

## CHAPTER 1: OPENINGS

As noted in this book's Foreword, 1989 was a tumultuous year worldwide, and in China no less than elsewhere. In June that year, in the country's national capital, China's regular army violently suppressed a peaceful protest movement. That event quickly became the focus of global attention.

During just three days in the middle of 1989, from May 31 to June 2, the 85-year-old Deng Xiaoping, now in the twilight of his life struck back against his opponents and made a decision that was to have profound consequences for himself, his party, his country, and even the whole world eventually. The decision would significantly reconfigure the political arena at the same time as forcibly oppressing citizens. China's new economic and political structures that resulted from Deng's reforms were not to be interfered with. He would not hesitate to use any means to ensure that those reforms remained firmly in place.

The red flag has been flying for 40 years in all parts of the vast territory ruled by the Communist Party of China since the Guomindang retreated to Taiwan. Now, in 1989, the sound of gunfire rang out in the streets of Beijing, the ancient city that five of China's imperial dynasties had made their capital when they ruled the old empire.

This was the first time in peacetime that state-sanctioned military action was taken against the citizens of the ancient capital. Tanks rolled into Tiananmen Square on June 4<sup>th</sup> 1989. Well-equipped field troops were deployed in large formations, shooting at people on the streets, large numbers of whom were young students. Spattered blood stained Beijing's long streets. Nearby hospitals struggled to cope with the

growing number of dead and wounded victims of the violence. Suppression of the turmoil was quickly achieved; military action had resulted in a speedy 'victory'. From June 4th to 8th, the normally elegant and stately city was shrouded in gloom and fear.

**a) The Party and the 1989 Protest Movement**

On June 9, at the Huairen Hall in Zhongnanhai, Deng joined a meeting of senior officers in command of the units enforcing martial law. Huairen Hall 怀仁堂 ('Cherishing Benevolence Hall') is a single-eaved hip-and-gable roof hall furnished with modern facilities and amenities; it also has an authentically regal style that impresses and is understood by everyone. We should note that on 9<sup>th</sup> June the guns had not yet cooled, the blood of victims had not yet dried, and the need to 'cherish benevolence' was urgent!

The 'people's officials' sat up straight and listened attentively. Did the June 1989 meeting in Huairen Hall remind participants of the 'Commendation Ceremony for Meritorious Personnel in the People's Revolutionary War Period' held in the Hall in 1955? This was when the Top Ten Marshals were canonized, and Mao himself received three first-class medals. Or did they remember the dramatic 'Huairen Hall Incident' of 1976, when members of the PLA's 8341 unit unsheathed their swords and arrested, in one fell swoop, four of Mao's close comrades (the so-called 'gang of four')? Or was it the case that, although the rumbling of the tank treads had not yet faded, the attention of the meeting's participants was already being diverted by the chattering of pretty young women invited to the Huairen Hall banquets,

and by the famous actors competing to entertain at the meeting's top events?

Perhaps some of the officers reflected on even older historical events. Below Huai ren Hall is Yi Luan Hall, where the Empress Dowager Cixi, in her declining years, ordered the imprisonment of the Guangxu Emperor, the nephew whom she had carefully selected to be emperor back in 1871 when Guangxu was four years old. In 1898 she ordered that he be jailed in nearby Yingtai because he had become too close to reformers. Having suppressed the reform movement, Ci Xi returned to the court and reassumed her role as Empress.

The military officers who held the rank of general and above in the martial law troops in 1989 were received personally in Huai ren Hall by Comrade Xiaoping, who now had absolute power. At this time and place, there was no ruling Party, only the gun. During those few days in early June 1989, the gun did indeed command the Party.

Deng Xiaoping, now the Party veteran who decisively 'called the shots', ascended the Huai ren Hall podium on June 9 1989 and began his speech by proposing a moment of silence for the 'fallen martyrs' (15 out of the 200,000 soldiers) who had lost their lives in the 'turmoil suppressing' military action on June 4<sup>th</sup> to 8<sup>th</sup>. Who, however, most deserved to be 'cherished benevolently'? Without a hint of remorse and with no words of comfort for grieving citizens and students, Deng continued:

This disturbance would have occurred sooner or later. It was determined by both the international environment and the domestic environment. It was

bound to occur, whether one wished it or not; the only question was the time and the scale.<sup>1</sup>

What were the international and domestic environments to which Deng referred? Did he believe that a wind of 'universal values' that originated in the 'open world' was blowing through China? Is 'turmoil' a consequence of people's unwillingness to be enslaved? Or is it a consequence of the gradual maturing of civil society? Does Deng's speech give clues about which members of the Standing Committee (elders and their representatives) would rise or fall? Perhaps it was Zhao Ziyang who Deng had in mind. How could there be such differences in the judgements of teacher and pupil, of master and disciple, of the leader and his deputy? Among Chinese scholars who have analysed the 1989 crisis there are surprisingly divergent understandings of the protest movement as well as disagreements about what were the rebel leaders' deep-seated values.

