaries who survived the cruel power struggle and brutal warfare before the liberation, it was not a surprise at all that Liu did not appreciate the meaning of real democracy. He was in a dilemma when he tried to counter Mao’s influence with his well-theorised Democratic Centralism, while knowing that he was fighting the idol that he created. He had never opposed Mao openly. Most of the time Liu found himself stuck in the hesitancy of whether to fight or appease Mao, and always tangled with ambiguous statements, like this, “ to implement Democratic Centralism, we must avoid individual dictatorship...group leadership will only be successful under Democratic Centralism...but the principle of our group leadership is not to deny the function of an individual leader, but to enhance the personal leadership so that the leader would carry out his duty in more effective manner.” (Liu, 1981, 2: 455, 271) His indecisiveness could be his weakest link, and that undermines his credentials as a theorist significantly. But to understand Liu’s theory as a whole, we should also look at what separated him from Mao distinctively—his theory of transition in economy.

Chapter 5: Liu Shaoqi on Economy

5.1 Introduction: The Consolidation of New Democracy

New Democracy (*xinminzhuzhuyi*) was launched in the 1940s by the CCP as a scheme of mixed economy, as well as a conception of the political alliance of various classes during the period of transition in China. Mao's interpretation in the early 1940s sees New Democracy as an improvised version of Sun Yat San's 'Three People Ideology' (*sanminzhuyi*)⁴⁴. It is called 'new' because it began with the "premise that bourgeois democracy was bankrupt in a China so long oppressed by the bourgeois democracy of the West; Mao announced that the new state was to be not a bourgeois state but a people's republic." (Meisner, 1999, 58) If Sun Yat San's revolution was seen as a democratic bourgeois revolution on one end, and the Soviet regime was the dictatorship of the proletariat on the other, then, Mao said, that New Democracy fell in between. It had a proletariat-dominated government, and a society comprised of petty bourgeoisie, proletariat, peasants and intellectuals. Bank, transport and major industries should be state-owned, but private ownership of property, as well as the private enterprises that "could not have major impact on the nation" would continue to exist, because "China's economy is still very much under-developed." (Mao, 1952, 643—649)

After the victory over the Nationalist Army, the Second Plenum of the Seventh Central Committee outlined the 'Common Framework' (*gongtonggangling*): a temporary constitution that comprised the economic, political, educational and cultural agendas as policies for the period of transition. It stressed that the priority of the nation by then was to revive the economy by implementing New Democracy. (BNSBWH, 2002, 4: 1681—2) The imposition of New Democracy was actually the product of mutual consensus among the major leadership that everybody saw as the only way out for China's economy, and it was believed not to be a short term plan. In June 1950, Mao complemented the policies in his speech delivered at the Third

⁴⁴ The Three People Ideology, which was invented by Mr. Sun Yet San, was the backbone of the anti-feudalist revolution in China (1911). It advocated the unification of the nation and the dignity of ethnic Chinese (*minzhu*), emphasised the people's right to rule the country and the protection of basic human rights (*minquan*), and believed that better quality of living could be achieved through wiser distribution of wealth and the modernisation of industries (*minsheng*). See more discussion on Mao's reaction to New Democracy in section 3.5 of Chapter 3

Plenum of the Seventh Central Committee, “Some thought we should eliminate capitalism at an early stage (right after the revolution). That is wrong, as it does not suit our country.” He then gave further illustration on 23rd June 1950, “Gradually, our country will progress. We have gone through the war, and we are now going through the economic reformation via New Democracy. One day in the future, when the economy has been revived and consolidated and the cultural development has blossomed, we will then be ready for socialism.” (Mao, 1977a, 19, 27) This was echoed by the Premier, Zhou Enlai, who stated in 1949 that, “It will be a long period of time before our country can progress healthily and steadily to socialism.” (Zhou, 1984a, 12) A year later, on 13th April 1950, Zhou had not forgotten to remind his comrades in a committee meeting that, “Everybody knows it would take roughly 15 years to attain socialism. So I think we should cooperate with the capitalists during the period of transition. This is not the time to get rid of them.” (Zhou, 1984b, 166—167)

Note that Mao did not talk about the immediate transformation of the nation into socialism. In the Enlarged Meeting of the Political Office in September 1948, Mao agreed that it was not the time to abolish private ownership, “when do we begin to ‘attack’ (i.e. to nationalise private businesses and to collectivise private properties)? I think it will take another fifteen years after victory (the success of the revolution).” A year later, he made another cautious statement that, “we will assess the state of development in about twenty years time, before we decide whether to go into socialism.” In February 1951, Mao was still defending New Democracy, as he believed that China should “take three years for preparation and ten years for full economic construction before marching to socialism.” (Gu, 1996, 361) However, that did not reflect Mao’s real agenda, as Mao was actually reluctant to prolong the period of transition. When Mao gave his interpretation of New Democracy, he stressed that the development of China’s economy “must not only benefit the bourgeois minority, as it should also constrain the expansion of private capital and assure equal rights to agricultural land.” (Mao, 1952, 650) Note that this is a self-contradicting statement, as the containment of private businesses was not in line with expansion of productive forces, which was the theme of New Democracy. But it does reveal Mao’s views on economic construction. (For more discussion on Mao’s collectivisation plan and his change of mind, see Chapters 3 and 6).

The most vigorous defender of New Democracy was Liu Shaoqi, who gave a definitive and comprehensive explanation of the policy from the perspective of Marxism. Liu also highlighted the primacy of the development of productive forces before the establishment of a socialist state. “The society of New Democracy consists of the elements of both socialism and capitalism,” Liu said, in calling this “a special historical form.” In 1951, Liu said in the Meeting of National Propaganda that, “...Now there are many people who talk about socialism, I think it’s too early, at least ten years too early. Of course, we will keep talking about socialism as the party’s ideology and propaganda. But in terms of practicality, to achieve socialism within ten years is beyond our reach.” (Liu, 1993, 47, 182) In a brief report written in June 1949, Liu had outlined the components of the economic model under New Democracy, which he believed would have coexisted in the newly liberated China. These components were:

1. Nationalised industries
2. Cooperative economy
3. State capitalist economy
4. Private capitalist economy
5. Petty commodity trading (Liu, 1981, 1: 426—7).

The model he presented resembled the mixed economy model of Lenin that we discussed in Chapter 3, with little difference. Liu particularly stressed that petty commodity trading still formed the major part of China’s economy, and the nationalised industries would take the leading role. “The contradiction during the period of New Democracy is the contradiction between the capitalist economy and socialist economy; therefore the support of petty commodity trading is vital...so they should be treated with caution”. (ZYWXYJS, 1996, 2: 161—162) Liu always believed that if China were to revive its devastated post-war economy, the existence of private businesses was vital. For Liu, the key component of the structure of a socialist economy was the nationalised industries, which were still at the infant stage of development. In September 1948, Liu pointed out in his article ‘*The Economy of New Democracy and Cooperatives*’ that “China is still an agricultural country with its economic strength in small scale production...to eliminate capitalism prematurely will be a significant mistake”. (Bo, 1993, 1: 47; Zhang in Lü ed., 1991, 326) “During the ten year period when we are building the economy, all five components of the

economy have to grow, though more attention could be paid to the development of large-scale nationalised industries.”

In July 1951, Liu stressed again that China needed time to transform itself, “we would take at least ten years to go into socialism, the most may be fifteen years, and I do not think we need twenty years.” (Liu, 1993, 206—209) Therefore Liu warned the radical left that the fundamental principle of land reform is not to aid the poor with properties confiscated from the rich, but to “emancipate the rural productive forces from the ‘fetter’ of the feudal landlord.” (ZGYJZZS, 1970, 232) Liu sees in New Democracy a long term policy of mixed economy to develop the Chinese economy; while rich peasants, the traditional target of the socialist revolutionary, should be protected, “the policy to protect the rich peasants is not a temporary measure, but a long term one. The rich peasant economy should be preserved for the whole term of New Democracy. Socialisation of the rural economy and collectivisation of rural properties can only be achieved when large-scale mechanised farming exists in rural China. But this takes time.” (ZGYJZZS, 1970, 235) Note the contrasting difference between his and Mao’s statement in treatment of private business and the bourgeois class. Liu’s perception of economic development under the New Democracy could be summarised as follows:

1. The backbone of the economy is the nationalised industries, which consist of major heavy industries and finance institutions; the establishment of which was the prerequisite before the nation could become socialist.
2. The development of cooperatives as the distributing channel for goods from rural China and small-scale producers, helping the poor peasants and petty bourgeoisie by improving their income as well as preparing them for future collectivisation and institutional transformation.
3. State capitalism would be the dominant economic structure of New Democracy. Businesses of private capitalists would not be abolished in so far as their existence did not undermine the function of the nationalised industries.
4. Any industry of a monopolistic nature (like Railways) should be nationalised. However, partial or divisional privatisation of nationalised enterprises is allowed provided it is under state supervision (Liu, 1981, 1: 427—9).

Apparently, Liu was well aware of what the policy had to achieve for China, and what he expected from the policy. Therefore he pushed his point further in March 1951 when he drafted the ‘*Eight standard conditions to be a Communist member*’. For

the first time, Liu stressed that the policy of New Democracy must be consolidated instead of being replaced in the near future and he stated, “The ultimate objective of the CCP is to establish a communist state. Now it has to struggle to consolidate the New Democracy, while in the future it has to struggle for the realisation of socialism, and finally it should push for the emergence of communism.” (Liu, 1981, 2: 62) During the period between the late 1940s and the early 1950s, the differences between Mao and Liu had not become explicit.⁴⁵ However, Liu’s ability and enthusiasm in giving a new dimension to the interpretation of New Democracy, as well as his advocacy of the ‘consolidation’ of the policy in 1951, invoked resentment from Mao. While Liu believed he was basically echoing Mao’s statement besides giving his personal interpretation, Mao had decided to speed up the collectivisation and halt the New Democracy. Seemingly, the rift between the leaders was due to Mao’s change of mind, as Liu’s notion of the ‘consolidation of New Democracy’ could barely mean any deviation from Central policy, particularly when the majority of the leaders had shown solidarity in the defence of the policy. But a detailed study of the two’s ideas would have revealed that from the very beginning, Liu’s perception of New Democracy had been different from Mao’s. In other words, the rift had long existed even before Liu urged consolidation of the policy.

The first aspect of Mao and Liu’s differences with respect to New Democracy was their views upon the contradiction between the bourgeoisie and the proletariat. In addition to what has been discussed in Chapter 3, one of the possible reasons that Mao turned his back on New Democracy sooner than expected could be the result of the ‘*Three Anti-Movement*’⁴⁶ at the end of 1951, which was aimed at rectifying ‘corruption, waste and inefficiency’ among the cadres, when he gave instructions to

⁴⁵ Although, as stated in Chapter 3, there were occasions when Mao called for earlier collectivisation before he succumbed to the pressure within the party in 1956 at the Eighth Congress, the rift between them had only surfaced in 1957, after Mao defeated the Anti-Rash Advance camp. However, Liu had remained low profile since then, though he continued to give his own interpretation of economic policies under the shadow of Mao. The ‘official rift’ between them occurred in 1962 when Liu admitted that the Great Leap was more a human error than natural disaster.

⁴⁶ The movement was launched on 1st December 1951, followed the discovery of pervasive fraudulent activities by party’s cadres in rural China. In the countryside the main methods were intensification of land reform and development of cooperatives, while in urban areas they were the suppression of counter-revolutionaries and democratic reform, attack of secret societies and independent labour forces. The campaign was then followed by the ‘*Five Anti-Movement*’ on 26th January 1952, which targeted the urban capitalists to tackle bribery, tax evasion, embezzlement of materials, abuse of state property, and spying on national economic information. It was actually “meant to strengthen control over business, as activists in workers’ organisations were encouraged to examine their employers’ finance and uncover evidence of tax evasion and malpractices.” (Teiwes, 1979, 105—108; Dillon, 1998, 102—103, 316)

clean up the party in the mass purges against the corrupted cadres. Mao regarded the rectification movement as “a war between bourgeoisie and proletariat”. (Mao, 1988, 646) Bear in mind that in 1950, Mao still stressed that, “the enemies that we struggle against were imperialists and feudalists, not the native capitalist.” (Mao, 1987, 292) After the purge, however, Mao was overwhelmed by its outcome that had depicted a picture of pervasive corruption amongst the Party’s cadres, which was presumably directly connected to rich peasants or the bourgeoisie. By 6th June 1952, Mao had already decided to leave New Democracy behind and get rid of the capitalists, as he said, “After defeating the landlord and the corrupt bureaucrat, the contradiction within China now is the contradiction between workers and the native capitalists, hence the native capitalists are no longer positioned in the middle (since they had become the target of the struggle, they should be positioned on the Right).” (Mao, 1989, 458)

Liu, on the other hand, had never regarded the contradiction between the bourgeoisie and the proletariat as the major contradiction within society, as was discussed in Chapter 4. As he pointed out in his report to Stalin in 1949: “if a regime were to concentrate its attack on capitalists, the country would soon be under the dictatorship of the proletariat (which should only exist upon the completion of transition)” (Shi, 1990, 161) Similarly, in 1957, during the aftermath of the collectivisation of rural China, Liu reminded the nation that it is time to make construction of the economy our priority, “...now the enemies have been eliminated, the landlord and bourgeois class have been eliminated, the anti-revolutionary has also been eliminated. So basically the major contradiction between classes has perished, the problem of our contradiction with the enemies does not exist.” (ZYWXYJS, 1996, 2: 398) Almost ten years later, the Red Guard’s attack on Liu during the Cultural Revolution was in fact a revelation of the rift of the two leaders, “...how dare Liu say the class struggle is over? This is contrary to Chairman Mao’s idea, how dare he say class struggle does not exist in socialist nations? Chairman Mao has made it clear—class struggle exists anytime, everywhere...” (ZGYJZZS, 1970, 366) Comparatively, while Mao formulated his economic policy on the basis of class struggle and contradiction, Liu implemented New Democracy on the basis of economics; as Schram sees it, “Liu placed great emphasis on doing things in an orderly manner, and not allowing the process of agrarian transformation to get out of hand...he declared that collectivisation would only be possible sometime in the future if the necessary

industrial basis had been laid to permit the introduction of mechanised farming.” (Schram, 1969, 79)

In Mao’s ‘*On Contradiction*’ (1937), in which he copied many of the contents of Engels’ *Dialectics of Nature*, he emphasised the existence of contradictions as a reflection of dialectics, as he says, “The universality of contradiction is, it exists in any process we could have, and it occurs throughout the whole process of all kinds of development.” (Mao, 1952, 771) But Liu saw the building of the economy as the main task ahead for the nation, as he believed that the contradiction between the bourgeoisie and the proletariat did not pose a major threat to social stability. In Liu’s picture, the only native capitalists who existed in China after the liberation were the bourgeoisie, whom he regarded as pivotal in reviving the nation economy. He believed that building the productive force was the priority of the government, and “as long as the Third World War does not break out...our only mission is to build the economy.” He repeated his view on 26th August 1952, stressing that he could not see any possibility or necessity for mass scale collectivisation or socialisation campaigns in the near future, as the nation “should now concentrate all their effort in economic construction.” (ZYWXYJS, 1996, 2: 302)

The second aspect that divided Liu from Mao in terms of New Democracy was their views on the function of capitalism. Mao believed that feudalism had been deeply rooted in the newly liberated China. So capitalism was, for Mao, a lesser evil that could expediently replace feudalism before socialism could be introduced. Thus Mao said, “To get rid of the oppression of domestic feudalism and foreign imperialism and to replace them with capitalism is not only an improvement, but also an inevitable process. This process does not only benefit capitalists, but also the proletariat...we have had foreign imperialism, colonialism, and feudalism, we are indeed short of (the elements of) capitalism at this moment.” (Mao, 1953, 1083—4) So capitalism was just ‘something in short supply’ that he needed to impose so as to replace feudalism. As Cui from Guangxi Nationalities College points out, Mao did not specify a specific policy to deal with the capitalists; but instead, he advocated the struggle against the capitalists as well as making use of capitalism concurrently, without particular emphasis or priority being asserted (Cui, 2000, 54). Hence, Mao’s stance towards capitalism looked ambiguous, and that reflected a notion of political expediency, as he said in the Third Plenum of the Seventh Committee (1950). that the priority by then was to eliminate the remnants of KMT (the Nationalist Party or

Guomindang), and in order to isolate the primary enemy, “we should rally the petty bourgeoisie and the national bourgeoisie under the leadership of the working class and on the basis of the worker-peasant alliance. The national bourgeoisie will eventually cease to exist, but at this stage we should rally them around us and not push them away. We should struggle against them on one hand and unite with them on the other.” (Mao, 1961, 35)

Liu also talked about concurrently uniting and struggling against the capitalists, but he looked at capitalism more objectively, as he believed that capitalism was a stage of social evolution that a nation must go through, particularly in terms of economic construction. Tactfully, he differentiated native capitalists, who were indeed the petty bourgeoisie and domestic entrepreneurs, from the so called bureaucratic capitalists, who were classified as such because of their background as the ex-members of the KMT. As a result, he was able to prioritise the tasks for his comrades in dealing with the capitalists. “We have three enemies, namely imperialism, feudalism, and bureaucratic capitalism...” Liu said in Tianjin, in April 1949, “we must know the difference between friends and enemies. To regard native capitalists as enemies is against the benefit of the workers. Dealing with the native capitalists involves unification and struggle. Politically, we should unite them to struggle against the imperialists, feudalists and bureaucratic capitalists; economically, we would unite them to develop our productive force. We cannot single out unification from struggle, or vice versa, as the two issues are related to each other. But what is the priority? Today, the priority is to unite them. So the struggle against the native capitalists must be on a limited scale and should not damage the unification.” (ZYWXYJS, 1996, 2: 201) To legitimise the capitalist elements of New Democracy, he put forward his carefully phrased statement, “Today China should allow the development of capitalism because the initial stage of industrial capitalism is progressive, and it will assist the development of productive forces...In his ‘*Communist Manifesto*’, Karl Marx told us that capitalism has only existed for 100 years (in the West) yet it manages to maximise the level of productivity. Today, capitalism in China is not at the corrupted terminal stage, but at an infant stage. It could still be developed...” (ZGYJZZS, 1970, 213)

The undisguised support for the persistence of capitalism made Liu an odd figure in the newly established Communist China. Unsurprisingly, Liu’s support for capitalists drew waves of accusations, which, as Dittmer summarises, convicted Liu

as being opposing to socialisation and pursuing revisionism. Dittmer points out that Liu justified his ‘shielding of capitalists’ by “alleging the bourgeois were making progress in transformation through thought reform to a proletariat standpoint,” which was firmly denied by Maoists (Dittmer, 1998, 197—199). Although most of the CCP’s leaders shared the perception of the necessity of imposing New Democracy in the early 1950s, few could, like Liu, visualise a clearer picture of what should be done during the transitional period, and that was why the ambiguity of New Democracy emerged. Therefore it is not surprising at all that one of the first Red Guard attacks on Liu during the inauguration of the Cultural Revolution was against his interpretation of New Democracy, “Liu has twisted the facts by claiming the period of transition to socialism as the period of New Democracy, he does not recognise the period of transition as socialist...this has shown his bourgeois inclination.” (ZGYJZZS, 1970, 364) This statement from the Red Guard simply reflected the confusion over the definition of the period of transition, and the controversy of whether the period was socialist or capitalist, a question that had been haunting the CCP leadership. Therefore, in as early as 1951, Liu had gone a step further by urging the consolidation of the policy, in an attempt to shrug off the ambiguity of the definition of New Democracy and the reluctance to accept the legitimacy of the capitalists. It was obvious that Liu had a set of ideologies that underlined his advocacy, which not only distinguished him from the mainstream leadership, but also reflected his ideologies in rebuilding China’s economy. So while *New Democracy* was the Central policy, the ‘consolidation of New Democracy’ was originally Liu’s idea. Liu’s idea of economic construction in China via the consolidation of New Democracy comprised two major elements: firstly, the primacy of productive force, and secondly, the cooperative as a means of distribution.

5.2 The Primacy of Productive Forces

5.2.1 The Retention of Capitalism

Liu’s problem with the Maoist leadership probably started with his celebrated series of ‘Tianjin Speeches’ (*Tianjin jianghua*), in April—May 1949 during his trip to the newly occupied Tianjin to visit the local entrepreneurs. “The problem of today’s China is not the dominance of the capitalists, but the shortage of capitalists.” Liu says on 28th April 1949, “If the bourgeoisie are eliminated as a result of class struggle.

factory closures and worker redundancies would follow, this is therefore not a favourable solution for the workers...while capitalism has existed in other countries for hundreds of years, it has just existed in China for few decades...so it should be continued under New Democracy.” (ZYWXYJS, 1996, 2: 201) But as a communist leader, Liu’s ‘theory of exploitation’ could have surpassed all the perceived boundaries, “There are three enemies for revolution (foreign imperialist, Chinese feudalist and bureaucratic capitalist), but there are also four friends of the revolution, who are workers, peasants, petty bourgeoisie and national capitalists, and we must be able to differentiate them. If we were to attack capitalists, we would have attacked our friends. Capitalists do exploit workers, but (at the present time) this exploitation is capitalist instead of feudalist, so (at this stage) we will not oppose the exploitation but welcome it and let the private businesses develop. We would only constrain the exploitation when produce is abundant and surpluses (of social wealth) exist.” (ZYWXYJS, 1996, 2: 209)

Apparently this is the plain application of Marxist historical materialism, but it did take great courage for a communist leader of a new socialist state to make such a speech. Mao, on the other hand, though not impressed by Liu’s ‘advocacy for exploitation’, had to suppress his anger at a time when comforting the bewildered entrepreneur was the priority. Mao was understood to have grumbled to Bo Yibo that, “*“exploitation is good”* is not a proper statement.” (Bo, 1993, 1: 55) Liu’s preoccupation with the primacy of productive force had actually underlined almost all of his economic theories. However, it is also said that Liu was in fact dispatched to Tianjin with the mission to stabilise society and ease the public’s fear of the new regime. Therefore, Liu was just carrying out a duty assigned to him by the Party centre, as even Mao had forwarded a moderate statement in terms of economic development, “Only when production in cities is restored and developed, when consumer cities are transformed into producer cities, can the people’s political power be consolidated.” (Lieberthal, 1980, 40—42) But Liu’s self-styled interpretation of the Party’s message had made him stand out, and the statement of ‘exploitation is good’ had cost him dear during the Cultural Revolution. Lieberthal also sees Liu opposing the Party’s practice of mass mobilisation and pushing for demobilisation of Tianjin’s population, as well as encouraging the formation of labour-capital, worker-staff, and student-faculty alliances in order to win the “cooperation of the people who

virtually monopolised the city's scarce administrative and entrepreneurial skills—the capitalists.” (Lieberthal, 1980, 43)

So the series of Tianjin Speeches that he gave in 1949 were not, as Bo Yibo described, “accidentally deviating from the main line.” (Bo, 1993, 1: 62) Instead, the speeches simply reflected Liu's notion that even communist rhetoric could be secondary to the development of productive force. Economic construction had always been Liu's priority. In order to improve living standards, Liu believed there were two jobs to be done, “Firstly, to overpower the foreign imperialists, the Chinese feudal landlords and bureaucrats, establish the dictatorship of the people's democracy, achieve the independence and unification of China...launch the land reform to eliminate the classes of landlords and feudalists, so as to emancipate the productive forces from the city and the village.” For Liu, to defeat the feudalists is to emancipate the productive force, which had been ‘fettered’ under feudalism. But this was just the first step, “This is still not the development or improvement of productive forces.” Because this was only “the job to be done before we could proceed to the second task...with the establishment and consolidation of a people's democratic dictatorship, and the gathering of other resources, we will thus develop the economy, on the current foundation, to utilise every unit of resources we have to lift productivity, to improve the quantity and quality of production...in order to progress the nation towards industrialisation, which is the only way to improve the living standards of Chinese people.” Liu believed that only the development of productive forces could complete the revolution with a perfect ending, “If we could not carry out the second task successfully after the first task, we could not claim to have succeeded in the revolution—in fact, our revolution would have become meaningless.”(Liu, 1981, 2: 2—5, 32)

Liu's insistence on the priority of productive force development seemed inevitably, to portray him as a spokesman for the capitalists, which could have been detrimental to his image as one of the top leaders in the CCP. Liu knew that the public perception against capitalism could be a problem; therefore, he had been very careful in phrasing his words. In the Eighth Congress (1956), he stretched his prowess of theorisation to the extent that he redefined and repositioned capitalists in Chinese society, “...the foreign imperialists have been removed, China has become a great independent country, the puppet of the foreign imperialist—the opportunist bureaucratic capitalists have been eliminated, as have the feudalist landlords and the

rich peasants. Those landlords and rich peasants who used to exploit the poor have been transformed into new and hard working men. Native capitalist is a stage in the transition from being an exploiter to a labourer and contributor..." Apparently, Liu tried hard to shield those with a rich peasant background from the hostility of the Left, as he reminded his comrades in the Eighth Congress, that, "The storm of revolution is over, new production relations have been established. Therefore the mission to fight has become the mission to protect the nation's productive force. The methods to struggle have to change as well." (Liu, 1981, 2: 202—3, 253) This echoed Liu's assertion in the early 1950s—"The policy to protect the rich peasant is not a short term policy, but a long term one." (Liu, 1981, 2: 40) This statement became Liu's liability during the Cultural Revolution, but it did show how Liu's belief in the primacy of productive force had affected his ideology. But Liu was indeed very certain of what the preservation of the rich peasant was for, "The long term accumulation of wealth (by the capitalists) would fund the construction of heavy industries, the success of which would enable us to transform the urban capitalists into socialists; the development of the nationalised industries would result in the mechanisation of agriculture, which would then prompt the socialisation of the rich peasant economy in the rural area, and the development of agricultural collectivisation." (Liu, 1981, 1: 430) By then "the rich peasant economy will no longer be needed, but it would take a long time to get us there." (Liu, 1981, 2: 41)

From the very beginning, Liu knew his plea for the continuation of a capitalist market might attract fierce criticism, so the assertion of the "development of productive forces" has become his trump card, as he could always relate the notion to Marx's theory on productive forces. The legitimacy of such a claim had enabled him to avoid political turmoil when he praised 'capitalist exploitation' and proposed a long-term policy to protect rich peasants. Most important of all, such legitimacy allowed him to advocate some principles of a market economy as a solution to the problems faced by Chinese economic construction. Hence Liu's stereotypical defence of a capitalist economy would normally sound like, "To curb the expansion of the private industries would undermine the development of productive forces."⁴⁷ (ZYWXYJS, 1996, 2: 279) Wang of Zhong Shan University sees Liu's method as "to develop productive forces via the market economy, guiding the peasant in transition

⁴⁷ A statement extracted from his speech given in a seminar conducted by the National Political Committee, on 13th May 1951, printed in his *Nianpu* (Liu's life: chronological record)

to collective farming from private farming.” (Wang, 2004, 105) But it is not entirely correct to say that Liu placed his emphasis solely on the growth of a capitalist economy, as what Liu believed in was the overall progress of all the five economic components, including the capitalist economy. In a speech given in July 1951, Liu had made it clear that, “At the stage of New Democracy, nationalised industries, cooperative economy, private capitalist economy, state capitalist economy, and petty commodity trading should all be developed...gradually, the industries would proportionately outgrow the agriculture, and the socialist and semi-socialist economy would proportionately outgrow the private capitalist economy as well. This will take ten to twenty years, then we could transit to socialism via agricultural collectivisation and nationalisation of heavy industries...to achieve collectivisation by merely relying on the peasant is an empty dream.” (ZYWXYJS, 1996, 2: 284)

After Mao had decided to speed up the collectivisation in 1957, overturned the resolution of the Eighth Congress and restored his old assertion that the major contradiction of the society was still the contradiction between proletariat and bourgeois⁴⁸; Liu in 1959 still reminded the nation that, “when the mixed economy becomes a single model of socialist economy, the contradiction between the productivity and the social demand would become the major contradiction. This is the contradiction that will cultivate the productive forces.” (Liu, 1993, 406) The centre of Liu’s thought was that the production relations should be adjusted or altered to suit the development of productive forces, not the other way round (Xi, 2002, 11). During his visit to Henan in 1957, Liu discovered the inability of the rural Chinese to cope with institutional changes during the process of collectivisation. He thus made an important statement that reflected his interpretation of Marxist theory, “Since the level of productive forces is so low, we should have a smaller production unit, and a smaller distribution unit as well. An oversized distribution unit would cause the expansion of production relations, to an extent that a lower level of productive forces could not match.” (Liu, 1993, 328—329) Liu stressed his points again in 1959 when

⁴⁸ The first time Mao changed his mind was during the period of 1951 and 1952, when he believed the root of cadres’ corruption was the existence of capitalism. That was followed by the launch of the ‘Three Anti’ & ‘Five Anti’ Campaigns and later the implementation of the General Line of Transition in 1953, which was meant to replace *New Democracy* and to speed up the collectivisation of rural China. Mao succumbed to reality after the unsatisfactory result of the first five year plan and agreed to more market based economic measures at the Eighth Congress (1956). A month after the conclusion of the Congress, the uprising in Hungary gave Mao the best excuse to ignore the resolution of the Eighth Congress and to implant the fear of capitalism once again into the party. (Feng, 1998, 266—294; Gu, 1996, 359—374) See Chapter 3.

he issued a warning against drastic institutional change during the Great Leap, “It is detrimental to the development of productive forces if the production relations expand faster than productive forces.” (ZYWXYJS, 1996, 2: 512)

5.2.2 The Reform of Work, Rewards and Distribution

Wealth distribution and the relationship between the administration and the public are the other two topics that Liu saw in connection with the development of productive forces. When Liu expressed his concern on the working relationship between the cadres and the labourers, he stated that the relationship between the leaders and the public could affect the development of productive forces, “Of all the relationships among the workers (he meant proletariat), the most important is the relationship between the leaders and those working under them, as well as between national (political) institutions and the public. If the factory managers, the head of the nation, and the ministers could not sustain good relationships with the public, it would have a negative effect on the development of productive forces. To understand this, we have to view it from the economic perspective.” (Liu, 1993, 416) Liu tended to relate productive forces to human nature, as he saw the motive of workers to work hard as a driving force behind the expansion of productive forces. This perception could have also underlined his belief in the retention of capitalism. His comments on the socialist distribution system (of wealth) gave a further illustration of this notion, “the distribution system is a very important part of production relations. A good system of distribution would lift the workers’ spirits, hence the expansion of productive forces. The development will go the opposite way should the distribution be unfair. This is the rule of economy. So (as to sustain the level of productive forces) the socialist society should always review its system of distribution.” (Liu, 1993, 328) Indeed, Liu managed to blend his notion of contradiction into his theory of productive forces, presenting himself as a new interpreter of Marx, though most of the time he was merely circling around a few major issues, and made the most use of them. Nevertheless, the lucid application of Marxist theory in connecting distribution with the productive force reflected his ability in theorisation, “The contradiction between productive forces and production relations in a socialist society is reflected in the distribution system. The production relation has to match the productive forces, and the two would not match each other if the distribution were unfair, which would in turn undermine the development of productive forces. Only a fair and rational

distribution system would sustain the development of productive forces.” (Liu, 1993, 337—338) So the theme of Liu’s ideal distribution system is not ‘equality’. but ‘fairness’.

