

Gov 1280: Government and Politics of China

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Abstract

These are notes¹ for Harvard's *Gov 1280*, an undergraduate class on Chinese government and politics, as taught by Professor Yuhua Wang in Spring 2023.

Course description: This course is a broad introduction to the main issues of contemporary Chinese politics and social change. The course is divided into two sections: the first section covers the period from the end of the last imperial dynasty to the end of the Cultural Revolution in 1976. The second section examines the last thirty years of economic reform, looking at both how the reforms began and how they were sustained.

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¹With thanks to [Eric K. Zhang](#) for the template.

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1 January 23rd, 2023

1.1 Logistics

The course is taught by Professor Yuhua Wang. Wang was born in Beijing and received his B.A. in legal science at Peking University and pursued a Ph.D. at the University of Michigan.

The course Teaching Fellow is Chengyu Fu, who is a third-year Ph.D. candidate studying the persistence of corruption in China.

Office hours will be held Tuesdays 1:00-2:30 PM, signup slots available [here](#), or by appointment.

Note. Professor Wang just published a new book titled "The Rise and Fall of Imperial China."

1.1.1 Grading

The course grading is as follows:

- Section participation, 20%.
- One map quiz on February 8th and two unannounced quizzes, 20%.
- One mid-term exam on March 6th, 25% (one ID, one essay).
- One take-home final due May 11th, 35%

1.1.2 Overview

In this course, we will discuss China as it develops over time, and how Chinese politics and government drives U.S.-China relations.

China's economic emergence means that the U.S.-China relationship will be the most important bilateral relationship in the world. Moreover, there is information asymmetry between Chinese and Americans; the danger of overestimating and underestimating China may lead to a new Cold War or a new World War.

1.2 Perceptions of China

China is the second largest economy in the world, and presents a direct challenge to the United States (with bipartisan agreement) in the long term. Thus, it is important to understand China intimately in the future to succeed in the United States across business, politics, and academia.

Over time, the percentage of U.S. citizens that view China favorably has declined; 66% of Americans have an *unfavorable* view of China in 2020, according to a Pew Research Center survey.

There is a so-called "New China Scare" in the United States, characterized by a new trade war, COVID-19 framing as the "China virus," ban on Huawei, WeChat, and TikTok, U.S. CHIPS and Science Act.

1.2.1 Historical perspective

Chinese citizens think of China as a *long civilization*. China touts itself as one of the longest *continuous* civilization in the world (in recorded history), though the exact length is unclear.

In the 20th century, China experienced dramatic changes, transforming from traditional dynastic rule to radical socialism to "authoritarian capitalism."

Chinese citizens also think of China as the dominant economic power for much of its history. For most of the last 2000 years (almost 1800 years), China occupied around 25% of the global GDP.

1.2.2 Political perspective

Since 1949, China has been ruled by the Chinese Communist Party (CCP) via single-party rule. This rule is characterized by a kind of opaque elite politics; and it is one of the most durable authoritarian regimes (among the Soviet Union, Libya, Iraq, etc.) without signs of democratization even in light of protests (COVID-19 white paper protests).

Although China is dominated by single-party rule, there is a fragmented bureaucracy that influences the implementation of certain policies. There is also widespread censorship and repression.

We note that there seems to be heightened nationalism among the younger Chinese generation; and that chances are slim for significant political reform.

1.2.3 Economic perspective

China is the second largest economy in the world; this economy has contributed to impressive poverty reduction since the 1980s, but it has a low per capita GDP (12556.33 USD in 2021).

There is heavy reliance on trade and investment. In light of recent reversal of globalization, China's economy may struggle. It is one of the most unequal countries in Asia; most Chinese people are living in poor conditions.

The Chinese economy is also experiencing economic slowdown and an uncertain future.

Note. Although Chinese GDP will grow to be larger than the U.S. GDP, China's GDP per capita is 1/7 of the United States' GDP per capita.

Note. There is **regional inequality** in the Chinese economy.

1.2.4 Social perspective

China is roughly the same size as the United States, with four times the population. 46% of the population is still "rural." Population demographics tend towards old and male, due to the one-child policy. The population started to shrink in 2022; it has one of the highest female suicide rates in the world.

Note. The one-child policy was abolished three years ago.

1.2.5 International perspective

China is the largest exporter and second largest destination of foreign direct investment (FDI). One of the major infrastructure initiatives in the past several years is the Belt and Road Initiative — China's investment in the world through trade, financial assistance (loans) — to help the Chinese economy and project the "China model" (one-party rule with a market economy).

One question that is interesting to U.S. policymakers is if engagement with China was wrong.

2 January 25th, 2023

2.0.1 Current event: Lunar new year

Lunar new year presents the world's largest annual migration: two billion passenger trips in the 40-day period starting in early January. During Covid, many were deterred from traveling due to fear of the virus, lockdowns, quarantine requirements, and other rules. There is also fear of spreading the virus to older relatives in rural communities unequipped medically to handle it.

13000 people with Covid died in Chinese hospitals in the week of January 12.

2.1 Covid in China

The following is a timeline of the Covid outbreak in China:

- Dec. 12, 2019: A patient with Covid symptoms showed up in a Wuhan hospital
- Dec. 29, 2019: Li Wenliang, a doctor in Wuhan, warned his friends on WeChat. He was quickly censored and banned from speaking out.
- Dec. 31, 2019: China reported to World Health Organization.
- Jan. 23, 2020: Wuhan lockdown begins.
- Summer 2021: Delta outbreaks in Nanjing, Guangzhou, and other large cities.
- Spring 2022: Omicron outbreaks and becomes the dominant variant.
- March 2022: Shanghai (the wealthiest Chinese city) lockdown begins.

Note. The Shanghai lockdown was a turning point in Chinese public opinion. Shanghai has more than 10m people and has the largest GDP in China. Prior to the Shanghai lockdown, citizens were supportive of zero-Covid. Because Omicron is less fatal, people began to question the policies.

- November 2022: "White paper revolution" begins.
- Dec. 12, 2022: End of zero-Covid.

2.1.1 Zero-Covid

Zero-Covid is a public health policy implemented by some countries, especially China, during the pandemic. The objective is to get the area back to zero new infections and resume normal economic and social activities. It is a strategy "of control and maximum suppression," using public health measures like contact tracing, mass testing, border quarantine, lockdowns, and mitigation software to stop transmission of Covid-19.

In the **early stages** of the pandemic, zero-Covid and lockdowns reduced global transmission of Covid-19 by 77%, according to a study in *Science*. If Wuhan was locked down earlier, it would have given even *more* time for the rest of the world to prepare for Covid. In **late stages**, lockdowns may not help at all in preventing the spread of Covid.

2.1.2 Consequences of zero-Covid

- **Regime support.** There was an outpouring of anger and grievances after Dr. Li Wenliang's death. After the Wuhan lockdown, the number of infections were very low; the Chinese propaganda machine emphasizes China's response rather than the coverup (direct blame at local governments instead of taking responsibility), leading to a revival of regime support.
- **The economy.** China experienced the worst economic downturn in four decades; the first economic contraction. Once the economy slowed down, small businesses closed and migrant workers became stuck in China, often unable to benefit from social welfare and healthcare.
- **Privacy.** WeChat QR codes were used for contact tracing; to indicate close contacts or infections.

- **U.S.-China relations.** Chinese official Zhao Lijian shifted the blame to the United States; President Trump responded expectedly on Twitter, calling Covid the "Chinese virus."
- **China's international image.** China's reputation declined and was at its lowest point since 1989, with a rise on anti-China and anti-Asian sentiment abroad. This was reinforced by Chinese government's foreign policies in the South China Sea, India, Taiwan, etc.

China continued zero-Covid after Omicron. The policy was closely linked to Xi personally; Xi was seeking a third term as President. Seeking political strength, he linked zero-Covid with his campaign and platform. In psychology, this is known as *commitment escalation* due to early success. China also has weak public health infrastructure and a large population. There are large companies in the testing industry that wanted the policy to continue.

2.2 Zero-Covid and Chinese politics

Zero-Covid tells us about many aspects of Chinese politics, including information flow and control, bureaucratic fragmentation, state capacity, and grassroots mobilization.

2.2.1 Information flow and control

Post-SARs outbreak, the government installed a state-of-the-art reporting system in 2003. After the outbreak in Wuhan, however, there is no evidence that Wuhan reported the virus to Beijing.

Chinese Center for Disease Control and Prevention (CDC) director Gao Fu learned of the outbreak through social media. This reflects Chinese officials' upward accountability; there are career incentives that make it so that local officials do not want to report bad news to superiors.

Censorship stopped rumors and whistleblowers like Dr. Li Wenliang.

2.2.2 Bureaucratic fragmentation

The entire bureaucracy (and bureaucratic structure) is highly fragmented. Take for example, the Wuhan CDC. The Wuhan Center for Disease Control and Prevention and the Wuhan Health Commission are under the control of the Wuhan Communist Party Committee.

There is **no direct channel** of communication from local organizations to the central authority in Beijing.

2.2.3 State capacity

The Chinese government is very strong — it has a lot of capacity to control society by mobilizing people. One example in China are the *neighborhood committees*, which are not an official part of the government, but are led by people who are appointed by authorities in government.

This state infrastructure power (Michael Mann); which is the idea that the state has infrastructure in every part of the state and can exercise that power to implement policies.

Note. These types of neighborhood committees only exist in urban areas. In rural China, there are *village committees*, which are a different story.

2.2.4 Grassroots mobilization

This is a product of Mao's idea of campaign-style policy implementation. In most countries, governments pass policies through the bureaucracy; in China, policies are enacted and mobilized by the people.

2.3 White paper revolution

In November 24, 2022, there was a fire in Urumqi, Xinjiang that killed 10 people in a building that had been in lockdown; this sparked a fierce reaction, culminating in the December 2022 "white paper revolution" in cities like Shanghai and Beijing. Some protesters called for freedom of speech, and for President Xi Jinping to be removed. Protesters held A4 white paper to represent lack of freedom, acting as a stand-in for all things people cannot say (government banned printing after protesters printed slogans).

Note (Tiananmen Square parallel). One key difference between the white paper revolution and Tiananmen Square in 1989 is that there was no central organizing body; this is due to social media and decentralization.

The downside is that the protests will not last, because of the lack of central authority or organization among protesters.

The consequence is the end of zero-Covid. On December 7, the government loosened and overhauled many of its rules, including detention for positive PCR tests; on December 12, government announced it was taking offline one of main health code apps, the key tracking technology identifying people traveling to "high-risk" areas.

Note (Wei Lingling). Wei Lingling noted that zero-Covid ended suddenly because of the following: (1) opposition to zero-Covid from public and within government, (2) economic costs were too high, (3) increases in cases despite lockdowns, (4) Xi's one-man rule.

2.3.1 Paradox of Chinese system

Zero-Covid revealed some interesting paradoxes. There was cover-up and censorship that delayed an early response; once system mobilized from above, it is very effective in mobilizing the society and dealing with crisis. Personalistic rule of Xi means that decisions are not based on consultation with other elites and experts.

3 January 30th, 2023

The China map quiz is February 8th. A list of provinces can be found on Canvas. Sections are out and begin today.

3.0.1 Current event: CHIPs and Science Act

CHIPs and Science Act. President Biden and Congress issued a ban on trade of semiconductors and computer chips with China on October 2022; enforcement is difficult. The state-run China Academy of Engineering Physics (CAEP) has managed to obtain semiconductors made by Intel, Nvidia, etc. since 2020 despite placement on a U.S. export blacklist in 1997.

Department of Defense estimates that if China continues to develop nuclear weapons (at the current rate), the People's Liberation Army could stockpile about 1500 nuclear warheads by 2035.

3.1 The Qing dynasty (1644-1911)

The Qing dynasty was a foreign dynasty, ruled by the Manchus. After Manchu conquest, one challenge was adapting to the majority culture via minority rule: (1) they studied Confucianism, (2) they continued civil service examination for Han Chinese to become bureaucrats (most commonly the sons of the land-owning elite).

The other two components of society were the peasants and the merchant class (making money through trade, lower social status).

Another characteristic of the Qing reign was a closed economy (one mechanism of ideological control); the Qing saw that China had everything they needed, the Middle Kingdom. China was the most powerful country in the world, that China is the center of the world, and other countries were to be looked down at.

Note. Prior to the Qing dynasty, the merchant class was **not allowed** to take the civil service exam.

3.1.1 Why China fell behind

In other parts of the world, Europe was undergoing an Industrial revolution, the United States just gained independence through the American revolution, the French revolution, and Japan underwent the Meiji Restoration.

Note (Needham puzzle). By the fourteenth century, China achieved a burst of technological and economic progress, and reached a threshold level of a full-fledged scientific and industrial revolution, why did China fail to make the next step?

For example, consider the four great inventions of China: paper-making (105 CE), compass (1040-44 CE), gunpowder (9th century CE), printing (220 CE).

There are theories of why China fell behind. They are categorized by Professor Wang as follows:

- **Demand side.** Mark Elvin's theory of a **high-level equilibrium trap**. The reason why China did not have new technologies is because China did not need them; simply because of a high man-to-land ratio. Labor is cheap and technology is not required.
- **Supply side.** There are two supply-side theories.
 - Joel Mokyr provides a **political** explanation. On observation, technological change was private in Europe and public in China. Chinese miracle ended when the state lost interest in promoting technological change.

Highly developed economies and bureaucrats tend to develop a strong aversion to changing the status quo. There are two components: (1) China faced no external threats after the northern nomads migrated to Europe (no competition under Ming and Qing rule); (2) the civil service examinations were conservative and sought to maintain the status quo.

- Justin Yifu Lin provides an **economics** explanation (comparative advantage). In Europe, technological development is often done in a laboratory (through science); in China, similar developments are due to experiences of artisans and farmers.

In earlier times, China had a comparative advantage because of a large population (crucial to trial and error); in modern times, technology developed through controlled experiments.

3.1.2 First Opium War (1840-1842)

This is the first sign of a falling empire. Led to 19th century attacks by Western powers. First interaction between naval British powers and old Chinese power.

Great Britain began exploring international markets, importing opium to China. One Qing dynasty official closed the trading port in Guangzhou. War from 1840-1842, ended with the Treaty of Nanking.

China agreed to open five ports for trade, a payment of 21m silver dollars (3b USD today), and the cession of Hong Kong.

3.1.3 The Taiping Rebellion (1850-1864)

Peasant rebellion (against Qing) led by Hong Xiuquan, born in Guangxi. He was a schoolteacher who failed the civil service exams. Hong went to Guangdong, met a Christian missionary and converted to Christianity. Deadliest civil war in human history.

The rebellion was repressed by the Qing; and led to the rise of local military power.

3.1.4 General Tso (1812-1885)

General Tso was a military general during the repression of the Taiping. He suppressed the Muslim rebels in northwest China (in Xinjiang) in the 1870s. After this, Xinjiang became a Qing province.

3.1.5 Self-strengthening movement (1861-1894)

This movement came out of military disparities between China and the West. One approach was the **ti-yong formula**, *ti* meaning essence and *yong* meaning practice. The intuition is that the Chinese did not have to change their *ti* (essence) in order to *yong* (practice); that mastering the technology does not require a fundamental change in the essence of China.

One of the key components of this movement was to adopt military technologies in the West; one key strategy was to send students abroad and study these technologies, to eventually come back to China and help modernize.

Note. When the children came back, they did not have the know-how to master the technologies; it is also a *long-term* investment.

3.1.6 First Sino-Japanese War (1894-1895)

The Qing developed a new (very weak) navy in the late 19th century, and entered a new war with Japan, becoming a superpower in East Asia via the Meiji Restoration.

After the Meiji Restoration, Japan was stronger than China; they sought to control Korea (similar to British: after development, they are looking externally to control raw resources and more land).

Note (Korea as a Chinese tributary state). For a long time, Korea was a tributary state to China; an independent state, but is protected by China.

China's loss of the war demonstrated the failure of the self-strengthening movement. In 1895, China and Japan signed the Treaty of Shimonoseki, which included the cession of Taiwan and Korea to Japan.

3.1.7 Qing responses

The Qing had three different responses to this series of military losses:

- **The nativists.** The fundamental ideology was that foreigners were the problem. Empress Dowager Cixi supported this particular movement. The nativists began the **Boxer Uprising (1898-1901)**, characterized by the killing of missionaries.

The uprising was repressed by foreign troops.

- **Selective modernizers.** Headed by elites and bureaucrats, they thought the problem was in China's institutions and systems. Led primarily by Kang Youwei, Emperor Guangxu, and Liang Qichao, initiating the **100 Days' Reform (1898)**. One of the most important elements of the 100 Days' Reform were political reforms (constitutional monarchy), and educational reforms (Peking University).

This movement was repressed by Dowager Cixi, which is why the reforms only lasted 100 days. Kang Youwei and Liang Qichao fled to Japan, and many younger leaders were executed.

- **Iconoclastic modernizers.** Revolutionary change in China. The idea is that members of the current system cannot change the current system. This was the successful 1911 revolution which overthrew the Qing dynasty, leading to an end of 2000 years of dynastic rule in China.

4 Section 1

Today is the first day of section. The section teaching fellow (TF) is Chengyu Fu; they are held in CGIS Knafel 050 at 4:30-5:30 PM on Mondays.

4.1 Logistics

We reviewed section logistics and expectations. Some important notes:

- Participation and attendance are 20% of the grade.
- We are allowed **one** unexcused absence from section, any following absence requires written documentation via Dean, doctor, athletics team, etc.
- All late submissions will be marked down 1/3 of a grade (ex. A to A-) for each day following the due date. We can file grievances via email **after 24 hours and within one week** of receiving the grade.
- When in doubt, do not forget to cite sources (more relevant when writing the final paper).