#### **b) The Four Persistences**

In his 9th June speech, Deng said that it is appropriate to apply the word 'turmoil' to China's crisis in mid-1989. Also, he declared that the development of the protest movement into a 'counter-revolutionary rebellion' was inevitable. The protagonists, he said, wanted "to topple our country and overthrow our party".<sup>2</sup> He went on to say that the nature of the 'counter-revolutionary riot' was, in fact, a product of 'bourgeois liberalisation'. This marks the beginning of the confrontation between

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<sup>1</sup> Deng Xiaoping. 'June 9<sup>th</sup> Speech to Martial Law Units', <https://www.marxists.org/reference/archive/deng-xiaoping/1989/5.htm>

<sup>2</sup> Ibid, p. 1

bourgeois liberalisation and the 'Four Persistences' (*sige jianchi* 四个坚持).

What on earth, you might ask, are the "Four Persistences"? Broadly speaking, they are a reiteration and affirmation of the "Four Cardinal Principles"<sup>3</sup>. Their origins can be attributed to Mao; they were energetically propagated by Deng and his allies during the 1980s, having been enshrined in the PRC's Constitution in 1981. They are premised on authoritarian government and dictatorship. Deng on June 9<sup>th</sup> 1989 implicitly blamed the turmoil on too much change happening too quickly; his speech argued the merits of "principles and policies we have already formulated"; he promised that "we will continue to implement them unswervingly."<sup>4</sup> He conceded that political education had been inadequate in recent years; the Four Persistences were to be expounded to the people in plain, simple language that made Party policy easy to understand and easily sloganized. In other words, more political education would make the masses more malleable, more manipulable.<sup>5</sup>

Reenergising the Four Persistences so that they served 'turmoil suppression' and the squashing of liberalism represents a reassertion of conservatism and authoritarian management of Deng's 'reform and

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3 The Four Cardinal Principles are: stay on the socialist road, uphold the people's dictatorship, the leadership of the CCP is indispensable; so is Marxism, Leninism, Mao Zedong Thought

4 <https://m.ccdi.gov.cn/content/e8/a6/32583.html>. 中国纪检监察报 09-25

5 Deng Xiaoping. 'June 9<sup>th</sup> Speech to Martial Law Units', <https://www.marxists.org/reference/archive/deng-xiaoping/1989/5.htm>

opening' project. Were Deng's opponents completely silenced? Were Deng and his allies really able to implement 'unswervingly' the "basic line, principles and policies" that the Party-state "had already formulated"?

What is really the case? What's going on here? Could it be that what is done cannot be said, and what is said cannot be done?

Just two months earlier, on the very day Hu Yaobang passed away (he was, at the time, still under interrogation for his 'mistakes'), the author personally witnessed a semi-high-level meeting that was neither disclosed by officials nor noticed by researchers. Diane Yin, the founder and editor-in-chief of Taiwan's *CommonWealth* Magazine, was in Beijing in early 1989 to meet with Wang Feng, the Director of the Taiwan Affairs Office of the of the CCP Central Committee.

It seemed that Hu's death in mid-April 1989 did not immediately affect the routine work of the party and government. Obviously, Director Wang did not judge it necessary to revise his prepared remarks. He was intent on using Taiwan's prestigious political and economic media to convey to the world that the CCP was about to take substantial steps toward political reform.

The meeting was scheduled for the morning of April 15, 1989, and was held in a small reception room in the Beijing Hotel. Director Wang greeted Diane Yin with a smile and a few polite phrases such as "We welcome you to come back and visit often," and then got straight to the point. He said: "Comrade Xiaoping has recently been considering removing the 'Four Persistences' from the *Constitution* and placing them in the *Party Charter*."

Upon hearing this, the author was so excited that she kicked Diane hard under the table, earning a confused glare in return.

Readers who have some knowledge of the preparatory meetings leading up to the Third Plenary Session of the 11th CCP Central Committee (CC) will be familiar with the starkly opposing positions taken by participants in that December 1979 Plenum. One side criticized the 'Two Whatevers', and the other side promoted the 'Four Persistences'. The 'Four Persistences' were like the 'Golden Cudgel' created by Mao and solidified by Deng, and they were wielded time and again throughout the 1980s for the purpose of stifling the budding spirit of freedom, independence, and civility among the people.<sup>6</sup> You can understand why the author felt excited when she heard Director Wang tell Diane Yin that the 'Four Persistences' were likely to be downgraded soon.