The reason behind Liu’s concern over the distribution system was his fear of the dominance of ultra-left ideology—the advocacy for the distribution by needs (“to each according to his need”, the theme of the highest phase of communism, see discussion in section 3.2.3), which he believed would hamper economic development. Therefore Liu openly opposed the practice of egalitarianism⁴⁹, which he condemned as non-socialist. In April 1961, the year when the calamitous impact of the Great Leap had surfaced, Liu quoted the people’s commune and public canteen⁵⁰ as examples of how egalitarianism could damage productivity, “The public canteen fosters egalitarianism, and many (who supported the canteen) are afraid of the revival of the two extremes (rich and poor) should the public canteen be abolished...it is possible we might have those two extremes again, but that is not a big issue...with the current system of allocating the food and household goods in the peasantry, the poor would have a certain level of social security. But we should also have some differences among ourselves—some are better off, and some are not. It is not beneficial to the economy if everybody is equal. Egalitarianism defies the theme of socialism, which is *‘from each according to his ability, to each according to his work’*; and we should not confuse ourselves with the central ideology of communism—*‘from each according to his ability, to each according to his needs’*! So (since we are still at the stage of socialism), egalitarianism is against the central thought of socialism—*‘to each according to his works.’* If we abandon socialism, we could never reach communism, as socialism is the stage before communism.” (ZYWXYJS, 1996, 2: 513)

To sum it up, this speech in Changsha of Hunan on 24th March 1957 could have indicated Liu’s thought in connecting productive forces, distribution, and contradiction, “Distribution under socialism is an important issue, which reflects the contradiction between production relation and productive force, and the contradiction

⁴⁹ Egalitarianism, the research’s translation of *pingjunzhuyi*, was Mao’s utopianist all-equal distribution at its extreme. It believes in averaging all resources and income with the number of population, without giving consideration to the amount of work done by individuals. It was the common practice during the Great Leap. It is in line with the final phase of communism that Marx mentioned in the *Critique of the Gotha Programme* (1875). See section 3.2.3

⁵⁰ Public Canteen (*gonggongshitang*), or public dining room, was set up alongside the people’s commune in 1958 as the food caterer for the peasant, who was urged to dine in the canteen and stop home cooking since the state had taken care of food and lodging as a form of welfare. “Many social innovations collapsed long before the public dining room did (Hinton, 1983, 228—232).

between the superstructure and economic base. These two contradictions exist permanently, whether now, then or in the future. In a capitalist society, these two contradictions are the contradictions of different classes; while in a socialist society, these contradictions are the contradictions among the people. Now we have established a socialist society, the problem of ownership has been resolved, but at the same time the problem of distribution has become more obvious. Therefore we should stick to the principle of reward for work done, distributing fairly and rationally according to the workers' contribution, in order to enhance the development of productive forces." (ZYWXYJS, 1996, 2: 391—392)

Liu believed that the distribution of wealth was one of the key factors behind the expansion of productive forces. His speech delivered at the Central Party School on 7th May 1957 had clearly indicated his appreciation of the impact of distribution on the productive forces, "Improper accumulation and distribution would undermine the development of productive forces. While excessive accumulation is not good, insufficient accumulation is bad for the economy too; likewise unequal distribution. The distribution among workers and peasants must be fair and reasonable, or the situation could be chaotic. If we have excessive numbers of non-productive personnel, they would have taken a huge share of the total income and the permanent workers would be unhappy. This sort of resentment or ill feeling means that the distribution system has become an obstacle to the development of productive forces. If the cadres receive more performance bonus than the workers, it is the problem of distribution. If the administrative expenses are too high in that they were incurred at the expense of workers income, it is also a problem of distribution. The differences as a result of official ranking, the gap in wages, the job vacancies, as well as the allotment of places in higher education are all the problems of distribution." (ZYWXYJS, 1996, 2: 401)

Liu's belief in the primacy of productive forces and the significance of income distribution had finally driven his reform on work and pension policies. The reform was a bold attempt in the 1950s for a socialist state, particularly when a communist leader tried to abolish a permanent employment scheme. It must be noted that the CCP had inherited a huge number of public servants from the defeated Nationalist Party. In addition to that, there were four million unemployed urban workers in China during the aftermath of the liberation. In order to stabilise the nation and to avoid social unrest, the Chinese nationalised industries had recruited these surplus work forces under a measure called 'replacing aid with jobs (*yigongdai* *zhen*).' Gradually,

the number of workers grew in line with the recovery of economy. In 1956, the state even broadened the recruitment scheme to include vocational and university graduates, retired military personnel, and the released prisoners. These people were all offered a ‘permanent contract’, which means they could never be retrenched. They were subject to Central allocation to job vacancies nationwide and basically their livelihoods were secured and jobs were ‘guaranteed’, or in Chinese terms, ‘*baoxialai*’. Those who were not fortunate enough to be allocated a job would be taken care of by the state (Zhou in ZYWCBS ed., 1989, 364—365; Ye in Lü ed., 1991, 372).

Liu was the first CCP leader who opposed the system openly and called for a reform. Liu believed that the policy of ‘permanent contract’ should be abolished and the temporary workers should have no statutory right to become permanent workers automatically. In 1957, Liu expressed his concern over the current workers and their pension schemes when he was on his provincial tour to the provinces of Hunan, Hubei, Henan, Hebei, Guangdong and Shanghai City, “As long as you are brought in (recruited) you are not to be retrenched, and this applies to all workers in all departments and ministries—I think China is the only country in the world that practices such a policy. Even the Russians will lay off their workers after the contracts are seen off, let alone the capitalist countries. Only our workers have the *iron rice bowl*⁵¹, as we would not retrench anyone even if the job is done or there is no job at hand. The advantage of the system is the minimal unemployment rate. But can the system be altered? Retrenchment of workers should be allowed. If this is not agreed, the state should have the right to allocate the excess workforce to less favourable jobs (with lower income). Everybody looks for nothing else but the high-income job. They refuse to leave when the projects are finished, or refuse to do other jobs when these good jobs are taken up; I believe this is unfair. This will not be sustainable as the state could not shoulder the burden for long.” (ZYWXYJS, 1996, 2: 396—397)

The proposed reform of work and recruitment policies was part of Liu’s vision of the reform of the whole distribution system. He suggested that from then on the new workers should sign a flexible contract with clauses stating that redundancy is an option should the job be discontinued, and temporary workers should not be promoted to permanent workers at the end of their contract if they did not have the required skills. Most important of all, Liu believed excessive workforces should be reassigned

⁵¹ Iron rice bowl, or *tie fan wan*, refers to a very secure job. Rice bowl in Chinese means job of a person, or something he makes a living from.

other tasks or reallocated to other workplaces (Liu, 1981, 2: 470). It was understood that Liu had once told a cadre in charge of a coalmine not to recruit the peasants (who lived nearby) as permanent workers, but only as temporary workers. Liu even suggested paying higher wages to the temporary workers and not insuring them under the social benefit scheme (Xu, 2002, 71).

This sort of ‘practical’ approach reflects Liu’s determination to fight egalitarianism, and it was of course contradictory with his role as a communist leader. One of his colleagues who shared his views was the Premier, Zhou Enlai, who suggested introducing the performance-based bonus and promotion scheme. He believed that skilled labour should enjoy extra ‘skill benefits’ and intellectuals should draw higher salary (Zhou, 1993, 273—277). Like Liu, Zhou was against egalitarianism, which he believed would undermine the development of productive forces. However, he did not advocate abolishing the ‘*guaranteed employment*’ scheme, the backbone of the whole welfare system. As expected, the resistance to Liu’s proposal was strong and it did cause an uproar among the temporary workers, who created havoc and threatened to continue their resistance if their contracts were not made permanent. Liu did not back down and repeated his assertion and explanation. However, many local authorities had made concessions in the face of possible domestic social unrest. Liu’s proposal had thus never been put into practice; let alone ever actually gained overwhelming support from the Central Committees. Seven years later, in 1964, Liu was still adamant about his ideas and reminded the nation of his failure to reform the recruitment scheme, “You know I have always been against the practice of converting temporary contracts into permanent ones. Unfortunately, things just get in the way.” (Liu, 1981, 2: 469)

Nonetheless, Liu did attempt to tackle the work and pension problems from an alternative angle, with what he called the dual system of education and work. (*liangzhong laodongzhidu he liangzhong jiaoyuzhidu*) In May 1958, at the Second Committee Meeting of the Eighth Congress that launched the Great Leap, Liu suggested the factories establish vocational schools for their workers, who could then attend half-day classes while working for another half day. According to Liu, those who had graduated “could stay in the factory, as they would be promoted to higher rank, or be reallocated to other factories.” On the other hand, Liu proposed the establishment of more part-time high school in the peasantry, where he believed the secondary school pupils could study for half a day instead of full day, and spend the

rest of the day helping on the farm, so that the students “do not need a summer or winter break, they work when the farm is busy, and study when the job is done.” His rationale for the proposed system is that “our current educational system is not relevant to our job market; this would not raise the quality of the workers, and would not promote common education.” (Liu, 1981, 2: 465—469; for detailed discussion of the system: Li, 2002, 83—87; Peng, 1994, 67—70; Huang & Li, 1996, 72—76)

However, the real reasons behind such proposals were to make substantial cuts in unnecessary working hours, and to ease the burden of financing free rural education by the state, as he said, “this is the method for sustaining general education and financial sufficiency of the schools concurrently...with the establishment of the part-time school, the kids should be able to feed themselves. In addition to that, with some financial assistance from the state and their families, they will be doing well.” (Liu, 1981, 2: 466) “We could provide more opportunities for those who aim to advance their studies. But at the same time, we solve the problem of excess work forces...the factories are schools, and the schools are factories, the students do not rely on the country, and they do not rely on their family. They make their own living, they study and work.” (Xu, 2002, 71—72) Conveniently, Liu intended to use the system to reduce the number of permanent workers. In the speech he delivered to Guangxi cadres in 1964, he once again revealed his purpose of introducing the work-study system, “To practice the dual systems in work and study, is to combine the school with the workforce, as well as consolidating urban and rural labour...so that we do not have to increase permanent workers, or in fact we could reduce the number of permanent workers, and recruit large numbers of temporary or contractual workers.” (Liu, 1981, 2: 470—472)

With Mao’s approval, the system was launched in 1958 with optimism. In 1965, there were 849,000 dual system primary schools, and 7,294 dual system secondary schools in rural China. Seemingly, the implementation did not encounter much difficulty. However, the system failed to accomplish its intended objective and had difficulty in student recruitment. Suzanne Pepper believes that the failure of the system was due to its creation of a two-tier system, which promoted inequality. A survey showed that if given a choice, the rural parents would send their children to the full-time middle school instead of the work-study middle school for qualitative teaching. Worst of all, it had been the general perception (in China’s society) that rural labour was at the lowest rung on the productive system, and agricultural work-

study school was regarded as an inferior version of the regular variety. So the farmers would prefer their children to help on the farm to supplement the family income rather than attending the work-study school, which could not bring immediate benefits. Therefore Liu's attempt was actually to "build an education system based on a division of labour between two separate forms of schooling and serve to reinforce the differences between them." Unfortunately, as a result, "two separate and unequal education systems" were formed (Pepper in Macfarquhar et al ed., 1987, 417—420).

Chinese scholars generally deny such claims. They see the failure of the work-study system as being rooted in its inability to shrug off the shadow of the Great Leap. The work-study schools, mostly established in rural China, had all been operated under the administration of the people's communes. Therefore, the pervasive prevalence of the ideology of collectivisation had pushed the schools' expansion in an irrational way so that the limited resources could not cope. Huang & Li from Anhui Teachers' College argue for the system that, "the majority of China's population are peasants, who mostly could not even write their name. The work-study system aimed to rectify this and promote common education. The failure of the imposition has nothing to do with the system itself." (Huang & Li, 1996, 75; Li, 2002, 86) Actually, while Huang denies the existence of a two-tier educational system, he at the same agrees that the Chinese social perception is the root of failure, as observed by Suzanne Pepper. Nevertheless, the system was halted and labelled 'dual system of capitalism' during the Cultural Revolution after Liu's fall. In retrospect, the system was experimental and did not actually achieve much financial saving for the state, and it was in fact implemented without detailed and careful planning. But it did reflect Liu's willingness to go beyond the ordinary boundaries to test new policies. Most significant of all, the work-study system simply reflected the existence of multiplicity and pluralism that Liu was willing to tolerate within a single model of politics, which is the theme of Liu's ideology of transition.

5.2.3 Private Farming

One of the fiercest accusations of Liu during the Cultural Revolution was his advocacy for contractual farming and the retention of private land in 1960 after the impact of Great Leap had surfaced. The notion of contractual farming first emerged in 1954, at the initial stage of the period of collectivisation, where the strongest advocate of the plan, the then Director of Rural Work Department, Deng Zihui, argued that, "in

order to reallocate the labourers and reorganise the institution in a more efficient manner, we should establish responsibility systems.” (Gu, 1996, 666) Three years later, at the end of the first five year plan, Deng drafted ‘*Regarding the Production Management of Agricultural Cooperatives*’ (a blueprint of new guidelines to manage the agricultural institutions) in September 1957 to revive the under-performing agricultural sector. The policy requested the establishment of group and individual responsibility systems in rural China, and the generalisation of the system to allow the peasant to be sub-contracted with the land they had been working on so that they could be held responsible for the productivity of the land like a private landowner. In other words, it was to divide the land between each household with a fixed output quota, which was literally named ‘*baochandaohu*.’—*Guaranteed production by household*. It was also called the ‘*Three Guarantees System*,’ (*sanbao*), which means the peasant had assumed the responsibility for the *work* (labourer), *production*, and *finance* of running a piece of land allocated to them. Many versions of the system had emerged, particularly in the 1960s. But the general idea is that a certain level of output was promised, or agreed (that is why it was called a guarantee). Any loss or shortcoming would be borne by the peasant but excessive production could be retained as reward. An individual farmer, a household, a production group, or even a cooperative could be the unit to be contracted under the responsibility system (Gu, 1996, 666; Huang, 2000, 240). According to Kate Zhou, who has done substantial research of the background of *guaranteed production by household*, the name ‘*baochandaohu*’ first appeared in Zhejiang, 27th January 1957. ‘*Baochandaohu*’ in Zhejiang, as Zhou claims, contained four elements: ‘*baochandaodui*’, output quotas contracted to production teams; ‘*zerendaohu*’, each household was responsible for part of the production quotas; ‘*dingedaoqiu*’, the output of land was fixed and anyone responsible for the land could decide how many work points a worker could receive; and ‘*tongyijingying*’, a sort of unified administration, where the production and distributive decisions were made by the team leaders (Zhou, 1996, 47).

The contractual farming was soon abandoned as a result of the Anti-rightist movement in 1957⁵². A year later, the Great Leap followed and the contractual

⁵² The Anti-rightist campaign was a follow-up mass-scale rectification after the launch of the *hundred flower blossom* movement, which encouraged the public to voice their concern without fear of being penalised. The ‘Hundred Flower’ had attracted thousands of intellectuals to voice their dissatisfaction and criticism against the government. Fearing the negative impact of the wave of de-Stalinisation that

farming was entirely halted. However, three years later, it first re-emerged in Anhui, where the peasantry were desperate to find a solution for making a living out of the devastated agricultural economy. Zhou labels this as the second phase of '*baochandaohu*' (1961—1962). Surprisingly, the peasants' initiative did not meet strong resistance from the provincial Party Officials, who saw no alternative if they were to revive the rural economy. The provincial First Secretary Zeng Xisheng, who was initially a staunch Maoist and die-hard supporter of the Great Leap, proposed the Anhui version of '*baochandaohu*'—'*zerentian*', or 'responsibility farm' system. '*Zerentian*' allowed commune members to receive work points according to the output of the land they were assigned. Soon the practice was copied all over China and variations of responsibility systems existed in provinces like Henan, Guangxi, Hunan, Zhejiang, Shanxi, Gansu, and Guizhou. In Guanxi and Hubei they called it '*sanbaoyijiang*', or 'three contracts plus rewards'. The production team contracted the production brigade to produce a certain quantity of grain at a cost using certain labour forces. Teams that surpassed the quota were permitted to retain the surplus as reward. The province that showed the most prominent support to the system was Henan, where the county leaders and many of the high-up cadres gave their support and assistance to the implementation of '*baochandaohu*'. In Xinxiang County, for example, each worker would be assigned responsibility for a piece of land with a set output target. The worker would be rewarded for above contract output. While in Luoyang County, the Party's Second Secretary Wang Huizhi promised the peasants that the contractual farming would be persisted with for three years and nothing would be changed. Not long after that, 800 production groups and more than 100 public canteens had been dismissed (Cong, 1989, 234—235; Zhou, 1996, 48—50; ZYWXYJS, 1998a, 2: 905—907).

The system was actually private farming in disguise, and had indeed lifted the morale of the peasant. The official report of the practice reached Mao in March 1961, when Zeng Xisheng, the Anhui's leader, reported to Mao about the implementation of the system in Anhui. Mao agreed to continue the 'experiment', though yet to agree to make it a national policy (ZYWXYJS, 1998a, 2: 905—907). On the other hand, Liu was indeed on Deng Zihui's side and always believed that contractual farming would make the management of agricultural institutions more efficient and effective. To hint

was storming the Eastern Europe, Mao responded by launching the Anti-Rightist movement and thousands were purged, arrested, and killed (Teiwes & Sun, 1999, xviii; Meiner, 1999, 179).

at his support for the proposal, Liu said that, “agricultural activities must enjoy a certain level of freedom (he meant privatisation). High levels of collectivisation would harm production.” (Liu, 1993, 329) But he did not endorse the system openly because he had yet to see Mao’s approval. The then personal secretary of Mao, Tian Jiaying, another supporter of private farming, met Liu when he returned from his tour of investigation in Hunan. After reporting to Liu the current situation of Hunan’s rural economy, Tian asked for Liu’s opinion on the responsibility system. Liu said, “It is pretty clear now that the system (private farming) is necessary.” Tian asked if Liu thought it was proper to tell Mao, Liu answer, “You can tell the Chairman.” However, Liu asked Tian to compile the ‘positive views’ of intellectuals before presenting them to Mao as proof of the practicality of the system. Interestingly Liu asked Tian not to let Mao know it was his idea (Dong Bian et al, 1989, 67). But Mao did not agree with the conclusion drawn from Tian’s investigation. Mao believed that the ‘experiment’ had gone out of control and revived capitalism in the peasantry. He thus ordered the termination of the practice of contractual farming (ZYWXYJS, 1998a, 2: 905).

Since Mao had made his disapproval public, Liu had been keeping quiet until 18th July 1962, when he addressed a group of lowly cadres who were being relocated to a rural area. “Now the economic foundation of people’s communes is still not very stable. Many have lost their confidence (in the commune) and there are peasants and cadres who ask for the division of land between each household. The Party Centre is investigating this issue, and we have yet to come to any conclusion. You should promote collective farming while giving motivation to the local cadres when you arrive at the rural areas.” Obviously, Liu carried out his duty as Mao’s spokesman and he was supposed to back Mao’s denouncement of contractual farming. But instead, when he continued, he could not keep his genuine opinion to himself, “I think it should be fine if we allocate a piece of land to an individual or to a group, as I think the responsibility system is going to work. The only problem is how to relate output with the system.” (Liu, 1981, 2: 461, 463) This shows that Liu was clear about what he stood for, and he had a good appreciation of how the farms should be run during the period of transition.

There is also evidence suggesting that Mao had once agreed not only on experimentation of the system, but on full implementation. Mao only regretted his approval in August 1962, when he decided to use the “restoration of capitalism” as a means to legitimising his attack on his political opponents. In this case, the opponents

that were perceived to be threatening his power comprised the ‘capitalists’, or the camp that supported the contractual farming, which included Chen Yun, Liu Shaoqi, Deng Xiaoping and Deng Zihui. Deng Zihui was eventually made the scapegoat and was later dismissed from all posts he had held and his Rural Work Department was dissolved. Liu was of course, blacklisted by Mao (Huang, 2000, 241; DZHBJ, 1996, 379—380). Despite Mao’s resentment, which resulted in the launch of another rectification campaign, the *Four Clean Movement* in 1963⁵³, the shadow of contractual farming had never really gone away. The farmers took advantage of the chaos in the peasantry during the rectification campaign, where many lowly cadres were killed, to try to resurrect private farming. Thousands of villagers invaded collectives to voice their dissent. Reportedly, premises were vandalised and public tools were stolen and sold in the black market. To protect the private farming, which was believed to be the only way to survival, peasants in Jiangxi, Sichuan, Zhejiang, Hubei, Hunan, Henan, Anhui, Ningxia, and Shanxi were involved in armed struggle against the Central government. Finally, armed forces were deployed to restore order, and the peasants were forced to go back to collective farming. Kate Zhou calls this the third phase of ‘*baochandaohu*’ (1967) (Zhou, 1996, 51—53; NYWYH, 1981, 869—870), which was ended following the launch of the Cultural Revolution.

The ideology underlining Liu’s support of the system was actually in line with his conception of the party and organisation—the existence of multiplicity under the superiority of Central control. This could be well defined by Deng Zihui’s defence of contractual farming, which sounded very much like Liu’s theory, “I believe a certain level of ‘limited freedom’ should be allowed as long as it is not beyond our control. I think in the past we have exaggerated the risk of reviving capitalism. So the imposition of limited freedom should be expanded to more areas. These ‘limited freedoms’ included expanding the reserved private land, borrowing land (from government) for private farming, enlarging reserved land for keeping poultry, borrowing land during winter and so on. The land used for private farming should not be more than 20% of the total agricultural land. The production relation (in the country) is still very much collective farming. Do you think the economy will turn capitalist because of that 20% of private farming? We own the national economy and

⁵³ For the detail of *Four Clean Movement* or SEM, see the previous chapter, Chapter 4: Party and Organisation.

the cadres are ours (the party), if you think capitalist would succeed you would have overestimated the power of capitalism.” (ZYWXYJS, 1998a, 2: 906—907)

Therefore, it is not surprising at all that Liu clashed with Gao Gang and Rao Shushi over the collectivisation of the peasantry in North East China. The North East of China was one of the earliest areas to be ‘liberated’. The Chief Official of the North East, Gao Gang, advocated a rapid move towards collective farming during the aftermath of the land reform. He proposed to the Central Committee the banning of private farming and private employment entirely. Gao believed that any party member who was found hiring labourers should be sacked. Liu responded to the proposal with firm objections. Liu told the Deputy Director of the Department of Organisation, An Ziwen, on 23rd January 1950 that, “the development of the North East has been positive after the land reform, as the living standard has improved. Now the peasants who own three horses and a large plough are not rich peasants anymore, but middle peasants. The formation of mutual aid groups in the North East has foundations constructed on the poverty-stricken economic base. This is not a good foundation. I heard 70% of the peasants have joined the groups, but (I believe) those who opted to join are either poor or bankrupt. If the number joining the collectives reduces in the future, it could be a good sign as it means more peasants have become better off...it is too early to talk about this (Collectivisation). Now should be the era of private ownership. We should not regard those who agree to join the group as anti-private farming—as the truth is that they are not able to do private farming. Can the existing mutual aid groups be transformed to collective farms in the future? I think it is impossible...if we were to transform private farming to collective farming; we need the precedence of large-scale agricultural mechanisation. If party members become richer, they do not actually have to surrender their assets, as the country would not confiscate any of their belongings. Therefore private ownership could be retained for the time being. When the time for collectivisation arrives, if these rich peasants surrender their earnings to the public, they could still be regarded as good Party members.” (Liu, 1993, 152—155, 192)

Gao Gang was of course, offended by Liu’s remark. But most importantly, Mao was annoyed as well, and “he expressed his strong dissatisfaction to Bo Yibo when Gao showed Liu’s letter of response to him.” (Gu, 1998, 406) The event had triggered the power struggle between Liu and Gao Gang, who believed Mao was on his side. It is not one of the main lines of this research to review the power struggle

between Liu and Gao in detail, but a brief discussion of the incident could reveal some background of the era where Liu tried to exert his idea on building the productive force in the peasantry via private farming. The argument over the collectivisation of North East China was followed by an incident that involved the debate over the contradiction on benefits between workers and the administration. Deng Zihui, one of Liu's confidants, who was also the Secretary of the Central South Office, accused the Union of Central South China of "not safeguarding the workers' benefits" in July 1950. Tactfully, Liu endorsed Deng's comment, by describing the contradiction between the Union's leadership and workers' benefits as "minor differences among the proletariat", which would definitely exist during the period of transition. "The differences would only disappear when we reach the ultimate stage of communism". Liu strongly believed that there is mutual consensus between the Union and the Workers in that both advocated the superiority of the proletariat. As "in terms of the benefit of the workers, both union and the workers should take the same stance." (Liu, 1981, 2: 95—96)

Gao, on the other hand, showed strong objection to Deng's idea, stressing the importance of the centralisation of authority, as he said, "All three parties—The party (CCP), the Union and the workers should have the same and the only goal—to stay united and increase production. Any contradiction among the proletariat is wrong." (Huang, 1998, 172) The Party Secretary of the National Union, Li Lisan, expressed his agreement with Deng and Liu when he met Mao in October 1950. "Some believe that there is no difference between public (the party, union) and private (the workers) interests within a nationalised enterprise, but some believe such differences do exist...I am one of the latter," Li said, "as such differences could be resolved peacefully...the idea that it is impossible to take care of public and private interests concurrently is wrong." But unexpectedly, Mao was furious about Li's comment and removed Li from the Union Secretary Post (ZYWXYJS, 1998a, 2: 736—737; ZYWXCBS, 1998, 176). After the CCP came to power the influence and the independence of the Union had been seriously undermined. Apparently, Mao intended to make the Union the puppet of the CCP. The workers voiced their concerns as the fear that the Union could no longer represent the workers arose. Their dissent was brought forward by Li Lisan, who was then sacked for arguing that "the Union had become too subservient to management in both privately owned and state-run enterprises and as a result had alienated the workers," as the basic task of the trade

union was to uphold workers interests (Teiwes in Macfacquhar et al ed., 1987, 109; Guillermaz, 1972, 118—119). Following the fall of Li Lishan and Deng Zihui, Gao's political sense told him that Liu could be in trouble. He had thus become ambitious and aimed to replace Liu as Mao's lieutenant.