4.2 Zero-Covid

There are institutional similarities between SARS in 2002 and Covid in 2019 in the types of responses (normalizing for new technology); had some type of contact tracing, testing, etc. There is also temporal variation in the severity and usage of lockdowns by President Xi Jinping.

5 February 1st, 2023

5.0.1 Current event: China rule threatens U.S. solar ambitions

China's Ministry of Commerce and Ministry of Science and Technology are considering adding advanced technology used in production of ingots and wafers to list of technologies subject to export controls.

China accounts for nearly all of solar ingot and wafer production globally; Chinese control estimated 80% of global supply chain; **do not** appear to be retaliation, most likely designed to secure China's dominance in solar sector; U.S. has expertise to develop technologies China is preparing to control.

5.1 The Republican revolution

5.1.1 Sun Yat-sen

Sun Yat-sen (Sun Zhongshan) was a medical doctor trained in the United States. His philosophy relied on **Three Peoples' Principles**:

- **Nationalism.** Han nationalism (anti-Manchu rule). Developed into Chinese nationalism, and evolved into the idea of the Chinese nation.
- **People's rights.** Giving all citizens political and civil rights, influenced by American and French revolutions.
- **People's livelihood.** The key idea is that the government should provide welfare for the people.

He founded the Kuomintang (KMT), or the Nationalist Party, which is still one of the major political parties in Taiwan.

5.1.2 The 1911 revolution (Xinhai revolution)

First of many uprisings was the Wuchang Uprising (1911); within a year, all provinces declared independence from the Qing. After Sun Yat-sen came back to China, he established the Republic of China (1912). Following the abdication of emperor Puyi, Sun Yat-sen was elected the first president of the Republic of China.

Sun Yat-sen faced new challenges: that the country was divided by warlords, backed by different Western powers. He had to find someone with military experience and power to help him unify China.

Note (Significance of 1911 Revolution). The 1911 Revolution gave rise to Chinese nationalism (one of Sun's Three Principles); it did not transform Chinese society, but ended imperial rule; it was not a typical revolution (more driven by land-owning elite); and did not bring China to a new stage of development.

5.1.3 Yuan Shikai

At the time, none of the new bureaucrats had military power; all military power was localized; there was no national army. Yuan was in charge of building modern army in late 19th/early 20th century. After the fall of the Qing dynasty, Yuan became the most powerful warlord.

Yuan wanted to become a new emperor of China; a constitutional monarchy in 1915. One year later, in 1916, Yuan abandoned the monarchy and died.

5.1.4 Political system of the Republic

The Republic was a parliamentary "democracy," where only elites could participate in voting. There were a separation of powers (borrowed from the United States) between five branches of government: executive, legislative, judiciary, examination, and control.

Sun Yat-sen believed in democracy (in the long term), but in the short-term, China required strong military control (rule). Up until 1927, the central government was extremely weak — the central government could not control localities (could not tax or mobilize people, needed to borrow army from local warlords).

Note (Warlordism). Warlordism in China was fueled by foreign powers.

5.1.5 Chiang Kai-shek and the Northern Expedition

Chiang was Sun's protégé. He received military training in Japan and was president of the Whampoa Military Academy (Guangdong) due to his training. He was able to train a new generation of military officers (for the KMT *and* the CCP including Zhou Enlai).

This allowed him to cultivate his own network of military generals. After Sun's death, Chiang became the new leader of the Nationalist Party. He then led a Northern Expedition to unify China in 1926-28.

The Northern Expedition started in Guangzhou and progressed north. They conquered all the warlords (nominally) and established the Nanking Government in 1928, making the KMT the ruling party of China.

Note (Nominal alliances). Warlords still maintained much of their power in previous territories; created a lot of tension in KMT regime.

The timeline of modern China is provided in the slides.

6 February 6th, 2023

The map quiz is this Wednesday February 8th, 2023.

6.0.1 Current event: Chinese balloon

A Chinese balloon was floating over nuclear silos of Montana, and then spotted near Kansas City; a Sidewinder missile took it down off the coast of South Carolina. The U.S. says the vessel was a "high-altitude surveillance balloon"; China maintains that it was a weather balloon.

Secretary of State Antony J. Blinken cancelled his trip to Beijing.

Note. This is not the first time a Chinese balloon has flown over the United States; Pentagon has observed several balloons in the past, this is the first time the news reported on a sighting.

Spy balloons are seeing increased usage in the post-Soviet era because of its advantages over spy satellites: they are closer to the ground and can collect more granular (visual) data.

This incident revealed that there is lack of coordination between the country's military and other organs of the government. Coupled with the mishandling of zero-Covid, there are questions about whether Xi has good judgement on policies and diplomatic crises.

6.1 The Kuomintang (KMT) and the Chinese Communist Party (CCP)

6.1.1 The Kuomintang: Early period

The KMT was founded by Sun Yatsen in Honolulu, Hawaii in 1894; they led the 1911 revolution and became the majority party under Yuan Shikai's rule. Chiang Kai-shek took power in 1925 after Sun's death.

The KMT ruled China from 1928-37. Many political scientists refer to this period of China as a party-state: all military and government capacities are loyal to the KMT. It is also an elite party: majority of the members of the KMT are wealthy elites (capitalists, landlords, warlords as bases of power); and supported a capitalist economy (encouraging market economy in China).

It was also characterized by corruption (four major families controlled the most powerful positions and vast majority of the wealth of China); and inflation.

Note. One of the main reasons the KMT lost the war with the CCP is because it lost touch with the Chinese people.

6.1.2 Kuomintang policies

One of the most important policies in this period was the New Life Movement (1934-35); goal was to create new standards of hygiene (washing hands, taking showers, etc.), table manners — copying a lot of the mannerisms of the West. 95% of the people were still living in rural poverty in China.

After Japan occupied Manchuria in 1931, the KMT had an appeasement policy with Japan. Chiang believed that Japan was not a real threat, that they could be negotiated with; he saw that the biggest challenge to the KMT was the CCP.

6.1.3 Xi'an Incident (1936)

The incident involved warlord Zhang Xueliang's father being killed by the Japanese. Zhang kidnapped Chiang for several days; Chiang was forced to agree to start a war Japan.

6.1.4 The Kuomintang: World War II (1937-45)

The KMT played a critical role in the war against Japan. They led the war after the Marco-Polo Bridge incident of 1937, after the Japanese opened fire against the Chinese in 1937.

The KMT collaborated with the CCP against the Japanese; and received a lot of international support, Chiang elevated on the global stage.

6.1.5 The Kuomintang: Civil war (1945-49)

In 1945, KMT had conversation (negotiation) in Chongqing to reach an agreement; in the last few days in the coalition, the armies (NRA and PLA) started fighting each other.

KMT had a much larger army, backed by United States and Soviet Union. No one would have thought the Communists would win the civil war.

Note. KMT loss was driven by the following: lack of public support during the civil war; not in touch with ordinary citizens in China (majority of them were peasants); low morale in the military (after eight years of war against Japan).

The KMT retreated to Taiwan in the summer of 1949. They took all the scholars and gold to Taiwan.

Note. The KMT is still the richest party in the world because of the gold they took from mainland China. Recall the cession of Taiwan to Japan in the Treaty of Shimonoseki. After Japan lost the war in 1945, Taiwan was returned to China; after KMT fled to Taiwan, both parties claimed sovereignty over the island nation.

6.1.6 The Chinese Communist Party: Early period

The Chinese Communist Party (CCP) was founded by Chen Duxiu (dean at Peking University) and Li Dazhao (librarian of Peking University) in 1921. Most of early members were scholars at Peking University.

Note. The Bolshevik Revolution in Russia motivated socialism and communism around the world, centered around Marxism-Leninism.

There were 13 members at the first meeting, including Mao Zedong (almost 97m people by 2022).

The CCP received support from the Communist International (Comintern), an organization founded by Vladimir Lenin to support communist revolutions around the world.

The CCP collaborated with (but were then purged by) the KMT during the Northern Expedition (1925-28).

6.1.7 The Chinese Communist Party: Jiangxi period (1927-34)

The CCP established a military in 1927, and after the purge, they retreated to Jiangxi, forming the Jiangxi Soviets (1931-34). Here, they began experimenting with land reforms; in order to survive, they must receive support from the peasants.

This land reform did not work; they had to mobilize poor peasants against their ancestors/elders (because everyone belonged to the same few family clans).

6.1.8 The Long March (1934-35)

Chiang Kai-shek thought biggest threat to China was the CCP. In the 1930s, the KMT constantly attack the Chinese soviets ("Exterminate the Bandits" campaign).

Facing attacks from KMT, military leaders of CCP followed the advice of Otto Braun (a German communist journalist and member of Comintern). Braun was sent by the Comintern to China to help with the Chinese revolution.

Braun sought to recreate the Bolshevik revolution; this did not work — there was no urban proletariat to mobilize; moreover, his military strategy involved attacking large cities and waging all-out war against the KMT. Braun's advice caused the CCP to lose ground in Jiangxi. In 1934, the CCP could no longer defend itself, and initiated a military retreat from Jiangxi to Yan'an, Shaanxi province. There was weak KMT presence in Yan'an, comprised mostly of poor peasants.

After the Long March, the CCP lost 95% of its army. Survivors of the Long March became party and military leaders, became CCP icons.

6.1.9 The Zunyi conference (1935)

The Zunyi conference occurred in Guizhou, reached a conclusion that Otto Braun should step down as top military advisor; Mao also changed the CCP's military tactics, appealing to peasants and invoking a *rural* revolution. This conference established Mao Zedong as the de-facto absolute military leader of the CCP.

After Mao became the top military leader, the CCP started to win.

6.1.10 Mao Zedong (1893-1976)

Mao Zedong was born in a rich peasant family in Hunan province. Received a high school degree, educated in a very traditional way. After high school, he went to Beijing and found a job at a library in Peking University. This may have planted the seed for his envy and disrespect for professors. He became a Marxist at Peking, and attended the first Party Conference.

Mao advocated for focusing on countryside; the KMT were stronger in the cities. These ideas were not approved by CCP leaders, but he would later be proved correct.

6.1.11 The Chinese Communist Party: Yan'an period (1935-49)

CCP retreated to Yan'an. Brief collaboration with the KMT in Sino-Japanese War. Because this area was relatively poor, the communists were welcome, and initiated land reforms (taking money from rich landlords, funded the party). Many peasants decided to join the party and the CCP accumulated strength.

They also initiated a policy known as "mass line." This means that when the CCP wanted to initiate a policy, they would talk to peasants (for feedback, for recommendations); and initiate policies that helped them, and mobilize the peasants to help implement and enforce the policies.

6.1.12 The Chinese Communist Party: The Civil War (1945-49)

The keys to CCP victory were the following:

- **Public support.** CCP's policies (mass line) were people-oriented, unlike the KMT policies, which focused on hygiene, not very citizens-oriented.
- **Nationalism.** Japanese invasion shifted national ideas. CCP good at using propaganda for invoking nationalism; that the CCP is the patriotic party that would save China. The KMT (Chiang) had a policy of appeasement towards Japan in the initial stages of the war. Internal morale among KMT soldiers was weak (many of them tired of war due to Japanese); CCP did not fight very much, and were ready to go.

- **Japanese invasion.** Japanese invasion weakened KMT forces, KMT were the brunt of the fighting force against Japan in second world war. Because of this, the balance of power shifted towards the CCP (although KMT was stronger).
- **Soviet support.** As the CCP won more battles, the Soviets sent more weapons and support for the Communists.

This culminated in the establishment of the People's Republic of China in 1949.

7 Section 2

Today, we will discuss early to modern Chinese history.

7.1 Qing (1840-1911)

7.1.1 First Opium War (1840-42)

The First Opium War marks the beginning of contemporary China.

- **What.** British merchants made a lot of money importing opium to China.
- **Who.** Qing dynasty and British empire.
- **Why.** Qing dynasty official closed the trading port in Guangzhou.
- **Impact.** Qing defeat decreases Qing legitimacy; China agreed to open five ports for trade, a payment of 21m silver dollars (3b USD today), and the cession of Hong Kong.

The **self-strengthening movement (1861-94)** a direct response to the First Opium War; trying to modernize China by using Western technology and Chinese culture.

Taiping Rebellion (against Qing) led by Hong Xiuquan, born in Guangxi. He was a schoolteacher who failed the civil service exams. Hong went to Guangdong, met a Christian missionary and converted to Christianity. Deadliest civil war in human history. The rebellion was repressed by the Qing; and led to the rise of local military power.

7.1.2 First Sino-Japanese War (1894-95)

- **What.** The Qing developed a new (very weak) navy in the late 19th century, and entered a new war with Japan, becoming a superpower in East Asia via the Meiji Restoration.
- **Who.** Qing dynasty and Japan (post-Meiji Restoration).
- **Why.** Japan sought to control Korea (similar to British: after development, they are looking externally to control raw resources and more land).
- **Impact.** China's loss of the war demonstrated the failure of the self-strengthening movement. In 1895, China and Japan signed the Treaty of Shimonoseki, which included the cession of Taiwan and Korea to Japan.

This is the first time China lost a war to a neighboring country; and to one that they see as culturally inferior and lesser. There were three major responses:

1. **Nativist.** The nativists began the Boxer Uprising (1898-1901), characterized by the killing of missionaries.
2. **Selective modernizers.** Headed by elites and bureaucrats, they thought the problem was in China's institutions and systems. Led primarily by Kang Youwei, Emperor Guangxu, and Liang Qichao, initiating the 100 Days' Reform (1898). One of the most important elements of the 100 Days' Reform were political reforms (constitutional monarchy), and educational reforms (Peking University).
3. **Iconoclastic modernizers.** Revolutionary change in China. The idea is that members of the current system cannot change the current system. This was the successful 1911 revolution which overthrew the Qing dynasty, leading to an end of 2000 years of dynastic rule in China.

7.2 Republic of China (1912-28)

7.2.1 Xinhai Revolution (1911)

The Xinhai Revolution marks the end of the Qing dynasty and marks the beginning of a new era of Chinese politics.

- **What.** First of many uprisings was the **Wuchang Uprising (1911)**; within on year, all provinces declared independence from the Qing. After Sun Yat-sen came back to China, he established the Republic of China (1912). Following the abdication of emperor Puyi, Sun Yat-sen was elected the first president of the Republic of China.

Sun Yat-sen faced new challenges: that the country was divided by warlords, backed by different Western powers. He had to find someone with military experience and power, Yuan Shikai, to help him unify China.

- **Who.** Qing dynasty, local governments, Sun Yat-sen and Yuan Shikai.
- **Why.** After the loss of the war, China became fragmented and overthrew the Qing.
- **Impact.** The 1911 Revolution gave rise to Chinese nationalism (one of Sun's Three Principles); it did not transform Chinese society, but ended imperial rule; it was not a typical revolution (more driven by land-owning elite); and did not bring China to a new stage of development.

After Yuan Shikai's death, China descended into a period of warlordism.

The **May Fourth movement** in 1919 was a student-led protest against warlordism in China. The **Chinese Communist Party (CCP)** was founded in 1921.

7.2.2 Northern Expedition (1926-28)

The Northern Expedition marks (loosely) the formation of a united Chinese government.

- **What.** The Northern Expedition started in Guangzhou and progressed north. They conquered all the warlords (nominally) and established the Nanking Government in 1928, making the KMT the ruling party of China.
- **Who.** Chiang Kai-shek, local warlords.
- **Why.** Chiang sought to unify China.
- **Impact.** Warlords still maintained much of their power in previous territories; created a lot of tension in KMT regime.

8 February 8th, 2023

8.0.1 Current event: Biden's State of the Union

China was included in the text of Biden's speech well before the balloon slipped into American airspace; incursion has generated diplomatic backlash from China. Biden and aides believe steps to counter China are one of rare ways where he can find bipartisan support; he saw success with passage of CHIPS and Science Act last year.

Biden is sensitive to accusations that he is weak on China, according to people around him; but he is still intent on stabilizing the world's most important bilateral relationship.

8.1 Consolidation of the new regime

8.1.1 Maoism, Marxism, and Leninism

First, we have a note about philosophy. Marx believed that states undergo many phases of development: the first is feudalism (characterized by a poor society); the next is capitalism (characterized by wealth and generation of a proletariat class); mobilization of the proletariat leads to socialism; and finally, a transition into communism. Lenin believed in a linear progression, a *deterministic* progression from feudalism and capitalism to socialism and communism.

There are some differences between Maoism and Marxism-Leninism:

- **Activism v. determinism.** According to Marx, China was not ready for a socialist revolution; China was still too poor. Mao believed that you can skip stages of development, you can go forward, skip steps, and go backwards, depending on the people. Mao believed in *activism*.
- **Nationalism v. internationalism.** Lenin believed in *internationalism*, helping other countries succeed in their socialist revolutions. Mao was more internally focused, characterized by *nationalism*; he was focused on building and leading a successful socialist regime in China.
- **Peasant revolution v. proletariat revolution.** Marx and Lenin believed that the workers lead the revolution, that the peasant class is too poor and too uneducated/useless to lead a successful Bolshevik revolution. Mao believed in the peasants; he was a peasant, and due to China's poverty, there was no substantive proletariat class to lead a revolution.
- **Permanent revolution v. organization.** Lenin believed that after winning the revolution, they should rely on organizations to lead the bureaucracy and international affairs; believed in efficient hierarchical organizations to implement policies. Mao believed in the *permanent revolution*; he was born into hierarchical organizations; Mao believed that after a CCP victory, that China should continue the revolution in different ways, no permanence of organizations.

