

Chinese Economic Experiment

Purpose: Students will be exposed to the unique and economic and political model of modern day People's Republic of China. As an economic and political "look ahead" to geopolitics of the 21st century, students will look at the China of today and how it has progressed in the post-Mao economic revival. Students will also make an effort to determine if the unique brand of socialism with a market-type economy as currently practiced will be successful long-term in a way its previous model of Maoism could not. Students have already been exposed to the concepts of Marxism and Soviet-style Communism.

Grade Level: Ninth grade Global History or modifiable to a government/comparative government classroom.

Topic: The Chinese economic and political model.

Time: One 47 minute class period (plus reading preparation)

Materials: Blodget, Henry "China's Biggest Gamble: Can it have capitalism without Democracy?" <http://www.slate.com/id/2117169/>

Crowell, Thomas and Polin, Thomas Hon Wing. "Deng Xiaoping."
<http://www.pathfinder.com/asiaweek/features/aoc/aoc.deng.html>

Skills: Comparative analysis of economic and political systems.

Procedures: Students have been exposed previously to the various economic systems. As homework, students will have read copies of the two articles. In pairs students will spend approximately 20 minutes completing the attached sheet that will be a basis for discussing the current and future outlook the PRC. Students will discuss answers as a class. Students will then be questioned as to whether they would give up some freedoms for economic security.

Additional questions:

How has the PRC changed since Tiananmen?

Can capitalism really coincide with socialism?

Standards: Analyze the impact of conflicting political and economic ideologies after WW II that resulted in the Cold War including: the Chinese Communist Revolution.

Assessment: Students will be assigned a one page response to the following prompt:
Do you think it likely that China can continue into the 21st century with this economic system with severely limited personal freedoms? Why or why not?

Based upon your reading, complete each of the following:

1. In reforming the Chinese economic system, what did Deng do to increase economic wealth in China in the years following the death of Mao?
2. What is meant by “to get rich is glorious?”
3. According to the writers, what keeps the Chinese people from demanding greater personal freedoms?
4. How does this model of “socialist capitalism” compare with that under Mao?
5. How does this model compare with that of traditional communism?
6. Opinion: Based on your reading and discussion with your partner, what do you believe is the likelihood of success of China’s current economic model? What are its greatest challenges? Is political unrest likely, particularly in the event of an economic downturn?

China's Biggest Gamble

Can it have capitalism without democracy? A prediction.

By Henry Blodget

Posted Friday, April 22, 2005, at 12:38 PM ET



Western-style *laissez-faire* expected *any minute now*

On my last evening in Beijing, I walked west on the long blocks of the city's main drag toward Tiananmen Square. The sun was setting when I arrived, and, on the north side of the road, beneath the portrait of Chairman Mao on the Gate of Heavenly Peace, crowds of tourists were streaming out of the Forbidden City. On the south side, in Tiananmen Square itself, kites and flags were flying, and entrepreneurs posing as "students" were cruising around entreating foreigners to visit a nearby art "exhibit" in which their works were purportedly displayed. The students' story was clever and well-choreographed, but I'd already fallen for it once that day (enduring a guided tour of machine-made paintings being sold to fund a "trip to America"). So, I just wandered around the square and watched the sun set over the Chinese flag.

The story of what happened in Tiananmen in June of 1989 is different in China than the one we tell in the United States. In America, we remember the student protests as a plea for democracy, for *our* form of government (who has forgotten the students' mock-up of the Statue of Liberty?). But in China, people describe the students' goals as not *democracy*, per se, but as the end to corruption, the ability to air grievances, and the right to more control over their lives (or, as one person put it, the right to refuse to be shipped off to some dumpy factory for 40 years—a fate that would drive anyone into the streets). Although these ideals were closer to our form of government than China's was in 1989, they were not the "one man, one vote" system we hold so dear, the one that, in America, we herald the Tiananmen students as having died for. And, by local estimation, Chinese have gotten much of what the students were really hoping for 16 years ago.

In Beijing, as in Shanghai, the businesspeople I spoke to seemed more concerned about preserving their ability to make money than about gaining the ability to vote leaders out of office or to express themselves however they pleased. One expects businesspeople to tend toward this end of the idealism scale, but in the U.S., democracy and freedom of speech are so fundamental to our sense of ourselves and our country that even our businesspeople can't imagine life (or economic success) without them. So, it is interesting to see China succeeding—on the surface, anyway—without them.