The third event that exposed the difference between Liu and Gao was the issue of collectivisation in Shanxi province. The Committee of Shanxi Province had submitted a report titled '*How to upgrade the Mutual Aid Team in the Old Areas*⁵⁴' to the Central and Northern China Office on 17th April 1951. The Provincial Committee pointed out that the time was right to abolish private ownership and private farming. They believed that with the introduction of 'public accumulation'⁵⁵ and 'pay by work done' the traditional attitudes of petty private farming could be overcome. Liu responded with firm opposition after he received the report from the Northern China Office. "The production cooperative that the Shanxi Provincial Committee proposed was socialist, but it is not possible to reach socialism directly via these agricultural cooperatives and mutual aid teams. Chairman Mao has said that we need cooperatives to reach socialism; Lenin had said the same thing. But they did not mean direct transition to socialism with merely the establishment of a few cooperatives...this is imaginative socialism, or utopian socialism, or we can call it utopian agricultural socialism. It can never be realised. There are many in our party who have been preoccupied with utopian socialism. They have to change their mind, as the transition to socialism cannot be solely based on the institutional reform of the peasantry. Mechanisation must take place before the socialisation of rural economy can begin." (Liu, 1993, 210—211)

To Liu's embarrassment, Mao was critical of his comments and expressed his support to the Shanxi Provincial committee openly when he held a meeting with Liu, Bo Yibo and Liu Lantao, the Acting Head of the Northern Office. Gao was quick to respond by writing to Mao of his new proposal for establishing mutual aid teams in the North East. Mao gave his blessing to the proposal and praised it thus, "the direction comrade Gao shows us is correct." All these factors had made Gao believe that Liu's time was up. He teamed up with Rao Shushi, the Director of the

⁵⁴ Old Areas—the areas where the first phases of land reform were carried out, most of which were occupied by the CCP before 1949.

⁵⁵ Public Accumulation, or *gonggongjilei*, refers to the collective revenue of group farming that is to be put aside as public savings.

Source: China Economic History Forum <http://economy.guoxue.com/article.php/1811>

Department of Organisation and an ex-Liu subordinate, to launch a personal attack on Liu in 1953. For once Liu's position was under threat and events show that it was indeed Mao who spurred Gao to take on Liu in order to undermine Liu's influence. However, in a dramatic shift of stance, Mao suddenly abandoned Gao as it was believed that he saw Gao as a threat to his leadership. As Huang points out, Gao was purged because of his "brazen intervention of personal affairs, especially his reckless lobbying among the military leaders." But Gao's reckless advances were rooted in his confidence and perception that Liu had been out of Mao's favour, not realising that Liu's lower profile had augmented his aggressiveness. Ultimately Mao made his choice (Huang, 2000, 11—12; Feng, 1998, 183; For detailed story, see ZYWXYJS, 1998a, 2: 729—755; Gu, 1996, 403—411; ZYWCBS, 1998, 167—187).

The advocacy of the primacy of productive force had inevitably positioned Liu as a Rightist, since the preservation and continuous development of capitalism was for Liu, an unquestionable priority. However, this merely portrays part of Liu's thought in economic development. To view the whole picture, we have to look at his advocacy of developing the cooperative as a means of distribution in rural China as well as a link between the rural and urban economy. Concluding the two sections, we will see that Liu's theory in economy actually mirrored many elements of the NEP, which used a central mechanism to control a model of mixed economy.

5.3 Cooperatives as Means of Distribution

5.3.1 Introduction:

Mark Selden interprets Cooperative as "Group social and economic mutual aid initiated and sustained by producers, and cooperative economy refers to the range of economic activities conducted by cooperatives." He summarises the principles of cooperation into three:

- 1) The primary aim of cooperatives is to contribute to the welfare of their members, that is, they are self-help or mutual aid organisations
- 2) They embody principles of democratic management in which members share decision making
- 3) They are open and autonomous organisations based on voluntary participation and freedom of withdrawal (Selden in Vermeer et al ed., 1998, 20).

Collectives or Communes⁵⁶, enlarged versions of the cooperative, on the other hand, were the product of collectivisation. They “eliminated smaller, semi-voluntary cooperatives and subordinated farmers to the state, countryside to the city, and agriculture to the state’s industrial and military priorities.” In short, they “presided over a regime of compulsory labour and sales to the state, provided vehicles for state-centred accumulation featuring the transfer of the rural surplus to the cities and to industry.” (Selden in Vermeer et al ed., 1998, 22) After the completion of collectivisation in 1957, cooperatives were virtually wiped out in China and the institutions that became the key features during the Great Leap were collectives, or people’s communes.

Cooperatives had been at the centre of Liu’s economic thought. For Liu, the success of New Democracy, the model of mixed economic policy, depended significantly on the success of a social distribution system that could burden the supply of daily goods to rural and urban China with reasonable price, as well as the purchase of the handicrafts and agricultural sub-products from the peasantry. As we discussed in the previous chapter, cooperative economy, according to Liu, was one of the major economic entities that existed in post-liberation China. In addition, Liu had a very clear notion of what sort of cooperatives China needed and how they should be operated. Cooperatives were also the most written about topic by Liu. Liu had written at least 30 articles or speeches concerning cooperatives from 1948 to 1957, all of which had been compiled in a book published in 1987.

In one of his manuscripts written in as early as 1948, Liu illustrated the three types of cooperatives that would exist under New Democracy. The first is the consumer cooperative (*xiaofei hezuoshe*), which acted as a grocery retailer to the registered members. It aimed to replace the ‘capitalist trader’ as the trading medium in order to halt the exploitation of consumers. The consumer cooperatives were mainly intended to help the urban residents, and were supposed to have good coordination with the state-run businesses, from which they made bulk purchases of low price goods before reselling those goods to the public. Liu believed that the consumer cooperatives could be set up in factories, governmental departments, schools or even harbours. While goods were scarce during the aftermath of the civil war, Liu saw the establishment of cooperatives as a measure to counter inflation. Liu believed that it

⁵⁶ Those who label collectives as communes also describe cooperatives as collectives (see ‘collectivisation’ and ‘communisation’ in Bianco, 2001, 240).

would, theoretically, ensure the continuous supply of goods at affordable retail prices with the support of state-run wholesalers. Liu even saw the consumer cooperatives as the forefront mechanism of a possible rationing system, which linked the state-run industries as the suppliers, should the country suffer from severe shortage of goods supply, as he said, “Such cooperatives could be set up in anywhere in the country, and together with the establishment of the state trading company, the rationing system of consumer goods can be implemented.” (Liu, 1987, 27—28) But after 1949, Liu seemed to play down the role of the consumer cooperative as he realised that its functions could have overlapped with the SMC (Supply and Marketing Co-op), which he advocated enthusiastically. Generally perceived as insignificant, consumer cooperatives seem to have been ignored in most of the discussions or regarded as merely part of the SMC. Vivienne Shue, who has done comprehensive studies of the cooperative in 1950s China did not mention consumer cooperatives in her celebrated publication on peasantry and cooperatives (Shue, 1980, 144—274).

The second type of cooperative was the SMC—Supply and Marketing Cooperative (*gongxiao hezuoshe*), which purchased handicrafts and agricultural by-products from rural China for sale in other peasantries or urban areas, and supplied the peasantry with daily goods, subsistence and production tools. Its functions were almost the same as the consumer cooperatives, except that it played a double role—it not only supplied the goods to the peasantry at a reasonably low price, it had to purchase from the peasantry the farm produce at a good price so as to lift the living standards of rural China. In 1948, Liu gave a detailed definition of the SMC and its functions, as he classified SMCs into the Agricultural SMC and the Handicraft SMC, which were basically the same except for the products they dealt with. Liu even stressed that SMCs must not at the same time, act as consumer cooperatives, which means SMCs would not sell consumer goods and production tools to the peasant. But a year later Liu changed his mind and believed that the SMC should source production tools at the best possible price for the peasant. Liu’s latest notion of SMC embraced the possible co-establishment of some downstream industries: small handicraft factories to be set up alongside the SMC, which would market the factory’s products, and at the same time bring in farm produce for further processing or packaging in the factories before the produce could be sold to urban areas. This makes the SMC the key figure in channelling the goods distribution in rural China (Liu, 1987, 28—29, 40—41). Obviously, in view of the complex economic environment and low

literacy of the peasantry, well-defined regulations were needed to differentiate the SMC from the consumer cooperatives as well as to govern its development and operation. Unfortunately this had never been done. We will discuss the functions of the SMC, its role in promoting domestic trade and why the SMC was the most vital element in Liu's model of cooperative economy.

The third type of cooperative, according to Liu, was the production cooperative or agricultural production cooperative (APC). Liu saw in post-revolution China the existence of three types of production cooperatives. First was the Mutual Aid Team (*laodong huzhushu*), which was designed to “evolve from the Peasant Association that had been established to implement land confiscation and redistribution” (Stettner & Oram, 1987, 4), as well as to encourage the combination of workforces and the sharing of production tools among families or work units in farm work in order to improve efficiency, while the ownership of production tools and the farm produce remained private. Some point out that the Mutual Aid Team was a necessity particularly during the aftermath of land reform, where “the industrial and handicraft sectors of the economy were still disorganised and incapable of quick and cheap mass production and distribution of farm tools, and the total number of oxen and other draught animals was still far from sufficient.” (Shue, 1980, 145) Liu viewed the establishment of the Mutual Aid Team as the preliminary stage of collectivisation, and believed that it should continue to exist for some time before the collective could be introduced. The second type of production cooperative was the collective farm (*jitinongchang*). This was the stereotype of the Russian model, where the farmers formed a collective unit to carry out farming while the production tools were owned collectively. Produce belonged to the farm unit and wages were paid according to work done, while private farming on a limited scale was allowed in the families' backyards. The third type of production cooperative was the people's commune (*renmingongshe*), Mao's Utopian and ultimate form of collective farming championed by the communists. No private ownership existed in the people's commune, and no private farming was allowed. The farm work was shared equally and the distribution was by need, not by work. Apparently, Liu did not see the possible existence of people's communes in the near future, “now is still not the time for the construction of second and third type production cooperatives.” (Liu, 1987, 29—31, 294 n16—18)

Liu had been criticised heavily during the Cultural Revolution for his speech at the National Conference of Propaganda in 1951, when he championed the Russian

model of mechanised rural collectivisation as the model of development. “some comrades believe that cooperativisation could be achieved by the expansion of a few Mutual Aid Teams, Work Teams or Cooperative Farms—this is wrong. Cooperativisation and collective farming will not be successful without the precedence of industrialisation and mechanisation.” A similar expression was given in his speech to the first batch of graduates of The Marxist-Leninist College in 1951, which had augmented his differences with Mao, “the establishment of a few cooperatives cannot be considered as the beginning of cooperativisation. The correct way is to do it like Russia, where you see massive landscapes being collectivised for mechanised farming piece by piece. We are not there yet.” (ZGYJZZS, 1970, 365) On 15th February 1953, the Central Government had passed the ‘Resolution regarding the Agricultural Production Cooperatives’, which had been implemented since December 1951 when it was issued as an unofficial guide for production cooperatives. Various types of Mutual Aid Teams had emerged within two years of the guide being introduced, as the number of aid teams soared to 8,034,000. The resolution indicated the necessity to maintain status quo, which meant the retention of private ownership and the restriction on the practice of egalitarianism (BNSBWH, 2002, 5: 1910; SHKXY, 1998, 125—129).

The political correctness of this resolution was actually based on the ‘*Common Principles*’ (*gongtonggangling*), which was a temporary constitution drafted during the aftermath of the revolution. The *Common Principles* were established to deal with the devastated post-war economy and chaotic social order, as they comprised a mutual agreement among the leaders that the retention of private businesses was deemed necessary. However, on 15th June 1953, Mao had decided to overturn the agreements embedded with the *Common Principles*. He criticised the delay in the transition to socialism, in an unexpected manner to his colleagues, “some people are still practising New Democracy, while the democratic revolution is over...it is damaging (to the society)...the transitional period is full of contradiction and struggle, and our struggle now is even tougher than the struggle we had during the armed revolution in the past...” Mao even questioned the rationale of “the period of transition”, when he said, “There is ambiguity, what is transition? We have been in the period of transition for years, and in fifteen years time we will still be in the process of transition, we will never reach there (socialism).” (Mao, 1977a, 81—82) Mao thus proposed the replacement of *Common Principles*: the *General Line of Transition*, in 1953. The

General Line represented a milestone of Mao's change of mind, as it was meant to speed up the collectivisation of peasantry. The theme of the *General Line* was actually to gradually socialise the ownership of production tools, which Mao believed was the foundation of socialist economy (Gu, 1996, 372; BNSBWH, 2002, 5: 1913).

One of the legacies of the launch of the *General Line* was the emergence of the fourth type of cooperative—the Credit Cooperative, which was the result of the reformation of agricultural institutions under the process of cooperativisation in 1953. The credit cooperative had become the representative of the People's Bank in rural China, the financial provider to the peasant as well as the financial support network for the SMC. Naturally, the consequence of economic development would be the establishment of financial institutions, as Shue sees it, the development of the credit cooperative could be evolutionary, that “For if SMCs were to be able to sign the planned volume of advance purchase contracts and complete their commodity procurement work, clearly there were going to have to be some large sums of centrally managed money devoted to these tasks and funnelled to them quickly. The immediate key steps in socialist transformation were going to be heavily dependent on a fair degree of planned management of the rural money supply and particularly on the ability of the cadre to produce loans and investment when peasants responded to the incentives deliberately built into the various contract systems...” (Shue, 1980, 247)

In some areas the credit cooperatives were incorporated with the SMC. However, Liu had never agreed to merge credit businesses with cooperative operations, and we will discuss this later. Though not very successful, the credit cooperative did function to support cooperativisation in rural China. Together with the other three types of cooperatives, they formed the whole range of cooperatives that existed in China before the Great Leap and the emergence of the people's commune. While Liu advocated the SMC as a pivotal institution of his economic model, Mao's emphasis had always been the production cooperatives. As Liu tried to revive China's rural economy with commercial activities, Mao believed that the result of collectivisation—the combination of sheer human power and primitive farming tools, could lift the level of productivity. Liu's hope of the SMC bridging the economic interaction between urban and rural China had never been realised, as the policy was disrupted by the rapid collectivisation of rural China. Liu actually even believed that the establishment of cooperatives could finally lead to the formation of a new social

order; as for Liu, the public depending on cooperatives for their living could live in a more equal society (Liu, 1987, 31).

5.3.2 The Objective of the Cooperatives: Liu's Perspective

The Chinese Scholar Li Boren summarises Liu's notion of the objectives of the cooperative into three, which I see as fairly accurate and reflective: 1) improvement of productive forces and collectivisation of peasantry via the expansion of commercial activities, 2) to embrace the cooperative as a new social order and way of life for society, and 3) to construct and reorganise a planned economy via the development of cooperatives (Li in ZYWXCBS ed., 1989, 317—330).

In 1948, Liu laid down the rationale of the establishment of cooperatives in post-revolution China. “Major industries, including heavy industries and transportation are mainly controlled by the state. However, small industries like the handicraft industries and small-scale transport operators are still in the hands of private capitalists.” Liu explained the economic background of China in his manuscript, “Generally, China is still a society where small scale-industries dominate the economy...The role of the cooperative now is to reorganise small-scale production, to improve the productivity of small industries, so as to enable them to be transformed into large scale collective industries in the future.” On the other hand, Liu knew the problem engulfing the reorganisation of these small industries, “Most of these small industries or private capitalists are separated from each other and scattered around rural China. We need to link them together with a sort of commercial relation, which will connect them to the state-owned major industries.” The cooperative, according to Liu, was the tool that could connect the small scale rural industries to the major industries; but to enable a cooperative to perform its role, the existence of market and the function of commercial activities were necessary; as Liu said, “Commercial activities are important in this sort of economic model, which comprises a large number of small scale industries. Small industries are normally located in the remote areas; therefore they need businessmen to sell their produce in the market as well as supplying them with food, groceries and production tools. Apparently, this role of business medium could be taken over by the state-governed cooperative, and if the cooperatives carry out their duties in accordance with the ideology of New Democracy, and if the cooperatives do not exploit the small industries and poor consumers like the capitalist businessmen do, but give them material support in their

daily life...not only will the small businesses and industries develop and strengthen their productive forces, their development will also fit into the framework of the national economy as a whole.” (Liu, 1987, 2—4, 7)

It must be noted that the reason Liu highlighted the importance of commercial activities was his intention to replace businessmen (who acted as the middle men in trade) with cooperatives, so as to eliminate exploitation without the abolishment of the market, as he stressed, “the purpose for establishment of cooperatives is to eliminate speculative commercial activities, and to ensure the victory of New Democracy.” Interestingly, Liu was talking about swapping businessmen with cooperatives, and eliminating speculative commercial activities via another type of commercial activity. The idea encouraged the development of rural private (family) businesses with the assistance of cooperatives, in a system he called, “cooperative commercial system.” Liu believed this cooperative commercial system could compete in the market, which was still allowed to exist, to oust the capitalist businesses. His concern over losing the “battle” to the capitalist businessmen actually reflected his objection to banning private businesses; otherwise the ‘class enemy’, which was also the competitor in the market, would not have existed in post-revolution China. Instead, he chose to outperform them in the market, “think carefully, if we do not construct a well-integrated and nationwide cooperative system in China, if we do not develop a commercial cooperative system, how could we compete with the *opportunistic businessmen*? Are we able to struggle against the feudal capitalists? We would not win without cooperatives. Because in this sort of struggle, the determinant of victory is the cooperative, and of course, its commercial activities” (Liu, 1987, 6—8) Knowing that it was tough to promote trade and commercial activities in a communist state, Liu kept calling the private businessmen “opportunistic businessmen,” so as to draw a line between cooperative business and the conventional business, which he described as “opportunistic”. On the other hand, the notion actually mirrored the concept of Nikolai Bukharin, who believed that large state-controlled business entities could outperform the capitalists in the market, as long as the major resources or industries (the commanding height) were in the proletariat’s hands, “We control the commanding height, we organise what is essential, then our state economy, by different means, sometimes even by competing with the remnant of private capital through market relationships, gradually increases its economic might and in diverse

ways, draws the backward economic units into its own organisation, doing so, as a rule, through the market.” (Bukharin, 1982, 189)

The other communist revolutionary who shared their view was the founder of the NEP, V. I. Lenin, who believed that the formation of cooperatives is politically correct both “from the standpoint of principle (the means of production are owned by state) and the standpoint of the transition to the new order by means that will be simplest, easiest, and most intelligible for the peasantry.” Lenin stressed that in order to build a socialist state” they have to “learn to build it practically”. The practicality emphasised by Lenin was actually “the adoption of the NEP” and subsequently “the concession to the peasant as a trader, to the principle of private trader;” as a result, “it is precisely for this reason that the cooperative movement assumes such importance.” Lenin seemed to be the first revolutionary to advocate the introduction of mixed economy with the major industries under the party’s control. The statement in his article ‘*On Cooperation*’ (January 1923), seemed to reflect Liu’s ideology of economic construction, “as a matter of fact, the power of state over all large-scale means of production, the power of state in the hands of the proletariat, the alliance of this proletariat with the many millions of small and very small peasants, the assured leadership of the peasantry by the proletariat, is not this all that we need to build a complete socialist society from the cooperatives, from the cooperative alone...under NEP?” But Lenin reminded his colleagues in the way of Liu commenting on the people’s commune, “This is not yet the building of socialist society, but this is all that is necessary and sufficient for this building.” (Lenin, 1971, 760—761) It might not be a coincidence that Liu echoed Bukharin’s and Lenin’s statements, as Liu had openly quoted and praised the NEP of 1920s Russia when he was elaborating his economic construction plan in 1949 (Liu, 1981, 1: 428), though NEP was then regarded as reactionary by the Stalinist leadership—China’s closest counterpart in the 1950s. Liu had actually never hidden his admiration of the NEP, as he stated in 1948, “when Lenin was implementing the NEP in the Soviet Union, he talked about learning to do business and the revival of free trade and capitalism.” Liu’s rationale behind quoting the NEP was simple, “We have been placing our emphasis on industries and agriculture, and simply ignore the importance of commerce. We have to compete with the capitalists. Remember this, those who lead the market lead the national economy!” (Liu, 1987, 23)

But there are significant differences between them in terms of the application of the notion of a *state-controlled market economy*. While Lenin and Bukharin only advocated the persistence of the market for the state-run businesses to compete with the ‘remnants of capitalists’, Liu went a step further by specifying the form of state-controlled institution to be operated in the market—the SMC. That also explains why the cooperative for Liu was a way of life. One of Liu’s strengths is to present his ideologies and notions as well-classified practical measures. Liu believed that the cooperative could change the life of the nation if it could carry out the duties it was supposed to perform, particularly in the peasantry, where the masses still lived in poverty with scarcity of resources. There are four important tasks that Liu thought the cooperatives should perform in rural China, “Firstly, cooperatives must be able to promote and sell surplus rural produce, and the price must be good enough for the peasant to make a profit; secondly, supplying the peasant with the production tools and materials, and making sure the price is low and the delivery is timely; thirdly, supplying them with food, subsistence and groceries at a price reasonably lower than market price. And finally, to provide the facilities for personal savings and loans, in which the interest on loans must be low. Our past experience has proved to us, however, that the SMC should not operate as a finance institution. Only the bank should be the loan provider, as uncollected or overdue loans could seriously affect the SMC’s operation. Financial activities aside, the SMC should be accountable for all the other three tasks that I mentioned, and do their best to help the peasants.” (Liu, 1981, 2: 100—101)

Apparently, while discounting the role of financial provider, Liu wanted the SMC to focus on the three “fundamental roles of the SMC”, which he believed would be the reasons “why the peasant wanted the Party to establish the cooperative”, and had direct impact on the peasant’s daily life (Liu, 1981, 2: 104). Liu’s hope of an economic revolution via the cooperatives was reflected in his speech at the First Conference of Cooperative Operators, in July 1950, where Liu enthusiastically praised the existence of cooperatives as a “very great development” for the nation. Repeatedly, Liu reminded the cadres that, “the system of cooperatives is a social system, a new and progressive social system...we must establish our reputation amongst the public. The old commercial network is gone, so we have to create a new network. We believe in ten or fifteen years time the cooperative system will become our new social system.”(Liu, 1987, 89) But this notion of the ‘cooperative as a way of

life' is not something entirely new. Twenty-seven years earlier, Lenin had expressed the same line of thought, "all we actually need under NEP is to organise the population of Russia in cooperative society on a sufficiently large scale; for we have now found the degree of combination of private interest, of private commercial interest, with state supervision and control of this interest, that degree of its subordination to the common interests which was a stumbling block for many socialists." (Lenin, 1971, 760—761) So it was pretty obvious that the "common interest that was a stumbling block for many socialists" was commercial activities, which should be subordinated to state supervision instead of to capitalist businessmen; as both Liu and Lenin believed that the leading role played by the cooperative in this aspect could reorganise the population and shape a new way of life.

The centre of Liu's thought on the cooperative could actually be summarised by an excerpt of the statement he made in December 1948, "Without cooperatives, the proletariat could not command the peasants in economic development and realise the alliance of workers and peasants...as nationalised industries and cooperatives are so closely related to each other. The nationalised industries are the tool of the proletariat in new China, and cooperatives are the collective businesses of the rural masses. The alliance of the two would lead us to socialisation of the economy. Without cooperatives, the nationalised industries could not develop; and cooperatives would turn capitalist if the nationalised industries did not exist. So the proletariat must bear in mind that even though we have secured the political power, possess the major industries, we still need the cooperatives in the transition to socialism." (Liu, 1987, 21—22) This has unveiled another stage of economic development under the process of cooperativisation that Liu envisaged, the reorganisation of the planned economy, and the construction of the business cartel. I see that with the existence of the cooperative, Liu hoped to group all small private businesses among the peasantry under the administration of one single mechanism, the SMC. The SMC would buy from the small entrepreneurs and farm producers while supplying them with production materials purchased from the nationalised industries. So instead of having the common economic structure in capitalist countries, in which the supply and demand cycle operated in the manner of: *wholesaler—businessmen (retailers)—consumer*; I believe that Liu intended to make this the economic cycle in rural China: *Nationalised (Major) Industries—Cooperatives (SMC)—Consumers (Peasant)*; and in

urban China: *Nationalised (Major) Industries—State Trading Company—Consumers (Workers)*. In this case, the cooperative was a state-controlled business medium, which centralised the sales and purchasing activities and tried to achieve a monopoly by defeating the remaining capitalists through trading in the market. On the other end of the spectrum, where the suppliers (nationalised industries) were concerned, Liu proposed to establish ‘*The Trust*’⁵⁷, a sort of business conglomerate that harboured a few major industries under one organisation for more effective control, and was intended to be independent of the Central administration (Gu, 1996, 645—646, Liu, 1981, 2: 506).