8.1.2 Challenges for the CCP

The country in 1949 was in terrible shape, the KMT took all bureaucrats, gold, scientists, and academics to Taiwan. The CCP lacked experience governing urban areas; lacked population of professional civil servants; experience with science and technology; and fiscal resources.

The 1950s began an era of campaigns and mass mobilization:

- **Land reforms (1950-53).** Continued radical land reforms from Yan'an nationally. Helped party consolidate power, giving land use rights to 300m peasants. The CCP received ownership of the land; collectivization of agricultural production.

One way party mobilized peasants was "speaking bitterness," where peasants were empowered to publicly denounce landlords; peasants encouraged to recount past grievances.

Note (Radicalism). There is a marked difference between land reforms in this period and land reforms in the past; many landlords were killed in the land reform by the CCP. Their property seized and distributed to poor peasants.

- **New marriage law (1950).** Under imperial rule, there was no gender equality in China. In this law, the CCP abolished arranged marriages, foot binding, and established freedom of marriage for women. After this law, women encouraged to work (participation in work force is still very high), leading to improved economic and social status of women.

Note. In practice, these policies took longer to be fully realized.

- **"Anti-America, Aid Korea" campaign (1950-53).** After World War II, Korea divided by the two superpowers. In 1950, (encouraged by the Soviet Union) North Korea invaded South Korea; UN (predominantly United States) troops aided South Korea; after some hesitation, China sent troops to aid North Korea. Armistice agreement signed in 1953, without a victor. There were huge casualties on both sides (Chinese People's Liberation Army (PLA) suffered more casualties than America).

- **Suppression of "counter-revolutionaries" campaign (1950-52).** Crackdown on people associated with KMT before 1949, including intellectuals, or people who worked for KMT in the past. Many of these people were killed.

- **Three anti and five anti.** The three anti were corruption, waste, and bureaucracy. These three antis were targeted at government officials who have become corrupt via their state positions.

The five anti were bribery, theft of state property, tax evasion, cheating on government contracts, stealing state economic information. These five anti were targeted at the economy and business owners.

- **Appropriation of private properties (early 1950s).** This economic policy was characterized by a confiscation of private and foreign capital and properties. After Treaty of Nanking, Chinese ports were open to foreigners; foreigners and business owners were concentrated at these port cities. When the KMT left, many of those companies stayed in China (this economy was predominantly capitalist). CCP wanted to reform government into a Communist economy; CCP seized land/capital and compensated the former owners with stocks and shares of their own (former) companies. All property (land, assets, capital) in China is public.

- **The first "Five Year Plan" (1953).** Adopted from Soviet Union; economy is planned, so they should release a plan. At the time, the most important thing for China was to copy the Soviet model of industrialization, characterized by heavy industry (jets, weapons, tanks, gunpowder) and exploitation of agriculture (lowering the price of agricultural products to subsidize urbanites and factories).

Note. Heavy industry is not a very labor-intensive industry. The only thing the government needs is capital. CCP wanted to induce a rural migration.

9 February 13th, 2023

9.0.1 Current event: China Select Committee

On January 10th, 2023, the House voted 365 to 65 in favor of a resolution establishing the Selection Committee on the Strategic Competition Between the United States and the Chinese Communist Party, which will investigate the issue and make policy recommendations.

The committee is chaired by Wisconsin Republican Mike Gallagher, a vocal critic of China's government. The committee has a broad scope. It can investigate (1) U.S. dependence on China for supply chains, especially in climate technology; (2) Chinese government efforts at trade secret theft, including hacking, and U.S. industry responses; (3) U.S. foreign investment or private sector technology partnerships in China that could have adverse national security or human rights consequences; (4) China's foreign interference and influence campaigns, including via U.S. academic institutions.

The committee has the power to issue subpoenas and is empowered to hold public hearings in connection with investigative functions; it also has authority to obtain access to classified information; the Select Committee is authorized to issue interim reports and provide policy recommendations.

9.1 The "Hundred Flowers" campaign and the "Anti-Rightist" campaign

After the CCP consolidated power in the 1950s, there is a new government and economy. After the revolutionaries become government elites, there are four underlying tensions.

- **Role of Mao.** After the revolution, Mao became increasingly irrelevant. He is an idealistic revolutionary, not a bureaucrat; he is not interested in routine government work, despite becoming the Chairman in 1949. He was also not very interested in growing the economy, which was the main priority at the time. Zhou Enlai, Zhu De, and Liu Shaoqi were governing behind Mao.
- **Soviet model.** For a long time, China was following the Soviet model. The CCP leaders quickly realized that the Soviet model would not work in China; the Soviet Union was more economically advanced than poor agrarian China, and thus the priorities of the two governments were different.
- **Soviet aid.** Since the 1940s, the CCP has been receiving loans from the Soviet Union (with interest). They received more in 1949. This aid was the initial capital that kicked off the Chinese economy. In the mid-1950s, however, China needed to pay back the loans, which produced a deficit (CCP were paying more than they were getting).
- **Tension between intellectuals and peasants, workers.** The CCP realized that the CCP is the party of the proletariat (of the peasants and workers); the focus on heavy industry, however, meant that the CCP needed to rely on and train intellectuals. There was tension between which social group should benefit from the government.

Note (Krushchev Thaw). There were additional factors that triggered events in the 20th century. One of the main events was the 20th Party Congress of the Communist Party of the Soviet Union (1956). Stalin was a controversial figure in the Soviet Union; he was perceived as a great leader, but also killed many people as a ruthless dictator. Stalin was revered in China, however, for being the supreme leader of the communist world.

After Stalin's death, Khrushchev, the Soviet Union's new leader, gave a secret speech (after the 20th Party Congress) where he denounced Stalin; naming the mistakes that Stalin made during World War II, purging intellectuals, purging communist elites, etc.

After this speech, Khrushchev initiated policies that liberalized the Soviet Union, opening up the economy and allowing people to speak up and criticize government. This brief period is known as the "Krushchev Thaw."

9.2 "Hundred Flowers" campaign (1956-57)

Krushchev's speech was a psychological turning point for Mao; he was concerned about his legacy, about what his successors would feel about himself.

Mao initiated the "Hundred Flowers" campaign after Krushchev's speech. Mao wanted to hear what the people think about his policies, allowing dissents, debates, and disagreements from the people. The model was "let a hundred flowers bloom; let a hundred schools of thought contend."

Note (Wang Shiwei). Professors hesitated to speak up, even though their opinions were specifically solicited. This is because of an intellectual during the Thought Reform in Yan'an. In "Wild Lilies," literary writer Wang Shiwei published criticisms of the CCP in a similar campaign. He was quickly arrested and secretly executed.

In 1957, Mao gave a speech called "On the Correct Handling of the Contradictions Among the People." He claimed that criticism of bureaucracy leads to improved government, claiming that critics were safe because they were of the same people.

9.2.1 Professors spoke out

After Mao's speech, professor spoke out with an outpouring of grievances; the professors feel marginalized, don't feel represented in the new regime. Professors also criticized the Soviet model (it was not working), and single-party rule. Many local party officials were attacked by intellectuals.

Note. Before 1949, CCP was open to multiple parties and coalitional governments, potential elections for the people (highly democratic). After CCP consolidated government, they became increasingly dictatorial and authoritarian.

9.3 The "Anti-Rightist" campaign

After hearing all the grievances from the professors, Mao changed his mind. He directed someone to write an editorial in the People's Daily's Editorial, China's newspaper, writing that there are enemies within their own people, and that these people should be wiped out.

Mao appointed Deng Xiaoping as the leader of the "Anti-Rightist" campaign. Deng was a prominent founder of the CCP and a loyal follower of Mao. He is also two-sided: he does not like the criticisms, but he is also an enthusiastic reformer (in the late 1980s).

In this campaign, Mao felt as if there are enemies in their own ranks, claiming (without proof) that 5% of the people were state enemies (uniformly distributed across society); 400000 people labeled as rightists. This selection of 5% was somewhat arbitrary. Intellectuals (and others who were labeled as "rightists") were sent down to the countryside, many of whom died in the countryside.

Note. This campaign produced a very radical political atmosphere (families of "rightists" were socially ostracized and destroyed). Thus, the best survival strategy in China at this time was to be silent.

Mao's intentions with these two campaigns is unclear. Some people think the Hundred Flowers Campaign to expose the "enemies of the state," that the Hundred Flowers was a trap created to "entice the snakes out of the cave." Others think that

10 Section 2

Map quizzes are handed out. Recall that there are two other "unannounced" quizzes in the course.

10.1 Chinese Communist Party and Kuomintang

There are many factors that contributed to a CCP victory over the KMT in the civil war.

- **Japanese invasion.** The KMT was the main party fighting against the Japanese; after the war, the KMT was exhausted, and their advantage against the CCP was significantly reduced.
- **Land reforms.** Helped CCP gain support from the poor. KMT land reforms did not see the success that CCP reforms did; this is possibly due to the fact that the KMT are primarily comprised of the land-owning elites that peasants are angry against.
- **Morale.** There is asymmetry in morale between CCP and KMT. At the time a majority of the country were still agricultural (peasants, farmers, etc.). While the KMT was seen as the governing party (the party that defended China), the CCP was more popular with localities. KMT politics also dominated by four families and suffered from economic inflation (did not help with morale).
- **Foreign influence.** During the second Sino-Japanese war, the Soviet Union supported the KMT (and in fact not the CCP).

11 February 15th, 2023

The midterm will be on March 6th, two weeks from Monday. The format of the midterm exam will be a few IDs (defining terms) and one short essay question. There will likely be a quiz on February 27, which will include a two IDs. A handout of IDs will be given beforehand.

11.0.1 Current event: Twitter glitches and Chinese activists

More than 30 prominent Chinese dissidents and activists experienced visibility problems on Twitter in recent months. This is representative of issues that have plagued Twitter since Elon Musk took over the company in October (slashing workforce from 7500 to 2200 employees).

Issues faced by Chinese activists' Twitter accounts rooted in mistakes in company's automated systems, intended to filter out spam and government disinformation campaigns. Systems used to be routinely monitored, mistakes addressed by staff; team supervising these issues was cut to single digits, Twitter's resources dedicated to supervising content moderation for Chinese-language posts drastically reduced.

Twitter systems recently failed to differentiate between Chinese disinformation campaigns and genuine accounts.

11.1 The Great Leap Forward and the Great Chinese Famine

We will first discuss some background leading to these country-shaping events:

- **Problems with Soviet model.**
 - Soviet style economy did not fit China's economic conditions (China did not have the infrastructure to focus on heavy industry).
 - Mao was impatient with the pace of development (very slow development) and the bureaucracy (a lot of paperwork and oversight in planning an economy).
 - De-Stalinization of the Soviet Union via Khrushchev's 1956 speech.
- **Mao's leadership and alternative models.**
 - Chen Yun was a very cautious economic planner, a true bureaucrat, the opposite of Mao. He proposed a continuation of the First Five Year Plan with a twist to China's comparative advantage (human capital and labor).
- **Mao's penchant for mass mobilization.** He continued to believe in voluntarism, war-like conditions ideal for mobilization.
- **Aftermath of Anti-Rightist Campaign.** Intellectuals were silenced all over the country.
- **Lu Shan Conference.** Lu Shan Conference occurred in July 1959 in Jiangxi province. Leap policies continued for another 18 months, destruction of democratic centralism with the fall of Peng Dehuai. Peng was a military leader of the Revolution and a respected party leader. At the conference, Peng wrote a private letter to Mao to express disagreement with Mao's policies and plans, as well as criticizing Mao's leadership. Mao then publicized the letter to the entire conference, and Peng was exiled to the countryside.
- **Rise of Lin Biao.** After Peng's exile, Lin Biao rose to Defense Minister. He was one of the first followers of Mao in the 1930s, and was a famous general. During the civil war with the KMT, Lin Biao won majority of the battles, helping the CCP win the civil war.

11.1.1 Characteristics of the Leap

The Great Leap Forward was characterized by a mass mobilization in industry and agriculture. The goal was to surpass the United Kingdom in terms of GDP and catch up to the United States. There were no economic incentives, only provided moral incentives.

Mao decentralized a lot of decision making, weakening the central bureaucracy. Moreover, because there were 3000 counties/localities, there was no way to measure local success (they only used production numbers). There was also a disregard for technical rules, promoted a "red over expert" policy/mindset. Criticism of this strategy was labeled "rightist."

11.1.2 Leap organization

In rural China, the CCP started to collectivize rural production (early 1950s). They built mutual aid teams, groupings of families that shared tools and combined land for production. In 1955, the CCP increased the size of these mutual aid teams and created cooperatives (which are the size of a village, including 100-200 families). In the late 1950s, Mao once again merged the cooperatives and formed People's Communes (thousands of families). Everyone works on the shared land and everyone shares the profits, food is provided by a public dining hall.

Because people do not have a majority share of profits, the collective action problem happens and production declines (shirking for public good).

11.1.3 What went wrong

Because success was measured by output (often self-reported), over-reporting occurred. We note that grain is sold to the state based on those numbers (agricultural production was taxed and peasants suffered from bureaucratic over-reporting). This caused more and more grain to be given to the central government, despite poor (true) output.

There was also environmental mismanagement, leading to waste and environmental disasters.

China also lost all international support. The Sino-Soviet split occurred as the Soviet Union sends all of its advisors home with many projects unfinished. China did not want to pay interest on Soviet loans. After seeing the (self-reported) success of the first wave of policies, he continues the Leap into 1960.

All these factors lead to a famine. These policy and oversight mistakes coupled with bad weather led to the worst man-made famine in human history with 36-45m deaths.

Note (Amartya Sen on famine and democracy). Sen found that no famine has ever taken place in the history of the world in a functioning democracy. He correlates a regime type with the probability of famine, holding that democratic governments have to win elections and face public criticism. Leaders, then, have strong incentives to undertake measures to avert famines and other catastrophes.

11.1.4 Consequences of the famine (Three Bitter Years 1959-61)

In Fengyang County in Anhui Province, 18% of the population dies. The loss of environment and the Four-pests Campaign (killing of rats, sparrows, flies, mosquitoes) lead to environmental disaster. Malnutrition and attitudinal changes (psychological and physiological differences between people who go through famines and those who do not).

We see a huge decline in crude birth rate and huge spike in crude death rate in the Three Bitter Years.

A table of death rates (per thousand people) in different provinces in 1959 and 1960 is given in the slides.

12 February 22nd, 2023

12.0.1 Current event: Putin meeting with China's top diplomat

Putin met with Wang Yi, China's top foreign policy official at the Kremlin on Wednesday. He is working to keep China in Russia's corner amid a flurry of diplomacy across Europe.

Putin is looking to shore up alliances as the Ukraine war approaches its first anniversary; as Wang and Putin met, Biden was gathering NATO members from alliance's eastern flank in Warsaw in a display of unity.

Wang arrived in Moscow this week after a tour of Western Europe, where he sought to persuade European leaders that Beijing is not supporting Mr. Putin's war and wants to encourage a peaceful exit from the fighting.

In opening remarks, Putin highlighted the economic aspect of the China-Russia relationship, predicting that the countries' annual trade volume could reach 200b USD this year (up from 185b USD last year).

12.1 The Great Proletariat Cultural Revolution (1966-76)

The Cultural Revolution can be understood as a Great Leap Forward (mass mobilization applied to the economy) applied to society. The Cultural Revolution was motivated by similar factors: Sino-Soviet split, Mao's fears of degeneration, belief in mass mobilization, internal disagreements at the top.

12.1.1 Origins of the revolution

The Cultural Revolution can be understood by the following:

- Great Leap policies applied to literature and arts: anti tradition and politicized. Mao believed that Qing China was backward due to traditional values like Confucianism.
- Mass mobilization against party apparatus itself as well as other symbols of authority and hierarchy. Mao was very impatient with the bureaucracy; he wanted to incite a revolution against the Party itself, targeting the Party apparatus and bureaucracy itself — a new revolution to renew politics.
- Radicalization of education, healthcare, income distribution policies. Healthcare system shut down; implemented radical policies to repress privileged people and lift up poor people to achieve income equality.
- Insular and paranoid foreign policy. China had an enemy in the United States, Soviet Union, neighbors like Taiwan and Japan.

12.1.2 Timeline (1965-1976)

The following is a rough timeline:

- **Nov. 1965.** Yao Wenyuan publishes attack on Wu Han's play "Hai Rui's Dismissal from Office." This is when the Cultural Revolution begins.

Yao Wenyuan is a literary critic who rose to power later as a member of the Gang of Four.

Hai Rui was a Ming dynasty official, where Hai Rui was known to be an upright imperial bureaucrat who criticized the emperor, after which he was duly removed from court. Wu Han wrote a popular play in Shanghai based on this folktale/story. Mao watched the play and became angry; he saw this play as a political act — using Hai Rui's story as a (indirect) political attack on Mao. Mao then started the Cultural Revolution to purge the party of these criticisms.

- **1966-1969.** First phase of the Cultural Revolution: Red Guard fanaticism, seizures of political power, factional warfare, and the "sent-down" youth.

Mao's strategy was to mobilize the youth against the party itself. Young people were called the **Red Guards**. They were mobilized to attack teachers, bureaucrats, and all levels of government. These attacks got increasingly violent. Many people died in these three years. Mao ordered the Peoples' Liberation Army (PLA) to recapture the cities, and sent Red Guards to the countryside.

- **Mar. 1969.** Serious border clashes between China and Soviet Union in Heilongjiang.

This made Mao more paranoid given domestic turmoil and international pressure. He increasingly relied on the PLA to enforce his policies.

- **1969-1971.** PLA re-establishes political control over China's cities.

Society (and local governments) became increasingly militarized and controlled by PLA. In Beijing, Lin Biao rose to power and became more prominent in Chinese government.