Thirty-five years later, the incident described above is no longer a contestable piece of evidence provided by just one source. Wang Feng was spot on when, on April 15<sup>th</sup>, he told Diane Lin that Deng had 'recently' been mooting a downgrade of the 'Four Persistences'. From the memoirs of key figures at the political center it is now known that Deng did indeed have this idea in early 1989, precisely as Wang Feng said. And Hu Qiaomu, the scribe of the "Four Persistences," had already whispered the news to people in his circle once he "understood

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<sup>6</sup> The term 'Golden Cudgels (or 'Golden Rods') was used in a Red Guard Manifesto in June 1966. <https://www.chinafile.com/library/nyrb-china-archive/bringing-red-guards>

Comrade Xiaoping's intentions": the 'Four Persistences', he said, will not endure; sooner or later, they will be removed from the *Constitution*."

If it were not for the decisions made in those three days at the end of May and the beginning of June, if it were not for the stability achieved by means of bloody repression, this message about the downgrading of the Four Persistences could have been broadcast to the world. Chinese citizens might have been able to gradually break free of the red shackles and find themselves in a slightly less oppressive political and social environment.

This was not to be, however. In the grand hall of Huarentang on June 9<sup>th</sup>, even before the removal of bloodstains on the streets of the Liubukou area (West Chang'an street), Deng, sternly pointed out the continuing importance of the 'Four Persistences' to senior officials of the PLA, the "Steel and Iron Great Wall" of the party-state, and to the martial law troops in the capital. He insisted that the "Four Persistences" must be upheld at all times, without yielding even an inch!

This was less than two months after Diane Yin's meeting with Director Wang Feng!

### **c) Deng Xiaoping's Grand Scheme (大局)**

It is probably an overstatement to say that 85-year-old Comrade Xiaoping was brimming with ambition and confidence in the months before the 1989 crisis. He had good reason, however, to sense that a great success was just around the corner. He could, therefore, look forward to a relaxed and peaceful retirement. His retirement years would be very different from his life as a professional revolutionary and soldier before 1949 and as Great Leader Mao's loyal disciple after "The



Five Horses Entered Beijing" in 1949.<sup>7</sup> The two decades that followed were exhilarating but uncertain. Also, being a Mao loyalist did not mean that he was *completely* loyal, nor was he able to escape the worst of the 'ten years of chaos'<sup>8</sup>. Who could have predicted the twists of fate, however? The Great Leader passed away in 1976, and the era of reform and opening began. Deng Xiaoping had reached the pinnacle of power in China by the end of the 1970s.

The year 1988 was little more than ten years after the death of Mao, but such a lot was achieved in that short time. As Mao's favored disciple but not always his loyal servant, Deng had not engaged in punitive campaigns or persecutions; he relied solely on practical measures that were often the result of careful planning and shrewd tactics. This won him respect and admiration at all levels of society and resulted in his becoming the *de facto* supreme leader of the country. Whether or not he enjoyed his high position or was confident in his remarkable abilities as a leader, Deng did not feel 'isolated' or insecure as supreme leader. He certainly had to regularly pacify or deflect the ambitions of the ambitious, just as he had to deal with endless leftward and rightward pushing and pulling from his old comrades who had a variety of motives and ambitions. Nevertheless after ten years of reform and opening, the broad framework for creating a new era for Red China was more or less in place by 1988. It was within this framework that Deng was able to fully display his capabilities.

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<sup>7</sup> This refers to the PLA's march into Beijing in January 1949, bringing the city under CCP government

<sup>8</sup> The Cultural Revolution, 1966 to 1976

What precisely did Deng Xiaoping ‘display’? How did he present himself to the Chinese people? He was always ambitious yet not fond of grandstanding. He was determined to lead China out of poverty and weakness and to find ways of developing it so that it becomes a wealthy country with strong military power. The focus of most of his speeches and writings was ‘reform and opening up’. Statements like the following were made with the reform project he launched in late 1979 in mind:

We must liberate our thinking even more, and we must act faster. (*Selected Works of Deng Xiaoping*, Volume 3)

Especially, we must boldly move forward and accelerate the pace, not missing any opportunities. (*Chronicles of Deng Xiaoping, 1975–1997*, Volume 2)

Readers should pay special attention to the phrase "not missing opportunities". Many of the heart-wrenching regrets that followed stemmed from Deng's impatience, anxiety, and frustration over missed opportunities.