In summary, in Liu’s opinion, the objectives of the cooperative were to firstly, replace the businessmen with the cooperative as the medium of commercial activities; secondly, to oust the capitalists in the market via the cooperative with the backing of nationalised industries; thirdly, to make ‘*living with the cooperative*’ a new way of life where more equal distribution within society could exist, particularly in rural China; and finally, with the success of the cooperatives, to reorganise the structure of a planned economy—to realise market monopolisation by the proletariat through merging major industries. Liu perceived that the existence of huge and independent business entities like the SMC and ‘*The Trust*’ would ultimately squeeze the private retailers and wholesalers out of the market, hence the accomplishment of the market monopoly by the proletariat. In the coming section, we will discuss the formation and functions of ‘*The Trust*’.

5.3.3 ‘*The Trust*’: Business Cartel in the Socialist World

Jack Gray’s view on Liu’s preferred economic model sees Liu “putting the manufacture and operation of farm machinery in an autonomous national trust explicitly modelled, as far as internal organisation is concerned, on Western capitalist Trusts.” (Gray, 1973, 62)

It was difficult to ascertain whether ‘*The Trust*’ was originally Liu’s idea. Towards the end of the Great Leap, the CCP aimed to replace the current model of nationalised industries that were loosely based on the Soviet model—where the decision making and administration of all industries were centralised under the Party’s leadership. It seemed to the CCP leadership that the root of the operational

⁵⁷ For definition see the footnote 5 of Chapter 3

inefficiency of these industries was bureaucracy, where lack of professional administrators, slow decision making, and cost-ineffective operations had all appeared to be the causes of ineffective industrial development. ‘*The Trust*’ was first officially discussed on 25th March 1960, when Deng Xiaoping gave the illustration of ‘*The Trust*’ in the Central meeting at Tianjin, “...the purpose of ‘*The Trust*’ is to improve industrial development, and to use resources more efficiently...constructing ‘*The Trust*’ concerns the reconstruction of production relations and superstructures. The so called ‘*Trust*’, was the centralisation of administration in one industry, which will be governing many industries that affiliated to it...” (Bo, 1993, 2: 1172—1173, Gu, 1996, 646) Note that Deng might not be expressing his own idea, as he was just addressing an issue that had been discussed by the Central Committee. However, thirteen months prior to the Tianjin meeting, Liu did talk about the advantages of ‘*The Trust*’ during discussion of a ministerial report given by the then First Minister of the Engineering Industry, Zhao Erlu. Liu told Zhao that, “There are many sections in one big factory. The efficiency of the operation of each section can never be the same. Some departments would be operated more efficiently than the others. Inevitably, we would tend to formulate our operating schedule based on the slowest or most ineffective section, but that will hinder the development of the productive forces. That is why the capitalists have to establish ‘*The Trust*’. ‘*The Trust*’ is in fact the capitalists’ cooperatives. How to apply the concept under collective ownership is the fundamental question to consider before we could replicate the conception in our society.” (ZYWXYJS, 1996, 2: 445)

Regardless of whether ‘*The Trust*’ was Liu’s idea, he was the staunchest advocate for the concept. Liu’s preference for large-scale business conglomerates was closely related to his belief in the reorganisation of the ‘commanding height’ and the consolidation of the grip on major industries; and ironically, the decentralisation of administrative control in business entities. The rationale underlining Liu’s intention to reorganise the large-scale industries was the lack of coordination among those industries, or what Liu referred to as ‘*San*’ (Scattered)⁵⁸. Liu believed that “all industries and businesses must be well-organised and their operation well planned.” He rated the administration of the Chinese economy as “very unorganised”, as this example illustrates: “tobacco, for instance, appears on the record as a single item,

⁵⁸ ‘*San*’ in Chinese, means scattered around or all over the place. Liu referred it to lack of organisation and coordination.

showing millions of cartons in volume, but without any product classification. In fact, there are hundreds of brands of tobacco, yet they classify it as one item. (which means itemisation was not done)” Besides, the shortage of business managers was Liu’s concern, too, “some local cadres blindly expand industry by constructing new infrastructures and purchasing new equipment, without taking into consideration the limitation of domestic resources.” Therefore Liu saw the purpose of ‘*The Trust*’ was “to reorganise, not only one enterprise, but the whole industry, and the national economy as a whole...” (Liu, 1981, 2: 228, 473—474)

However, it seems to me that Liu was talking more about improving the effectiveness and efficiency of the administration of the industries, than merely encouraging the unification of business units, though the latter was the general perception of ‘*The Trust*’ by other communist leaders. Benedict Stavis views it the same way, as he calls ‘*The Trust*’ “the establishment of semi-autonomous corporations to organise production and distribution on a cost-efficient basis in individual sectors of the economy (Stavis, 1978, 187—8). Liu also noticed that the location of business outlets and the allocation of consumer goods in China were based on the administrative areas drawn up by the bureaucrat, instead of on the demand for the goods and materials. In other words, the nationalised industries were not constructed in strategic locations (Liu, 1993, 313). He suggested administering these nationalised industries with commercial apparatus (or in accordance with simple economic theory of supply and demand), and reorganising the distribution channels without bureaucratic interference. In addition, Liu also urged the forging of closer commercial links between nationalised and private industries as well as between rural and urban areas via functions of market mechanisms (Liu, 1981, 2: 365). As he pointed out: bureaucracy was actually containing the expansion of commercialisation and undermining the independence of business organisations, and “the breaking of the containment is imminent, and unavoidable.” (ZYWXYJS, 1996, 2: 572)

Liu’s ideology of ‘*The Trust*’ was more about reformation of institutions than the merger of business entities. However, Liu had never ceased to emphasize the ultimate objective of ‘*The Trust*’—the monopolisation of the market by the proletariat, or the nationalised industries. So for Liu, institutional reform, independent management, and industrial mergers are all concurrent issues and inter-related, just as he pointed out in his discussion with Bo Yibo on 24th October 1963. “The issue of institutional systems should be studied carefully. We should learn from capitalist

experience of enterprise management, especially their experience in market monopolisation. We should also learn from the good experience of the Russians; as regards *'The Trust'*, the Syndicate, didn't Lenin mention them before? Give it a thought and envisage this, what we relate to good enterprise management are actually good organisation and planning, and the reduction in bureaucracy. The establishment of a professional enterprise management company is a good idea and worth a try. The Central and Provincial Commerce Departments are all governmental administrative departments, which I believe could not manage business enterprises effectively...the professional enterprise management company would be the better choice for managing business enterprises (ZYWXYJS, 1996, 2: 583). Riskin appreciates Liu's assertion on the grounds that he believes the objective of *'The Trust'* was actually to "create powerful, professional units of management that would pursue technical and economic efficiency free of daily interference by the Party and Government." (Riskin, 1987, 165)

This conception of Liu could be the reason Riskin differentiates him from Deng Xiaoping, whom Riskin sees as a market socialist; while classifying him as a 'technical bureaucrat' in the same category as Bo Yibo who, as Riskin believes, advocated segregation of administrative responsibilities professionally (Riskin, 1987, 179). Dittmer, too, points out that Liu's introduction of *'The Trust'* "is taken to be a paradigm of scientific management and its objectification of men for the sake of specialisation, standardisation and systemisation." Dittmer makes a similar interpretation of Liu when he defines Liu's concept of party and organisation as "rational-legal bureaucracy operating in tandem with incipient technical meritocracy." (Dittmer, 1998, 197, 201) Liu had always stressed the independence of enterprise administration more regularly than other leaders, as he believed that the business enterprises should have "limited rights to independent management" in terms of planning and financial management. So Liu urged the officials of the Economic Department "do not interfere in those issues that are not supposed to be interfered with." Liu even criticised bureaucratic interference in the economy as "feudalist, as it could not even be regarded as capitalist (which meant it was worse than capitalist)." (Liu, 1993, 507, 528) Some believe that this notion of *'The Trust'* was the unprecedented advocacy for the segregation of management and ownership of nationalised enterprises in communist China, or even the socialist world as a whole (Su, 2000, 13; Zhu, 2001, 87; Chen, 2003, 34).

Liu did raise the issue of the segregation of duties in as early as November 1959, years before *'The Trust'* was imposed, "Where do the productive forces come from if the amount of investment remains the same, the ownership remains public, but the level of production rises significantly? The answer is: It all depends on who is in-charge of the investment...all enterprise ownerships are public, but the performance could be different from one to another, because it depends on the persons in charge, and how they execute their operational plan..." (ZYWXYJS, 1996, 2: 469) He had openly criticised the bureaucratic nature of enterprise management in socialist countries, "in the past, we had been using administrative measures to manage the factories and business enterprises. Even the Russians had done the same thing before. But this has been proven wrong; we should use economic measures to manage business enterprises." (Liu, 1993, 528)

However, the experiment of *'The Trust'* was for Liu, much more than the institutional reform and professional management of business enterprises. As discussed before, Liu was indeed aiming at the ultimate monopolisation of the market by state-controlled institutions. Segregation of duties aside, Liu had never given up his advocacy for large-scale business organisations, as he believed that business conglomerates with high levels of efficiency were the only way to wipe out the capitalists in the market, and this underlines his strong support for the establishment of *'The Trust'*. "That (independence of management) does not mean the Party and the Centre do not bother at all," as Liu tried to remind his colleagues, "the Centre plans the economy, balances the use of resources, monitors the progress of the industries and takes care of ideological (political) education. The production should be taken care of by the factories and the enterprises." (Liu, 1993, 528) This reflects the dominance of the idea of a *state controlled capitalist market* in Liu's conception, as we discussed in the previous chapters. Dittmer has seen the same development, as he said, "*The Trust* brought management and technical work to the fore and introduced rules and regulations to manage the masses, while letting cadres and political personnel shut themselves up in the office reading statistical returns and reports and studying 'business methods'." (Dittmer, 1998, 201) Stavis believes that the theme of these institutional reforms was to introduce profit as the measure of efficiency, "Liu, Deng (Xiaoping) and Peng Chen believed that technological reform required efficiency, that efficiency in turn required centralised administration, specialisation of function in factories and bureaucracies, and material incentives for workers and

administrators; and that profits were the crucial measure of efficiency.” (Stavis, 1978, 200) To achieve this, Liu believed that ‘*The Trust*’ should not only take care of production while hoping the state will sell the products on their behalf. They should take care of the sales as well. This for Liu is the key to changing the existing system—both private and state-owned enterprises take care of their production and sales, without bureaucratic interference. Liu had stated that, “the capitalist Trusts dominate the market through sales and they are successful; this is an experience for us to learn from.” (Liu, 1993, 528, 530)

So how did ‘*The Trust*’ relate to the cooperatives? They did not appear to be inter-related at first glance. But both ‘*The Trust*’ and Cooperatives played vital roles in Liu’s picture of market monopolisation, in that both will supposedly function in the market to eliminate capitalists and competition. “The capitalist enterprises are all very well organised,” Liu said when he was attending the seminar of ‘*The Trust*’ in 1965, “they have good internal organisation, and that is why they could achieve economy of scale, reduce operating costs, and improve the products’ quality as well as productivity. But they are subject to stiff competition from other organisations. They are unable to iron out the competitors and price speculation (in his word, to ‘organise’), or have control over elements external to their enterprise. Then in order to monopolise the market, the capitalist ‘*Trust*’ emerges. But even the ‘*Capitalist Trusts*’ still face competition, which exists external to ‘*The Trust*’. Complete monopoly has never existed in the capitalist world. The ‘*Socialist Trust*’ should have better organisation than the ‘*Capitalist Trust*’.” (Liu, 1981, 2: 473)

It is obvious that Liu believed the ‘*Socialist Trust*’ could survive the competition. But in order to survive, the elements external to ‘*The Trust*’, like the supply of raw material, must also be ‘organised’ in order to create a ‘standard market’, which is where the function of central planning came into the picture. This seemed to contradict Liu’s advocacy of decentralisation. But it must be noted that Liu had never advocated a market free of all restrictions or tried to accommodate fair competition. Instead, besides urging the segregation of duties and professional management in business conglomerates, Liu advocated state support via price control, so that the business institutions were finally capable of squeezing the capitalist out of the market. To do that, the nationalised industries (or in this case, ‘*The Trust*’) would work closely with the SMC to determine the retail price of subsistence and production tools in the peasantry, as well as the purchase price the SMC paid for the goods. Liu

believed that cost effectiveness would only be achieved with huge commercial institutions or business conglomerates run by professional business managers. Therefore it is not surprising at all Liu had made it clear that the scale of SMCs “must be big, as small SMCs will collapse,” (Liu, 1987, 24) though he did not specify how ‘big’ is big.

Like the cooperative, ‘*The Trust*’ lacked standardised operating guidelines. Liu did appear to be indecisive and ambiguous when he talked about the level of control the Centre should impose on ‘*The Trust*’, “we should study different types of ‘Trust’ before we decide which one is suitable to us. We could centralise the control of human resources, finance and property, or we could just centralise the control of planning, pricing, the supply of materials and product sales, or only the planning and relocation of workers. We should have many versions (of ‘*The Trust*’), you cannot just rely on one, but the key purpose is to unify these enterprises.” (Liu, 1981, 2: 474) So while Liu was clear about what he wanted to achieve with ‘*The Trust*’, he had never had the chance to outline the detail of operating guidelines for the ‘Trust’. For its short spell in China, ‘*The Trust*’ remained experimental.

5.3.4 The Operation of Cooperatives—Liu’s Perspective

We have discussed Liu’s perception of the cooperative objectives and looked into Liu’s perceived link between the cooperatives and ‘*The Trust*’ in the state-controlled business model. Before we go further into Liu’s conception of the practical operation of the cooperative, we should take a look at the regulations governing the cooperatives. The ‘Draft of Cooperative Law’ (*hezuo shefa caoan*, quoted as the ‘draft’ from here on) was first written in July 1950 under Liu’s close supervision. Liu had made three modifications in July, August and October 1950, before the Draft was issued to various government departments for feedback and opinion. But the Draft had never been put through as a resolution and officially implemented, though it had become the unwritten rule or guideline for the establishment of cooperatives in the 1950s. It would be unrealistic to monitor the implementation of the policy against the Draft, as it was impossible to monitor the adherence to central regulations in remote areas of China, where the local cadres always had the upper hand. Nonetheless, the 1950 Draft had somehow reflected Liu’s ideology in cooperative development. Below is the summary of some of the important clauses:

- 1) The nature of cooperatives: It is an institution formed by people who wish to defend their economic interest. Anybody, regardless of their sex, age, religion, and race, with the exception of persons who were stripped of their political rights, could join as member
- 2) Type of cooperatives: there are three types of cooperatives: the consumer cooperative in the cities, the SMC and production cooperative in the peasantry, and the independent handicraft cooperatives in both urban and rural areas
- 3) The objectives of the cooperative: the cooperative is a commercial institution established by accumulating funds of the hardworking people, with the purpose of purchasing cheaper goods and production tools, and selling produce at higher prices, without the exploitation from the middlemen.
- 4) The principles of the cooperative: membership is voluntary, and the freedom of members to withdraw their shareholding is assured.
- 5) The operation of cooperatives: the cooperative should always satisfy the members' needs and ensure sufficient return of material benefits to the members. The cooperative should follow the government pricing policy, and should not pursue high profit margins by setting illegitimate prices.
- 6) The cooperative is an independent, people's (non-governmental) organisation. It should have representatives at various levels (county or provincial) of congress or committee meetings.
- 7) The cooperative is a unified organisation of various levels of smaller cooperative. Every level of cooperative is an independent economic unit, which carries out operations independently and is responsible for its own profit and loss. All cooperatives are governed by China's National Cooperative Union, under the principle of democratic centralism.
- 8) The relationship between cooperative and the state: the cooperative should perform its duty in accordance with state economic policies, and the government should assist the cooperative via favourable treatment in terms of loans, interest rate, income tax, and pricing (GXHZSJJ, 2001, 47; Liu, 1987, 194—201).

The 1950 Draft actually placed significant emphasis on the SMC rather than the production cooperative. The more comprehensive governing act of the production cooperative was passed and became official on 15th February 1953 (as *The CCP*

Central Resolution regarding the Cooperation of Agricultural Production and Mutual Aid, 1953'), as part of the programmes attached to the collectivisation process under the General Line of Transition (SHKXY, 1998, 125). So for Liu, the cooperative that played the major role in the building of the national economy was the SMC, not the production cooperative. Liu had never hesitated to annoy his more conservative colleagues by playing down the possibility of reviving the economy solely via agricultural activities. Instead, he reminded them that commercial activities should be the mainstream activities, "Some comrades believe that only the production cooperative creates value, while the SMC does not. They say commercial activities depend on production, this is not wrong...but bear in mind that small producers are controlled by the businessmen, because small producers need the market to sell...Therefore although commercial activities depend on production, they actually control production." While Liu had been encouraging the SMCs to expand (as he said, "the scale of SMC must be big, small SMCs will collapse..." see above), he had no doubt that the production cooperative should not be expanding rapidly, as he was very sure that the time for collectivisation had not arrived, "the scale of a production cooperative must be small, it could collapse easily if it is too big. Today, it is easier for the advanced cooperative to collapse than the elementary cooperative. So do not expand beyond what your capability could cope with...you can only consolidate the expansion of (production) cooperatives when you possess machinery." (Liu, 1987, 22—24)

This statement is so vital that it laid the foundation of Liu's notion of cooperativisation—the agricultural production cooperative should not expand prior to the establishment of commercial activity and the consolidation of the SMC. Contrary to the traditional socialist thinking of developing productive forces by increasing production, Liu strongly believed in building the productive forces through commercial activities of cooperatives. Besides, it also matches Liu's notion of historical materialism, as he thought the cooperative should not be expanded beyond "the capability they could cope with," which means Liu believed that productive forces should not be expanded beyond the boundary of the existing production relations. Furthermore it clashed with Mao's idea of collectivisation and the expansion of agricultural cooperatives, as the statement "the scale of production cooperatives must be small" highlights the major differences between the two leaders.

The strength of the SMC was, as Liu saw it, the assistance from the state. Liu suggested the SMC should have close coordination with the state trading company⁵⁹ for better classification of the items and the determination of selling prices; as both the SMC and the state trading company sourced their goods from large state enterprises (or nationalised industries). Liu even went into the detail of what the SMC should sell, “the SMC has little capital, so it should only stock those items needed by the members and seldom distributed by the state, like sauces, towels, toothbrushes and soup.” But Liu seemed to forget that the state trading shops, in this aspect, were also the SMC’s competitors in the market. Instead Liu regarded the state trading company as another governmental medium to aid the SMC, as he said in 1950, “some people may request that the SMC price their items the same as the state trading company. I think this is not right. The state trading company should price their goods higher than the SMC; in order to assist the SMC to grow...there should be price discrimination (by large state enterprises) in supplying goods to state trading shops and SMCs respectively. The main assistance that SMCs receive from the state is actually in pricing.” Though Liu did not give a definitive guideline in the statement, it seems to me that Liu had never envisaged fair competition with the capitalists in the market. The rationale underlining his confidence that state enterprises and the SMC would defeat the capitalists was his plan to assist the two institutions with state resources. Interestingly, he would go to the extent of undermining the profit of the state trading company in order to assist the SMC. But just like *‘The Trust’*, Liu wanted the SMC to be independent of any bureaucratic interference, “One of the (earlier) clauses of the Draft of the Cooperative Law states that the cooperative should be governed by the state enterprises. This is a wise regulation. I propose to remove the clause. The large state enterprises should lead the cooperative via economic means, through contractual obligation and pricing policy. It should never try to lead the cooperative via politics and law.” (Liu, 1987, 81—83)

⁵⁹ State trading companies, or state enterprises, are the businesses in operation after the collectivisation of commerce and industries in urban China, where the private businesses were ‘merged’ with state-owned companies and their owners virtually became the employees of the enterprises, from which they earned interest on the proportion of share they owned—estimated by the state. Their counterparts in rural areas are cooperatives. But as Riskin accurately points out, “virtually all enterprises are either state-owned or treated as though they were, and in which the central government not only sets priorities, but carries them out administratively by distributing finance to, or ordering output from, the various enterprises.” (Riskin, 1988, 9 n1, 95)

Apparently, Liu preferred the existence of a sort of formal commercial relationship between the SMC and the state enterprise, though the latter still assumed the role of a carer. Contrary to Liu's preference, Shue finds that the SMC was to a certain extent, encouraged to be the mere extension of state enterprises. Not only did the cooperatives "take up business in geographical areas and in commodity areas where the state trading company left off," as discussed in the previous paragraph, she believes that in reality the SMC could never be independent as "they depended on the state trading company for so much—for loans, for preference and price reduction on transport services, for assistance with accounting, record keeping, and pricing, for their purchasing power and their supplies of basic goods." I believe the reason behind such dependency could be the low level of literacy in rural China. Practically, it was almost impossible for a peasant-operated cooperative to compete in the market independently, even if its operation was fully compliant with the guidelines. Shue indeed portrays the true picture of the SMC, "they had little choice but to respond to the leadership of state-run commerce if they want to stay in business." (Shue, 1980, 208—209)

Liu did have a set of guidelines to operate the SMC, though not all of them seemed to be practical. First of all, he allowed the rich peasant to join as a member, but only as consumer, not as trader, as he stressed, "Can the rich peasant, businessmen, capitalists, and landlord join the cooperative? Of course they can, but only as a consumer. They cannot buy from the SMC and sell in other places. When it comes to promoting the members' produce, the SMC should try to sell that produce from the poor peasant before the rich peasant's produce can be put on the shelf. In addition to that, the rich peasant cannot be the person in charge of the SMC." (Shue, 1980, 85) Apparently, the regulation available was not sufficient to monitor the rich peasant or to prevent them from buying goods for commercial purposes; not least, most of the SMCs were located in rural China where peculiarity normally overruled formality—as rules were hardly followed. Although the SMC aimed to serve the whole rural population, non-members could not enjoy the benefits. This could result in problems where poor peasants could not afford to join the cooperative due to a lack of shareholding funds. For this, Liu's solution was straightforward, "The fund should be subscribed to by those who want to sell their produce through the SMC. If you have more produce to sell your subscription should be higher, or vice versa. Those who do not have produce to sell but only want to join as a consumer could subscribe

even less, in which case the existing members would determine the amount of minimum subscription via democratic means.” (Liu, 1987, 103) Liu should have known by then any policy that lacked absolute and definitive clarity would only lead to chaotic implementation in rural China; that he should not leave anything to the peasant discrepancy. His single mindedness was reflected by what actually happened to the SMC— discrimination of membership admission, “one of the most serious problems was a tendency among SMC organisers to favour rich peasants and well-to-do middle peasants in recruiting members and in distributing the benefits of membership such as loans of fertiliser and seed.” The reason underlining such tendencies was the fear of the difficulty in loan collection should the loan or credit be given to poorer peasants (Shue, 1980, 209—210). However, this could be the blind spot of the Chinese leaders of that era, who were after all revolutionaries, weak in policy implementation, and had too much faith in the initiative of the peasant, their closest ally in revolution. Nevertheless, it shows Liu’s determination to make the SMC independent of the Centre.

Another issue contradicting Liu’s advocacy of commercial activities was his objection to the profit making nature of the SMC, as he stated clearly in September 1948 that “if the SMC motive is to make profit, it would have paralleled the capitalist businessmen...it would result in a more speculative market...this is the reason why many cooperatives had failed in the past. Because the cooperative is not a profit making organisation: as it aims to buy high and sell low, it should not pay a dividend to the registered members.” Liu seemed to realise that practically, the SMC could not make any profit. But he changed his tone in 1951 when he agreed that the SMC should “split the profit into two, one as pension fund with the other as dividend for shareholders.” (Liu, 1987, 14, 103—104) This could mean attracting new members, as he actually did not intend to make the SMC a profit making institution. The SMC’s objective of buying high and selling low actually contradicted the basic economic theory. Liu hoped to lift peasant living standards by paying more to them, and to make most of the goods affordable to most rural households. At the same time, he also wanted the SMC to act as the peasant representative to compete in the market, as he hoped, to squeeze the capitalist out with lower selling prices.

The SMC would absorb any losses incurred during the business transaction. So if we view the SMC and the peasant as two separate entities then the SMC was not a good business organisation. But if both peasant and the SMC were regarded as a

combined force in the market, then it should be accepted as a commercial institution. Liu was aware of these contradictions, therefore his continuous modification of the operating guidelines simply reflected his intention to play down the level of state support via formal commercial relations. In 1951, Liu stated that, “the SMC have the absolute rights to distribute the rural produce they purchase from the peasant, but they should give priority to the state and other cooperatives, particularly in distributing those items in scarcity. They should also lower their profit margin when they sell to the state and other cooperatives, and they should not sell to private capitalists for a higher price. However, the SMC could sell the surpluses not needed by the state to private businessmen through the market. The SMC may also set up retail outlets to promote their produce; and workshops or factories to modify, repack and add value to the produce before marketing them. The SMC should not involve itself in financing business. The credit business would only be carried out by bank... In order to ensure that the SMC business is in line with the life of the peasantry, I oppose the SMC carrying out any activity not relevant to the sale of local produce and supply of grocery, or any profit-driven activity.” (Liu, 1987, 104—105)

At this point, we see Liu was not actually a “market economy advocate”. It must be noted that ideology underscores Liu’s support for the continuous existence of the market and the retention of the petty bourgeois economy; and private ownership was the multiplicity he could afford to allow to exist under the authority of planned economy. In order to establish an absolute advantage over the rivals in the market, he had to ensure that the SMC could have access to all resources the state provided. Liu’s advocacy for independent and professional management may sound reformist, but there was no ambiguity over the role the SMC should play—not only as an independent rural commercial institution to trade for the peasant, but also as an extended branch of the planned economy to organise collective purchase and distribution in the peasantry. This had become particularly obvious when the SMC became the primary organ to implement ‘unified purchase and supply’ in rural China, which emerged as a central policy and might not be Liu’s idea.

As Liu gave clarification on how the SMC should promote and sell its produce in 1952, he emphasised that one of the SMC’s roles was to ensure the smooth implementation of the central economic policy, “While selling the members’ produce has always been the objective of the SMC marketing strategy; primarily, we should always aim to complete the tasks of purchasing industrial materials and export items

as per quota set by the centralised purchasing plan. The centralised purchase of industrial material (from the peasantry) should be contracted to the SMC, and the completion of the task is the priority. The surpluses of the purchases or produce not needed by the national industries could be marketed through the SMC to other cooperatives. The SMC's sales of industrial material (to the state) would be the biggest sales the SMC could make; it would also be their most reliable income. The completion of centralised purchase for the country would see the SMC achieve the objectives of serving both the country and the peasantry." (Liu, 1987, 261)

Liu's enthusiasm in promoting the SMC seemed to reflect his preferred economic model and his perception of the function of market: a market dominated by few major players, namely cooperatives, state trading company, and nationalised industries, with some 'remnants of capitalists' still actively trading in the minor industries. Under this conception, rural welfare and national economic goals could be both taken care of via the establishment of a range of business cartels operating independently but developed under a state-controlled economic plan: while '*The Trust*' would merge the major industries to become industrial conglomerates so as to improve their efficiency and productivity; the SMC organises the private trades in rural China, generating income for the peasant while securing the supply of goods to the urban area. The goods flowed from nationalised industries to the SMC, and were sold at low prices to the peasant; the handicraft and agricultural produce were purchased at high prices from the SMC, and channelled to the urban users through state enterprises. Liu believed this would ultimately render the petty capitalists ineffective. At the same time, he was well aware of the contradiction in his theories, as he was trying to impose a market economy and a planned economy concurrently. The following statement would have summarised his concern over the SMC, "On one hand the SMC should distance itself from the private capitalists (to operate in a way different from the capitalists), and on the other it should differentiate itself from the nationalised enterprise as well. Then only will we see the real character of the SMC. It is a collective economic institution for the hardworking masses. It would help to lift the living standards of the peasant and petty bourgeoisie, who might turn into private capitalists if we do not handle them properly; and it would also enhance the status of the state enterprises and help to construct the nation's economy. So this sort of cooperative comprises the elements of a socialist economy, while being a semi-

socialist economic institution. This is what I understand about the SMC.” (Liu, 1981, 2: 113)

Chapter 6: Liu and the Great Leap—Ideological Inconsistency or Political Expediency?