- **Sep. 13th, 1971.** Lin Biao is killed while attempting to flee China. Mao started to reflect on why the Cultural Revolution may have occurred.

- **Feb. 1972.** United States President Nixon visits China. The U.S. and Chinese governments jointly issue the Shanghai Communiqué.

- **Sep. 9th, 1976.** Mao Zedong dies.

- **Oct. 6th, 1976.** Gang of Four is arrested.

12.1.3 Consequences

Consequences include the following:

- **Death.** There were 1.1-1.6m deaths and 22-30m direct victims of some form of political persecution, and the vast majority of casualties were due to repression by authorities (PLA), not the actions of insurgents.
- **Bureaucratic disarray.** Government offices shut down. Dysfunctional government and broken infrastructure.
- **Closure of educational institutions.** Huge loss of human capital. Schools from kindergartens to colleges were shut down. This is the "lost generation."
- **Destroyed political trust.** During the Great Leap Forward, people still trusted the government. After the Cultural Revolution, people lost their trust in the CCP and the new regime and bureaucracy.

12.1.4 Key people

The following are some important figures during the Cultural Revolution.

- **Liu Shaoqi.** Liu Shaoqi is the head of the state in 1959 during the Great Leap Forward, appointed by Mao to head bureaucratic tasks. He was a revolutionary veteran in the major cities in Nanking and Shanghai trying to recruit more Party members. When he returned to Yan'an, he became the second in command of the CCP.

He was a theorist who was ideologically opposed to Mao. He believed that CCP should develop light industry and follow their own path to development (in agreement with Chen Yu). Moreover, Liu was more moderate, believing in incremental changes to Party organization and thought that the Party should rely on intellectuals to develop the economy. Mao became suspicious of Liu because of the Krushchev speech.

At the beginning of the Cultural Revolution, Mao's motivation was to change succession; he wanted to use a mass movement to justify why the CCP needed to change the heir apparent of the Party. Liu

Shaoqi is purged from CCP leadership as one of the main "capitalist roaders," a label used to criticise people who disagreed with Mao's economic policies.

His wife was humiliated in public and Liu was sent to the countryside without anyone attending to him. He died in Henan province. Liu's legacy is rehabilitated after the fall of the Gang of Four.

- **Lin Biao.** Lin Biao took over the Defence Ministry after Peng Dehuai's purge at the Lushan Conference. Lin Biao controlled and politicized the PLA and pushes the Mao Cult, using loyalty to replace expertise and merit.

In 1969 at the Ninth Party Congress, Mao announced that Lin Biao would be his heir apparent/successor. Lin Biao had some chronic psychological and physical illnesses (trauma, eyesight problems, etc.). He knew that he would not outlive Mao; gradually in 1969-1970, Lin Biao planned a coup against Mao (including his wife, children, and military officers), wanted to accelerate Mao's death. They tried poisoning and then tried to bomb Mao's train. Someone in his small team leaked the information to Mao; Lin Biao later knew that Mao knew and decided to flee China to Moscow (he was friends with Krushchev).

Lin Biao took a small plane to Moscow; while flying over Mongolia, the plane crashed. Another theory is that Mao ordered the plane shot down.

- **Gang of Four.** Jiang Qing (Mao's wife), Wang Hongwen, Yao Wenyuan, Zhang Chunqiao.

Jiang Qing is the wife of Mao Zedong and an actress in Shanghai. After the Cultural Revolution, Jiang became more involved in politics and gained many followers and power. After Lin Biao's death, the Gang of Four were the de facto leaders of China; after Mao's death, the Gang of Four were arrested.

- **Deng Xiaoping.** Deng rose, fell, rose, fell, and rose again during the Cultural Revolution. Deng was an important CCP leader pr-1949 (in France during the May 4th Movement). Unlike other Party leaders, Deng was internationally and well-educated. He became one of the most important CCP leaders in wartime; in 1966, Deng sided with Liu Shaoqi on economic reform, labeled as a "capitalist roader."

One key difference between Deng and Liu is that Mao trusted Deng much more because of all the years they shared as revolutionaries. Even though Deng was sent to the countryside, he was not removed from the Party. Deng returns in the early 1970s with the help of Zhou Enlai, working within the bureaucracy to take care of the economy (with Zhou). After Zhou's death, Deng was purged once again by the Gang of Four (right before Mao died). After the Gang of Four are arrested, Deng returns to Beijing in 1977-78, consolidating power to become the architect of China's reforms.

12.1.5 Cause of the Cultural Revolution

The Cultural Revolution seems difficult to explain from the outside. There are two approaches taken by scholars.

One such perspective is a **top-down** approach. Scholars in this camp posit that Mao is the root cause; making the argument that Mao wanted to change the line of succession within the CCP, purging Liu Shaoqi to find a new political successor via political chaos.

Mao's leadership was characterized by charisma, forming an authoritarian regime under his personality. There were discretionary repression by local governments.

Later scholars posit that Mao was a necessary but insufficient condition. The top-down approach does not explain acts of individuals.

Bottom-up arguments posit that once the Cultural Revolution started, it gave opportunities to individual actors within society and the bureaucracy to take advantage of the chaos. Factionalism was created by individuals, by: students and class backgrounds, contract and permanent workers, lower-level cadres and upper-level cadres. These divisions manifested during the Cultural Revolution, as people turned on each other.

13 February 27th, 2023

Today, we will finish the lecture on the Cultural Revolution and start the lecture on China's economic reform. The quiz will be administered in the last 15 minutes of the class, where we will choose two IDs from four options. We will watch a documentary next week in class.

Next Monday is the midterm examination. There will be two IDs (chosen from four IDs), and one short essay question. The midterm review sheet is uploaded on Canvas (questions will be roughly similar to questions on the review sheet).

13.1 End of the Mao era, the Rise of Deng

In 1976, Mao was dying. His most important task was to find a successor; Liu Shaoqi (who died) and Lin Biao (who tried to execute a coup) were his first two choices. A third man, Hua Guofeng, came up.

Hua was much younger than the other CCP elder cadres. He did not participate in the Long March, but during the Cultural Revolution, Hua showed his loyalty to Mao by enforcing his policies. In the 1970s, Hua was quickly promoted to the center. In 1976, on his deathbed, Mao gave a sealed piece of paper to Hua, "with you in charge, I am at ease."

After Mao's death, Party executives held a Politburo meeting; at this meeting, Hua presented the piece of paper, and ascended to the highest office in China.

Hua published an editorial titled "Two Whatevers," which states that we will resolutely uphold whatever policy decisions Chairman Mao made, and unswervingly follow whatever instructions Chairman Mao gave."

13.1.1 Return of Deng Xiaoping

At the time of Mao's death, Deng (and his family) were in the countryside. All the top military leaders did not trust Hua Guofeng — he was not a Long Marcher, he did not fight the war. They instead wanted Deng Xiaoping to come back. Deng returned to Beijing, but did not have any formal power.

After Deng's return, Deng asked his people to write an editorial "Seeking Truth from Facts," where he held that people should not find ideology blindly (Marxism, Leninism, Maoism), but to ask questions and see which philosophy works. With this editorial, Deng gained many followers and supporters and gradually changed the power balance.

Deng later became Vice Prime Minister and gained formal political power. The second thing Deng did in the 1970s was to re-evaluate Mao; Deng said that we should think of Mao in two periods, pre-1949 and post-1949. In the post-1949 era, Deng argued that Mao made some mistakes, but it was not all Mao's fault, Mao was 30% wrong. Pre-1949, Deng argued that Mao was the harbinger of revolution, he fought the war for independence, and brought positive aspects to government, Mao was 70% right. This perspective, 70%/30%, maintained Party legitimacy and helped the Party survive.

13.1.2 Third Plenum of the Eleventh Party Congress (1978)

The Third Plenum of the Eleventh Party Congress marked the beginning of the "Reform and Opening Up" policy, and is widely seen as the moment when Deng Xiaoping became paramount leader of China replacing Chairman Hua Guofeng, who remained nominal Chairman of the Chinese Communist Party until 1981. Deng and Chen Yun (who was also sent to the countryside) took leadership.

Note (Creating support). Deng created support for the reforms by decentralization. This gave bureaucrats more power by decentralizing power to localities ("playing to the provinces"). This gave provinces more fiscal power, allowing them to collect a large amount of tax revenue and keep a large share.

At the time, there were no good models of how socialist economies should recover economically. Deng came up with a number of strategies that all worked:

- **Gradualism.** Groping Stones to Cross the River. Deng believed that reform should not be rushed, that there should be a *gradual* opening up of the economy.
- **Pragmatism.** Black cat and white cat. It does not matter if it is a black cat or a white cat, it is a good cat if it can catch the mouse. This process involved a lot of trial and error, no one had a blueprint or path to opening up. Deng did not care whether or not they followed Marxism or Leninism or Maoism.
- **Economic reforms before political reforms.** Deng focused on creating economic reforms before shifting to political ones.
- **Particularistic contracting.** Deng believed that it is possible to develop the (overall) economy by "Let[ting] Some Get Rich First." Allowed specific sectors of industry to get rich first with the hope that this rich portion of society will eventually help the poor.

In politics, Deng initiated the following:

- **Rehabilitating cadres.** After the Cultural Revolution, there were still many senior Party officials in the countryside. Deng rehabilitated these officials and allowed them to come back and help run the government.
- **Loosening the ideological straitjacket.** Deng allowed people to debate about government systems and policies.
- **Encouraging free discussions.** Encouraged the Democracy Wall, encouraging debate about Mao, Cultural Revolution, for people to have a free and open mind.

Note. People gradually started thinking about Chinese democratization. Deng realized that this was too much discussion and shut down the Democracy Wall in the early 1970s.

- **Four cardinal principles.** Marxism-Leninism-Mao Zedong Thought; socialist road; democratic dictatorship; the CCP. Deng believed in centralized power, that the path to development should still uphold the leadership of the CCP, guided towards socialist principles.

Note. Professor Wang's parents were sent down to the countryside as teenagers from Heilongjiang during the Cultural Revolution. Wang's father is from Harbin and his mother is from Beijing. Wang's parents experienced extreme hardship in those ten years.

In society, Deng initiated the following:

- **National entrance exam reinstated (1977).** Deng allowed students to go to college, opening up the national exam for economic and social mobility.
- **"Sent-down youth" back home.** Youth sent down to the countryside were allowed to go back home.

In the economy, Deng initiated the following:

- **Moving away from class struggle.** Deng held that people should move away from class struggle and focus on developing the economy.
- **Four modernizations.** Deng hoped to achieve modernization in agriculture, industry, science and technology, and national defense.
- **Opening up.** China did not have human capital, physical capital, or expertise. Deng realized that China needed to borrow foreign capital for development, creating special economic zones.

Note (Special economic zones). Deng was very cautious; he knew that China needed to open up, but he did not want to open up too quickly. He opened up four cities in 1980: Xiamen, Shantou, Shenzhen, Zhuhai, which are all on the southern coast in Guangdong and Fujian. These cities are also close to Hong Kong and Taiwan. Deng hoped to attract ethnic Chinese back to their home country (the diaspora in Hong Kong, Macau, Taiwan, Malaysia).

In 1988, Deng designated the entire province of Hainan as a special economic zone, extending this policy.

In foreign policy, Deng initiated the following:

- **United States and the Shanghai Communiqué (1972).** Deng realized that the United States was a far more developed and strong power than China. President Nixon's visit in 1972 initiated the first step of diplomatic relationships with China. President Carter signed (formally) the first diplomatic relationship with China in 1979.

Geopolitically, the United States recognized mainland China as the main representative of China. Taiwan lost international recognition in the United Nations and other governments.

Note. After this policy, the U.S. passed the Taiwan Relations Act (1979), which formalized notion that although the U.S. internationally recognized mainland China as the represented, the U.S. would militarily protect Taiwan.

- **Visit to the United States (1979).** Deng visited the United States in 1979 and charmed everyone.

14 Section 3

A note about quizzes. Quizzes will be graded (generally) leniently. Each ID is five points, where two base points are graded; grades are calculated by deduction. For the midterm, there will be two IDs and one essay. Quizzes will be returned by the end of the week on Canvas.

We note that specificity of dates is dependent on the event or ID being tested.

Today, we will discuss post-1949 China.

14.0.1 The Korean war

The Korean war aligned the Soviet Union and China after fending off the United States and the South Korean forces to the 38th parallel. This war consolidated the legitimacy of the regime after the 1950s.

14.1 Building a socialist regime

The CCP embarked on many campaigns and policies to build a socialist regime. One economic policy is to control the agricultural sector using land reforms. At the time, the industrial sector were getting paid more for output than the agricultural sector, so peasants and farmers (who got paid less) had to pay a higher price for industrial goods.

The government also distributed vouchers for different goods. These vouchers had criteria for eligibility (based on income, etc.). Some vouchers were nationalized, others were localized to provinces, Chenyu showed examples of a nationalized food coupon and a Jilin-specific grain coupon.

14.1.1 The Great Leap

An interesting question is if the Great Leap is a consequence of Mao Zedong's policies and leadership, or of the environment.

15 March 6th, 2023

Today is the in-class midterm examination.

16 March 8th, 2023

Wednesday, two weeks from now, will be a guest lecture. Today, we discuss the first phase of Deng's economic reforms.

16.0.1 Current event: National People's Congress

The National People's Congress is China's national legislature. The 3000 delegates meet for nine days in Beijing to appoint a new cohort of government leaders crowded with President Xi Jinping's loyalists by the end of the congress.

The National People's Congress has significantly less power than the United States Congress. There is a Communist Party Congress (who make policies earlier in the year) and the National People's Congress approves these policies in March.

Xi is expected to become president of China for another five-year term (breaking a precedent set by Mao Zedong), and be the longest serving president of China since 1949.

At the National People's Congress, Xi described U.S.-led Western countries' actions as a policy of "containment, encirclement, and suppression" of China. Premier Li Keqiang reported that the government should expect the economy to grow by 5% this year.

16.1 First phase of economic reforms (1978-1989)

We briefly talked about what happened after Mao died. Hua Guofeng was the leader of China, but he was quickly ousted.

16.1.1 Leadership in the 1980s

In the latter years of Hua's presidency, Deng Xiaoping and Chen Yun held a lot of informal leadership, though not holding official titles. The highest title achieved by Deng was Vice Premier at the time. A third leader was Ye Jianying, who was a founding member of the People's Liberation Army; he was also responsible for arresting the Gang of Four.

Many of these first meetings with the three top leaders were made in Deng Xiaoping's home, rather casually.

There are two key younger people who were more forward-facing. Hu Yaobang and Zhao Ziyang merely implemented the ideas and policies that Deng and the elder leadership came up with.

Hu Yaobang was a revolutionary, and a Long Marcher. In the 1970s, Hu ascended to the Chairmanship of the Communist Party. The first thing he did was to rehabilitate older CCP officials who were labeled as "capitalist roaders" during the Cultural Revolution. Hu had liberal leanings, and supported students' movements in China (which got him into trouble later).

Zhao Ziyang was even younger. He joined the CCP when he was very young, and ascended to become the Party boss of Sichuan in the late 1970s/early 1980s. He became the premier (prime minister) of China.

16.1.2 Problems with leadership

There are some differences among the elders. Deng advocated for a quick privatization of the Chinese economy. Chen Yun advocated for a moderate opening and supported state-owned enterprises as the pillar of the Chinese economy.

Moreover, Hu and Zhao were more liberal, compared to Deng and Chen. Deng and Chen believed that even if China becomes a market economy, the CCP should still be in control. Hu and Zhao, however, were more

open-minded about political reforms, even trying to think about intra-party elections to elect the president or premier.

These differences in opinion manifested in *fang-shou* cycles. In the 1980s, we see some policies that loosened control of the economy, and then quickly, policies that tightened control of the economy. This occurred in three main areas:

- **Inflation.**
- **Ideology.** Capitalist economy v. socialist market economy. What should they do about Mao and his legacy?
- **State v. market.**

There are pros and cons of cyclic policies — the state is very flexible.

16.1.3 Elements of China's reforms (pre-1989)

These are some major Chinese policies. These policies were aimed at making local officials interested in the economic reforms.

- **Dual-track system.** The idea of a dual-track system is the following. China wanted to transition from a planned economy to a market economy. In a planned economy, the government decides the price, and so the supply and demand are simultaneously defined. In a market economy, supply and demand are defined simultaneously, and the price is the intersection.

Deng's idea is not to transition immediately. The first track is when the government is a buyer of raw materials. This is the planned side of the economy. But when the government sells these materials to the factories (to consumers), they will let the market define the price.

Note. Thus the bureaucrats could buy the raw materials at the set price; and sell the raw materials at the market price (which is greater than the set price). The bureaucrats are generating rents. This helped bureaucrats gain familiarity (and begin to like) the market economy.

- **Growing out of the plan.** In the 1990s, the government started to shrink the planned element of the dual track and expand the market element of the dual track. This is how China "grew out of the plan."
- **Fiscal decentralization.** Deng allowed local and provincial governments to collect tax revenues. These localities will then report how much tax they collected to the center, and negotiate the percentage of collected tax to the center (negotiated between provinces and Beijing).

Note. Deng knew that this plan was not strategy-proof and indeed local officials underreported. The upside is that this plan allowed local officials to buy into the local economy, and find new ways to create value and collect taxes. The center also received no more than 30% of the national tax revenue in the 1980s.

- **State-owned enterprise (SOE) managerial reforms.** Deng empowered SOE managers via power-delegating and power-sharing.
- **Domestic private economy.** After a large number of people returned to cities after the Cultural Revolution, the government allowed citizens to open their own (private) small businesses. The only requirement was that these businesses could not hire more than seven people.
- **House responsibility system and family farming.** The rural areas of China really suffered. In the late 1970s after the Leap and Cultural Revolution, many peasants were starving; there was no food. In 1978, 18 households in Xiaogang, Anhui decided to return to the pre-Leap model of family

farming. They allocated land back to family-owned lots to control crops and strategies. They also instituted a house responsibility system (to keep this plan from the government). Local officials found out and reported to the center.