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The question remains: Can the Chinese model—capitalism without elections or free expression—succeed forever? The common Western theory is that the more China's wealth grows, the more the pressure will build, until one day, the Communist Party's chokehold on power will break and American-style freedom of speech and democracy will follow (or, alternatively, that, in a desperate attempt to preserve itself, the party will revert to Cultural Revolution-style oppression and stop the economy cold). Both theories presume that free speech and elections are high on the average Chinese citizen's agenda, but, for now, a strong economy seems to take priority. ("The average guy wants to buy a car, eat vitamins, and get his kids into Berkeley," said one Beijing entrepreneur. "As long as the government doesn't screw that up, he's willing to play along.") The Western theories also presume that the transition from socialism to capitalism inevitably includes a transition from one-party rule to elected, multiparty democracy, but perhaps this isn't so. Especially when the leaders of the one party know exactly what keeps them in power—fat consumer wallets—and are willing to go to extraordinary lengths to control the spread of potentially destabilizing ideas.

For China's economy to continue to thrive—and for its companies to grow strong enough to compete globally on something other than price—the government will have to continue to reduce corruption, strengthen property and legal rights, and develop a more efficient capital allocation system (including a securities market in which government connections are not a prerequisite for raising cash). In a democracy with a free press, the pressure that forces such changes often comes from decision-makers' fear of being ravaged in the media and/or voted out of office. In China, the repercussions may not be so immediate and direct, but based on the government's actions over the last decade, it knows well that continued economic reform and success are not only good for the country but key to its survival. The pressure is there, in other words, with or without the media, and the government continues to make progress in reducing corruption and buttressing legal and property rights.

The government also seems to be deciding that, at least in the realm of business and finance, greater press freedom helps advance its economic goals and lessen its regulatory burden. Business journalism keeps companies honest and makes customers and investors comfortable that they at least have a forum in which to complain. Such freedom is not all good—in the media's eagerness to advance its own economic agenda, it often manufactures scandals where there are none and spins normal free-market processes into institutional or regulatory failures. But just as a free market is more effective than central planning at, say, managing crop production and pricing, a free press enhances the regulatory abilities of a government and creates the information flow that capitalism requires.

But the Chinese government will probably continue to stifle the press's freedom to criticize it. As demonstrated by the government's subtle, sophisticated control of all forms of media and its ongoing penchant for firing, beating up, jailing, and perhaps even killing journalists who cross vaguely defined lines, we won't see a Michael Moore of China anytime soon (see [Perry Link's essay](#) in the *New York Review of Books*). But I doubt this will hinder the ongoing development of China's vibrant economy.

The key test of China's version of capitalism, of course, will be during the bust that inevitably will follow the current boom (some day). If elections were held today, many in China suggest, the current leaders would win the popular vote. On the whole, thanks to the economy, people feel they have done a good job. During the bust, the pressure for change will increase, with or without the press. If the government is to maintain control in such an environment, it will probably have to engage in a practice that has long been a fixture of oligarchies and democracies alike: blame. As long as the countrywide pain can be laid at the feet of an individual or group, instead of the system—and as long as the scapegoats can be tossed out on their respective rears—the public pressure for revolutionary change can probably be controlled. If China can survive that inevitable economic crisis without a political uprising, we will probably be able to conclude that a dynamic free-market economy need not, in fact, go hand in hand with democracy.

Addendum: A few weeks ago, in a piece about [the fake-DVD business](#), we met the American fake-DVD entrepreneur Randolph Hobson Guthrie III, who was awaiting a verdict and sentencing in Shanghai after being tried for "operating an illegal business," a crime that carries a maximum sentence of 15 years in a Chinese prison. The *Wall Street Journal* reported recently that Guthrie was convicted of a lesser crime, selling fake goods, and sentenced to a lighter-than-expected two and a half years.

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<http://www.pathfinder.com/asiaweek/features/aoc/aoc.deng.html>

POLITICS AND GOVERNMENT

Deng Xiaoping

By TODD CROWELL and THOMAS HON WING POLIN

Xinhua

Those who inhabited China's vast countryside can truly appreciate Deng Xiaoping's greatness. In countless villages lived four-fifths of the hundreds of millions of Chinese, most of them in abject poverty. An entire family might share a single pair of trousers. If lucky, they might live in a small thatched roof hut with a hole at the top to let out the smoke from the open hearth fire. Peasants transported their ducks and geese to markets along rivers and ancient canals; there were few roads. This was not the Middle Ages, but China, circa 1976, the year Mao Zedong died. The country was in the depths, its people depressed and devoid of hope for their lives.

By changing the way peasants live, Deng recast China, and in many ways altered the world we live in. He did this through the simple expedient of giving the land Mao had originally confiscated from the landlord class back to the peasants. Through the contract responsibility system, farmers were free to grow any crops they wished, so long as they delivered a specified amount of staple crops to the central government. Soon money was beginning to course through the system. Two-story brick houses rose where thatched huts used to be. Some 200 million Chinese - more people than all of Indonesia - escaped destitution.

Thus, Deng lifted more people out of poverty than any other world leader, anytime, anywhere. "It is time to prosper. China has been poor a thousand years," he said. But his exhortation - "to get

rich is glorious" - did more than just unleash economic drive. It overturned the millennia of ordinary Chinese setting aside their personal welfare for the emperor or the state. That is the real revolution Deng launched, a social upheaval welling up from within each individual citizen. That unleashing of personal drive, coupled with the assertiveness that comes with affluence and education, has been pushing back political restraints in the country, along with economic ones.