6.1 Introduction: The Origin of the Great Leap

The Great Leap Forward (*dayuejin*), the policy that resulted in great famine in China, (and some call it the Great Leap Famine, see Yang, 1996, 1; Teiwes & Sun, 1999, xi) was Mao's most ambitious economic development plan, and is notoriously known for its calamitous legacy, the result of which was famine on a vast scale that caused millions of deaths. The tragedy was further compounded by flood, drought and cold weather, which exacerbated the death toll (Selden, 1993, 18). It set ambitious targets for both agricultural and industrial growth, and attempted to develop the country via the mobilisation of the masses instead of technological advancement, as Mao believed that he could achieve the target through "more rational use of human labour and the stimulus given to peasants' enthusiasm for work." (Nolan, 1988, 48) As a result, "work and action became a manifestation of political attitude...expressions of such attitudes intertwined with economic performance and were measured by ability to meet and exceed goals. The pressure to exaggerate economic performance contributed to the massive famine during the Great Leap as rural cadres exaggerated grain production and sought to outdo each other with regard to the state even though their own village population had little or no grain for their own use." (Oi, 1999, 6)

The campaign was launched with the belief that the combination of mass labour forces and primitive tools were the perfect replacement for mechanised farming. The Leap was also perceived by the CCP as the alternative route to achieving industrialisation without foreign aid. Mao placed the Great Leap under the administration of the *General Line of Building Socialism*, which was meant to replace the *General Line of Transition* that was launched in 1953. The new *General Line* was underlined by the slogan of "more, faster, better, and more economical" (*duo, kuai, hao, sheng*). The Great Leap actually incorporated three separate and related campaigns; together they formed what the CCP called "The Three Red Flags" (*sanmianhongqi*), which comprised the *General Line*, the Great Leap and the People's Commune, the ultimate form of collective farm. Also incorporated in the Great Leap was the *Great Steel Production* (*daliangang*), the campaign to produce more steel at any expense so

that China could beat Britain and the US in steel production within 15 to 20 years. As a result, even household tools like cooking pots were melted down in the backyard furnace to produce iron and steel.

Harris compares it with the Soviet Union in 1929—31 and describes the Great Leap as an attempt to “break through the limitation of backwardness, to ward off the pressing demand of the mass of population for some improvement in their living standard, and to accelerate vastly the growth of all sectors of industries.” (Harris, 1978, 48) But some instead believe that war communism could be a better reflection of the Great Leap in Russia than the post NEP period of 1929-31 (Nolan, 1988, 10). The intention to break through the backwardness could just be one of the general interpretations, as the rationale behind the launch of the Great Leap had been complex. Basically, to sum up the opinions of the origin of the Leap, one could say that the Leap was “impelled by crop failures, the withdrawal of Soviet technical support and a foreign exchange deficit with the USSR, the imperative need for investment funds for industry and the US-led economic blockage of China;” (Stettner & Oram, 1987, 7; Howard, 1988, 37) though it still depends on what the focus of one’s interpretation is. Below are some popular interpretations of the background of the Great Leap.

Contrary to the common notion of the Leap as ‘Mao’s catastrophe,’ Hsu believes the Great Leap was meant to better an already successful economic plan. The year of 1956, two years before the launch of the Great leap, “marked a spectacular advance in industrial output that topped the previous year by 25 percent, matched by the increase of 60 percent in capital investment.” Hsu also points out that the first five year plan, which ended in 1957, still exceeded the original target by 17 percent according to the fixed price of 1952. Steel, iron and electric power production all achieved a 25 percent increase over the original quotas. The coal and grain output were 8 and 11 percent above quota respectively. So for Hsu, “the success of the First FYP prompted the government to launch a more ambitious Second FYP for the period of 1958—1962. Unrealistically, it called for an overall increase of 75 percent in both industrial and agricultural output by 1962, and 50 percent increase in national income (Hsu, 1995, 654).

Most of the research however, points to the urgency to clear the bottleneck due to unsatisfactory performance of the first FYP as the main reason underlining the launch of the Great Leap. Mao launched the Great Leap as an alternative plan to the development strategy that had been imported from the Soviet Union. In order to avoid

the repetition of the problems that occurred during the first FYP, Mao and his colleagues settled on the approach of utilising mass mobilisation they had adopted during the years of power struggle against the Comintern and KMT in Yan'an, as well as the belief that superhuman effort motivated by political zeal was the key to the success of any mass scale campaign. Despite the collectivisation that had already started in 1953, farm production as a whole did not increase significantly. The first FYP, which was based on the Soviet model, extracted revenue from the agricultural sector to construct industries. But in the 1950s, while the Chinese population was four times higher than the Soviets', the standard of living was only half as high. Therefore while the Soviets could rely on a consistent rural surplus, the Chinese "first had to develop a means to create and enhance that surplus." Let alone the fact that the Soviet party membership was 70% urban, while the CCP's was 70% rural, that exploitation of the countryside seemed irrational if rural output could not be boosted (Fairbank & Goldman, 2006, 369; Lieberthal in Macfarquhar et al ed., 1987, 294, 298—300). However, some regard the launch of the Great Leap not as the result of abandonment of the Russian model, but as the "intensification of the Stalinist economic model," as the Leap assimilated the Stalinist model of industrialisation via rural exploitation (Friedman, 2005, 6).

Contrasting the view that the first FYP was doing well, some see the amount of agricultural savings to finance the construction of industries during the first FYP as not impressive, as grain production could hardly be called self-sufficient, (Yang, 1996, 22) and there is also a belief that the Great Leap was the consequence of "two mediocre harvests in a row". (Hsiung, 1970, 185) Some believe the picture was in fact much bleaker, as Mao needed a development plan to double grain production in order to counter the perennial problem of severe food shortage (Zagoria, 1962, 88—90). The intensification of agricultural collectivisation and industrial investment in 1955—56, and the deterioration of the Sino-Soviet relationship had indeed created new strains on China's economic development, which called for a more radical new solution.

This connects us to another popular belief: to regard the Great Leap as an attempt to generate resources for modernising the Chinese military forces after the CCP realised that it was unlikely to get sufficient aid from the Soviet Union. The withdrawal of Russian scientists from China did halt China's hope to become a superpower via the development of its atomic programme. Mao thus saw the necessity to initiate a self-reliance programme and Chinese aims were to be sought predominantly through the use

of Chinese power, which was to squeeze the peasantry for the revenue to build the military. This point of view has attracted interpretations from different perspectives: Some see it as the indulgence of chauvinism instead of Marxist orthodoxy by Mao because of his desperation to develop China's first atomic bomb (Bianco, 2001, 48; Chang & Halliday, 2005, 444). Some view it as the result of the international political struggle, as Mao needed an urgent and vast-scale military build up because of "the failure to capture Taiwan and the subsequent intrusion in the Taiwan Strait by the U.S Seventh Fleet as well as the reluctance of the Soviets to assist in the conflict," (Hsiung, 1970, 185—186); or because of Mao's "failed attempt to lure the Russians into direct military confrontation with the US," which "had prompted the cutback in military subsistence that the Soviets imposed as a penalty for Mao's 'audacity'." (Rice, 1972, 159—160) Macfarquhar agrees that the Leap was "a catalyst for the emerging Sino-Soviet dispute," as he sees the Leap as abandoning a balanced development strategy. He agrees that the result of the first FYP was "striking", but he points out that the revenue generated was insufficient to cope with the developments following the Sino-Soviet split (Macfarquhar, 1983, 1—2).

Mao could have been launching the Great Leap as one of his approaches to promoting "controlled social conflict as a way of changing the organisation of work and of forcing people to clarify their political standpoint", and the policy of the Great Leap was a particularly "concentrated expression of Mao's political values and methods of operation", as well as embodying Mao's belief in the virtues of self-reliance and popular activism. However, the Sino-Soviet relationship in the 1950s was pivotal in determining domestic policy, and the Great Leap could just be a reflection of the relationship. Mao was on the offensive after relations with the Soviet Union turned sour, and thus in search of a "Chinese solution to the problems of social change in an underdeveloped peasant society." (Solomon, 1971, 331—332)

But many view it from the perspective of inner-party political struggle and suppression of dissidents, as they saw the Great Leap as the consequence of Mao's rejection of the opposition to Rash Advance⁶⁰ (*fanmaojin*) and Mao's concern that the essence of his economic development plan, "more, faster, better, and more economical" (*duo, kuai, hao, sheng*) could be wiped out following the retreat from the Rash Advance.

⁶⁰ *Fanmaojin*, or Anti-rash advances, was the campaign initiated by Chen Yun, the then Finance Minister, and Zhou Enlai, the Chinese Premier. Its aim was to slow the pace of collectivisation and rationalise the economic development plan. Liu was believed to be supportive to the campaign. See also Chapters 3.

Economic growth in 1957 was slow, as the 1957 annual growth rate fell behind the growth rate of the whole First FYP in both industrial output (11.4% compared to 25.7%) and agricultural output (3.6% to 3.8%). Therefore Mao's desire for greater pace (of development) was understandable. However, Teiwes points out that the Great Leap could be the result of a series of events that unfolded during the period prior to the Leap, or what he calls the incremental policy process. Mao's decision to launch the Great Leap could have been significantly influenced by the intellectual repercussions the party experienced during the Hundred Flower period, as well as the Anti-Rightist movement in June 1957. All these had convinced Mao that the rightists had got the upper hand, and the threat from the bourgeois reactionaries was immense. Mao's public declaration of "surpassing Britain in steel production within 15 years" fuelled "both his insistence on faster growth in the immediate period, and his subsequent resistance to retreating as difficulties became apparent." (Teiwes & Sun, 1999, 53—54, 53n2; Teiwes in Macfarquhar et al ed., 1987, 133—142; Fang, 1984, 182—183, 203—204)

Bachman provides an alternative view regarding the origin of the Leap in that he believes the series of Leaps and Retreats between 1956 and 1962 were the consequences of the political struggle between different bureaucratic coalitions. He does not see the Leap as a product of the ideology of an individual leader, namely Mao. He sees Mao as a coordinator to implement the policy that prevailed among those proposed by different political camps. Bachman points out that the Ministry of Industry favoured an increase in capital investment while the Ministry of Finance preferred to slash budgets. Finally, the elements external to the party leadership such as the uprising in Hungary, the shortfall of the First FYP as well as the desire to get rid of the Soviet economic model inevitably drove the pro-Leap coalition to prevail (Bachman, 1991, 5—7, 219—221).

Generally, opinions about the origin of the Great Leap do not show significant deviation from each other. They all point to Mao's desire to speed up the rural collectivisation, the desperate attempt to be self sufficient, the crisis of the scarcity of resources for military build-up, the deterioration of Sino-Soviet relationships, as well as the necessity to better the First FYP without copying the Soviet model of economic development. Most important of all, Mao realised that the resources for industrial construction must be extracted from the countryside, which still constituted 80% of the country's productive forces. Yet the rural Chinese only received 8% of the state investment for their hard work and contribution (Yang, 1996, 22). As a result, though

the Great Leap was not fundamentally caused by low investment, a disastrous outcome seemed to be inevitable.

Regardless of the reason behind the launch of the Great Leap, this chapter attempts to discuss two contradicting facts—Liu’s involvement in the launch of the Leap and his consistency in implementing his ideology. On one hand, Liu advocated the operation of a limited market economy under the authority of a centralised economic plan, in which the major resources would be fully controlled by the state, while private businesses and commercial activities, as well as the rural trade of family produce were all allowed to exist. On the other hand, the Great Leap was not only a mass mobilisation of rural labour for economic building, but also a mass collectivisation plan, in that no private ownership or commercial activity would exist under the policy. With the construction of the people’s commune and the replacement of the *General Line of Transition* with the *General Line of Building Socialism*, family farming and private ownership of domestic livestock were instantly eliminated. In addition, the Great Leap involved mass-scale decentralisation of central authority, with the slogan “downward transfer of authority and power” (*quanlixiafang*) that actually contradicted Liu’s preferences for centralised control and his emphasis of the supremacy of the Party Centre. In sum, if Liu genuinely supported the Great Leap, he would be regarded as inconsistent with his ideology and practice and the hypothesis of this research would be rejected.

In this chapter, we will go through the historical events concerning the development of the Great Leap as well as Liu’s involvement. We will review how the Great Leap unfolded and most significantly, how Liu tried to strike a balance between being himself and Mao’s lieutenant, while shouldering the role as the leader who officiated over the Leap. The discussion will be in chronological order, focusing only on relevant events. It begins with the aftermath of the Anti-Rash Advance Campaign, when Mao hit back at the proposal to delay collectivisation as well as overturning the more moderate economic development policy agreed during the Eighth Congress (1956). The chapter will follow Liu’s involvement in every event during this period, including his positive reaction to the Anti-Rash Advance campaign launched by the Premier Zhou Enlai, his relentless support for Mao in the launch of the Great Leap and the purge of Marshall Peng Dehuai at the Lushan Conference, as well as his assistance to Mao in launching the second wave of the Leap. The analysis will focus on whether

Liu really saw the Leap as the way to construct China's economy, or whether his support for the Leap had been against his own belief.

Though in many events Liu had shown explicit support for the Leap, there is more evidence to prove that Liu did not go with the mainstream factions of the CCP wholeheartedly. It is obvious that he had been aware of the irrationality of the campaign from the very beginning, and he switched to the side opposing Mao almost instantly once he had gathered sufficient evidence to prove the campaign wrong. The existing accusations of Liu supporting the Leap were mainly based on the speeches he delivered during the Anti-Rightist campaign (1957), the launch of the Leap (1958) and at the Lushan Conference (1959), when he was acting as the Party's representative and the Chairman of the Republic. This has been a grey area in the study of modern Chinese History, and one of the common assertions is that Mao should not take sole responsibility for the orchestration of utopianism—the slogan of “overtaking Britain in 15 years in steel production” was not Mao's creation, but was indeed inspired by their Soviet counterparts; and Liu was the first to talk about “overtaking Britain in just 2—3 years” and Zhou Enlai was the one who invented the slogan “Leap Forward”. (Gao, 1999, 123; Teiwes & Sun, 1999, 70)

This research will provide evidence that while acting as Mao's faithful lieutenant, Liu indeed tried hard to put forward his own line of thought through the overwhelming mainstream ideologies during the whole period of the Leap, and notably, this was evidenced by the existence of many self-contradicting statements in Liu's speeches or writings during the period (1957—1959). Therefore, his apologists as well as his critics extract relevant portions of these statements respectively as bases for their arguments. This research attempts to present the picture from a wider perspective, and find that Liu's weakness was not the inconsistency in his political and economic thought, but his inconsistency in politics. He lacked endurance and nerves of steel in his ideological pursuits, had been too concerned about his political career and inclined towards pleasing Mao. At the end of this section, the research can conclude that Liu had been consistent with his economic ideology and practices for the period of transition; but the weakness of his character, Mao's superior political power, and the inner struggle of the CCP had made him succumb to reality from time to time.

6.2 Anti-Rash Advance

A detailed study of the origin of the Great Leap is not significantly relevant to this research. It would also be controversial to state that the origin of the Great Leap was the Rash Advance: Mao's version of the rapid economic development via setting high output and capital investment targets. The formation of a radical development policy during the pre-Eighth Congress period, Zhou's Anti-Rash Advance policy and Mao's rejection of the more cautious projection for the Second FYP were the important and relevant events to observe in order to deduce Liu's political inclination during the pre-Great Leap period. The exaggerated projection of agricultural output at the end of the First FYP was incorporated within Mao's vision of rapid collectivisation, a remedy to improve agricultural yield within a short period of time and to shorten the transitional period. In the spring of 1955, Liu's close ally, the then Agricultural Minister Deng Zihui annoyed Mao by chopping 20,000 collectives (or Advanced Cooperatives) in a shake-up to impose order on the irrational pace of collectivisation. Mao's response was a furious attack on what he called 'rightist opportunism', which he believed had undermined the progress of socialisation and economic development. Mao gave a further push to advances in economic development by calling a central meeting for local cadres on 31st July 1955. At the meeting, he made a report with the title of '*Regarding the Agricultural Collectivisation*', which stressed the enthusiasm of poor and middle level peasants in response to the collectivisation campaign, and criticised the reluctance of some of his colleagues to advance at a higher pace. Mao's famous criticism of these 'rightist' colleagues as "walking like tiny footed women" had generally been regarded as a direct attack on Deng Zihui and the leadership behind him, Liu (Feng, 1998, 268; Macfarquhar, 1974, 19, 326n; BNSBWH, 2002, 5: 2007). Most importantly, like other leaders in the central leadership during the period, Mao was planning to put forward his own agenda in the forthcoming Eighth Congress, which would lay down the foundations and principles of the economic development plan for at least the next five years. Apparently, Mao was hoping to make use of the Congress as a platform to launch his desired economic programme, as he reminded his comrades that "the centre of thought of the Eighth Congress was to oppose rightist ideology and conservatism," as adopting the conservative measures would "prolong the time of transition and render the development less effective." (Gu, 1996, 542; Bo, 1993, 1: 521—522)

Before the Eighth Congress, Liu was among those who were criticised by Mao as ‘rightist opportunists,’ as he represented a group of central leaders with a more ‘rational approach’. (Feng, 1998. 268—269) Liu’s self-criticism during the Cultural Revolution seemed to vindicate this—he was in the same camp as Deng Zihui, and he was also the leader who approved Deng’s proposal to dissolve the collectives (Macfarquhar, 1974, 19). Although he continued to act as Mao’s spokesperson for almost every major event, including the accusation of ‘rightist opportunism’ in December 1955; it was still correct to say that the aggressive development plan drafted before the Eighth Congress had all been Mao’s idea. In October 1955, Li Fuchun, the person in charge of the SPC (State Planning Commission), submitted a proposal of a 12 year construction plan that would fully collectivise the countryside and build a socialist state by 1967. The report had also set targets for every aspect of the development in the 12 year period. Mao accepted the projection but thought it was still too conservative. He conveyed the projection in his own writing, the ‘17 Articles’, which advocated the completion of collectivisation by 1959. The articles also comprised various targets set for development at different stages, like the elimination of illiteracy within 7 years, tremendous increases in grain production in poor provinces by 1967 (1.5 times the production of 1955), and the extermination of rats, flies and mosquitoes in rural China by 1967. In December, Mao invited opinions on the ‘17 Articles’ from provincial level leaders. On the basis of consultations involving provincial officials and county cadres, the 17 Articles were expanded to the ‘40 Articles’, which became an ambitious 12 year programme for agricultural development formally adopted by the Supreme State Conference in January, 1956. It included the plan for annual increments in the production of grain and cotton by 8.8% and 10.5 % respectively for the 12 year period from 1955 to 1967. This had resulted in the alteration of the original plan by departmental ministers and domestic governments. In order to please the central leadership, some departments even retargeted 1962 as the year of the completion of the plan instead of 1967 (Tan, 1999, 27; Teiwes & Sun, 1999, 21—22; Tong, 1996, 350; BNSBWH, 2002, 5: 2018—2026; Bo, 1993, 1: 523—524; Gao et al ed., 1999, 66—67).

On 5th December 1955, Liu conveyed Mao’s message at the meeting conducted by the Politburo for all provincial and city cadres, where he reminded his colleagues that the centre of thought for the forthcoming Eighth Congress was “anti-rightist and anti-conservative”. Echoing Mao’s assertion, Liu stressed that the socialisation and industrialisation of the PRC should be completed earlier. “The whole party should be

geared towards the Eighth Congress,” as Liu said, “the Congress should be conducted properly (with Mao’s message incorporated).” (ZYWXYJS, 1996, 2: 347) This could easily be interpreted as Liu’s support for a radical approach, but Liu was actually acting as Mao’s spokesman (Teiwes & Sun, 1999, 22; Bo, 1993, 1: 521—525).

Mao believed that he had won other leaders over. Triumphantly, on 27th December 1955, Mao wrote in the preface of *‘The High Tide of Socialism in Rural China’*, a collection of selected examples of the ‘successful story’ of collectivisation in the peasantry, that “within just a few months, more than five million peasants have joined the collectives; this is a great achievement... It has also told us that we only need three to four years to complete the transition to socialism. It also indicated that the socialisation of Chinese handicraft industries should be completed earlier than planned...due to the rightist conservatism, developments have been hindered...there are many things that can be achieved through hard work, but some people refuse to believe that they can be done.” (ZGZYBGT, 1956, 1—4) The resolution of *‘The Development Guidelines of Agriculture for the Period of 1955 to 1967’* was approved on 23rd January 1956, at the Politburo meeting. The resolution, which was fundamentally based on the ‘17 Articles’, stated that the advanced cooperatives (or collectives) should replace all other lower forms of cooperatives by 1958 at the latest, while 85% of all peasants should have joined a cooperative by the end of 1956 (BNSBWH, 2002, 5: 2023).

At this point, some members of the leadership decided to cool the heat of the ‘advances’. The members of the Central Planning Committee, the Premier Zhou Enlai, Finance Minister Chen Yun, and Li Xiannian realised that the target set for the economic development was exaggerated and unachievable, and decided to intervene (Huang, 2000, 214). On 8th February 1956, Zhou gave the speech that signalled the beginning of the Anti-Rash Advance in his address to the cabinet that, “we do not only want more and faster, but also better and more economically. Watch out, there are some signs of impatience and impetuosity. Chairman Mao said ‘we only need roughly two to three years to complete the basic construction of socialism.’ But he only means the socialisation in the major areas, whilst those private businesses in the remote areas should be given more time to transform...we should forget about the earlier completion of industrialisation and not pursue those unrealistic and unachievable targets, or else the consequence could be calamitous...we must not try to achieve industrialisation earlier, look at it carefully, it is impossible.” (Zhou, 1984a, 190—191; Gu, 1996, 543)

Compared to Liu, the pre-Great Leap Zhou was bolder and more consistent, and was never short of courage in resisting Mao. On several occasions he was forced to make self-criticisms, but he stood his ground, though his resistance to the Chairman was relatively gentle in manner. Liu was a far better theoretician than Zhou, and had a set of coherent theories of economic construction. However, his political stance always undermined consistency in the pursuit of his ideological beliefs. It must be noted that Liu lived his political life with two faces: while he acted as Mao's general by conveying the chairman's message, at the same time, he still advised his colleagues with his own interpretation of the economy. For example, on 4th January 1956, just a month after he gave the 'anti-rightist speech' at the Politburo meeting, he told the Deputy Minister of Commerce, Yao Yilin that "the commercial activities under socialism are not flexible...they could not adapt to the change of environment rapidly...the capitalists are much better in this respect. They can do a good job because they are flexible...so it would be a good idea to organise those experienced businessmen into groups as consultants or advisors, as we should learn from them and we should learn the strengths of capitalism." (ZYWXYJS, 1996, 2: 353) So it is not entirely correct to regard Liu's speech condemning the rightists and conservatives as the proof of his support for Mao's adventurism.

For the preparation of the Eighth Congress, Liu had been calling for government officials and departmental ministers to report to him on the domestic and departmental problems encountered by the government in economic development since December 1955. Within six months, Liu had already held seminars with 36 departmental ministers and this was a record for the Chinese Communist leadership in the 1950s, as no central leadership bothered to carry out such a massive task of 'data collection.' This showed Liu's preference for systematic and fact-based approaches. On the other hand, Liu's seminar with the ministers had interested Mao, who had at the same time, realised that he could not push forward his more aggressive agenda smoothly. So Mao joined Liu in the meeting with the cadres. Having picked up Liu's points in the briefing with the ministers and cadres, Mao formed his celebrated '*The Ten Major Relationships*' that portrayed Mao as an open-minded leader who advocated a mixed economy (Feng, 1998, 269—272; BNSBWH, 2002, 5: 2038; Teiwes & Sun, 1999, 46).

'*The Ten Major Relationships*' comprises the relationship between the heavy industries, light industries and agriculture; the relationship between the coastal industries and inland industries; the relationships between economic and defence

construction, the relationship between the nation, units of production and producers, the relationship between the Centre and the local; the relationship between ethnic Han and ethnic minorities; the relationship between revolution and anti-revolution; the relationship between right and wrong, and finally the relationship between China and foreign countries (Mao, 1978, 284—291). The first five relationships, which were economy related, were relatively liberal by Mao's standards. It could reflect either a temporary change of mind by Mao, or a concession by him after the Anti-Rash Advance had prevailed.

Mao's '*Ten Major Relationships*' had copied many of Liu's ideologies in economic construction, as the contents comprised elements of Liu's ideas. For example, Mao re-emphasised that the priority in economic construction was light industries and agriculture, rather than heavy industries. This reflected Liu's preference for the sequence of economic development: '*nong, qing, zhong*', which means agriculture, light industries, and heavy industries. Besides, Mao also stressed the importance of the independence of factory management and the necessity of low agricultural taxation in lifting the living standards of rural communities. Nevertheless, the report of the '*Ten Major Relationships*' by Mao on 25th April 1956, at the Central Enlarged Committee Meeting had given the Politburo a perfect platform to launch a less aggressive, more calculative, cautious, and commercial based economic policy for the next five years in the forthcoming Eighth Congress. For Mao, the '*Ten Major Relationships*' not only saved him from isolation, but could also be used as a banner to indicate the Party's intention to shrug off the Soviet influence. At the introduction of the '*Ten Major Relationships*,' Mao attempted to show the originality of his idea by drawing a line under the Soviet model, "particularly worthy of attention is that in the Soviet Union certain defects and errors that occurred in the course of their building of socialism have lately come to light." He attacked the Soviets' overemphasis on heavy industries and their high agricultural tax, claiming that the Soviet method "had squeezed the peasantry very hard," and giving comments like "you want the hen to lay more eggs and yet you don't feed them well...what kind of logic is that!" So the official policies based on the '*Ten Major Relationships*' indeed suited everyone and had thus become the backbone of the Eighth Congress (Mao, 1978, 284—291; Teiwes in Macfarquhar et al ed., 1987, 126).