Deng was quite happy with the plan (because it worked), and quickly, different provinces started implementing these policies. In 1982, Deng made this official national policy.

Note. This is indicative of a general trend of 1980s reforms. There are bottom-up dynamics via local experimentation and top-bottom dynamics to implement successful experiments at scale.

- **Township and village enterprises (TVEs).** This was targeted at making the rural economy work. The government realized that they needed some form of enterprises to organize production in rural areas. Thus we see a rise in the number of TVEs in the 1980s.

Professor Wang notes that these were probably the single largest contributor to the Chinese economy in the 1980s.

Characterized by labor surplus, fiscal incentives, and officials acting as enterprise managers.

- **Foreign direct investment (FDI) within the "China circle."** The NPC passed the Quota Joint Venture Law (1979) to legalize foreign investments, with the condition that foreign investments must form joint ventures with a Chinese company. In the 1980s, Deng designated four special economic zones (SEZs). In 1984, they opened up 14 coastal open cities, giving them favorable land, labor, and tax policies to attract foreign investors. In 1986, the NPC passes the Foreign Capital Enterprises Law, which is a revision of the 1979 Joint Venture Law, where the joint venture condition is dropped.

Note. We note that after the 1990s, early 2000s, the number of wholly foreign-owned companies surpasses the number of equity joint ventures.

16.2 Social science theories on reforms

The first phase of China's economic reforms worked beautifully. GDP growth was 10% each year in the 1980s. Urban workers were happy because of well-paying factory jobs, rural workers were happy because of increased welfare. Bureaucrats and Party members were happy.

Some theories of why these reforms worked included:

- **Joel S. Hellman.** Importance of creating winners in reforms. In China in the 1980s, everyone was a winner.
- **Jeffrey Sachs.** Gradual reform v. shock therapy. Sachs argued that to transition from a planned to market economy, you need to shock it. Privatize overnight, sell state-owned enterprises to private owners as fast as possible. A gradual reform will have many obstacles.

Note. The Soviet Union followed this idea and failed. China used a gradual approach, which worked miraculously.

- **Andrew Walder, Chris Miller.** Cultural Revolution weakened Chinese bureaucracy, destroyed vested interests. These 1980s reforms worked because the state and bureaucracy was weak following Mao-era Leap and Cultural Revolution policies. This paved the way for market reforms.

Perhaps this is why China's development cannot be replicated elsewhere because of very specific historical conditions.

17 March 20th, 2023

Wednesday is a guest lecture by Professor Yasheng Huang from MIT. He will give a lecture on China's political economy under Xi Jinping. Recall that before the break, we discussed the end of the Cultural Revolution and China's reforms under Deng Xiaoping. Today, we talk about China in the contemporary era. We begin with the 1989 student protests.

17.0.1 Current event: Xi arrives in Moscow for state visit

Chinese President Xi Jinping has arrived in Moscow to meet with Russian President Vladimir V. Putin. The Chinese media has attempted to cast Xi as a mediator who can broker peace; Western leaders have expressed doubts about that.

Xi and Putin have a strong personal affinity and have met 39 times since Xi became China's leader in 2012. Media reports from Russia and China indicate that they have a warm relationship.

China and Russia are not formal allies; i.e. they have not committed to defend each other with military support. They are, however, close strategic partners. This relationship has deepened since the war in Ukraine as Russia becomes increasingly isolated. China has not condemned nor supported the invasion outright.

China remains one of the largest buyers of Russian oil, helping Moscow finance its invasion. Chinese officials recognize a greater priority in foreign policy: the need to buttress Russia so that the two nations can present a united front against their perceived adversary, the United States.

17.1 1989 student protests

17.1.1 Prelude

In 1978-79, there was a Democracy Wall movement, which was encouraged by the government. Deng used this as a movement to differentiate himself from Mao — he wanted people to debate and discuss politically salient issues. People then started talking about Deng, the reforms, and contemporary Chinese politics (and alternative political systems).

One of the most famous dissidents was Wei Jingsheng. During the Democracy Wall discussions, he posted a poster in reference to the Four Modernizations (agriculture, industry, national defense, and science and technology). Wei held that China should have a "Fifth Modernization": democracy. Wei's ideas began spreading among student populations.

In 1986, student demonstrations erupted in major cities, seeking to end one-party rule, democracy, political freedoms. They also advocated for the resignation of Deng. The leadership at the time was split: Deng and Chen Yun did not want to support the students, but the younger generation, Hu Yaobang and Zhao Ziyang, supported them. The younger (front-facing) leadership was much more liberal than the elders (Deng and Chen). In 1986, Hu Yaobang was forced to resign and Zhao Ziyang became the CCP general secretary.

In 1988, social conflicts escalated, including corruption and inflation, intellectual elites' sentiments, frequent student protests. Political scientist and professor Samuel P. Huntington is that social instability is more likely to happen when a country develops quickly.

17.1.2 Development

Hu Yaobang's death by heart attack on April 15th, 1989 ignited the student protests. On April 17th, 1989, several thousand university students marched to Tiananmen Square to lay wreaths and mourn the death of Hu Yaobang. This is when the protests began.

The second event was Hu Yaobang's state funeral on April 22nd, 1989. Fifty thousand students marched to the People's Hall to observe the funeral. Three student representatives kneeled to deliver a petition and to

demand a meeting with premier Li Peng to ask to attend the funeral and discuss political reforms. These students were denied access in front of the fifty thousand students.

On April 26th, 1989, the government issued an editorial in the People's Daily that labeled the student protest movement "a planned conspiracy" and "turmoil." The students' hope was to improve the country by increasing reforms, improving status quo for professors, etc.

Some of the best universities in China are in Beijing. Hundreds of thousands of students gathered in Tiananmen Square. Among these students, three leaders emerged, with different ideological factions: Chai Ling, Wuer Kaixi, and Wang Dan. Chai was the most radical, refusing to leave the square even when troops arrived. Wuer and Wang were more conservative; particularly Wang, who was most concerned about student safety. The leadership was fractured and it was not clear what the endgame was.

Note. Chai received her M.B.A. at Harvard Business School. Wuer Kaixi came to Harvard to study for one year before quitting and settling in Taiwan. Wang received his Ph.D. in East Asian History at Harvard; Wang is now a professor in Taiwan.

Another figure was Nobel Peace Prize Winner Professor Liu Xiaobo. He is a Chinese writer, intellectual, and human rights activist. He was a visiting professor at Columbia University when he saw student protests on television. He promptly returned to China and was a leader of the hunger strikes in Tiananmen Square in 1989. On the night of June 3rd, 1989, as armed soldiers approached the students, Liu found a gun among the students and destroyed the gun in front of the soldiers.

Liu was arrested following the protests and after his release, he became the de facto leader of the student movement.

Liu also initiated and drafted Charter 08, a manifesto initially signed by 303 Chinese dissident intellectuals and human rights activists. It was published in December 10th, 2008. He was arrested in 2009, sentenced to 11 years in prison, and died in 2017 due to liver cancer.

17.1.3 Escalation

On March 13th, 1989, about 300 students started a hunger strike in Tiananmen Square. The number rose to over 3000 students. A huge number of students began to occupy the Square. On May 17th, over one million Beijing residents of all occupations marched in Beijing to support the students. These people are from all walks of life, including factory workers, white collar workers, civil servants and bureaucrats, etc.

Note (Splits in leadership). The hardliner of the issue was Li Peng. Li was the premier of the CCP. In the Politburo Standing Committee meetings, Li was a main advocate of using force to deal with the students, claiming they were dangerous and were trying to overthrow the Communist Party. Li eventually gave the order to the People's Liberation Army to march into Tiananmen Square.

The softliner was Zhao Ziyang. Zhao advocated for a more peaceful solution to the protests. He viewed the students as patriots who were arguing for priorities that aligned with the CCP.

The elders were initially ambivalent, but over time, began to side with the hardliners. The night before Zhao lost power, he went to Tiananmen Square with his personal assistant and warned them that blood will be shed on Tiananmen Square.

After Zhao was ousted, Deng and other elders sided with Li Peng. In May 19th, Li Peng declared martial law, but the troops were locked by Beijing residents and students. Beginning in late May, students from other regions and cities of China came to Beijing to support the Beijing students.

17.1.4 Massacre

In the last 10 days of the protests, two things were happening. Military officers and soldiers were marching on Beijing and students from all over the country were congregating in Beijing. As these events occurred,

the elders and Party leadership became more convinced that the students were dangerous and violence was inevitable.

On June 3rd, 1989, Deng gave the order for the PLA to march on Tiananmen Square to remove the student protesters with any means necessary. Beijing residents tried to stop the soldiers from getting to Tiananmen. Many of the violence occurred on the outskirts of Beijing as residents attempted to stop the soldiers.

Note. Professor Wang was 6 years old returning from school when he observed tanks rolling through the streets of Beijing towards Tiananmen Square. Soldiers in the tanks had their guns armed and pointed at civilians on the sidewalks.

On June 4th, the remaining 4000 students left the Square after they were completely encircled by the troops. The student leaders and military leaders negotiated a deal that students would leave the square and soldiers would not fire on the civilians.

17.2 Origins of the student movement

We want to discuss why these events happened and why this movement failed to change China.

Some explanations for origins include:

- **Economic reform, official corruption, and income disparity.** Economic reforms allowed some people to get rich quickly and others to not get rich. This caused discontent among many citizens. Moreover, bureaucrats were getting rich from a growing economy.
- **Elite factionalism.** There was a political opportunity structure due to factionalism among Party leaders and CCP officials (Hu and Zhang v. Deng and Chen). Chinese student protesters realized that they have supporters from within the CCP government; they can take advantage of the internal supporters.
- **University expansion and student discontent.** This is a *structural* reason. Universities expanded and many more students were able to enroll and attend colleges. Many of these college graduates were not guaranteed very good jobs. In the 1950s, the government assigned well-paying jobs to college graduates; by the 1980s, this mechanism of student-job pairing stopped.
- **Decline of system for controlling students.** This is also a *structural* reason. Students felt free to do whatever they wanted and think how they wanted, supported by intellectuals and professors.

The failure of the student movement can be explained by the following:

- **CCP's revolutionary heritage.** The PLA generals listened to Deng's order to open fire on students. This is because of the CCP's revolutionary heritage. Deng was a founding father of the PLA and PRC, and thus had many connections with military generals. The CCP's coercive power was very very strong.
- **Peasant nature of China.** Majority of the population did not join the student protests; 70-80% of the Chinese population were still peasantry; many of them did not come to Beijing to support the students. The students failed to build a majority coalition with the majority of Chinese citizens.
- **Intellectual traditionalism.** Student leaders did not *want* to overthrow the government. They wanted to work *within* the current system to reform the system. This is a reflection of Confucian traditionalism.

18 Section 4

Exams will be graded by the end of next week! Today, we discuss the economic reforms of contemporary China.

18.1 Contemporary reform period (1978-1989)

We can understand the economic reforms and events of this period as a conflict between liberals and conservatives.

	Liberals	Conservatives
Economy	Marketization. Dual-track system allowed central government to collect more profits from a fixed-price supply side and market-price demand side (central benefits); gave localities and provincial government more ability to levy taxes (local benefits).	State/planned economy. The opening of special economic zones (SEZ) in China to slowly try capitalism.
Social	Education is supported by the state, to spur economic mobility.	Limited education.
Ideology	Increased pluralism among liberals, as people call for civil liberties, freedoms, and democracy. People are pointed to different kinds of directions for China; all ideologies encouraged to interact and debate.	Maoism and socialism as the predominant way to understand China.
Political	Political ideology support democratic values and separation of powers . Zhao Ziyang, Hu Yaobang, and other younger Party elites.	One-party , often one-man, CCP rule (starting from Mao Zedong). Chen Yun, Li Peng.

Table 1: Liberal and conservative perspectives across many issues regarding reform.

We note that Deng has different tendencies across these dimensions.

18.2 1989 student protests

We watch a BBC video containing clips of the in-class Tiananmen Square documentary.

19 March 22nd, 2023

Today is a guest Lecture by Professor Yasheng Huang from MIT.

19.1 Assessing Chinese performance

There are many dimensions of performance: economic performance, external performance (how much dependence on other countries), structural analysis (how GDP is structured, etc), financial performance (i.e. China has high debt-to-GDP ratio), social performance (income distribution, etc), political performance.

- From economic perspective, it does not make sense for China to ally itself with Russia (as opposed to other countries). We have to think beyond economics.
- In the political realm, the negative list system (list of things you cannot say). This has changed into a positive list system (still many things you cannot say, but now there are things you have to say)

Note that economic performance can be decomposed into the following:

- **Growth performance.** GDP has been spectacular for China (unprecedented success). There has been a lot of growth in East Asian countries post WWII and these countries overcame the middle income trap.

The big question: can China overcome the middle income trap?

Social performance has been poor until around 2010 (can be measured by the GINI index).

- **Macro developments.** Not a lot of inflation because supply is so big (whereas the U.S. faces some supply problems). China has a shrinking labor force.
- **Structure of economy.** Investment and consumption shares of GDP. Household consumption decreasing, but other drivers have been increasing (investment, external); productivity has been horrible. The issue is that investment is funded by debt and debt is super high now.

In the external sector, poor geopolitical relations causes risks to this; there is a huge dependence between U.S. and China.

20 March 27th, 2023

Today, we discuss the second phase of economic reforms (1992-2008).

20.0.1 Current event: Marriage rates are down and "bride prices" are up

Chinese government has launched a campaign to crack down on practice of paying exorbitant bride prices, which has been increasing in recent years (averaging 20000 USD in some provinces). The campaign aims to promote gender equality and discourage the commodification of women.

Bride prices, payments made by the groom's family to the bride's family, have been a long-standing tradition in China, but have become more extreme in recent years, with some families demanding millions of dollars.

Government has set up a hotline for people to report excessive bride prices and has promised to punish those who violate the new regulations. Some critics have raised concerns about the effectiveness of the campaign, noting that it may be difficult to enforce and that some families may simply find ways to circumvent the regulations.

20.1 Second phase of economic reforms prelude

20.1.1 Aftermath of student movement

The 1989 student movement significantly changed the trajectory of China's economic reforms. Liberal leaders were ousted and conservative leaders remained, shaping China for the next few decades.

- **Economic downturn in 1989.** It took some time for China to recover from the economic downturn. Production was disrupted and foreign investors left China.
- **Shift from the private sector to foreign direct investment (FDI).** Many private entrepreneurs were sympathetic and supportive of the students; after 1989, government shifted focus to FDI to dis-empower private entrepreneurs — they did not trust the entrepreneurs. Foreign multinational companies prefer authoritarianism due to cheaper prices and do not spread democratic ideals.
- **New and more conservative leadership.** Recall General Secretary Zhao Ziyang was purged from leadership by Deng right before the massacre. Deng selected **Jiang Zemin**, who was the CCP party boss in Shanghai. Jiang attracted FDI to Shanghai, implementing many of Deng's reforms. Jiang was also not part of the team who made the decision to shoot at the students.
- **Missed opportunity for political reforms.** Prior to 1989, there was discussion of voting for the General Secretary (internal elections); in light of student protests, they took this off the table.
- **Stability (repression) over development.** New focus on stability (reducing future movements) than economic development.
- **Political apathy among university students.** Students saw what could happen if they became interested in politics — beginning to focus on other things; finding high-paying jobs, obtaining GREs to go to schools abroad.
- **Deng's southern tour in 1992.** From 1989-92, kind of a dark age of Chinese politics. Society looks very quiet, no protests, rise of conservative forces. This changed in 1992.

Note (Leadership in the 1990s). Jiang Zemin and Zhu Rongji were the two top leaders of the CCP in the 1990s. Zhu was the mayor of Shanghai and Jiang was the party boss of Shanghai prior to national leadership. They were both promoted, known as the Shanghai Gang.

20.1.2 Deng's southern tour (1992)

Deng was living his retired life when he became disappointed in the new party leaders Jiang and Zhu. Deng took his daughter on a train to the southern provinces, to the special economic zones (SEZs). On the train and on the tours, Deng began to say interesting things to local party officials; he openly said that he was disappointed in Beijing and said that we must continue the reforms. Deng also threatened the leadership; if the leaders did not resume reforms, they should step down.

The leadership in Beijing (Jiang Zemin) changed policies in 1992, with the new starting point of a second phase of reforms.

20.2 Elements of the second phase of reforms (1992-2008)

Some important elements include:

- **Market reunification.** Recall the dual-track system initiated by Deng. In the 1990s, Jiang merged the two systems, growing out of the plan. They moved closer to a true market economy.
- **Decentralization (1994 fiscal reform).** Deng gave provincial governments fiscal power. They were in charge of collecting tax revenue and reporting the taxes collected to the central government in Beijing; Beijing will take a proportion of reported taxes. The consequence of this is that Beijing was fiscally weak, they did not have money to pursue big infrastructure projects.

Starting in 1993-4, Zhu carried out fiscal reforms, with the goal of decentralizing fiscal power from the provinces back to the central government. They did this by instituting tax bureaus in localities to collect taxes directly (roughly half of the revenue) and to send it back to the center. This changed tax collection methods and dramatically increased the fiscal power of the center — half of China's revenue went back to China.

Note. This tax collection enabled infrastructure projects like the high-speed rail and the Three Gorges Dam on the Yangtze River.