What about the details of the ‘grand scheme (布局)’? That’s a long story, especially because there are so many things that cannot be said.

#### **d) Deng and Hu Yaobang**

The Sixth Plenary Session of the 11th Central Committee (1982) and the National Party Representative Meeting (1985) resolved the disagreements with Hua Guofeng's faction and a whole bunch of ‘highly respected elder comrades’. These two events could be seen as the clearing of the stage before putting in place the grand plan for reform and opening up. Afterwards, Deng selected his left and right arms: General Secretary Hu Yaobang and Premier Zhao Ziyang.

If we use the internal party standard terms for factions such as the 'Red Zone', 'White Zone', or 'Western-style houses' to describe these alignments, it has to be said that Deng and Hu had no prior connections with factions. In the 1950s, however, when Deng was General Secretary of the Party and Hu headed the Communist Youth League, the two men most probably developed a mutual admiration through observation of each other's work styles. In the fall of 1976, after the Gang of Four fell from power, Hu's first response to Marshall Ye Jianying's request for advice was stated in his 'Three Strategies'; it was that *public* criticism of Deng should be stopped. That Hu suggested this was never subsequently mentioned by Deng. This silence on Deng's part should not be interpreted as ingratitude (although that was one of Deng's traits). It was just that, at the time, Hu's advice did not seem particularly insightful, and that his recommendation was more an expression of his empathy with Deng.

Did Deng have a high regard for Hu? Hu was straightforward and unguarded, never 'scheming' to use the 'Old Grandpa' for his own personal gain (a typical strategy of opportunists). Even tough men like Wang Zhen and Xu Shiyu occasionally indulged in political intrigue. Being straightforward, nevertheless, does not necessarily mean being insightful, and it certainly did not mean that Hu shared Deng's views. For instance, their opinions diverged on Mao, on unjust persecutions, and on figures like Fang Lizhi, commonly regarded as 'the detestable conscience' of China.

Hu did not know how to read the situation nor manage it. He was not as savvy as figures such as Wang Dongxing or Yang Shangkun. But

nor was Hu obstinate; he complied when he had to, such as during the so-called 'Cleanse Western Spiritual Pollution Campaign'; he enforced this campaign for over 20 days in late-1983.

Fundamentally, Hu and Deng were different kinds of people, with different values and bottom lines. Hu had a genuine sympathy for the underprivileged and those wronged by past political movements, such as the victims of the Anti-Rightist Campaign in which intellectuals were persecuted for their ideas, and soldiers sent to the Laoshan front line to fight in the 1979 Sino-Vietnamese War.

Deng's misgivings about Hu were strengthened when he learned the contents of a 1985 interview that Hu did with Hong Kong journalist Lu Keng. In a conversation with Yang Shangkun, Deng said: "Lu Keng came under the guise of flattering Hu Yaobang in order to oppose us! If I've made any mistake over the past few years, it is that I misjudged Hu Yaobang!"

Deng decided to remove Hu.

The Party's 'Internal Life Meeting' on January 6, 1987, that expelled Yaobang, turned into a disgusting inner-court power struggle. Hu Yaobang used to be enthusiastic and had warm relationships with his comrades and their families. Now he bowed his head, made a self-criticism, and so was able to retain his position as a member of the Politburo. From then on, he had a position in the political system but had nothing to do, nor did he have any power.

Less than a year earlier, on the morning of October 30, 1986, Deng and Li Xiannian went to Chen Yun's residence, where the three of

them engaged in a long and secret conversation on the issue of who would take charge on the front line. This was a meeting at which Deng went face to face with comrades who opposed his political view; it was a struggle for power. Deng chain-smoked six cigarettes during 80 minutes of hard work, finally managing to decide on a five-member working group for daily operations and a seven-member personnel group to organize the leadership of the front line. This latter group was the Party's 13th Congress team which supported Deng's political line of 'one central task, two basic points'. After the 13th Congress, economic and political reforms steadily progressed, giving ever stronger affirmation to Deng's belief that "reform and opening up are the driving force of China's entire development process," and that China was manifestly on the road to reform and opening.