The retreat from 'impetuosity and adventurism' was a victory for the cautious minded economic planners, namely Zhou Enlai, Li Fuchun, Li Xiannian, Chen Yun,

and Liu. Zhou pushed for a further slice of the new budget on 11th May 1956, at the State Council Conference, where he stressed that “we have been opposing conservatism for eight or nine months and we cannot continue doing that forever.” Following the conference, the new budget report for the Second FYP, which had had substantial deductions from the ‘17 Articles’-based original budget, was approved at the Politburo meeting on 10th June. It was believed that the approval of the budget deductions was due to the firm support by Liu, who chaired the meeting. (Teiwes & Sun, 1999, 30—31; ZYWXYJS, 1998b, 108) In fact, Liu even demanded the Propaganda Department write an editorial in the Party-controlled press Renmin ribao (The People’s Daily) to promote the resolution of the Eighth Congress. The editorial was first drafted by the propaganda chief Lu Dingyi, then revised by Mao’s secretary and the Deputy Director of the Propaganda Department, Hu Qiaomu, who also agreed with the idea of Anti-Rash Advance. Liu did the final revision before submitting it to Mao. The editorial, which was published on 20th June 1956, stated the importance of striking a balance between retreat and advance, “we must oppose conservatism, and at the same time oppose Rash Advances...recently there are some inclinations towards impatience and impetuosity. Some targets set are too high, and the practical situation was not taken into consideration. This is the legacy of anti-conservatism...the impatience of the lowly cadres was caused by the adventurous attitude of the departmental leaderships...with the introduction of the ‘40 Articles’, every department wants to show their compliance with the central policy and more unrealistic targets were thus set...it will be impossible for the lowly cadres to achieve the desired target.” (Gu, 1996, 543—544; ZYWXYJS, 1998a, 2: 827; ZYWXYJS, 1996, 2: 368; BNSBWH, 2002, 5: 2040) Mao was said to be angered by the editorial and refused to read it when Liu submitted to him, as he said, “I don’t want to see that.” (Bo, 1993, 1: 538)

Liu always tried to balance his pursuit of economic construction and his relationship with Mao. Apparently, Liu was on Zhou’s side, as only those who were pro Anti-Rash Advance would take part in drafting and revising the editorial. However, it is fair to say that unlike Zhou, Chen Yun and Li Xiannian, Liu did not take a bold stance on Anti-Rash Advance. The Eighth Congress was a success for Zhou and those who supported Anti-Rash Advance. Liu headed the Congress by making the ‘political report’ while Mao only delivered the opening speech. Liu grabbed the opportunity to put forward his ideology of economic building, though it appeared to have been based on Mao’s ‘*Ten Major Relationships*’. The essence of the speech was actually entirely

Liuist—the emphasis was placed on the primacy of productive forces as well as contradictions among people. “The thunderstorm of the revolution is over, new production relationships have been established, now the mission of the struggle is to protect the development of productive forces...The main contradiction within our country is the contradiction between the construction of an advanced industrialised nation and the current situation of a backward agricultural nation; the contradiction between the people’s demand for higher levels of economic and cultural development and the inability to satisfy the people’s demand; and the contradiction between advanced socialism and backward social productive forces...” (Liu, 1981, 2: 253; ZYWXYJS, 1996, 2: 374—375) As discussed in Chapter 5, this speech with its prominent characteristics of Liu, not only underlined the Congress’ plan for the Second FYP, but had also been regarded as the guideline for future economic reform by the existing Chinese government officials.

The Rash Advance ended following Mao’s retreat. Some researchers even call this the end of the ‘first leap’ (MacFarquhar, 1974, 86; Huang, 2000, 217; Teiwes in Macfarquhar et al ed., 1987, 119—122), or the ‘small leap’ (Bachman, 1991, 223). However, Mao was not ready to stick to the resolution passed during the Eighth Congress. He had been looking for opportunities to turn the tables. Mao’s genuine feeling was reflected in December 1956 when he grumbled to Liu, Zhou and Chen Yun that, “everybody supports the Eighth Congress, nobody supports me.” (Huang in Lü ed., 1991, 436)

6.3 The Launch of the Leap

At the Second Plenum of the Eighth Central Committee, which was held for the discussion of the 1957 budget on 10th November 1956, Liu had given a speech that was regarded by many as a show of his political inclinations in the struggle between Mao and Zhou. Liu asked the committee, “What is a stable and reliable government? It means people do not take to the streets (to protest the problem of livelihood) as they still have faith in the Party.” He stressed that the only way to avoid the dissatisfaction of the masses was to ensure steady economic development. He said, “Is it better to incline towards left or towards right? I think it (the economic development) should be slower, slightly towards the right, so that we would be able to rectify it if it does not work well. But if we move too far left, we would not be able to rectify anything if it

goes wrong.” (Bo, 1993, 1: 556—557) It was obvious that Liu agreed with Zhou more than he agreed with Mao. But beyond all expectations, Mao struck back at the Third Plenum, which was held from 20th September to 9th October 1957. The legacy of the *Hundred Flower Campaign*⁶¹—the revelation of the unexpectedly high level of dissatisfaction among intellectuals, as well as the open criticism by lowly cadres against the Centre had given Mao the best excuse to curb ‘bourgeois-inclined’ policies. In addition, as stated in the introductory section, the Hungarian uprising, had poured fuel onto the fire, and Mao believed the time was ripe to re-launch the Leap. As the *Hundred Flower* had been transformed into a rectification campaign, 200,000 cadres from 19 provinces including Hebei, Beijing, Shanghai, Inner Mongolia, Shandong, Hunan and Sichuan had been purged (BNSBWH, 2002, 5: 2130). It was under this current of Anti-Rightist rectification that Mao dominated the Third Plenum. He restated the existence of the class struggle between the bourgeoisie and the proletariat, which was contrary to the resolution of the Eighth Congress that had just been passed a year ago: “During the period of transition, major contradictions exist between socialism and capitalism...last year we eliminated private ownership, but we did not eliminate the people (capitalists). These people have not been transformed. The contradiction between the proletariat and bourgeoisie, and the contradiction between socialism and capitalism are the main contradictions during the period of transition.” (Bo, 1993, 2: 624)

An interesting comment by Mao at the Third Plenum was his implicit criticism of Liu. Mao believed that the Anti-Rash Advance had wiped out the policy of ‘*more, faster, better, more economical*’; the National Agricultural Development Plan (which was based on Mao’s 17 Articles) and the Organising Committee of Promoting Development. “The problem of 1956 was (just) the over-spending of 3 billion Yuan and the production of six million unusable double-wheeled ploughs,” playing down the negative impact of the Rash Advance Mao said, “These problems can be solved by organising a temporary committee of demotion. But the Communists’ aim should be to promote (collectivisation) and advance forward, not to demote.” (Bo, 1993, 2: 636) Following Mao’s comment, Renmin ribao published two Mao-revised editorials. The article with the topic ‘*Mobilise the Whole Nation to discuss the 40 Articles and Push for the High Tide of Agricultural Development*’ claimed that, “some conservative rightists

⁶¹ For explanation of Hundred Flower, see note 31 of Chapter 3

believed that National Agricultural Development Plan is Rash Advance, they accuse the Leap Forward of being Rash Advance.” (Renmin ribao, 13th November 1957, BNSBWH, 5: 2002, 2141—2142) Note the use of the word ‘Leap Forward’ to contrast with the conservatism they opposed. The other editorial, with the topic ‘*We must Insist on Proceeding with the Development Plan of More, Faster, Better, and More Economical*’ accused “somebody” of “preferring to make a rightist mistake rather than a leftist mistake.” (Renmin ribao, 12th of December 1957, BNSBWH, 2002, 5: 2145—2146) Apparently, it was targeting the statement Liu made at the Second Plenum. Moreover, under Mao’s instruction, the 20th June 1956 Renmin ribao editorial that promoted *anti-Rash Advance* (with Liu’s approval), was circulated at the Plenum as material of criticism (evidence of wrongdoing). Mao condemned the editorial for being “vulgar dialectic” and containing “vulgar Marxism”, saying that the editorial “tries to oppose conservatism and Rash Advance at the same time, so as to look reasonable under either banner...in fact it only opposes Rash Advance.” Mao believed the article was “against him” (Bo, 1993, 2: 637—638) It is obvious that Liu was not in the same camp as Mao. Liu’s approach was implicit, but his message was clear—the Rash Advance must be suppressed. Hence it is correct to state that until the Third Plenum, Liu was, politically, an ally in Zhou’s camp opposing the collectivisation plan.

The use of the words “Leap Forward” by the Renmin ribao editorial in November 1957 marked an abrupt end to the Anti-Rash Advance campaign. The reason Mao could easily end the force of Anti-Rash Advance within the party so rapidly was that the Anti-Rightist rectification campaign resulting from the *Hundred Flower Movement* had been expediently paralleled with Anti-Rash Advance as ‘the struggle against conservatism’. But some believe that it was Mao’s plot to create a ‘Chinese version of the Hungarian uprising’ in the *Hundred Flower Movement* so that the application of extreme measures of suppression could be justified. Nevertheless, the general respect for Mao by Politburo members played a major role in Mao’s victory, as everybody was stunned by the Chairman’s fury. As Huang points out, it was a common situation of Chinese politics in the Maoist era that “political loyalty prevailed over policy preferences based on the objective evaluation of issues in decision making.” (Feng, 1998, 299—300; Huang, 2000, 226; Teiwes & Sun, 1999, 67)

However, Huang believes that Liu's defection from Zhou's Camp was one of the major reasons why the economic planners⁶², Zhou Enlai, Chen Yun, Li Fuchun and Li Xiannian, were defeated so easily. He reveals that Liu switched to Mao's side during the Third Plenum after Mao's furious showdown, and the drafting of the editorial '*Mobilise the Whole Nation to discuss the 40 Articles and Push for the High Tide of Agricultural Development*' published on 13th November 1957 was not carried out by the editors of Renmin ribao, but actually by the propaganda head, Lu Dingyi, on Liu's instructions. This was confirmed by Wu Lengxi, the then Chief Editor of the Renmin ribao (Huang, 2000, 222—223; Wu, 1995, 47). But there are interpretations from an alternative angle, as some assert that in view of Liu's opposition to Mao's economic policy during 1956—7, Liu's renewed support for Mao reflected a compromise between the party leaders by which Mao "was backed in his plan for organisational changes in the countryside in as much as his *General Line* continued to give investment priority to the development of heavy industries," which was Liu's preference (Solomon, 1971, 359). However, it is highly controversial to state that the point of division was the priority of capital investment instead of the pace of development. Though Mao was no doubt in favour of institutional change in rural China, Liu's priority had always been to stabilise the foundation of agricultural development before moving the focus to heavy industries.

Subsequent to the Third Plenum, Mao convened three more conferences, which were significant to the launch of the Leap. The Hangzhou Conference on 2nd January 1958, the Nanning Conference in Guangxi Province on 11th January 1958, and the Chengdu Conference on 8th March 1958. In these three conferences, Mao restated the importance of the contradiction between the bourgeoisie and the proletariat, named and shamed the intellectuals whom he coined as 'rightists', and attacked the policy of Anti-Rash Advance (BNSBWH, 2002, 6: 2154—2166). In Nanning, Mao confronted Zhou, "Aren't you Anti-Rash Advance? I am opposing Anti-Rash Advance!" Some committee members wondered who else, besides Zhou, Mao would identify as members of Zhou's camp for rectification purposes. Liu seemed to answer the doubt on Mao's behalf in his speech, as he said, "Chairman Mao is referring to the economic planners." (Bo, 1993, 2: 639) This revelation by Bo Yibo could have to a certain extent

⁶² These four Politburo leaders were referred to by MacFarquhar as the *economic planners* who were in charge of the economic planning and advocating anti-rash advances.
Sources: MacFarquhar, 1974, 59—74

vindicated Jing Huang's assertion (see above), that Liu had already defected to Mao's camp and assumed the role of Mao's spokesman in the Nanning Conference. However, it must be noted that he could have been making such clarifications on the grounds that he was the second in command, let alone that he had never taken a bold stance like Zhou's and had always acted as Mao's spokesman. As a result of Mao's accusation, Zhou was deprived of the right to speak on the economic question, and he and Chen Yun were forced to make self-criticisms (Teiwes & Sun, 1999, photo 3e; Bo, 1993, 2: 639).

The discriminative treatment of Liu and Zhou by Mao was obvious. It could be due to Liu's shift in stance. But Liu's support within the Politburo might be the major reason Mao did not attack him directly. Some Chinese sources also confirm Liu's shift in stance, but stating that Liu did so only after Mao's furious attack on Anti-Rash-Advances. In other words, Liu acted thus to avoid annoying Mao. They stressed that under Mao's criticism, Liu was convinced that he was wrong and attempted to rectify his mistake (Zhen, 2004, 46; Du, 2002, 69). In fact, Liu's speech at the Chengdu Conference seemed to draw a clear line between his and Mao's ideologies, "I just realised that there is huge gap between my idea and the Chairman's idea (in terms of economic construction)...the pace of construction of socialism, and the construction of industries and agriculture do matter, and I think there is something wrong with my mind, I thought it did not matter whether the pace is faster or slower, I did not realise that it is a matter of policy..." the speech indeed sounded more like a statement of clarification than self-criticism. Then Liu concluded that "Compared with the chairman, we are really far behind." (Huang, 1995, 331—332; Li, 1998, 23) Apparently, Liu had made concessions in the face of Mao's advancement.

The Leap was officially launched at the Second Session of the Eighth Congress, in May 1958. But such an inauguration was rather the approval of a political slogan than the passing of a resolution, for as Meisner points out, "there were no detailed blueprints for the Great Leap. It was more the product of social vision than an economic plan in the order of a five year plan." (Meisner, 1986, 205) As the representative of the party, Liu delivered the famous Leap-launching speech '*The Present Situation, the Party's General Line for Socialist Construction and its Future Tasks*.' He reported to the cadres on the direction of the party in years to come, and gave a detailed elaboration of Mao's line of 'building socialism with the method of *more, faster, better and more economical*'. He echoed Mao's assertion, stressed that the

existing contradiction was still the contradiction between the proletariat and the bourgeoisie. Liu also condemned the Anti-Rash Advance, asserted that the problems of overspending in 1956 were just some minor problems, but “some comrades exaggerated the problems and believed that the Leap Forward in 1956 was Rash Advance, opposing good policies like ‘*more, faster, better, more economical*’ and ‘*Article 40*’...this would undermine the initiative of the masses.” Finally Liu made an appeal in his speech for China to “overtake Britain in terms of industrial production within 15 years or an even shorter period.” (ZYWXYJS, 1998a, 2: 830; ZYWXYJS, 1996, 2: 423—424; Gu, 1996, 584—585) Hence it is understandable how this report had put Liu in the limelight as many believe that as a Deputy Chairman, Liu’s involvement in the Great Leap was genuine and wholehearted. The perception that Liu’s hands were behind the Great Leap has been generally based on his role in this meeting as well as his performance at the Nanning Conference. Therefore some even believe that “it was Liu rather than Mao who must be regarded as the main sponsor of the Great Leap.” (Hinton, 1960, 515) Dittmer also agrees that Liu’s role in delivering the speech had portrayed him as the front man of the Great Leap, although he believes that Liu, Zhou, Deng Xiaoping, Chen Yun were all basically holding an oppositional stance to Mao (Dittmer, 1998, 32).

Schurmann points out that there are two significant time points in pushing forward the Great Leap for which Liu was responsible—his speech on 6th November 1957 titled ‘*The Significance of October Revolution*’ and his speech at the Second Session of the Eighth Congress on 5th May 1958, which we have discussed (Schurmann, 1968, 465n). However, Schurmann does not take note of the fact that Liu applied his common trick of delivering his own ideology under the skin of a Maoist statement in the speech ‘*The Significance of the October Revolution*’. At first Liu echoed Mao’s favourite statement, “There are two ways to accomplish this task, one way is to do things quicker and better, the other to do things slower...The Central Committee of the Party considers the former way should be adopted and the latter rejected,” apparently. Liu hinted that it was not his idea but the idea of ‘Central Committee’. Then he continued, “of course, this slogan must be carried out in a practical way in the light of the actual conditions, but not in a subjective way that neglects the reality...it is wrong to seek quality and speed at the expense of quality and economy (Liu, 1969, 2: 454—455). Li Rui, Mao’s former secretary who has kept the meeting minutes intact until the present day, concludes that “Liu’s report at the Second Session had more conclusively

reflected Mao's ideologies by then, especially as the report had summarised Mao's ideas raised at the Nanning and Chengdu Conferences." Li's accounts also show that while Liu had just made one speech at the Second Session, Mao had made four (Li, 1996, 284, 286—367). So Liu was to a certain extent only acting as a spokesman of Mao, though he might have drafted the speech (or report) himself.

Huang Lingjün from Wuhan University of Technology believes Liu was definitely responsible for the Great Leap. "In fact," Huang says, "Liu had been giving his endorsement to the construction of public kitchens, people communes, and the backyard steel furnace, as well as showing great enthusiasm in the development of the Great Leap." Liu had indeed defended the Great Leap during the Lushan conference in July 1959 (this will be discussed in the next section). Moreover, he advanced the propaganda of the Maoist cult for the second time in China's history at the conference, thus making it impossible for any subsequent rectification to succeed (Huang, 2003, 120—121; for Liu's speech promoting Maoist cult in Lushan see Chapter 4, Li, 1993, 368—369). As for evidence of Liu supporting the Leap, Liu did show signs of enthusiasm for the Leap:

His chat with Zhou, Lu Dingyi, and Deng Yingchao (Zhou's wife) on the train to Guangzhou in April 1958, where they enthusiastically talked about the prospects of collectivisation and the bright future of the people's commune has been the popular evidence that Liu was supportive of the Leap. At the Zhengzhou Conference (November 1958), Liu admitted that he envisaged a socialist utopia in their conversation during the trip, "where four of us talked about generalisation of rural education, the expansion of communes, and the construction of nurseries..." (Bo, 1993, 2: 731—732) It was generally regarded as a fact that Liu and Zhou had finally accepted the Leap wholeheartedly; though it was more likely they did it as a political showcase, particularly in view of the recent defeat of the Anti-Rash Advance camp and the curtailment of Zhou's political power.

After the Second Session of the Eighth Congress, Liu toured the country to motivate the domestic cadres for their courageous attempts towards higher output in agricultural production (Dittmer, 1998, 22; Macfarquhar, 1983. 91). He promoted the concept of public kitchens during his meeting with the women's division of the party in June 1958, quoting an example in Henan that "before the construction of public kitchens there were 200 people doing the cooking for the whole village, now they need only 40. They eat better food and eat more." (Huang, 2003. 120)

In September 1958, when he was visiting Jiangsu Province, the local cadres reported to him that the grain production per mu (Chinese acre) will reach 10,000 jin (catty), which was apparently an unachievable figure. Liu responded with this endorsement, “Can the production be higher than 10,000 catties? You have good facilities and I believe you can definitely push it further.” (Renmin ribao, 30th September 1958; BNSBWH, 2002, 6: 2213)

In Xushui County of Hebei Province, Liu was told that the peasants fertilised the cultivated land with dog-meat soup and glucose. He reacted triumphantly, “really? Then you can rear some dogs, dogs breed quickly.” (Renmin ribao, 18th September 1958; BNSBWH, 2002, 6: 2210)

He passed similar comments to a cooperative in Shandong when he was told the grain production per mu would reach 30,000 to 50,000 catties, as he said, “you have outperformed the scientists, what they dare not even dream of, you have made a reality!” (Zhao, 1997, 467)

Interestingly, Liu showed signs of enthusiasm too, when he seemed to be convinced by the slogan that China will surpass the Western developed nation in the near future, “I don’t think we need 15 years to overtake Britain, but only 2 to 3 years. 15 years is the time required to overtake the US, or may be we just need 7 to 8 years to do so.” (Ye in Lü ed., 1991, 367)

The irrational comments showing Liu’s endorsement of the Great Leap quoted above are popular evidence commonly quoted by Chinese sources (particularly official sources) to show the ‘overheated’ situation in China when the Leap was launched, and how the major leadership had ‘lost their mind’. This could be true to a certain extent, as at the beginning of the Great Leap, the Central leadership was generally impressed by the reports they received from the cadres. Deng Xiaoping was reported to have been deceived by a model peasant into thinking that he had produced 35 metric tons of rice on one-sixth of an acre of land (Macfarquhar, 1983, 127). Some Chinese sources would point out that Liu, a staunch believer in the primacy of productive forces, saw the Great Leap as the improvisation of the production relations, which would have a positive impact on the development of productive forces (Ye in Lü ed., 1991, 367).

But I believe that some Chinese sources, particularly the official sources, tend to highlight these references as ‘official proof’ of Liu and Zhou’s agreement with the Great Leap, so that responsibility borne by Mao, who is still supposedly not subject to unrestricted criticism in China, will be lessened. On the other hand, these sources also

pluck some decent and rational comments by Mao from his original statements or speeches, so as to blur the divisions between Mao and Liu. I do not question the validity of the evidence, because Liu indeed made those statements during the Great Leap, just as Mao did give his support to a more moderate economic policy at the Eighth Congress. This research only attempts to locate the missing parts of the jigsaw puzzle: Did Liu support Mao and the Leap wholeheartedly, or was his involvement in the Leap merely ‘a reflection of common mistakes’ since ‘every leader believed in the Leap, as did Liu’?

The CCP strategy seemed to be confirmed by Deng Xiaoping’s defence of the Party when he was interviewed by the Italian Journalist Oriana Fallaci in 1980, as he stressed that the responsibility (for the Leap) should be shared, “You think only the Chairman was out of his mind and we kept our cool? No, Comrade Liu, Comrade Zhou (Enlai) and I did not oppose it. Chen Yun kept quiet. It is only fair that we do not create a sort of illusion that only one person had made mistakes while others had not. That is not the truth.” However, due to his special status, Deng was still the boldest in clarifying the responsibility for the Leap. He told Fallaci later that, “it was still Mao who should be held primarily responsible for the Great Leap.” But Deng continued to say that “it did not take him long to recognise the problems.” Then tactfully Deng blurred the impact of the Lushan conference by pushing the responsibility for the subsequent events to the *Gang of Four*, “...but the lesson was not fully learned, and as a result, the Cultural Revolution erupted.” (Deng, 1983, 260—261) A resolution called ‘*The Central Committee Resolution Regarding Some Historical Issues since the Construction of the Republic*’ was passed at the Sixth Plenum of the Eleventh Committee in June 1981. It outlined the boundaries for criticism of Mao. The meeting was conducted by Deng Xiaoping and Hu Yaobang, and the resolution was planned to standardise the public’s perception of Mao, the Great Leap and the Cultural Revolution. So Mao was ‘right’ and ‘a great man’ for the first half of his life and ‘made mistakes’ during the second half of his life (Yang in Li et al ed., 2005, 253—254). As a result, the Great Leap was one of his ‘mistakes’ and many leaders supported Mao during the Leap, so it was a ‘common mistake’.

This assertion is shared by Dittmer, who sees the selection of materials published in Liu’s *Selected Works* (1981) as apparently designed to rectify a “Cultural Revolution-vintage impression of a divergence of opinion (between Mao and Liu) on specific points.” (Dittmer, 1984, 128) Moreover, Liu did speak his mind on some

occasions, contradicting his role as Mao's spokesman. Compared to the evidence of Liu endorsing the Leap, there is even more evidence of Liu keeping his thinking rational, being aware of the practical situation and not being carried away by the slogans of the Great Leap.

Just 10 days before his visit to Jiangsu Province (where he asked whether the grain production can be more than 10,000 ton per mu, see above) Liu visited Xushui County of Hebei Province. The local cadres told him that 700 to 1000 catties of grain seeds were poured into every mu of cultivated land. Immediately, Liu told the cadres off, "Are you sure? 1000 catties of seeds means 15 million oat plants. I think you can't even grow grass in such a tiny space!" Interestingly, he told the cadres of Xushui, "public ownership is not communism, but only socialism; it is not wise to call it communism if we have not reached there. Socialism is the preliminary stage of communism, which has very high standards." This statement has brought back the more familiar face of Liu Shaoqi, whom we have discussed in the previous chapter. Liu could not defy the peasant projection for grain production, but he said, "Can you please do some calculations to review the cost, to see whether it is more cost effective to produce 10,000 catties per mu or 1000 catties per mu for 10 mu. But bear in mind that you have to take into account the cost of fertiliser and labour." When Liu toured the provinces of Shandong, Anhui, Jiangsu, Zhejiang from October to November 1958, he was confused by the statistics published in the local press. He told one cadre of Ningbo during his Zhejiang tour that, "we should make substantial deductions from some statistics published, in order to obtain the correct figures. The press published the exaggerated figures, but you should not blame the press, as county cadres like you provide the statistics...our feet must always be on the ground." (Renmin ribao, 18th September 1958; ZYWXYJS, 1998a. 2: 833—834) These comments by Liu in 1958 had cast doubt over his genuine willingness to go with Mao for the Leap. So it is very possible that the tours of Liu were just campaign trails where he and his colleagues had to show up to demonstrate their compliance with Mao's agenda.

In his memoir, Liu's former secretary, Liu Zhende, recalls the meeting Liu had with his office assistants when he was back from the 'national tour' in the autumn of 1958. Liu's comments on his tours were not only the revelations of Liu's real thought, they also exposed the lying attitude of the CCP's top leadership in the face of Mao's overwhelming influence. When his secretary reported to him that Anhui Province had produced 5000 catties of rice per Mu, Liu said, "5000 catties per mu? They must be

bluffing. Do you believe that? I am not familiar with rice production, but in the north, we have never had more than 1000 catties (of oats) per mu!” Liu was said to be anxious on his return from the Hebei trip. He grumbled to Liu Zhende and others, “their projections are all exaggerated and flawed...in the cornfield, they said they will produce 30,000 catties per mu, and look forward to producing 50,000 catties in the future, what were their projections based on? They told me 6000 corn plants will be planted in every mu of field, each plant will bear 3 cobs, each cob weighs 2 catties...I think that is meaningless...it is impossible to get 2 catties of corn per plant.⁶³ The potato farm is even more amazing, they project 200,000 to 300,000 catties per mu. I think it would have become a potato store, not a farm.” Remarkably, Liu told his office staff why he gave encouragement to the peasants most of the time, “we should appreciate the masses’ initiatives and we should not demoralise them, the root of the problem was the leadership, not the masses. Sometimes we suffer some setbacks because of our inexperience and inadequate studies of the issues. But the current trend of ‘shallow boasting attitude’ (*fukuafeng*) was not caused by inexperience. We should not let it go on in this way. Sometimes my head was overheated as well, and I did make some unrealistic statements. So you can regard this as my self-criticism.” (Liu, 1994, 76—79)

Though it is obvious that Liu did not support the Leap wholeheartedly, his shift in stance during the Great Leap from Zhou’s camp has been confirmed and evidenced, and the reason behind it has attracted discussion from various perspectives. Some point out that both Deng and Liu had much to gain from the Great Leap, in view of their political careers. While Deng was managing the Great Leap via his position as the Head of the CCP Secretariat, he had also played a prominent role in the Anti-Rightist campaign in 1957. Liu Shaoqi himself, refrained from opposing Mao for the sake of his security and the legitimacy of his succession to Mao, though he was regarded as being more independent of Mao (Lieberthal in Macfarquhar et al ed., 1987, 307) Short has no doubt in Liu’s willingness to be involved in the Leap, “if Liu had doubts about the Great Leap—and there is no evidence he did—the prospect of making his assumption of the highest office of state with a dramatic upsurge of economic growth was evidently enough to make him close his eyes to them.” (Short, 1999, 483)

⁶³ On the other hand, the report of Renmin ribao on 18th September 1958 read: “the peasant showed Comrade Liu the plantation of ‘multi-corn plants’, he was very impressed.” (Renmin ribao, 18th September, 1958) The Memoir of Liu’s former assistant might have revealed the difference between Liu’s public faces and his true self.

An interesting view is given by Jing Huang, who analysed the issue from the perspective of the political structure and believes that the involvement of Liu in the Great Leap was a political game of choices and ‘structure-induced’. According to Huang’s ‘analysis of choices’, Liu’s first choice was to carry out the Leap, as he had been one of Mao’s most zealous supporters. So if Mao insisted on carrying out the Leap Liu would definitely follow, as “Liu could claim credit had the Leap been successful, and he would have little responsibility had the Leap failed—because he just followed Mao.” However, Mao’s retreat to the second front, where Liu took over as the nation’s Chairman, had put Liu in a dilemma, which in Huang’s belief, helped to shape Liu’s opportunistic behaviour. As the leader in charge of the first front, Liu’s political prospects depended eventually on an objective policy outcome. Liu had to play a balancing game, by dodging confrontation with a suspicious Mao on one hand, and winning cooperation from other leaders on the other (Huang, 2000, 218—220).