Note. Another consequence is that local governments are in debt. In order to compensate for this decrease in collected tax revenue, provincial governments took out big loans from banks — which they have not yet paid back. Officially, China's 31 provincial governments owe around 5.1t USD, including bonds held by local and foreign investors.

- **State-owned enterprise (SOE) reforms and laid-off workers.** Deng gave more power to the SOE managers, letting them define profit, wages, etc. Starting in the 1990s, SOEs became increasingly inefficient compared to international competition and private companies.

Jiang and Zhu privatized *some* SOEs. The slogan was "grasping the large, letting the small go." Jiang privatized smaller SOEs and let larger SOEs remain state-owned. The number of SOEs being privatized was huge; many SOEs were smaller firms. Many older low-skilled laborers (millions) were laid off.

Note. This also indicates the collapse of the socialist system. For a long time, there was a *danwei* system — an employer that provided services and welfare. In the late 1990s, once SOEs were privatized and workers were laid off, people lost their welfare. This is a huge reduction in living standards of people in the 1990s.

- **Relaxation of *hukou* and rural migration.** There was a huge demand for labor at this time, working on the production line in sweat factories. In order to fill jobs, the government realized they needed people from agricultural regions to move to cities. One way the government did this by relaxing the *hukou* system.

Mao initiated the *hukou* system. The original idea of the *hukou* system was to *limit* migration; and to let urban areas focus on heavy industry. A *hukou* (household registration) is an official document

issued by the Chinese government to Chinese citizens. *Hukou* registration indicates the particular area a person is from, and entitles the registrant to certain benefits in that area; for example, hospitals, schools, or land-purchasing rights.

Relaxing this *hukou* system allowed rural residents to move to urban areas and enjoy many benefits like work (no welfare or schools for children). Led to huge urban migration and remittance system.

- **Increased involvement in world economic system.** China is the biggest beneficiary of globalization; it has cheap labor. Recall in the 1980s, Deng wanted to attract ethnic Chinese (Chinese diaspora) in Hong Kong, Macao, Taiwan (the China circle) to invest in China, creating special economic zones (SEZs). Starting in the 1990s, we see increased FDI from outside the China circle. Plot in slides.

China joined World Trade Organization (WTO) in 2001. This lowered (and in some cases, eliminated) tariffs on Chinese exports.

Note (The China Shock). A paper published by three economists. After China joined the WTO, it created a shock in the economic system. Argument that counties in the United States that enjoyed Chinese exports were more likely to vote for Trump.

Note. The difference between the two phases of reforms is that the 1980s reforms were "reforms without losers," but in the 1990s, these reforms can be characterized as "reforms with losers."

In the 1980s, markets were introduced, dual-track strategy, contracts with powerful incentives, competition created by entry, decentralize authority. In 1990s, workers are laid off, industries regulated, market unified, uniform rules, state-sector downsizing, recentralization.

20.2.1 Effects

Some important effects

- **Chinese GDP growth.** We see that Chinese GDP exploded in the 1980s, starting with the opening and reforms. Over four decades, the average Chinese GDP growth is around 10% a year. This kind of growth is unprecedented.
- **Poverty reduction.** Large-scale poverty reduction. In the 1980s, over 90% of people lived in poverty; it is now under 10%. There is a second wave of poverty reduction under Xi Jinping.

20.2.2 Reform slowdown after 2008

There was a reform slowdown after 2008. This is what Professor Joel Hellman of Georgetown University coined as "partial reform equilibrium." After the first-stage reform winners become rich, they will be *against* future reform because they want to remain winners. This is kind of like a de Chatlier's principle.

The 2008 financial crisis and stimulus plan (586b USD) in China slowed the economy. U.S. injection was around 700b USD. The large SOEs were main benefactors of the stimulus plan; used the money for investments and waste.

Moreover, there is no sign of deeper economic reforms under Xi. His main priority is maintaining economic stability.

20.3 A China model

A China development model is dcan be characterized by the following steps:

1. **Gradualism v. shock therapy.** Chinese growth characterized by slow transition into reforms.

2. **Transitional institutions as substitutes for formal institutions.** Western countries relied on formal institutions to initiate change. In the developing world, there are no formal institutions; they need to rely on (and build) transitional institutions. These transitional institutions make transitions smooth (like the dual-track system).
3. **Economic reform without political reform.** Particularly in authoritarian regimes. Contrast to Modernization Theory (briefly, as countries develop, they will become democratic). China's development *absent* democratization is unique and attractive to authoritarian rulers in developing countries.
4. **State role in economy.** Washington consensus is to have a free market. China shows that you need to have a strong state, strong state involvement in the economy, state-owned enterprises, bureaucracy to guide the economy. This is similar to South Korea, Hong Kong, Taiwan, Singapore (Four Asian Tigers), and Japan and their development. This is the Dependency Model.

Note. Professor Wang argues that there isn't really a set China model, rather, the essence of the China model is to look at the environment and figuring out how to best respond. It is an iterative and *flexible* process to policy.

Note (Future of Chinese economy). Recall that companies and local governments, large SOEs are in debt. The most pessimistic view on China's economic crisis is that it will go into an economic crisis and will not recover (too big). The least pessimistic view is that China will become like Japan. Japan's per capita GDP has remained the same for the last ten years. People predict that the Chinese economy will slow until a halt at a constant level.

21 Section 5

Midterm grades have been released. Today, we discuss the second phase of reforms.

21.1 Second phase of economic reforms (1992-2008)

We can think of grouping the policies into those that increase efficiency and those that increase equality or distribution.

Efficiency	Equality
Foreign direct investment. Helped Chinese market be more efficient and competitive with international market.	Relaxation of <i>hukou</i> system. Allows rural citizens the same opportunities as urban residents, giving them greater economic opportunity.
Privatization of state-owned enterprises (SOEs). Helps SOEs respond more quickly to the market.	Redistributing taxes, wealth, and economic outcomes via fiscal reforms of 1994.
Labor and education policies (e.g. migrant workers)	
Joining international organizations (e.g. the World Trade Organization), allowing China to trade with other countries with fewer tariffs (utilizing China's competitive advantage).	
Tax collection via recentralization and 1994 fiscal reforms.	

Table 2: Policy taxonomy during China's second phase of economic reforms (1992-2008).

21.2 Effect of 1989 student movement

It is suggested that the student movement led to stronger and more conservative leadership in China, killing the pro-democracy movement.

Deng dies in 1997 and the 1992-2008 era captures the Jiang Zemin and Hu Jintao period. We watch a **60 Minutes interview** with Jiang.

21.3 Final paper rubric

The **final paper rubric** is available on Canvas. The paper topics are available [here](#).

22 March 29th, 2023

Today, we discuss Communist Party rule, bureaucracy, and policy implementation.

22.0.1 Current event: Taiwan president to visit the United States

Former Taiwan President Ma Ying-jeou is visiting mainland China to meet with Xi Jinping on an unofficial state visit.

Current Taiwan President Tsai Ing-wen is expected to meet Kevin McCarthy, the speaker of the U.S. House of Representatives next week. This is the highest-level in-person meeting for a leader of Taiwan in the United States since Beijing established relations with Washington in 1979.

Tsai's 10-day tour, which includes formal visits to Guatemala and Belize, two of 13 remaining states that maintain diplomatic relations with Taiwan, is also about projecting strength at home. Tsai, who is stepping down next year, wants to bolster confidence in her Democratic Progressive Party (DPP) before presidential elections in January.

Tsai's visit could draw a vehement response from China. Xi sees U.S. involvement with Taiwan as meddling in a domestic issue. Beijing has protested moves by the United States to strengthen support of Taiwan, including President Biden's signing of a military spending bill (authorized up to 10b USD in aid for Taiwan over the next five years).

Beijing could try to punish Taipei over Tsai's trip by holding large-scale military exercises around the island.

Note. There are two (major) parties in Taiwan: Tsai's DPP, and the military KMT. DPP is pro-independence and KMT is pro-reunification with mainland China under KMT rule. The salient issue, then, is Taiwanese identity. Many younger people now identify as Taiwanese and **not** Chinese. In the past, it was the case that people in Taiwan identified as both Taiwan **and** Chinese.

22.1 The Chinese polity

China is the birthplace of the bureaucracy, starting 2000 years ago. The emperor appointed bureaucrats, later using the civil service examination to select bureaucrats. This is the first of its kind, exporting this civil service examination to other East Asian countries like Japan and South Korea.

China's political system forms the world's largest set of integrated bureaucratic structures. This is the key to understanding Chinese politics.

Bureaucratic reach still extends to all dimensions of society. For example, culture, health, education, economy, etc.

22.1.1 Structure

The structure is as follows. There is a center (Beijing) at the top, which oversees 31 provincial units. The provinces are divided into counties (approximately 2800 county units) and cities (approximately 650). Counties are divided into townships (30000) and townships are divided into villages (900000). Townships can be the size of Cambridge or up to the size of Dallas-Forth Worth. Cities are divided into districts in urban areas.

22.1.2 Party hierarchy

We see that the Party hierarchy contains the most powerful organs of power. A diagram can be found on the slides.

Briefly, the Politburo Standing Committee (PBSC) are the most senior seven members of the Party that includes the president and prime minister (premier). The PBSC is the most powerful body in China. The PBSC is nested within the Politburo, which is comprised of the most senior 25 members of the Party, including senior military officers, senior officials, regional Party chiefs. This Politburo is nested in the Central Committee, containing the most senior 370 members of the Party, including defence ministers, foreign ministers, some SOE chiefs.

This party hierarchy controls the Party (State) Central Military Commission, which is usually made up of the same 12 members, two from the PBSC and 10 from the Peoples' Liberation Army (PLA). The PBSC and the Party (State) Central Military Commission are the two most powerful organs in the Chinese bureaucracy.

The State Council is formed from the most senior 35 people in government. This includes the Defense Ministry, Finance Ministry, Foreign Ministry, and other ministries. These ministries are the functional departments of the state council.

Note. Even though there are many organs of power, many of those leading these different bodies overlap.

22.1.3 Three parallel systems

The parallel systems are

- **Chinese Communist Party (CCP).** Makes bold policy decisions, supervises government implementation of policy, and maintains control (Leninist, centralized, hierarchical).
- **Government.** The executive branch; has functional responsibilities, making sure that the government/CCP decisions are enforced.
- **People's Liberation Army (PLA).** Military branch, responsible for protecting the country from foreign invasion, protecting the CCP from insurrection. Prevent formal independence of Taiwan and other outlying regions, especially Tibet and Xinjiang.

Note. We see the deployment of the PLA in the 1989 student movement, and recently to quell riots in Xinjiang.

22.2 CCP hierarchy

We start from the bottom. There are 1.41b people in China. There are 89m Party members. Only 6% of the Chinese population are Party members.

Becoming a Party member is exclusive and difficult. Professor Wang is **not** a Party member; being a Party member gives opportunities for better paying jobs for college graduates, you are more likely to be promoted at companies, and (maybe) even helps with dating.

Students start to apply to become a Party member their first year and will usually hear back their third year (there is an essay process). All Party members must vote on admission into the Party. After joining the Party, there is a probation period for about one year, where the candidate is allowed to participate in Party events. At the end of the probation period, candidates are evaluated and a final decision is made.

Only 2336 people within the 89m form the Party Congress which chooses (by vote) the Central Committee members and Politburo. These people in the Party Congress are some of the most powerful people in China.

The Central Committee is made of the 204 people, who are the provincial-level leaders. The Central Committee chooses the Politburo and the Central Military Commission, made of 25 and 11 people, respectively. The Politburo Standing Committee is formed by 7 senior members of the 25-member Politburo, from which we elect a General Secretary.

22.2.1 Politburo Standing Committee (2022-2027)

The seven most powerful people in China are the Politburo Standing Committee, who happen to be all men. There has never been a woman in the standing committee.

- **Xi Jinping.** The General Secretary of the Communist Party. Head of state and
- **Li Qiang.** The Premier.
- **Zhao Leji.** Leader of the legislature.
- **Wang Huning.** The chairman of the Chinese People's Political Consultative Conference (CPPCC), a political advisory body.
- **Cai Qi.** In charge of the Party's daily operations.
- **Ding Xuexiang.** Head of the General Office and in charge of the bureaucratic positions in the party.
- **Li Xi.** In charge of anti-corruption agency.

Note. There is an odd number of people in the Politburo Standing Committee, because in theory, decisions are made by majority vote. This occurred under Hu Jintao and Jiang Zemin. Under Xi, it is rumored that this is no longer the case.

22.2.2 CCP leadership

One of the most opaque aspects of Chinese government is the selection of the leader. Succession is a mix of meritocracy and factional politics. This is the difference between autocracies and democracies.

It was easier in earlier years. Mao Zedong chose Deng Xiaoping, Deng chose Jiang Zemin. Deng also played an important role in influencing Jiang to choose Hu Jintao. After these two founders died, the decision-making process became more opaque. It seems like whichever leader is alive has large influence in the selection process.

After Hu Jintao's leadership, Hu had his own favorite, in the same "faction." They were in the informal Youth League faction. This person did not make it. Around 2010-11, Jiang Zemin stepped in and told Hu that he preferred Xi Jinping, a *princeling* (a son of a revolutionary). Xi's father Xi Zhongxun was Deng's loyal ally, and a reformer in the 1980s.

Note. Leaders after Hu were suspicious of the loyalty of the Youth League faction. This is why Jiang preferred Xi. Hu seemed to consent, because precedent was that leaders can appoint the successor to their successor.

This chain is broken with Xi. It seems like Hu will not be able to appoint Xi's successor — Xi has surrounded himself with loyal allies in the most powerful seats of government.

22.2.3 The government system

Many of the Party leaders get elected through meritocracy. People have to work from a very low level and work themselves up to top leadership. To become one of the top leaders, you have to show that you can deliver performance through GDP growth, foreign direct investment (FDI), social stability. In addition, you also need to be on the right side, the correct faction (at the time).

Note. The Party holds key sources of power that controls career mobility, major substantive decisions and overall policy goals, academic tenure appointments, setting boundaries on dissent, the PLA, and certain sectors of the economy.

The Party uses these cells to control committees (*dangwei*), which have the right to make major decisions.

The party engages in the *nomenklatura* (list of names) system is that appointments are made from one level above in rank. Provincial committee appoints municipality committee; municipality committee appoints the county committee; county committee appoints township committee.

Note. In U.S. politics, this system is bottom-up.

Note (Matrix problem). The system in Chinese government is that the State Council has ministries, and directs the provincial governments, which have bureaus that correspond to the ministries (oversee the same part of government).

There are two types of authority. Leadership, which is binding authority; and professional, which is non-binding authority.

For example, the central government has a Ministry of Labor. Sichuan provincial government has a Sichuan Labor Bureau. We note that the Ministry of Labor has professional relationships to the provincial governments and bureaus; only the Sichuan provincial government has a leadership relationship with the Sichuan Labor Bureau.

This is the shortcoming of Chinese politics. There can be very good policy ideas from the center, but the center often has no authority over the localities in implementation.

Note (Major problems). There is a lot of corruption and red tape. There are incentives for government officials to please the higher-ups. This often leads to cash bribes and other benefits to earn favor with top leaders.

Veto players and inefficiency in decision-making.

Principle-agent problems.

Note (Major mechanisms of controlling local agents). The Party has institutions and mechanisms that help align local provincial incentives to central government incentives.

- **Cadre evaluation system.** System sets incentives for local officials (GDPs, investment, social stability, employment, one-child policy). These indicators are used to indicate proficiency in governance and promotion within the Party.
- **Law of avoidance.** This is a law that started in imperial China. The idea is that you cannot serve in your hometown. The center wants to avoid corruption and nepotism.
- **Rotations.** This is also an imperial legacy. Officials are often rotated between different cities, they are not allowed to stay in one city for too long.

22.2.4 Takeaways

The political system is extremely complicated and opaque for ordinary citizens. The system is potentially powerful, thoroughly corrupt, tilted strongly toward maximizing economic growth, incentivizes officials to look upward instead of downward.

There has been systemic and institutional change since Mao, and additional systemic political change is necessary to sustain dynamic economic growth and maintain overall political stability.

Some main takeaways are the following:

- **Party control.** The Party controls all aspects of government, including the military branch (PLA).
- **Fragmented authoritarianism.** Lieberthal shows that there is a matrix, where ministries at the central level of government do not have a leadership relationship with the provincial government and corresponding bureaus.

23 April 3rd, 2023

Reminder that we have another quiz before the end of the semester! The quiz will be next week in section. Now is the time to start writing the paper. Undergraduate papers will be graded by Chengyu.

Today, we discuss China's legal system.

23.0.1 Current event: Jack Ma returns to China

Alibaba founder Jack Ma returns to China after over a year abroad, signaling a softer regulatory approach towards private businesses. Chinese government appears to be adopting a more conciliatory tone towards the private sector to boost the economy amid Covid-19 challenges.

Chinese Premier Li Qiang encouraged Ma to return to the mainland. Ma's time abroad followed a controversial 2020 speech criticizing China's regulatory system. Alibaba shares rose over 4% following the news of Ma's return, reflecting a positive sentiment in the platform. Some companies and analysts remain skeptical, citing a lack of new supportive policies and unchanged regulatory frameworks.

Alibaba splitting into six entities, each with its own CEO, board, and potential for future IPOs. Restructuring aims to give Alibaba more flexibility and access to capital, aligning with China's goal to break down monopolies and promote market equilibrium.

23.1 Rule of law, rule by law

The puzzle is explaining China's economic growth without rule of law.

23.1.1 Rule by man under Mao

We start with the Mao era. Under the Mao era, Mao's ideas and thoughts were law. There are three concepts we need to differentiate and define.

Definition 23.1 (Rule by man). The ruler rules by his or her personal will.