Deng's policies had immense impact abroad. From the 1950s to the late 1970s, China was ruled by ideologues committed to exporting the communist revolution. Beijing underwrote insurgencies throughout the region, spurring alliances that brought much of Asia under Uncle Sam's sway. Under Deng, China set aside such adventures to concentrate totally on building up the economy and attracting foreign trade and investment. That in turn has permitted neighboring countries to concentrate on their own development. Deng's economic reforms and his realignment of China constitute the most important geopolitical event in Asia in the second half of the 20th century.

The man who became known as China's "patriarch" tackled the great "problems left over from history" - namely the separation of Hong Kong, Macau and later Taiwan from the mainland - with the constructive pragmatism that marked all of his political endeavors. The famous "one-country, two systems" formulation under which Hong Kong was returned after 155 years of British colonial rule was imaginative, daring and unorthodox. It was an issue not only of supreme importance to China in its quest to regain national wholeness. It was also of international concern because of what Hong Kong had become under the British, its key role in Asian economic development and as a model for China in the coming century.

Great men often have great flaws. Deng shared the ruthlessness which has been a mark of Chinese leaders since Shi Huangdi first united the country by force 22 centuries ago. Faced with equally fearsome foes in the wars against the Japanese and the Kuomintang, and purged twice under Mao for his pragmatic views, Deng saw no other sure way to survive and advance his political aims, but through force. Indeed, part of his genius was to outfight his enemies, especially the ideologues bent on leading China down the Maoist way to ruin. Thus, Deng eventually asserted his vision of a modern, prosperous nation. But that very toughness led him to order the harsh, bloody suppression of countless people. He persecuted thousands of intellectuals during Mao's Anti-Rightist Campaign of 1957. And when students called for democracy and an end to corruption on Tiananmen Square in the spring of 1989, China's patriarch called out the tanks.

Of all the century's great leaders, Deng was truly a man of his century. For one thing, his life (born 1904, died 1997) neatly spanned the era. More importantly, his career embraced most of it.

As far back as the 1930s, Deng was shaping the course of history as a top-level communist political operator and military commander. He led China's revolutionary armies in some of the great campaigns of the civil war, culminating in the capture of the Kuomintang capital Nanjing. Yet he was influencing events right up to the century's end, when, in 1992, he rekindled economic reforms, stymied for more than two years after Tiananmen, with his famous tour of southern China.

For Asia, the past 100 years have been a drama in two big acts. The main theme of the first half of the century was the region's struggle for independence from European colonialism. The second half has been dominated by nation-building and East Asia's phenomenal economic success. Alone of all the great Asians, Deng was a leading player in both of these acts, first as a revolutionary leader, then as the architect of a social revolution which has fundamentally changed China and the rest of the world for the better.

In an attempt to insure stability, Deng Xiaoping, like the 18th-century Qianlong Emperor, resigned and let his appointed successors rule in his place. When Qianlong died, his designated heirs were overthrown and executed. Unlike Mao, who was worshiped and so ruled by divine right, China's leaders have no personal legitimacy. All their moral authority comes from the Communist Party. Even though Deng himself suffered at the hands of Chairman Mao, he maintained the idolatry that persists to this day. He did so because he ruled as Mao's heir and could not question the legality of Mao's reign. When protesters threw paint on the picture of Mao in Tiananmen Square in 1989, they were held by other protesters until the police came. One paint thrower was eventually sentenced to life imprisonment. That's how they treat protesters in China. Deng hoped that if the citizens of China continued to adore Mao, the Communist Party would enjoy continuing power and stability.

In Communist China, where there are no human rights, property is always more important than people. There are no safety regulations, and accident victims cannot sue for negligence, since the negligent party is almost always the government. We Americans complain, with good reason, about the explosion of litigation in our country, but despite everything, we are better off because we live in society of law. We may be surprised that Communists value property more than capitalists do, but we shouldn't be. Communists believe in the magical power of money because they have been taught to do so by Marx. They don't understand the power of law, of human rights, of free association. They don't know that America is rich because of its democratic, stabilizing traditions.

Optimism is built into the Chinese language. The words for "tomorrow" and "next year" are *mingtian* and *mingnian*, literally "bright day" and "bright year." Today the residents of Hong Kong, with their habits of freedom of speech and freedom of religion, are citizens of China. They have held demonstrations, but government tanks did not run them over, as happened in Beijing in 1989. The Chinese government respects money too much to upset the Hong Kong economy. Deng Xiaoping's reign led to capitalism but not to democracy. Let us hope that the influence of Hong Kong will spread all over China, and that next year, *mingnian*, China will be free.

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