Macfarquhar sees it from the angle of political struggle, as he believes that one of the reasons Liu shifted his stance and condemned the Anti-Rash Advance in 1957 was due to his power struggle with Zhou He did it to strengthen his position. (Macfarquhar, 1983, 55—59). However, this seems highly implausible; as discussed in the previous section, not only did Liu not show his opposition when Zhou and Chen Yun pushed for the imposition of the Anti-Rash Advance, but instead gave implicit support and endorsement. Liu shifted sides only after Mao showed his resentment against Zhou openly. If Liu were to struggle against Zhou he would have done that much earlier.

Some believe Liu’s ambition to succeed as Chairman could be the main reason he worked hard to please Mao. Mao had expressed his intentions to retire to the ‘second front’ in 1956, and had officially announced that Liu would succeed him during the Seventh Plenum in 1959 (Lieberthal in Macfarquhar et al ed., 1987, 307; MacFarquhar, 1983, 173). Therefore the period of 1958—59 might have been the time Liu tried as hard as he could to retain Mao’s trust. Huang’s evidence seems to reflect this line of thought, as he sees the succession to Mao’s chairmanship had reached a consensus since the *Yanan roundtable agreement* in the 1940s, when the pro-Soviet faction was defeated. Huang believes that the ‘line-up’ for succession was “determined by loyalty (to Mao) rather than institutional arrangements”. So although Liu was the ‘heir apparent’ the security of his status was still subject to his performance and his loyalty to Mao, the only one who had full control of the party and the military (Huang, 2000, 8—

9, 136—137). It is not new that some believe Liu's political life was entirely dependent on Mao's presumption of the level of respect he received, as "Mao's dignity was preserved even to the extent of suggesting to the public that Liu Shaoqi's position depended on Mao's favour." (Rice, 1972, 167)

However, Dittmer disputes this view, as he points out that when members of the Central Committee were elected in the 1940s, Liu received the third highest number of votes and had thus become the third ranking CC and Politburo member after Mao and Zhu De, and "yet it is likely that Liu was already second to Mao in actual authority." (Dittmer, 1998, 22—23) Furthermore, even after his announcement of relinquishing his governmental responsibilities, Mao kept quiet at the nomination for the Chairman in the Second National People's Congress on 20th April 1959, as he did not officially propose anybody. It was Deng Xiaoping who broke the ice with "I nominate Comrade Liu Shaoqi for the position" and the Congress accepted. It was believed that Zhu De, the then Deputy Chairman, wrote to Deng Xiaoping after Mao announced his intention to retire, suggesting Liu be the next Chairman, as Zhu believed Liu was "well respected by both party and non-party members." Therefore Liu was, according to Dittmer, not only officially elected as the leader of the Republic, but well accepted by a majority of the Politburo (Dittmer, 1998, 22—23; Hei, 1988, 50; ZYWXYJS, 1998a, 2: 837).

On the other hand, another popular view is that there is no proof of a serious rift between Mao and his major lieutenants, including Liu. The launch of the Great Leap suggested a consensus among the leadership enthusiastically endorsed by Liu, Peng Dehuai and Deng Xiaoping. The research in the 1960s or early 1970s in particular, tends to position Liu in line with Mao where Great Leap is concerned, "...in October 1957, a radical group headed by Mao Zedong & Liu Shaoqi finally succeeded in imposing (its) policy of social mobilisation on the Politburo, in opposition to the more cautious advocates of gradual economic development." (Robinson, 1971, 3; Schurmann, 1968, 360) The other common perspective sees Liu and Deng as genuine supporters of the Great Leap as well as the '*Three Red Flags*'. They parted company with Mao only after disastrous consequences of the Leap had surfaced. The Party was then split into two groups, of which Mao, Ke Qingshi and Chen Boda were the group that were pro-GLF, and Liu, Deng Xiaoping, Deng Zihui, Peng Zhen, Peng Dehuai, Li Fuchun, Li Xiannian, and Zhang Wentian, supported the retreat (Ding, 1970, 24). However, Macfaquhar believes that the major rift between Mao and Liu had already surfaced during the Second Session. For Liu it would be ideal that the energies of the masses be

harnessed and organised, and the party leadership's role in guiding the Leap was crucial. "Liu envisaged the Leap being achieved by a combination of party leadership and the energies of the masses." (Macfarquhar, 1983, 53—54) This view was in line with the hypothesis of this research—Liu advocated a limited multiplicity under the centralism of authority. Therefore, although Liu stood by Mao for the Great Leap, he still interpreted the imposition of the Leap in his own way.

In fact, this line of thought of Liu's had even been reflected in Liu's speech at the Second Session, which officially launched the Great Leap. A detailed study of the 'Leap-launching speech' would have revealed Liu's characteristics, which ironically, contradicted the concept of the Leap, "We should mobilise all possible resources, to deal with the contradiction among people (note: not 'contradiction between classes', as emphasised by Mao), and to consolidate public ownership and state ownership of socialism...with the construction of heavy industries as the priority, we must also construct light industries and agriculture; under the central authority, detailed central planning, and segregation of duties, the development of core national industries and domestic industries, big enterprises, small and medium enterprises should be carried out concurrently." (ZYWXYJS, 1998, 2: 829—830) Note that the Leap was indeed a process of decentralisation where Mao placed his hope on peasant initiative, organising skills and creativity to boost production. The speech actually once again unveiled Liu's distrust of the masses and any unorganised movement.

Contrastingly, Mao complained in February 1958 that "the Centre has too much power; this will restrict the expansion of production." Even in his celebrated speech of '*The Ten Major Relationships*', which have been regarded as the closest to Liu's ideas, Mao still advocated decentralisation, "the local governments should be given more authority, they should be more independent of the Centre, so that they can get things done." So while it is easy to jump to conclusions that "both of them are the same," many fail to spot the difference between them. In the imposition of the Leap, Mao's '*60 Articles of Working Method*' contrasted sharply with Liu's preference for a 'Central-organised Great Leap.' The '*60 Articles*' encouraged the domestic authority to keep three sets of accounts (*sanbenzhang*), which meant three development projections set at three different levels of authority. The first account was the central projection that set the basic required output to be achieved at a specific location (county or city); the second account was also a central projection, but subject to periodical review by local cadres to see if increment of the required output target was possible; the third projection

was the domestic guideline set and reviewed by the local cadres, which aimed to ‘improve’ the second guideline (which had normally been very ambitious), and this was also subject to the discretion of the local cadres. Mao even stressed that the second and third accounts did not need periodical inspection (by the Central authority) (Bo, 1993, 2: 682; Gu, 1996, 589—590). The policy to permit the regular unsupervised revision of the projections was the root of the exaggerated output reports.

Some Chinese sources insist that Liu had been keeping his mind focused and had never ceased applying his philosophy of ‘*seeking truth from facts*’ even during the Great Leap. They believe Liu had opposed the Leap since 1958 (Li, 1996, 16; Tan, 2000, 47). This could be an overstatement, though in the face of economic reform, today’s China has never been short of academic pieces that portray Liu as an inspirational figure to Deng. A more plausible assertion is that though Liu did not oppose the Leap, he had always been aware of events that unfolded around him during the period of the Great Leap, and he had never stopped examining the results of the Leap with rational analysis (Du, 2002, 69). But some Western sources believe that Liu, though he had never taken a clear stance, did not support the Leap wholeheartedly. Some see Liu being forced to revoke his initial script of the second five year plan and rewrite it in accordance with Mao’s plan—an extremely optimistic growth projection, which he read out in the Second Session of the Eighth Congress. They even point out that Liu’s speech at the Second Session of the Eighth Congress “had been vetted by Mao.” So it was obvious that power politics prevailed, as “whenever Mao forcefully expressed a preference he prevailed, regardless of the forces arrayed behind contrary views, and extremely few actors ever contemplated opposing the chairman in such circumstances” (Teiwes & Sun, 1999, 83; Rice, 1972, 161) Becker, who makes a fierce criticism of the Chinese leadership for the millions of deaths during the Great Leap believes that “Liu was just dragged into Mao’s campaign,” as Mao should be solely responsible for the Leap (Becker, 1996, 80—81).

Actually, Mao’s power politics were so overwhelming that Deng Zihui, one of the few brave enough to be opposing Mao in the argument over the collectivisation in 1955, had to be restrained by his colleagues for fear that he would risk “bringing disaster” by continuing to argue with the leader. Furthermore, in the drafting of Mao’s ‘60 *Articles of Working Methods*’, the unofficial guidelines in conducting the Leap, Liu’s participation was restricted and insignificant, as Mao favoured the input from lower ranking cadres like the provincial or county leadership. But Liu’s role of drafting

the rules and regulations (as assigned by Mao), though not significant to the impact of the 60 Articles, had inevitably gained him the reputation of active involvement in the Great Leap (Teiwes & Sun, 1993, 13—15; 1999, 86). Like Li Rui, Mao's former personal secretary, both Teiwes and Schoenhals stress Mao's absolute dominance of the Second Session, where the internal party communication, as Schoenhals sees it, focused almost exclusively on Mao's speech. It was Mao who envisaged 'overtaking Britain in 15 years' before the slogan was formally stated in Liu's speech (Schoenhals, 1987, 52, 54—56; Teiwes & Sun, 1999, 96). In fact, this was a slogan first mentioned in Mao's speech at the Representative Meeting of Communist and Workers held in Moscow on 18th November 1957. Since then it had become a Party objective and had been regularly quoted. For instance, Liu mentioned it in his speech at the Chinese Workers' Union Representative Meeting (ZYWXYJS, 1998a, 2: 830). Hence, it was not right to regard this as evidence of Liu's enthusiasm towards the Leap, as he was the leader who delivered the speech.

Along with the emergence of new evidence, some comprehensive and established studies of Liu, Mao and the Great Leap from the 1970s and early 1980s, have now revised their views. Teiwes overturns his old verdict of the 1970s, which saw Mao and Liu as being virtually in the same camp as Liu gave Mao "vigorous support" in launching the Great Leap. Teiwes' new conclusion regarding Liu's responsibility in launching the Great Leap is that "new evidence suggests he was less a driving force behind the Leap than someone trying to catch up with the development unfolding around him." (Teiwes, 1979, 335, 343; Teiwes & Sun; 1999, 112) But Jing Huang takes the perspective from the CCP as a whole, where he saw the whole party rally behind Mao in the launch of the GLF, that "not only was Mao put in a position of accountability, but the party's fate was also linked with the outcome of the Leap. Thus, the GLF was transformed from an economic policy into a political line that supports the legitimacy of the Party's rule as well as Mao's leadership." (Huang, 2000, 227) This change had finally enabled Mao to resume the absolute authority that he lost at the Eighth Congress, and there was little Liu could do about it.

6.4 Lushan Conference and the Aftermath

The Chinese Leadership had taken some inspection trips during the autumn of 1958 to monitor the developments in the Leap, and discovered that problems were

popping up like mushrooms. Peasant stories of food shortages contradicted official statistics that showed abundance. The steel sector had also indicated that the expected production of 30 millions tons of steel for 1959 (in comparison with 5.35 million tons in 1957) was unachievable (Teiwes in Macfarquhar et al ed., 1987, 309). In fact, the first harvest in the summer of 1958 was a success, so peasant enthusiasm was widespread. However, the joy was short-lived as the problem of food shortages surfaced during the second harvest in the autumn, which brought chaos to the peasantry. Feelings of discontent amongst the rich peasantry who deeply resented the practice of egalitarianism was destabilising the commune. In protest against the socialisation of their possessions, the livestock owners slaughtered their livestock before giving them up in the collectivisation process (Meisner, 1999, 228). By November 1958, strain and signs of exhaustion began to appear amongst the masses resulting from frenetic work and constant meetings (Rice, 1972, 166). Serious food shortages became apparent in the cities during the autumn, something unexpected for Mao in a 'prosperous year'. The concentration of investment in the construction of heavy industries had drained the limited resources of a poor and backward country, where capital, raw materials, electricity, and transportation had all been channelled into industrial building. Light and craft industries had almost disappeared, so that groceries such as toothbrushes, clothes, and cooking utensils were hardly available in markets. The Great Leap had also caused mayhem to foreign trade, as most of the factories were forced to stop production due to material shortages. One third of coal exports to Switzerland in 1958 was stones, while the trade deficit for that year was 700 million Yuan (Feng, 1998, 338). As a result of the inspection trips, the Central leadership realised that the picture was not as rosy as it was portrayed by the local cadres. A series of meetings was thus held from November 1958 to April 1959 to find a remedy for the looming problems caused by the Leap. These meetings included the Zhengzhou Conference in Henan Province (2—10 November 1958), Wuchang Conference (21—27 November 1958), the Second Zhengzhou Conference (27th February to 5th March 1959) and the Lushan Conference (22nd July to 16th August 1959).

These conferences sought to plan a 'cooling down' process so as to introduce more realism to economic projections. The most significant contribution of these conferences to the economy was the recognition of pervasive exaggerations of output reported, and unrealistic projection figures. Mao admitted at the Zhengzhou Conference that the transitional time frame of 5 to 6 years (to communism) was unrealistic, as it

was “too short.” He also overturned his previous assertion, and stressed that group ownership still existed in the People’s Commune, not public ownership, as China needed a longer period of transition before public ownership could be imposed. “Before we could realise the full collectivisation in rural China, peasants being still peasants, they are quite uncertain on the road to socialism,” Mao said, “we have to guide them through the process, step by step.” At the Wuchang Conference, Mao agreed to regard production tools and materials as commercial products, and reminded the committees that the target set must be in line with the capability of the peasants. However, these conferences were unable to tackle the root of the problem—the ideology underlining the Great Leap. Mao still stressed that People’s Communes and the *General Line* were the correct paths for the transition to socialism, as their functionalities were only undermined by unrealistic reporting and ‘shallow boasting’ attitudes (*fukuafeng*) (Mao, 1974, 247; BNSBWH, 2002, 6: 2219—2222; Gu, 1996, 835—836).

Mao’s announcement of his retirement at the Seventh Plenum of the Eighth Committee, held in April 1959, was regarded by some as his offer to step down following the failure of the Great Leap (Hsiung, 1970, 191). However, some saw Mao’s retirement as a tactful retreat. While the Leap went ahead, Mao could still claim credit if the Leap succeeded, as it was originally his plan and his idea. But if the Leap failed, Mao could save face because he was no longer in charge (Huang, 2000, 218—219). But some doubt the reality of Mao’s retirement, as he remained the chairman of the Party, who was presumably, more powerful in the Politburo than the Chairman of the Republic. And Mao’s grumblings that he was “deprived of his major powers” after Liu’s succession simply indicated his reluctance to let go of his authority (Rice, 1972, 167; Meisner, 1999, 231; for Mao’s statement, see Schram, 1974, 266—267). From the statement of the Red Guard’s accusation during the Great Leap, one could sense that Mao did lose some of his power after Liu’s taking over. Mao’s attack on Liu during the inauguration of the Cultural Revolution via the Red Guard’s ‘Big Character Press’ (*dazibao*) had clearly stated that he was “forced to step down as the Chairman” by Liu and his supporters, and since then Liu had treated him like a “deceased parent” and had never consulted him on policy making. This reflects Mao’s grievance of not being treated respectfully after his ‘retirement.’ (Ding, 1970, 5)

The Lushan Conference actually comprised two conferences, the Enlarged Meeting of the Politburo (2nd July to 1st August 1959) and the Eighth Plenum of the Eighth Committee (2nd to 16th August 1959). They were held at Lushan, a mountain

resort, to review economic development under the Great Leap (BNSBWH, 2002. 6: 2248). The conference marked a crucial moment in the Leap, and a turning point of the retreat. Not only did the conference fail to curb excesses, but it instead boosted the second wave of adventurism and launched a more radical Leap. Besides his role in launching the Leap and his switch in political camp during the pre-GLF Nanning Conference, Liu's consistency in asserting his political and economic ideologies had been put into question again at the Lushan conference, where he supported Mao in attacking Peng Dehuai, and delivered speeches to defend the Leap and re-launch another wave of the Maoist cult promotion. However, at the beginning of the conference, Liu talked about 'cooling down' in the small group discussions, that, "the nation's economic development is about balancing...it (the economic rule) will not make concessions, but you have to succumb to it. What is the meaning of detailed planning of the economy? It means organised and well phased production...we cannot expect the result to be a great leap every year, some years the growth will slow down..." (ZYWXYJS, 1998a, 2: 840) So Liu was apparently leaning towards the retreat policy, and he believed Mao was sharing his view. However, when Mao accused Marshal Peng Dehuai of being a rightist opportunist for Peng's criticism of the Great Leap via his Letter of Opinion, the wind of the conference suddenly blew the other way.

Peng, who was the Minister of Defence and Deputy Premier, wrote a lengthy letter to Mao privately. He criticised the Great Leap campaign and highlighted the disastrous legacy of Mao. Peng believed that the pace of the Leap should be slowed down, as he stated in his Letter of Opinion, "some people do not have sufficient food and clothing... wastage of food and materials is pervasive...the quality of autumn harvest was bad, and the cost of cultivation was too high..." (Ding, 1969a, 6) Mao's reaction was a shock to every leader in Lushan. He framed Peng for treason, accusing him of forming a 'military clique' within the party to overthrow the government and organised a conference to criticise Peng, who was then purged while Marshal Lin Biao took over as Defence Minister. The precise reason behind Mao's reaction remains unclear. Some believe that Mao related Peng's accusation to Khrushchev's criticism of China's People's Communes on 8th July 1959, six days before Peng submitted his letter. Mao had been sensitive to Soviet interference and influence since Khrushchev, whom he accused as a revisionist, came into power. The pulling out of Russian military and economic experts in 1957 had only exacerbated the situation. Khrushchev's description of the people's commune as "*the product of utopianism*" seemed to collaborate with

Peng's "*petty bourgeois fanaticism*," the label Peng put on the Great Leap (Teiwes in Macfarquhar, 1987, 313; Macfarquhar, 1983, 225—228; Ding, 1969a, 7). There is also a belief that the Great Leap had not only undermined industrial and technological development, but also the Sino-Soviet military alliance. Hence, Peng saw his ambition of building a professional army with Russian assistance being threatened by the Great Leap, not least by Mao's preference for self-reliance in military strategy and the creation of a popular militia (Meisner, 1999, 231; Hsiung, 1970, 193). Another interesting alternative view saw Peng's fall as Mao's revenge over his eldest son's death during the Korean War. Mao's son, Mao Anying, was under Peng's command during the Korean War and was assigned by Peng to the front line, where he was killed (Rice, 1972, 172). This could be true to some extent in view of Mao's speech on 23rd July 1959 in response to Peng's letter, where at some point he became emotional, "one of my sons is dead, the other is mad...for the Chinese, a daughter does not matter, so I am basically without descendant..." (Mao, 1974, 303; Li, 1993, 158)

Whatever the reason behind the purge of Peng, Mao's ferocious attack on Peng was beyond everyone's expectation. Peng's fate was doomed because of a strongly held belief by the Politburo that "Mao could have been wrong, but the Party had to be forever right." Mao played the case tactfully, as he stressed that Peng's letter was "to the Party" and the aim of the 'military clique' was to overthrow the CCP (Huang, 2000, 228—229). Mao then circulated a short statement entitled '*One Comment*' on 10th August 1959 at the conference stating that "there are rightist opportunists in the Politburo. I am referring to the members of the 'military clique'...these opportunists in our Party plan to sabotage the dictatorship of the proletariat during the transition from capitalism to socialism." Mao even warned that the CCP could be split if Peng's idea prevailed, "...they are organising another group within the Party in order to spread their influence and finally form another Party. The major members of this clique are allies of Gao Gang's reactionary group (for the Gao Gang affair, see Chapter 4)." Hence, although Peng's letter of opinion was meant to be a private letter to Mao, it had become a challenge against the "party line." The elimination of Peng's influence in the army was essential if the integrity of the Party was to be maintained (Huang, 2000, 228—229; for Mao's letter, see Mao, 1974, 306—307). Macfarquhar too, believes that defending the Party's integrity and consolidating the Party's unity had become the priorities for the leaders in Lushan, that a victory for Peng would have posed a grave threat to the legitimacy of the Party leadership within the state structure and to Party cohesion

(Macfarquhar, 1983, 230—232). This notion seemed to be confirmed by Peng himself. In his short memoir published after his death, Peng said that, “In fact, after the Lushan Conference, I really intended to uproot my influence in the military force; I really intended to tarnish my personal reputation in the military; then only can we consolidate and unite the military force under the central Party leadership. But I can never plead guilty, nor could I admit anything about a military clique, which does not exist at all. If I do that the consequence will be severe. I would rather destroy myself, as I cannot do anything detrimental to the military.” (Peng, 1981, 279)

Under Mao’s organisation, every Politburo member then ‘lined up’ to criticise Peng. But Liu’s attack on Peng was for some, the “most ferocious and groundless.” (Huang, 2000, 229) Macfarquhar also believes that Liu’s criticism of Peng was genuine and wholehearted because should Peng’s accusation stand, Liu’s political life could be threatened, as he was in charge of the Great Leap. He also saw Liu as more vulnerable than it seemed: “Liu, an ardent supporter of the Leap, could have been made a scapegoat had Mao chosen to accept Peng’s letter rather than denouncing it.” (MacFarquhar, 1983, 230—231; 1997, 164) To verify Huang and MacFarquhar’s statements, a look at Liu’s speech is necessary. A study of Liu’s accusation does reveal some harsh lines, but it does not look like a desperate attempt to demolish a political opponent. Interestingly, Mao’s interruptions throughout Liu’s speech were obviously intrusive, and that leaves us to contemplate Mao’s role in Liu’s criticism of Peng. Here are the extracts of Liu’s speech on 1st August 1959 (with Mao’s comments in *Italic font*):

“There was one incident where Peng made a very bad impression on me, he once criticised a military committee, this is very indisciplined... once I wanted to send a telegram to convey a message by Peng, Peng refused to sign the telegram...I think this is not right...since then, I think he is not simple (*Mao: He is cunning*) ...it is hard to work with him and obtain his cooperation, it is difficult to be his friend, it is easy to get him offended (*Mao: you can never be his good friend*)... We (Liu and Peng) went to visit the ill Guan Xiangying (an ex-PLA commander). Guan begged him, ‘Marshal Peng, please do not oppose Chairman Mao...’ He made several accusations of me during the Gao-Rao affair, and I have no idea what his statements were about. (*Mao: Guan was right, this man is fond of creating factions*)...I feel that Peng always has his own ideology, I agree with the Chairman that he is ambitious, he wants to change the world with his methods. I think this is the root of the problem.” (Li, 1993, 228—229)

On the next day (2nd August), Lin Biao and Mao led the accusation and attacked Peng ferociously. Liu was the last to speak, as he said, “He (Peng) tends to oppose others, and likes to argue. He is temperamental and is used to scolding people when he is upset...Chairman Mao has recognised his problem, and told him that ‘you will create division.’ When the Chairman talked about the division of the Party in May last year, he was actually talking about Comrade Peng. He was cooperative during the war against Guomindang in Jiangxi, he was also cooperative during the Long March and the war of liberation. Generally he was cooperative during the Korean War bar some minor issues...Comrade Peng can be rectified, though he changes his mind easily.” On 17th August, Liu attacked Peng again upon Mao’s request to deliver a speech regarding the ‘issue of personal cult’ (detail of this speech is outlined in Chapter 4), where he said, “...regarding the issue of opposing personal cults, someone in our Party opposed personal cults after the Twentieth Conference of the Soviet Communist. One of them was Comrade Peng. During the Conference, Peng suggested not singing ‘Eastern Red’ (*dongfanghong*)⁶⁴, and opposed chanting ‘Long Live Chairman Mao’...” (Li, 1993, 248—249; 368—369) The so called condemnation was actually more like the grumbling over old differences that were petty and insignificant. It did not sound like a fierce accusation of someone over major ideological differences or against a betrayer of the Party line.

Huang’s description of “ferocious and groundless” is indeed based on Liu’s comments at the Enlarged Working Conference (a.k.a. 7000 Cadres Conference) in January 1962 when Liu was asked to rehabilitate Peng. Apparently Huang had made a mistake in how he perceived the comments made at Lushan (Huang, 2000, 229n85). Liu was believed to have said that, “everybody except Peng can be rehabilitated. (*Mao’s interruption: as long as he is not a traitor he can be rehabilitated*)” Liu explained that there were reasons Peng could not be rehabilitated: First, Peng belonged to the reactionary group of Gao Gang and Rao Ruoshi (at this point both *Mao and Zhou interrupted: “Peng is the principal member of the group”*); second, both Peng and Gao had ‘international background’, or foreign connections; third, both Peng and Gao plotted to overthrow the Party’s management by creating factions within the Party; and finally, Peng wrote the Letter of Opinion after his visit to Eastern Europe and the Soviet Union: solid proof that Peng acted on ‘foreign’ instruction. Astonishingly, Liu also

⁶⁴ Eastern Red, or *Dongfanghong*, is a song to praise Mao, describing him as like the sun rising from the East.

admitted that “some points of Peng’s letter were right...a Politburo member could not be wrong for giving suggestions to the Chairman, even if some of the views were incorrect.” (Wang ed., 1998, 771—773; Macfarquhar, 1997, 163—164) The ‘offences’ outlined by Liu were just a repetition of Mao’s criticism at Lushan, as Mao had already framed Peng as a gang member of Gao Gang on 11th August 1959 at Lushan (Li, 1998, 50), and Liu just repeated the Chairman’s accusation and Peng’s crime in 1962 (or in Macfarquhar’s words, “recycled explanation of the purge...”). As the Chairman of the Republic, Liu was also the representative of the official line of thought. “It was his job to assist Mao to purge Peng, to tarnish Peng’s reputation, and to uproot Peng’s influence in the military. Liu had no choice but to carry out his job.” (Ding, 1991, 144)

However, there is a missing part of this incident involving Liu and Peng in 1962 during the 7000 cadre conference: Liu in fact intended to overturn the verdict against Peng, but changed his mind and opted to “shy away from the struggle this would have entailed,” after he had learned that the Party decided to charge Peng with treason (Rice, 1972, 188—189). This looks very plausible in view of Mao’s interruptions of Liu’s speech (see above). And the Red Guard accusation of Liu and Peng after Liu’s fall could have confirmed this interpretation, “In January 1962, at the Enlarged Working Committee Meeting, Liu tried to overturn the verdict on Peng. He defended Peng by saying that, ‘some points of his letter could be right.’...he attacked the struggle led by Chairman Mao against Peng, believed that it was wrong and exaggerated. With the encouragement of the Chinese Khrushchev (Liu), Peng appealed in his case in June 1962 with a letter of 80,000 words...” (Ding, 1969a, 417) Mao’s account in 1967 had the same tune, “it was Liu in 1962 at the Enlarged Working Conference who defended Peng by mentioning his 1959 Letter of Opinion.” (Hongqi, 1967, 13: 18) The German biographer of Peng Dehuai, Jürgen Domes, confirms this incident. Domes sees Liu and Deng Xiaoping protecting Peng, though in an implicit manner, “most properly under Liu and Deng’s influence so that for the first time since 1959, Peng was allowed to leave the capital for an inspection tour of his home province, Hunan...” Then with Peng’s inspection results, Liu believed the time was ripe to appeal for Peng, “...his message was taken by Liu, who now set out to attempt a full rehabilitation of Peng. Liu repeated most of the criticism Peng had voiced at the Lushan meeting, and he openly called for a reversal of verdict against the so called rightist deviationists (he did not mention Peng’s name).” (Domes, 1984, 113—114)

The 7000 Cadres Conference is regarded by some as evidence of one of the very few rebellions by Liu against Mao. Chang believes that Liu's speech at the conference that advocated the retreat from the Great Leap took Mao by surprise, as it seemed like an ambush by Liu on Mao. "Liu dismissed the official explanation of the calamities, saying there is 'no serious bad weather' in the areas he had visited." Her account also confirms that Liu had the support of the lowly cadres who observed the impact of the Leap much clearer than the top leadership, "Liu clearly had the support of the 7000 participants, and Mao could not afford to have a head-on collision with this vast body of officials." (Chang & Halliday, 2005, 495—496) It was in this meeting that Liu repeated his denouncement of Mao's formula that 'mistakes are only one finger whereas achievements are nine fingers,' as he believed that 30% were due to natural disaster while 70% were definitely human error (Huang, 2003, 123). This is the evidence that Liu made use of the opportunity he had to turn against the Leap.