Definition 23.2 (Rule by law). Laws are tools by which the government rules. The key characteristic is that the legal system is a means to an end, not an end in and of itself.

Definition 23.3 (Rule of law). Fair and efficient legal system.

23.1.2 Chinese judiciary

At the top sits the Supreme People's Court. Under which sit the 32 Provincial Higher People's Courts. Under which sit the 409 Municipal Intermediate People's Courts. Under which sit the 3117 County's Basic People's Courts. This reflects the government structure. Relationships between the courts are **professional** relationships. That is, the opinions given by the Supreme People's Courts do not need to be followed by lower courts.

The Party committee and government of the respective courts have **leadership** relationships with the courts. For example, the County Party Committee and Government has appointment, finance, and evaluation power over the County's Basic People's Courts.

Note (Appeals). China has a two-step appeal process. Appealing to a higher court gives the higher court authority over the case (can change the verdict). Even if the higher court changes the decision, it is hard to enforce this different ruling.

A County's People's Court is governed by the Judicial Committee, which includes the president, vice presidents, and the three chief judges that head the civic, economic, and administrative divisions. The president

and vice president form the Court Party Committee, and have appointment power over the judges. There is a Bureau Director that heads the Enforcement Bureau, responsible for the Enforcement Division.

Note. Every (administrative and large commercial) case is adjudicated by the Judicial Committee.

Some basic facts:

- Ordinary judges are appointed by the court president.
- Historically, there is a lack of legal training for judges in China (often retired military officers).

Note. Judges have become more professional recently (judicial exams). More judges are obtaining law degrees and passing the bar before their appointments.

- Every year, judges are evaluated by the territorial governments and the higher level court. The horizontal evaluation is more important than the vertical evaluation.
- Judges do not have tenure. They can be appointed and fired at the Party Committee's whim.
- Judges are used to maintain social stability (active judges). Most often, judges try to mediate conflicts between people and government.
- Judges need to collect evidence and (in theory) enforce judicial decisions.

Note. Judges do not have enforcement power, no guns. So in practice, many of their decisions go unenforced.

Professor Wang's interviews find that enforcement is difficult because of **government intervention**. Judges are under pressure to make investors happy and protect local businesses, because every local government needs to perform (GDP). The saying is **no matter if it is a black firm or a white firm, as long as it pays taxes, it is a good firm**.

23.1.3 Courts and property protection

There are three types of biases associated with the courts:

- **Local protectionism.** Courts and judges will always protect local businesses in disputes.
- **Domestic protectionism.** Chinese courts will always protect Chinese companies from foreign disputes.

Example 23.4 (Google v. Baidu). The Chinese government will tell search engines what terms they must censor from search. Both Google and Baidu allowed users to poke holes through the Great Firewall. When they broke the law, China levied a heavy fine on Google, but protected Baidu in favor over Google. This caused Google to leave China, moving their Beijing headquarters to Hong Kong.

- **Employer protectionism.** When workers have disputes with employers and companies, the Chinese judiciary will often protect the employers and companies. This is due to the incentive of ensuring economic growth and development.

Note (Recent centralization). Recently, the Provincial Higher People's Courts have established a leadership relationship with the Municipal Intermediate People's Courts, and have personnel, finance, and evaluation powers over County's Basic People's Courts.

These reforms have been shown to increase fairness in verdicts and oversight.

23.2 Growth without rule of law

We seek to understand why China has such great economic growth without rule of law.

The key is that the Chinese bureaucracy is protecting the local companies. Local bureaucrats are evaluated by indicators (the most important indicators are GDP growth, social stability index, fertility rate). This bureaucratic protection serves as a **substitute** for legal protection and incentivizes economic growth and foreign investment.

24 April 5th, 2023

The quiz has been moved to in class next Wednesday.

24.0.1 Current event: Macron arrives in China

French president Emmanuel Macron has arrived in China for a three-day state visit during which he hopes to dissuade Chinese leader Xi Jinping from supporting Russia's invasion of Ukraine.

Since the Trump administration, the United States government has engaged in *decoupling*. The government believes that many years of engaging with China has failed to *change* China. The United States has since tried to bring students back from China, bringing companies and jobs back from China, etc. Because of this decoupling, the United States has no leverage over China to negotiate peace

25 April 10th, 2023

Today, we discuss Chinese political reforms and corruption

25.0.1 Current event: China sentences leading rights activists

Two prominent Chinese human rights lawyers Xu Zhiyong and Ding Jiaxi were sentenced to 14 and 12 years in prison, respectively. The lawyers were charged with subversion for promoting the New Citizens Movement, which encouraged Chinese citizens to exercise their rights, such as free speech.

Xu and Ding were detained after organizing a gathering in Xiamen in 2019. Lengthy sentences surpass expectations, both men previously served time for their work with the New Citizens Movement.

The two men's careers reflect the rise and fall of civil society in China. Xi Jinping's rise to power in 2012 led to dramatic shrinking in space for criticism and targeting of political rivals and grassroots activists.

25.1 Political reforms and corruption

The government was interested in political reforms at the local level, allowing elections in the villages.

25.1.1 Village elections

There are many factors that went into village elections:

- **Power vacuum.** After the abolishment of People's Communes, needed some organizational body to govern villages.
- **Unpopular policies.** There was a lot of tension between central government and villages due to unpopular policies (one-child policy, tax collection, etc.). Self-governance and elections were a compromise, where villagers may be unhappy with central policies, but they get to choose their leaders.
- **Zeal of political reforms.** The broader political environment in the 1980s. Liberal environment (Democracy Wall, etc.) that was supported by Communist Party leaders. In 1988, the **Organic Law of Village Committee** was passed by the National People's Congress, supported by the top brass. Gradually, every village in China began to have elections.

Village elections elected village committees (5-10 people), led by a village head. This committee managed village public affairs, handle dispute resolution, maintained social stability, and implemented central policies.

There are some limitations placed on village elections. Some of these include:

- **Bans on campaigns.** Campaigning is not allowed pre-election. Candidates are often pre-selected and screened by the Township Party Committee (higher-ups).
- **Vague qualification requirements.** Selection and eligibility criteria are opaque.
- **Electoral fraud.** Vote-buying is very common, particularly in the Southern provinces. The village committees in these regions are often very powerful, as village heads also hold other positions as corporate heads or control land.

Note. Candidates can also monitor votes at ballot boxes.

- **Government and Party interference.** Many of these elections are competitive. If the government nominates a candidate on the ballot, this candidate is often favored by the Township Party Committee.

- **Dominance of big families.** In traditional societies, lineage groups are very prominent and strong. Many elections are dominated by these families; elections (in this case) can turn into large family/clan feuds.
- **Dual leadership.** There is joint governance between village committee, Township Party Committee.
- **Village finances.** The budget is controlled by the township government.
- **Difficulty of recall.** There is no procedure of recalling or removing the village head or any of the village committee members.

25.2 Corruption in China

China ranks 80th in Transparency International's Corruption Perception Index 2012 and 65th in 2022. We note that there is underestimation due to China's high tolerance of corruption.

There are some causes of corruption:

- **1980s: Dual-track system.** The central government designed the dual-track system as a rent-seeking system that facilitated market transition. This encourage corruption.
- **1990s: Government licensing.** There is a growing market economy in the 1990s. The government retains permitting and licensing power; government officials give licenses to open businesses. In order for business owners to speed up the process (normally around one year), business owners tend to bribe officials.
- **Political corruption.** Selling government positions. Prices include 250000 USD for County Police Chief, 300000 USD for County Party Secretary, 3m USD for People's Liberation Army General, 300m USD for Vice Premier.

Note. This undermines the power of the Party, which comes from the *nomenklatura* system.

Note. Lower-level positions tend to be more prone to this flavor of corruption, but higher-level positions are *probably* not influenced this way (meritocracy still works to some degree).

25.2.1 Punishment of corruption

The CCP punishes corruption via the Disciplinary Commission, which is a federal-level body. There are also state-level bodies, the People's Procuratorate and the People's Courts, responsible for trials and punishment.

The criminal law in China is severely outdated. The threshold of corruption is 3m RMB (400000 USD). If bribes exceed this amount, the sentence is 10 years in prison.

25.2.2 Xi's anti-corruption drive

Xi Jinping investigated 440 high-ranking officials in the last 10 years (since 2012). Every Chinese leader since Mao would investigate corruption, but Xi's is the strongest and longest.

The most powerful people arrested include one former Politburo Standing Committee member Zhou Yongkang and four former Politburo members.

Note. One perspective is that Xi used his power and the name of anti-corruption to purge rivals and political opponents.

This anti-corruption campaign may lead to Xi's rise and consolidation of power, because Chinese politics is ripe with corruption.

25.2.3 Future of Chinese government

There is a popular theory of democratization known as **Modernization Theory**, which is a Western-development model that posits that the likelihood of democratization increases logically with economic development (as measured by gross domestic product (GDP) per capita).

Scholars argue that Chinese authoritarianism is uncharacteristically resilient. The Party achieved this by

- **Institutionalization.** Chinese government has provided many institutions (that provide channels for people to express grievances) without political reform.
- **Weak middle class and civil society.** Although Chinese economy has skyrocketed, the Chinese middle class is still politically weak. They are cooperative or repressed; many workers work in the state sector, and many middle class citizens' interests are aligned with the government.
- **Reliance on foreign direct investment (FDI).** Economic growth driven by FDI; these multinational corporations prefer an authoritarian regime where prices are low and workers are not unionized.
- **GDP growth and Party legitimacy.** The government has provided many benefits to the people, in exchange for freedoms. Economic mobility in lieu of civil liberties.
- **Culture (?).** Confucianism/Chinese culture is not compatible with democracy.

Note. This is a bad argument. Taiwan, South Korea, Japan are all counterexamples to any arguments about culture.

Note (Chinese democratic future). There are usually three mechanisms for democratization.

- **Bottom-up revolution.** Spontaneous revolution. People revolt, as in the Arab Spring, South Korea, some Latin American countries.
- **Top-down reform.** Rulers realize that they cannot rule anymore; they begin allowing multi-party competition. Dictators/authoritarian leaders may do this because they are confident that their party will continue to consistently winning power. This occurred in Taiwan under Chiang Kai-shek's son.
- **Foreign imposition.** Iraq and Afghanistan. Japan also went through this process under American occupation.

None of these three are very likely in China. Bottom-up revolution is not possible because most people in China approve of the Party. Top-down reform does not seem likely because of Xi Jinping's recent rule and crackdown on dissent and political opposition; he does not have an interest in democracy.

Professor Wang believes the most likely path forward is through some form of intra-Party competition. After Xi, Wang predicts that there may be different factions that want to compete for the top position. There is some likelihood that different factions within the Party will seek a compromise and peaceful transition of power through some election mechanism.

26 Section 6

The quiz is moved to Wednesday lecture. Today, we discuss rule by law, rule of law, and corruption

26.1 Rule by law, rule of law

A simplified way to think about the distinction is the relationship between man and law. Rule by law is man over law, the law is weaponized by the Chinese Communist Party (CCP). Rule of law is law over man, where everyone is subject to the law.

A rule by law system can be **good** for economic growth for the following: incentivizing foreign direct investment (FDI), government intervention in markets, and stability for economic development; it can also be **harmful**: including local protectionism in legal system, business and investor insecurity, and intellectual property rights.

26.2 Corruption

Corruption has two effects: greasing the wheel (improving the economy) and sanding the wheel (degrading the economy).

- **Greasing the wheel.** Enables relationship-building (*guanxi*) with local officials.
- **Sanding the wheel.** Distortion by corruption, allocating resources in a biased manner based on bribes.

26.2.1 Village-level elections

Recall that village-level elections are somewhat democratic.

27 April 12th, 2023

Today, we discuss inequality, social conflict, demographics, and the environment.

27.0.1 Current event: Sandstorms in northern China

There are massive sandstorms in northern China. There is a large deforestation problem in China, which does not prevent sandstorms arriving from Mongolia.

27.1 Inequality

China began its reform as a very equal (but poor) country. It is not one of the most unequal countries in Asia, measured by Gini coefficient.

Sources of inequality include

- **Policies.** The government intentionally created inequality, as one of the ideas of Deng Xiaoping. The hope at the time was to create winners and losers in the economy. As the reforms deepened, more losers were created.

30m people were laid off between 1997-2001.

Increase in informal employment sector. Delivery people/sector started to grow; because these jobs are not formal jobs, they do not have welfare or other securities. They are worse off than all other urban workers but better off than rural workers.

- **Cracking of "iron rice bowl."** *Danwei* (corporate welfare) system broke down after reforms. Lower-level workers are not covered by any healthcare, not covered by Party insurance.
- **Urban migration.** This raises income of migrant workers (relative to their income on the farms).

27.1.1 Urban-rural inequality

Urban incomes are three times greater than rural incomes. Most predominant in the Western parts of China, overlapping with *ethnic minority-Han differences*.

Note. Uyghurs in Xinjiang are not offered the best job opportunities; rather, the best jobs in state-owned enterprises are given in Han migrant workers, increasing ethnic tensions.

Inequality is exacerbated by weak social safety net in rural areas, commercialization of education and health-care. 40-50m rural residents have lost their land to government land-grabbing (with varied compensation) and commercial development.

27.1.2 Coastal-inland inequality

We see that the coastal provinces have a higher Human Development Index. This is largely due to reform policies and geography; transportation costs are lower, maritime traffic and rails are cheaper along the coast.

Openness and decentralization (special economic zones (SEZs)) contributes to increased regional inequality.

Note. In recent years, government is attempting to reverse inequality through "Go West" Policy, encouraging FDI to western and inland cities.

Ratio of per capita GDP between coastal and inland provinces is now 2.4.

Note. We recall the map of Chinese provinces and nearest GDP equivalents, where coastal provinces have economies equivalent to developed European states.

27.1.3 Migrant-resident inequality

Intra-country "floating" population has grown from 7m in 1983 to 140m in 2008. In recent years, many jobs were disappearing and many of these migrant workers returned to rural China due to lack of demand.

27.1.4 Gender inequality

Mao was an advocate for gender equality, implementing policies giving women more political and labor opportunity.

Market economy effect on socialist employment, adversely affected women's economic opportunities because jobs are now not guaranteed. There is also pressure on rural women due to migration, economic, and educational inequalities. These rural women are pressured by their husbands to migrate to cities too (with children).

Note (Lee and Kleinman (2005)). In China, rural suicide rate is higher than urban suicide rate and female suicide rate is higher male suicide rate. These trends are opposite of other countries.

Lee and Kleinman argue that women commit suicide as a means of protest and resistance. Women are often left with in-laws in the villages and take care of the children, while husbands leave the villages to find work in cities. Rural wives, then, carry much of the family burden and many of them are unhappy.

This leads to some grim statistics: China has 21% of the world's population, but 44% of all suicides. 56% of all suicides worldwide are Chinese.

27.2 Social resistance

Social protests have grown in recent years. We do not really know how many occur in one year but estimates vary from 100000-1m every year.

Most of these protests are targeted at local governments, usually related to economic issues like healthcare, pension, salary. Protests like the 1989 student movement and White Paper Revolution are rare.

Social media and text messages are increasingly used to coordinate these protests.

There are different ways for citizens to express grievances. Institutionalized mechanisms (*xinfang*) allow citizens to complain to the local office. People tend to take to the streets when they have a real problem, going to the center of the city or the city square to protest — they believe that this is more effective and garnering response from the Chinese government.

Note (Liu Xiaobo and Ai Weiwei). Liu Xiaobo is a high-profile political dissident; one of the designers of a democratic China and a professor influential in the 1989 student movement. Recall Liu was arrested, won the Nobel Peace Prize, and died in captivity.

Ai Weiwei is a Chinese artist and political dissident currently in exile.

27.2.1 Understanding contentious politics in China

We can understand current politics in China with the following:

- **Rightful resistance.**
- **Central-local dynamics.** Local dissidents and residents taking advantage of the gap between the local governments and central enforcement.

Note. Sometimes these gaps between Beijing and local governments are by design. Sometimes policies are passed to send a signal to local residents that Beijing is on their side.

- **Blame-shifting.** The central government's signals can be seen as blame-shifting; through policy-making, Beijing can shift the blame on local officials.

Note. In general, local residents trust the central government in Beijing and see local officials as corrupt. In actuality, these policies and origins of the problems lie with Beijing.

- **Coercion v. co-optation.**
- **National anti-government movement.**

27.3 Demography

China's population is huge, 1.4b people. China has a large sex imbalance and is a rapidly aging population. There is a disappearing "demographic dividend."

27.3.1 Population and the One-Child Policy

Birth-planning policy began in early 1970s, encouraging marrying later and having fewer children; one-child policy initiated in 1979-80. Coercive policy lead to rapid decline in birth rate; caused tension, especially in rural areas.

Note. This policy is more strictly enforced in urban areas. In rural China, if the first child is a girl, the family is allowed to have another child.

Policy has relaxed over time; economic development and urbanization also leading to preference for fewer children. One-child policy developed a preference for boys, encouraging sex-selection through ultrasound and abortion; imbalanced sex ratio and aging of the population are new problems.

One-child policy has aggravated sex *and* age imbalances. "China will grow old before it grows rich."

27.3.2 Sex imbalance

There are 120 men for every 100 women in China. This is due to sex selection due to the one-child policy. One study finds that many girls are not killed. In fact, many girls are simply missing, that is, the girls are not registered with the government when they collect data for the national census.

Note. This creates a large disadvantage for the missing girls. If children are not registered with the government, they cannot receive a *hukou* and cannot obtain educations.

27.3.3 Growing old before growing rich

Currently 12% of the population is over 60 years old. In 2050, 33% will be over 60 years old. This means less than one-third of the workforce has access to pensions. This is a huge burden on society and younger citizens.