Apparently, Liu backed off at a later stage of the meeting after learning of Mao's intentions. Note the last line of Liu's speech (see page 246)—"a Politburo member could not be wrong for giving suggestions to the Chairman, even if some of the views were incorrect", as Liu seemed to suggest that while Peng could be right, he had to be purged (or sacrificed) for the integrity of the Party. This was not only a concession to Mao's political power, but also a reflection of Liu's character in that he believed the central authority of the Party should not be challenged. This is also coherent with his practice in the *Four Clean* rectification campaign, as discussed in Chapter 4, where Liu purged almost everyone who was wrong by the Party's standards. Unsurprisingly, this part of Liu's speech at the 7000 Cadres Meeting was entirely missing in his *Selected Works (Liu Shaoqi xuanji)* published in 1981, which printed almost every word he said at the Enlarged Working Conference except his comments on Peng (Liu, 1981, 2: 349—443). MacFarquhar believes that the editor of the *Selected Works* thought the passage of Liu's accusation against Peng would not convince readers who had known much about Mao's mistake and Peng's rehabilitation, so they deleted it from the print in the *Selected Works*. However, he does believe that Mao and Liu "seemed to have an agreement...that Peng could not be rehabilitated, as part of the massive campaign to 'reverse verdicts' on cadres and others innocently washed away in the tide of anti-right opportunism in the wake of the marshal's disgrace." (MacFarquhar, 1997a, 541n122, 179)

There are also sources who believe that Liu was not on Mao's side until Mao attempted to win him over before the purge of Peng. After Mao had launched the attack on Peng's letter, he called Liu to his residence at midnight while Liu was on sleeping pills. Liu was then carried to Mao's room on a stretcher as he could not stay awake properly. After several hours of meetings which involved only Liu and Mao, Liu was sent back to his Lushan residence at dawn. After the midnight meeting, Mao finally managed to persuade Liu to stand by him (Jia, 1989, 209; Su, 1989, 241). But it was more plausible that Liu was giving in for party unity. Before the mass criticism of Peng Dehuai began, the Politburo convened a meeting to discuss the possible punishment of Peng on 27th July 1959. In the meeting Mao insisted on "assessing Peng's political history and drawing general conclusions on all his wrongdoing", while Zhou Enlai suggested that the party "should not deny everything Peng said, we should treat it as 3:7 (means 30% of what Peng had said was right, while he was only accountable for 70% of the alleged accusations)." Liu believed it was a good idea and voiced his support to Zhou. But Mao was furious with Zhou's suggestion and retorted, "It looks like I should pursue my aim through guerrilla warfare again!" Everybody was shocked with Mao's response as they realised that Mao had decided not only to punish Peng, but actually to purge him. Since then, nobody dared to oppose his opinion again (Jia, 1989, 209).

Actually, Liu did not show his support for Mao immediately after Peng's letter had been exposed. Before he received any hint or instruction from Mao, Liu tried to put forward a question, that was actually coherent with Peng's opinion, on 16th July at the Politburo to his colleagues. Liu said, "We must talk about the mistake honestly; just like we talk about our achievement...the projection (the estimation of production by local cadres) and motivation were two different issues, as a lower projection does not necessary demoralise the masses..." On 19th July 1959, once again Liu said that, "...from the lesson we learn from previous experience, we must acknowledge good results but at the same time admit our mistakes...did we make any mistakes in the last three months? Is reducing the steel projection to 13 million tons 'rightist opportunism'? If we do not learn from the experience, we will make the same mistakes again." (ZYWXYJS, 1996, 2: 459; 1998a, 2: 841—842) After Mao attacked Peng openly on the 23rd July, Liu told Hu Qiaomu, Mao's secretary⁶⁵, that the scope of criticism against

⁶⁵ Mao had three secretaries, Hu Qiaomu, Tian Jiaying and Li Rui, who was also purged at the Lushan Conference. Li was a 'part-time secretary' as he was also the Minister of Hydraulic and Electrical Engineering.

Peng should not be expanded, as the enlarged circle of criticism would be more embarrassing to Peng. Liu also asked Hu to draft another meeting agenda that suggested rectifying adventurism and the Leap, as he worried that the Conference could be derailed from its initial objective. Hu was too scared to oblige and said, "I think we had better consult the Chairman." Angered by Hu's response, Liu told him off, "you just write it, I will consult the Chairman later." Finally Peng Zhen managed to convince Liu that such an agenda was not proper at the time (Hu, 1994, 15; ZYWXYJS, 1996, 2: 458).

Dittmer sees that Liu indeed played a "conciliatory role" at Lushan. In the showdown, one Politburo standing committee member (Zhu De) supported Peng, four (including Liu) opposed him, and Deng Xiaoping and Chen Yun were coincidentally absent. While showing firm support for Mao, Liu tried rallying support for leniency in dealing with Peng and his supporters. As a result of Liu's effort, as Dittmer points out, the treatment of Peng and other members of the 'military clique' (those who were framed for treason included Zhang Wentian, the Deputy Foreign Minister, Huang Kecheng, the Deputy Defence Minister, Zhou Xiaozhou, the First Secretary of Hunan Province and Li Rui, Mao's secretary) was quite lenient, as they were only dismissed from their executive posts and were allowed to retain their membership in the Politburo and the Party⁶⁶ (Dittmer, 1998, 33). The notion of Liu's "conciliatory role" at Lushan and 'party unity' as the priority of the conference has actually to a certain extent resembled the findings of Domes, who believed Mao was desperately looking for support after Peng's demonstration of resentment. Domes points out that Liu and Deng Xiaoping belonged to the same 'interest group' among the Politburo members, and they agreed to support Mao in pursuit of two major interests: first, they wanted, "by whatever means, to preserve the outward unity of the Party and avoid the split which Mao had threatened to create". Secondly, and most importantly, Liu and Deng wanted to make further revisions to the 'Policy of the Three Red Flags'; or in other words, Liu gave Mao support in return for amendments to the Great Leap's adventurism. As a result Liu, Zhou Enlai and Deng dropped Peng "like a hot brick in order to safeguard Party unity." Eventually, Liu and Deng's support proved to be crucial to Mao. Domes believes that Deng, who was absent from the conference, sent his message to unveil his

⁶⁶ However, this was only true until the end of Lushan Conference. At Mao's insistence, Peng was later sacked from the Party. But Dittmer was right that Peng was safe until the end of the Conference due to Liu's effort.

support in exchange for economic reform. Zhou, who had just been criticised for his Anti-Rash Advance, opted to sit on the fence and follow the crowd (Domes, 1984, 96—97). Peng's fate was thus sealed.

On 1st October 1959, the National Day of the Republic, a month and a half after the Lushan Conference, Liu told Deng Zihui that, “the People's Commune was too destructive (to the economy).” (Liu, 1999, 81) Some point out that Liu's view on the Great Leap had begun to change at this point (Zhen, 2004, 48). But I believe the truth is that Liu had never changed his views about the Great Leap, as he had been showing inclinations towards retreat even before the Lushan Conference. His statements that comprise contradictory comments from time to time have provided researchers from different schools with the valuable references they need to prove their hypotheses, hence the existence of the various interpretations of Liu's involvement in the Great Leap. For example, a month after National Day, Liu held a 20 day (2nd to 22nd November) seminar with his colleagues on Hainan Island to discuss his appreciation of the Russian economic textbooks that he had just studied. A critic commented, “obviously, Liu had not realised the Great Leap was a mistake,” based on Liu's following statement during the seminar, “according to the textbook, our motivation to work is driven by material reward, but I believe it could be motivated by political realisation as well...‘to each according to his work’ is the remnant of capitalism...people's communes practice food rationing, as a result we do not have more lazy people, but less.” (Huang, 2003, 122)

But what the source does not mention is that at the same seminar, Liu talked about balancing the construction of agriculture and heavy industries, warning that “some Eastern European countries” had over-expanded their heavy industries and suffered from unequal development. “We made similar mistakes in 1956 and 1958,” Liu said, “We should not repeat the mistake.” On 11th November, Liu said, “The Soviet Union had started with the (development of) heavy industries, and did not pay sufficient attention to the development of agriculture. So the sequence of our basic development should be agriculture, light industries, heavy industries. (*nong, qing, zhong*)” On 13th November, Liu reminded his colleagues that “the development of production relations should not be faster than the development of productive forces, or else the development of productive forces could be undermined.” On 17th November, Liu tactfully paralleled the period of transition with socialism. trying to eliminate the ambiguity over the definition of the transitional period, “socialism is an interim period

in the transition to communism...we might be having socialism for a couple of decades. but after that communism will exist for hundreds of thousands of years. If we are able to view it this way, we could be emancipated from our old conceptions. At the stage of socialism, many elements of capitalism, namely commercial production, banks, currency, sales value, etc, still exist to serve the people, and to serve socialism as well.” This resembles Lenin’s labelling of Marx’s ‘preliminary communism’ as socialism (see Chapter 3.2 and 3.3).

Liu even criticised Stalin over his reluctance to regard production tools as commercial products, “he (Stalin) dares not identify production tools as commercial products, he only recognises consumer goods as commercial products, he does not recognise labour forces as commercial products, does not recognise surplus working hours, does not talk about profit...surplus value does exist, but it is not owned by individuals, but by society or collectively owned by the workers. We should not avoid such questions, if we do, the issue becomes ambiguous.” And on 18th November, “...as long as ‘*to each according to his work*’ exists, commercial activities would exist...commercial products exist in the period of transition as remnants (of the past), and this remnant is going to stay for a long period of time.” (ZYWXYJS, 1996, 2: 467—473) Apparently, Liu had been putting on two faces, one as the Party’s spokesman who advocated the Great Leap and Maoist cult, and the other as the real Liu Shaoqi who talked to his allies about a retreat from the Leap and the expansion of productive forces. Sometimes he tried to combine the two tasks in that he had to hide his line beneath the mainstream ideologies, and this could sometimes be overlooked by researchers. As Liu’s role in the Great Leap would appear to have undermined his consistency in advocating moderate economic policy in the post-1949 period, an advanced interpretation of Liu’s interpretation of the Great Leap and the Lushan Conference should constitute a significant part of the conclusion of this thesis, which will be discussed in the next chapter.

Chapter 7: The Conclusion

The political reality in Maoist China must be filtered from the study of Liu's theory of transition. Mao would not tolerate any difference of opinion within the leadership, so basically the CCP's policy was actually Mao's policy. As Liu was once one of Mao's most trusted lieutenants and the nation's Chairman, it was therefore not uncommon to see him taking the leading role in major political events, namely the inauguration of the Great Leap, and the condemnation of Marshall Peng at the Lushan Conference. It must also be noted that the economic policy emphasising gradual transformation and tolerating a limited market economy was not originally Liu's idea, but a group decision. Furthermore, Mao had indeed given the green light to the implementation of such policies, particularly during the post-1949 period, when the New Democracy had become the central policy in developing China's economy. Confusion arose when Mao lost his patience and changed his stance in pursuit of a more radical and rapid economic development plan, Liu still, faithfully, acted as Mao's spokesman most of the time during his term of service. It creates a picture that has been familiar to many Western researchers—Mao was the original advocate of both the moderate and radical economic policies, and Liu was a faithful lieutenant to Mao and he should be regarded as part of mainstream politics in Maoist China. Politically, Liu had been involved in many of the major events that might have portrayed him as a hardliner, in contrast to his advocacy for a more tolerant policy towards the capitalist and a more market-based economic policy.

An article written by Liu after the Lushan Conference could sum up Liu's attitudes and practice during the Great Leap. It shows how Liu tried to cope with the mainstream ideologies by trying to insert his own lines of thought into Maoist statements. In my opinion, this article somehow reflects Liu's inner struggle. It was published in Hongqi Magazine (*the Red Flag*) in September 1959 with the title '*The Victory of Marxist-Leninism in China*'. At the beginning of the article, we see that Liu propagandised the Leap, "...there is a notion that we are technically too backward to begin the mechanisation of industries and to collectivise the agricultural sector, it has now been proven wrong...there is a notion that the collectivisation will undermine the agricultural production, that is also not true...our agricultural production has increased tremendously (following the launch of the Leap)..." Then, contrasting his

earlier statement, Liu made a sharp u-turn, “How do we transform the private sector of industries and commerce? We apply various forms of state capitalism to gradually transform the society to socialism...so there is a notion that we should not compromise with the capitalists...they suggest confiscating the capitalists’ property, and depriving the capitalists of their electoral rights. I think these people have forgotten the fact that under certain historical circumstances, the policy of buying out the bourgeoisie by the proletariat is beneficial to the proletariat. Marx and Lenin had said that withdrawal of electoral rights from the bourgeoisie is not necessary...” But then Liu spoke for the Leap again, “...the transformation (of the nation’s economy) has been quick and effective...basically the ownership of the production materials is now in the hands of the public. We have carried out the (transformation) task smoothly, and almost no damage was done during the process. Agricultural and industrial production have been increasing.” (Liu, 1959, 6—7)

Liu’s interpretation of the issue of contradiction was tactful, as this was a very sensitive area where Mao had repeatedly stressed that the contradiction that existed was still a contradiction between classes, not a contradiction among people, which was Liu’s belief. So Liu had to echo Mao, but at the same time stressed the importance of contradiction among people, “Some think that we do not need to clarify the contradiction with the enemy and the contradiction among people, I think they are wrong...In today’s China, we do not only have the contradiction with the class enemy, we also have a lot of contradiction among the people...those who think contradiction among people will be extinguished after the establishment of socialism are wrong...if we do not see the existence of contradiction among people, and if we simply exaggerate the contradiction with class enemies...we will make mistakes.” Liu continued by putting forward some strong pro-Leap statements, which he supported with the application of economic theory, “Is it good to organise the masses for economic construction? Of course, the building of socialist society is the responsibility of millions of people...the movement of the masses will inevitably destroy parts of the old system, but what it destroys are those parts detrimental to economic development, and the movement will establish a new system for society...some say the Great Leap is in contrast with the economic rules, but our Great Leap is the product of the time, as it emerged at the right time, according to the economic rules, due to the rapid economic development. We must bear in mind that the economic rules must be followed.” However, Liu’s interpretation of the people’s

commune did not seem to be in line with mainstream politics, “some think the people’s commune is communist, and complies only with the principle of ‘to each according to his needs’...they do not understand that this sort of organisation has a high level of flexibility, it can accommodate various levels of productive force and various types of production relation, and it could be socialist or communist. It will suit the current system of ‘to each according to his work’ and the future system of ‘to each according to his needs.’” It is interesting to note that Liu actually hinted that ‘to each according to his needs’ was something for the “future.” And finally his attack on the party’s enemies was just the echo of Mao’s conclusion at Lushan, “Who are the ones attacking the Great Leap? Who are the rightist opportunists? They are the representatives of the capitalists in our Party...The Eighth Plenum of the Eighth Committee (Lushan Conference) has already pointed out that rightist opportunism is the main threat to our nation” (Liu, 1959, 9, 11, 12, 14)

The Lushan Conference marked a milestone in the development of the Great Leap. As in his attack on the Anti-Rash Advance, Mao once again defeated his opponents within the Party in his pursuit of collectivisation, and manoeuvred another about-turn in policy making. Under the banner of party unity, the Leap was re-launched and the voices of retreat had been silenced. The theme of the Lushan conference had changed from Anti-Rash Advance to *Anti-Rightist Opportunism*. The impact of the post-1959 Leap was far more severe than the Leap of the period of 1958—1959, as the forces used to restrain the masses had all been eliminated. By the time Liu called for a total retreat in 1962 at the 7000-cadre conference, millions had perished. At Lushan, Liu once again put himself in the limelight after the Second Session. Not only did he criticise Peng at the Conference and help to sustain the Leap, he actually started another wave of the Maoist cult at Mao’s request during the latter part of the Conference. Moreover, two resolutions, ‘*The Struggle against the Rightists in order to Defend the Party Line*’ and ‘*The Resolution Regarding the Mistake of Peng-led Anti-Party Group*’, were passed in Liu’s presence at the Lushan Conference (ZYWXYJS, 1998a, 2: 843). His involvement in these events had inevitably made him accountable for the re-launch of the Leap. As a result, as far as economic theory is concerned, his consistency with the line of the Soviets’ NEP as well as his image as an economic reformer had thus been seriously undermined.

On the other hand, we must not overlook the fact that Liu’s roles as Party spokesperson, Mao’s second in command and the People’s Republic Chairman had

put him in an unfavourable position. Evidence has shown that Liu had done his best to stick to his line of economic development amid Mao's ambitious advances. His effort to strike a balance between Mao's ideology and his own had not been successful, as he had always been overshadowed by Mao's overwhelming political power while he looked more like a staunch supporter of Mao than a bold economic planner. Liu's compromise with Mao's adventurism did not bear the fruits he expected, as Mao did not show any intention of revising the Leap in return for Liu's unreserved support at Lushan. On the other hand, if the Great Leap was, as Deng Xiaoping said, an event that "everybody supported," and a time when "nobody had a clear mind;" then those who first felt the urgency to retreat after evidence of the Leap's failure had surfaced should be the ones with clearer minds than others. Liu's comments on the exaggerated projections during the Leap (see Chapter 6) had shown that he was one of them. In June 1960, when famine spread across China, the CCP held an Enlarged Politburo conference in Shanghai. Mao admitted that, "there was an enormous blindness" in policy making, and stressed that, "we have been talking about quantity, now we have to talk about quality." Strangely, Mao even admitted that "the development of ideology was not quite right since the launch of the Leap," as it was not practical and projections were too high (BNSBWH, 2002, 6: 2290). As a result, "retrenchment, not expansion, was in the air." (Macfarquahar, 1983, 323) It was at this time that Liu showed his true colours. The revival plan overseen by Liu and Deng during the aftermath of the Leap had stabilised China's economy for the period from 1962 to 1964, until the rectification campaign of the *Four Clean Movement* made the situation chaotic again. His efforts in reviving China's economy, including the re-introduction of the '*banchandaohu*' (contractual farming) and his involvement in the rectification campaign were discussed in Chapters 4 and 5.

At the Sixth Plenum of the Eleventh Committee, held on 27th—29th June 1981, the CCP seemed to have clarified and outlined who should be responsible for the Leap by passing a resolution, '*The Central Committee Resolution Regarding Some Historical Issues Since the Construction of the Republic (1981)*'. It stated that "the positive side of the Leap is the reflection of the desperation and willingness of the public to improve the situation of economic and cultural backwardness of our nation. The negative side (of the Leap) is the ignorance of relevant economic theory... This was due to our inexperience in socialist construction and inadequate understanding of the laws of economic development and the basic economic conditions in

China...More importantly, it was due to the fact that Comrade Mao Zedong and many leading comrades, both at the centre and in the localities, had become smug about their success, were impatient for quick results, and overestimated the role of man's subjective will and efforts." (Li, 1981, 10—11; BNSBWH, 2002, 8: 3108—3109) So it summed up the responsibility for the Leap, as well as the constraints on accusing Mao in Mainland China. The use of the words "many leading comrades" means the burden has now been shared. The defence of the Leap is best summarised by Bo Yibo, who said that "the masses excused us for doing wrong because our intentions were good." (Bo, 1981, 67) Good intentions and a "combination of inexperience and arrogance" is now the common theme the Chinese Leadership uses to describe the responsibility for the Leap (Joseph, 1986, 424).

This research does not attempt to defend Liu's involvement in the Leap and the Lushan Conference or to clear his name of any wrongdoing. Liu's support for the Great Leap and his attack on Peng at Lushan were undeniable. But he did not support Mao's programme wholeheartedly, though he was willing to give Mao his support even when he did not think Mao was right. His willingness could be due to the three possibilities we have discussed: firstly, he regarded Mao as the representation of the Party line, and in order to maintain the integrity and unity of the CCP, he showed vigorous support to Mao; secondly, he supported Mao in return for compromise in policy making, which he never really secured, as his respect for Mao prevented him from making any forceful advancement against Mao; and finally he might have taken into consideration his chances of succession to Mao. As Mao had yet to retire completely from politics, he could not afford to take any chances. As a conclusion, Liu's self-contradicting statements throughout the period of the Great Leap, his support to Deng Zihui and Zhou Enlai during the Anti-rash Advance campaign before the Leap, his effort to strike a balance between an adherence to Mao's line and the assertion of his ideologies, and his complete reversal to a more market-based economic programme after the Leap, were all indications of Liu's persistence in his pursuit of a market-based economic policy for China's transitional period. So Liu was ideologically consistent even during the period of the Great Leap, though he did make concessions for political gains. Nevertheless, his status as the nation's Chairman during the Leap had inevitably subjected him to more criticism. And as the key figure of the leadership, he was definitely partially responsible for the Great Leap.

The general understanding that Liu favoured a strict adherence to central authority is not incorrect. But what was central to Liu's model of organisation was the existence of a set of central rules or regulations for the masses or the party members to follow. Under this frame of conception, the masses or the members of the Party would enjoy a certain amount of freedom as long as they acted or behaved in accordance with the scope of the regulations. In addition to that, class struggle had never been an integral part of Liu's theory of transition. Liu believed in cultivation and education as the measures which would transform the class enemies into good communists. Liu also regarded the contradiction among people as a common situation within an organisation, and believed that it would not affect the integrity of the Party as long as the Party's rules were adhered to. Liu had never believed in the initiative of the masses and never been fond of mass-mobilisation, as for Liu, any movement of the masses should follow central guidance. However, Liu's distrust of the masses did result in controversy. His ruthless handling of the corrupt cadres during the *Four Clean Movement*, which was rooted in his simplistic differentiation of right or wrong—sparing those who met the requirements of the *Four Clean* and punishing those who were declared 'unclean'—had led to the deaths of thousands of innocents (see Chapter 4). This contrasted sharply to Mao's handling of the *Four Clean Movement*, where he turned to accuse the leadership of failure in their guidance of the masses when he realised the corruption among the lowly cadres was so pervasive that the mass purges of the wrongdoers might undermine his grass roots support. As a politician, Liu was not as flexible as Mao, though he had always been the more honest of the two.

Liu also believed in the transformation of the individual via education and social influence. The conception of the 'cultivation of a good communist' did not only reflect Liu's belief in turning the bourgeoisie into communists, but was actually the behavioural guideline Liu set for Party members to follow. Therefore Liu was less concerned over the class background of the members, while placing more emphasis on the adherence to a set of central rules. This is indeed the major difference between Mao and Liu. This idea of Liu's resembled to a certain extent that of Nikolai Bukharin, who advocated the evolutionary model of '*growing in*' for the period of transition. In his interpretation of the Marxist theory of transition, Bukharin believed that at every stage of the transformation of the society, a kind of balance or stability called 'equilibrium' would exist. The transformation into another stage could only begin

when the old equilibrium was broken. Interestingly, Bukharin saw the adaptation to a new social formation and the transformation of individuals as an inevitable process as time passed. He believed that, as long as the proletariat stayed in power, the society would ultimately live to ‘grow’ into socialism after the revolution had been completed. Similarly, Liu pointed out that as long as the proletariat ruled and the revolution had been won, the contradiction with the enemies was over and everybody could, regardless of his class and background, become a good communist. The evolutionary process envisaged by Liu involved “resolving the differences via discussion and education,” which he believed would change those of the opposition into socialists, though he stressed that “we should not fight each other on the grounds of different ideologies and principles.” However, ‘discussion’ and ‘education’ aside, there are concessions that Liu would not make: the authority of the Party must not be challenged, and contradiction should be kept within the party (Liu, 1981, 1: 210—211).

Liu’s ideology of economic construction during the period of transition was in line with his ideas about the Party and organisation. Although Liu’s economic model involved tolerance of private capital, he had never envisaged a market economy that was free of central guidance. He stressed the importance of the control of major industries by the state, and believed that as long as they were in the hands of the proletariat, economic development would not embark on the capitalist route. This reflects the ideology of Bukharin, who advocated the notion of ‘commanding height’ that he inherited from Lenin. Bukharin believed that as long as the major industries were in the hands of the proletariat, the existence of a limited market economy and private ownership would not undermine the development of a socialist economy. However, while Bukharin envisaged a kind of direct competition between the socialist conglomerate and the “remnants of the capitalists,” in which he believed the socialist economic model would ultimately prevail, Liu saw the necessity to coordinate the two in the construction of rural economy. Liu’s plan of using the Supply and Marketing Cooperative (SMC) as a medium to boost the commercial activities between rural and urban China as well as improving the living standards in the peasantry was unique and original. The retention of private property and private farming were well-served by the system of SMC as the produce of the small scale handicraft factories in the peasantry could be channelled to other parts of China. However, Liu’s ideology of economic construction during the period of transition is not without controversy from

a socialist perspective. As an advocate for the theory of the development of productive forces he viewed the possible exploitation of the working class as inevitable during the period of transition. His Tianjin speech in 1949 indicated his focus on building the productive forces, which theoretically meant the building of capitalist elements of economy that would surely lead to the exploitation of labourers, as he said on 28th September 1949, “The problem of today’s China is not the dominance of the capitalists, but the shortage of capitalists.” (ZYWXYJS, 1996, 2: 201) Liu also believed that merging industries to form industrial conglomerates like ‘*the Trust*’ would bring efficiency and effectiveness to the production and administration. This seems to resemble the notion of most of the socialist revolutionaries that collective organisations were always preferable to smaller industries. However, Liu’s preference for business conglomerates was rooted in his intention to bring in professional management to the industries, which he believed had been bogged down by bureaucracy. This had never been successful, of course, as the management of huge business organisations requires highly skilled professionals, whilst Maoist China was short of industrial management expertise. But it shows that unlike Mao, Liu had actually seen the problems of China’s socialist economy, and had tried to overcome them.

Liu’s true character could only be appreciated through a detailed study of his speeches and writings, the careful observation of his much disguised effort to put forward his line of thought in the face of the overwhelming Maoist ideology, and the analysis of the historical background of the events in which Liu was involved as a CCP leader. Liu’s article in the Hongqi magazine, as discussed above, has reflected his struggle to assert his position in the political turmoil during the Great Leap. Liu’s consistency in addressing his ideologies should not be overshadowed by his loyal assistance to Mao’s leadership. Liu indeed had his own distinct set of theories of transition, and as repeatedly stated in almost all the chapters, the coherence of his theories has been vindicated by his persistence in imposing his ideology via compromising his political practice as Mao’s faithful lieutenant.

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