Because family sizes are getting smaller, reliance on children will be more difficult as family size has decreased. There is an increased need for government spending on healthcare, especially long-term care.

Note. Many elderly residents in China do not receive welfare or pensions.

Note (Dependency ratio). The dependency ratio in China has been on the rise since 2010.

27.4 The environment

Recall sandstorms in northern China. In China, this is not the only environmental problem. There is major air, water, and environmental pollution.

27.4.1 Air pollution

Two of the ten most polluted cities in the world are in China. Coal has been a major source of energy in China (70%), responsible for much of the air pollution.

Note. Coal lobbyists are powerful in China.

There is huge increase in automobiles, industrial growth are also factors. Air pollution severely harms the health of Chinese people; 300000 premature deaths occur each year due to respiratory problems caused by air pollution.

Major air pollutant in China is particulate matter 2.5 (PM2.5), which are tiny particles or droplets in the air that are two and one half microns or less in width. Short-term exposures (up to 24-hours duration) have been associated with premature mortality, increased hospital admissions for heart or lung causes, acute and chronic bronchitis, asthma attacks, emergency room visits, respiratory symptoms, and restricted activity days.

27.4.2 Water pollution

There is a lot of pollution from industrial waste, municipal waste (sewage), and agricultural runoff. The local governments have strong incentive to protect domestic industries (economic incentives). Treatment plants and environmental regulations to shut down polluters have failed.

Many of the major rivers in China are toxic. For example, the Liao River is 49.9% toxic.

27.4.3 Desertification and soil erosion

Deforestation in regions like Inner Mongolia has caused desertification and soil erosion. The wind then picks up the soil and sand from the Gobi Desert and carries them to the West to Northern China and sometimes South Korea.

Note (Environmental politics). Environmental protection laws and regulations are often ignored by local governments (because they do not have a leadership relationship over local bureaus of environmental protection). Powerless environmental protection agencies.

Owners of polluting firms often have close ties to local officials; Cadre Evaluation System does not incentivize local officials to protect environment. Social activists often persecuted and repressed by local coercive agencies.

Chinese media is freer to report on environmental problems; social unrest often linked to environmental problems.

Note (Kuznets curve of pollution). According to economic research, economic development (GDP per-capita) and pollution are correlated. At early stages of economic development (pre-industrial economies), pollution increases quickly until a transition point. After this point (in post-industrial economies), states develop service economies and pollution decreases with GDP per-capita.

28 April 17th, 2023

Today, we discuss ethnicity, periphery, nationalism, and the media.

28.0.1 Current event: Mongolian boy declared important leader for Tibetan Buddhists

An 8 year-old Mongolian-American boy recognized by the Dalai Lama as the reincarnation of the third most important spiritual leader in Tibetan Buddhism. Ceremony held in Dharamshala, India; the boy is named the 10th Khalkha Jetsun Dhampa Rinpoche.

China is likely to be angered by the move, as it insists on recognizing only government-approved Buddhist leaders. Excitement and apprehension in Mongolia due to potential animosity from Beijing.

In 1995, Chinese authorities arrested and replaced the Dalai Lama's chosen Panchen Lama with their own candidate. Fears of a similar situation arising when the current Dalai Lama passes away. Spiritual leader visited Mongolia in 2016, announcing the birth of a new incarnation and initiating the search.

28.1 Xinjiang

First, a brief history of Xinjiang. Xinjiang is the northwestern-most province of China. Islam spread in this region in the 9th century, with different influences from the Middle East. Xinjiang is primarily comprised of Turkic-speaking Muslims. Qing conquest of Xinjiang in 1759 turned Xinjiang into a Qing province (after Zun Zongtang's expedition).

Controlled by Han warlords after 1911, where the name Uyghur emerged. Xinjiang reincorporated into Communist China as the Xinjiang Uyghur Autonomous Region in 1955; designated autonomous region because of the large majority of ethnic minorities.

Note. In autonomous regions, the governor of the province is of the ethnic minority. But because the Party boss is always a Han Chinese person, the Han still control many aspects of Xinjiang politics.

There are many sources of tension. One of the main sources of tension in Xinjiang is economic inequality. This is due to Han migration. After Xinjiang reincorporated, the central government sent a lot of Han Chinese into the region to take over the region.

This migration dramatically changed the population demographic. In 1945, the Han/Uyghur demographic split was 6.2/882.7%; in 2016, the ratio became 36/49.6%.

Xinjiang has a large quantity of natural resources (oil, gas, coal). The major exports of Xinjiang are "one black, one white," oil and cotton. The cotton is produced in rural sectors and oil produced in urban sectors. Cotton is produced mainly by Uyghurs who are repressed by the Chinese government; oil is produced by Han migrants. There is inequality between industry and agriculture.

All of these factors are connected to education and job opportunities. Uyghur parents prefer to send their children to Uyghur schools and the Han parents prefer to send their children to Han schools; these Uyghur students often do not have educational opportunities (cannot matriculate into the top Chinese universities) due to language barriers, while Han students are able to achieve higher educations.

28.1.1 Violence and repression

In July 2009, widespread unrest after Uyghur workers in Guangdong are killed in ethnic conflict with Han workers. This caused riots and protests by Uyghur citizens in Ürümqi (the capital). Ethnic violence between Uyghurs and Han in Xinjiang.

After 2009, Xinjiang became a police state. Changes of strategies under Xi Jinping from economic development (pre-2009) to cultural assimilation (post-2009). Mass surveillance and "re-education camps" prevalent.

28.2 Tibet

Tibet was absorbed into the People's Republic of China (PRC) in 1951. Tibet Autonomous Region plus heavily Tibetan areas of neighboring provinces. Tibetan uprising in 1959; the Dalai Lama flees to India.

The main tension in Tibet is religious autonomy; there is also limited economic development in the reform era.

A lot of Han Chinese have moved to Tibet, leading to increasing infrastructure and tourism. Tibetans do not like this. Tensions led to another uprising in March 2008. Tibetan anger at Han and Hui residents of Tibetan cities.

28.3 Nationalism

There is a recent surge of Chinese nationalism. There are some explanations:

- **Three belief crisis.** After the death of Mao, there is a belief crisis; people are no longer committed to socialism or the Party. None of these ideological frameworks (socialism, Marxism, and the Party) have any political salience. There are **alternatives to communism ideology**.
- **Rediscovery of nationalism.** After globalization, many Chinese realized that China is not the middle kingdom, but one of many countries around the world. This led to a second rise of nationalism.
- **"Confident nationalism."**

The targets of Chinese nationalism are the following

- **Japan.** Japan is one main source of animosity due to the Second World War.
 - **Yasakuni Shrine.** This shrine lists the Japanese war criminals who committed human rights violations in China.
 - **Japanese historical textbooks.** During the Japanese invasion of China during World War II, they committed many war crimes and massacres. Japanese textbooks often neglect or minimize the crimes and tragedies committed and carried out by Japanese soldiers.
 - **Senkaku Islands (Diaoyu Islands).** Territorial dispute with Japan. Islands ceded to Japan with the Treaty of Shimonoseki. China claims that after World War II, the Senkaku Islands were returned to China. These islands are also called the Tiaoyutai Islands by Taiwan, or the Republic of China (ROC).

Note (Anti-Japanese protests). In 2012, the largest anti-Japanese protest occurred in mainland China. Japanese cars were destroyed and Chinese drivers of these Japanese vehicles were beaten up.

- **United States.** Reflects U.S.-China relations. The most recent anti-U.S. protest occurred in major cities in China (e.g. Beijing) in 1999 due to NATO's bombings of the Chinese Embassy in Yugoslavia.

Note. This 1999 protest was orchestrated by the CCP.

Note. The CCP will often use orchestrated protests as leverage against foreign powers.

- **Tibet.** There is tension among Han Chinese on how to treat the Tibet issue.

28.3.1 Sources of nationalism

There are some sources of nationalism:

- **State-led nationalism.** Since the 1990s, the CCP has reshaped the education system to focus on nationalism; due to what they learned from the 1989 student movement. The CCP thought that the students were not patriotic enough and decided to protest the CCP regime.

This is a **top-bottom** argument.

- **Young nationalists.** Spontaneous nationalism by individual actors (domestic and overseas). This is a **bottom-up** argument.

Note. The CCP uses nationalism as a mechanism to garner support for the government. Professor Wang argues that this is a double-edged sword. The same tool can be used to garner hatred and dissatisfaction with government.

28.4 Media

In the last 30 years, Chinese media has been commercialized (new sources of funding other than the government). Most official newspapers are funded by the Chinese government.

Recently, there is an emergence of new media (internet). Over 1b users in China, the largest number of internet users in the world. 73.1% of the population (compared to 84.2% in the U.S.) use the internet; this is much higher than India with 460m users (26% of the population).

Internet users are predominantly young, urban, educated, and male (gender gap is closing). Half of internet users in China are between the ages of 18-24.

Note. Although China has blocked Western social media channels, it has created its own social media applications. There are Chinese domestic equivalents of popular Western social media applications (Weibo for Twitter, WeChat for Facebook etc.)

There are mechanisms that the CCP uses to control the media:

- **Central Party Propaganda Department.** This is the "Ministry of Truth." When there is a big event, the ministry holds a meeting with all media and reporters to tell them how to report on certain events, what words to use, what words they cannot use, etc.
- **Nomenklatura.** Appointments of managers and editors by the Party. Ground-breaking media outlets often suppressed and tamed through political pressure and editorial changes.
- **Self-censorship.** Journalists will often self-censor because they know what will be allowed and what is not allowed.
- **The Great Fire Wall.** Government initiative to block foreign websites/internet.
- **Internet surveillance.** Controls and blocks by Chinese government have increased over time and became more sophisticated. Estimated 30000 internet police, "50-cent army." Surveillance is now extended to email, text messages, microblogs, and chat rooms.
- **Sensitive topics and words.** The following are banned: Falungong, Tibet, Xinjiang, Taiwan, names of Chinese leaders and relatives, democracy and corruption, social unrest and police, names of dissidents and political exiles, porn-related content.

28.4.1 Resistance

The internet is a new forum for political discussion, dissent, and organization. Some sites located abroad. Internet also increases cross-regional communication and information.

Note (Commercialization without liberalization). Media is more diversified and interesting; political controls over media are still effective. Marketization of media has **not** lead to increased freedom of media. International media corporations often compromise principles for access to China's market.

29 Section 7

Next week's section will be the last section. Today, we discuss inequality.

29.1 Inequality

In 2021, top 10% earners in China have 43.4% of the income. The bottom 50% earners hold 13.7% of the income. The top 1% earners hold 14.8% of the income.

In the 1910s, the top 10% held around 60% of the wealth. We see the share drop dramatically in the 1950s after the formation of the People's Republic of China with wealth redistribution policies.

There is inequality between inland and coastal provinces; men and women; urban and rural (migrant workers and residents); education gap exists; ethnic disparities.

Note. The urban-rural inequality is perhaps one of the most threatening to the Chinese Communist Party (CCP).

29.2 Environment

There are some ways China can reduce carbon emissions. One is environmental regulation, transferring industries out of China and into another country, investing into renewable energy, increasing economic growth, investing in research and development.

30 April 19th, 2023

Today, we discuss China's role in the global economy.

30.1 Outward investment

China invested 80b USD per year from 2007 to 2020 and 600b USD in total (3.5t USD from the United States). China's **Belt and Road Initiative (BRI)** is a 2.5t USD investment in additional trade for 65 countries. This initiative has raised claims of "neocolonialism" in developing countries, especially in Africa.

Note (National security threats). Stealing consumer data, propaganda and censorship. Chinese companies' dilemma is weighing domestic survival against international credibility.

One strategy is to cede partial control rights to retain access to foreign markets (TikTok).

30.1.1 Neocolonialism

Three-quarters of the deals are from private firms. Investments are often with no strings attached and are formed via a series of bilateral relationships. There are mixed perceptions of the "China model" for development.

30.2 Recent events in U.S.-China relations

A rough timeline:

- **August 2010.** China becomes the world's second largest economy.
- **November 2011.** U.S. "pivots" towards Asia. Foreign policy initiatives directed at coupling with China.
- **November 2012.** China's new leadership under President Xi Jinping.
- **March 2018.** Trump tariffs target China, initiating a trade war.
- **2020.** Covid-19 brought further deterioration of relations. U.S. president Donald Trump calls Covid-19 "Chinese virus."

31 April 24th, 2023

Today, we discuss U.S.-China relations.

31.1 Main tensions in U.S.-China relations

Some main challenges are the following:

- **Trade deficit.** U.S.-China goods trade with China has been dominated by imports over exports. This economic interdependence leads to conflicts and different incentives.
- **Taiwan.** Taiwanese people are increasingly identifying as Taiwanese over Chinese. This gap in identification has increased since the late 2000s.
- **South China Sea.** Territorial dispute in the south of China, that involves Taiwan, the Philippines, Malaysia, Vietnam, etc. All parties involved have their own claims that often overlap.

Note. This is an issue complicated by history and law. This is a multilateral conflict. Many of these individual countries are weaker than China. It is advantageous for the smaller countries to negotiate individually with China.

There are some deeper tensions and issues:

- **China's economic rise.** The United States feels threatened by an autocratic power rising to be the second largest economy in the world. The West (and leading liberal democratic powers) may feel as if the Chinese economic rise will threaten the rules-based liberal international order.

Note. This is a deeper ideological conflict and is becoming very similar to the 1960s Cold War; democracy and socialism with the United States and the Soviet Union.

- **Chinese international influence.** China is one of the most populous countries in the world; it has also begun investing in developing countries in Africa, Southeast Asia, etc.

Note. The concern is if China is using their investments in the developing world to gain international influence and clout.

- **U.S. domestic politics.** Autor et al. in *The China Shock* argues that U.S. counties most affected by and most vulnerable to Chinese imports and trade are more likely to vote for Trump and the rise of populism.

Note. Moreover, we see that being anti-China is a bipartisan

31.1.1 Predictions

We consider the **Thucydides trap**. This is the idea that when there is a declining hegemon and a rising hegemon, there is often conflict.

There are reasons for optimism:

- **Commercial peace.** War is unlikely between two countries that are economically interdependent. War becomes very costly for two countries.
If leaders are rational, war should not happen.
- **Nuclear peace.** Since the invention of nuclear power after World War II, there has been no conflict between two nuclear powers.

There are also reasons for pessimism:

- **Domestic politics.** Many Republican politicians are very anti-China. We are also uncertain about Xi Jinping's power in the short-term future. It is very likely that there will be political chaos in China once Xi Jinping leaves office.
- **Geopolitics.** Conflicts in Taiwan, South China Sea will exacerbate tensions. Other situations may arise in the future to threaten security.
- **Miscalculations.**

Note (Concluding thoughts). The main obstacles for U.S.-China relations are the following. The conflict has shifted from economic to ideological; in the United States, anti-China sentiment is a bipartisan consensus and people with China knowledge and connections are not trusted; in China, pro-America is seen as soft and disloyal (often not be considered for work in government positions).

Both of these sentiments are now likely to change quickly.

32 Section 8

Today is the last section for the course! We try to wrap up the course materials today.

32.1 Media and censorship

We recall censorship in China. There are many mechanisms: Central Party Propaganda, *nomenklatura*, self-censorship, the Great Fire Wall.

The costs are dissatisfaction and decreased innovation; the benefits are containment of criticism, preventing collective action by citizens.

32.2 Sino-U.S. relations

We discuss the possibility of a U.S.-China conflict (hegemonic stability theory).

33 April 26th, 2023

Today is the last day of class. We wrap up last lecture and have a review session about the semester.

33.0.1 Current event: Zelenskyy and Xi

Chinese leader Xi Jinping and Ukrainian president Volodymyr Zelenskyy had a phone call this morning, the first known contact between the two countries since the Russian invasion.

Recall Xi met with Russian president Vladimir Putin and French president Emmanuel Macron recently.

33.1 Five main takeaways

We consider main takeaways from the course.

1. **The rise of China is not new.** History is important in understanding China. Based on Angus's estimates of economic production, China occupied over 25% of the global GDP for about 2000 years.

The Chinese understand China as an old superpower that has recently declined: the "glorious past" and the "century of humiliation." Thus, they see China's recent economic rise as a rejuvenation rather than a "revisionist power."

2. **Communist Party does not dictate all.** Outside of China, people think that the CCP has complete control over Chinese politics, firms, and society. We know that this is not the case; not everyone who joins the CCP has belief in Communism.

There is internal elite struggle, the Chinese bureaucracy is characterized by fragmented authoritarianism and principal-agent problems between central principals in Beijing and local agents.

3. **Most Chinese are still poor.** The richest 1% owns more than one-third of the total national household wealth. The few megacities are surrounded by poor villages.

There is a long way to go to build a true welfare state.

Note. Pressing domestic problems (demography, sex gap, economic inequality) still plague Chinese society and the government.

4. **Most Chinese and Chinese companies are not agents of the Chinese state.** A new Red Scare Cold War thinking reflects more U.S. domestic problems than the "China threat." Most Chinese in the United States are attracted by the values the U.S. upholds (in U.S. universities, companies, etc.). Most Chinese companies just want to make money.

5. **China does not have political, military, and cultural power to dominate the world.** China does not have the moral authority to be the leader of the world. Obama's "Right makes might."

The popular view is that China wants a world dominated by China. Professor Wang believes that China wants "a world safe for autocracy" rather than "a world dominated by autocracies."

Note. We see that China has 290 nuclear weapons; Russia has 6490 and the United States has 6185. China can, however, very quickly produce more nuclear weapons.

33.1.1 Concluding remarks

We are now perhaps more informed about China than most Americans and Chinese (beyond cocktail party knowledge).