**e) Zhao Ziyang and China's Reform and Opening**

There is no doubt that the pace and depth of reform were accelerating. Reform was China's only way forward. It was supported by public sentiment and became an irreversible trend. Policies were introduced to invigorate state-owned enterprises by separating ownership and management. The development of goods and factor markets, the promotion of different forms of ownership, and remuneration based on work were all emphasized. Political reform was also on the agenda, although Deng made it clear that China would not "copy Western-style separation of powers or multiparty system". As well as separating the Party from the government, the agenda included the establishment of a system of social dialogue to ensure that the public was informed about significant issues and that major decisions were discussed by the people. This strengthened the role of the National People's Congress,

and promoted independent and autonomous mass organizations. Reforms such as these were progressing steadily, inch by inch.

Many people were delighted just to hear about the series of reform policies that targeted the shortcomings of the current political system. It was no wonder that, when Zhao Ziyang delivered the political report at the 13th CCP National Congress on October 25, 1987, Chen Yun stood up and left the meeting early. Opposition to so-called 'bourgeois liberalisation' and alarm about the downfall of Hu Yaobang seemed to have faded. At the press conference following the conclusion of the 13th Party Congress, Zhao Ziyang appeared calm and collected when addressing Chinese and foreign journalists. His open and relaxed demeanor won over both the reporters present and countless viewers watching on TV. The giant ship of reform and opening up had only temporarily docked to replenish supplies and was now ready to set sail again.

Zhao Ziyang, the commander handpicked by Deng Xiaoping (though still beholden to superiors), effectively governed for only one full year, the year of 1988. Despite the lurking dangers, he remained composed and confident although frequently caught between two worlds – between a vibrant Chinese society and the push and pull of the Western world. Deng would never allow the use of anything close to Western democratic practices such as the separation of powers into three branches and 'rotating governance' in a multi-party system.

Meanwhile, the ultra-leftist guardians of Mao's legacy remained a force to be reckoned with.<sup>9</sup>

Throughout the 1980s, Zhao and his comrades looked for cracks in the rigid system within which they had to live and work, trying to break through the authoritarian and oppressive structures that persisted, even grew, in post-Mao China. After much effort, they finally found a way to accommodate both the ideological rigidity of Marxism-Leninism and a practical reform agenda.

They proposed allowing a mixed economy with state ownership as the mainstay, and different forms of distribution with labor-based remuneration at the core. They aimed to promote the development of a socialist market economy, build a unified socialist market, and balance planned and market regulation. This approach was termed 'the primary stage of socialism'.

Deng Xiaoping approved: he declared: 'This design is good!'

#### **f) Deng Xiaoping and Reform**

But were Deng and Zhao truly of one mind on the reform agenda and its priorities? Did Deng fully grasp Zhao's and his team's beliefs and principles, such as their thorough critique of Mao or their admiration for

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9 In the political context of Communist China, radical leftists are seen as revolutionaries, while conservative rightists could almost be regarded as counter-revolutionaries because they favoured a restoration of traditional values and governing principles. Through the bloody internal struggles within the Communist Party, officials learned the lesson of 'better left than right'. During the reform era, policy goals shifted towards opposition to extreme Party-state authoritarianism and in favour of a market economy, individualism, and liberal democracy. The once deeply red radical leftists became the conservative guardians of reform-era orthodoxy.

the fundamental elements of modern society? Or did both men know they had differences but were unable to acknowledge them openly?

Mao may have died, but did the Mao era truly end with his death? In the 40 years and more since the Communist Party took power, who in China had the courage to declare that the biggest calamity in China's history was the 1949 revolution itself? From Sun Yat-sen to Chiang Kai-shek, from Mao Zedong to Chen Yun, Li Xiannian, and even Deng Xiaoping, and people such as Hu Yaobang, Zhao Ziyang, and Wan Li — they all rose to power by means of the revolution. Making revolution was like an addiction. When in opposition (since the end of first United Front with the GMD in 1927), Party officials and their subordinates seized land and wealth through direct violence; when in power after 1949 they still could not resist pulling the trigger, orchestrating campaigns such as the 'Three Great Transformations', 'Unified Purchase and Unified Sales', and the People's Communes. How many of them recognized the suffering and damage their revolution caused to the nation and its citizens? How many of them felt guilty about it?

In essence, was not 'reform' actually a turning back? Back to the time before the socialist transformation that began in 1952, back to the promises of democracy and a free economy made in the 'New Democracy' of the 1940s, but also in the 1930s when the Nationalist government had not fully undermined free-enterprise capitalism and the budding civil society? Or did it reach even further back to the Beiyang government era — a period marked by poverty and weakness, but without censorship of speech or the press, and with freedom to organise political parties, freedom of migration and freedom of speech? In a



word, 'reform' in Post-Mao China meant putting a stop to the endless bloodbath and hell created by the revolution, a retreat from the damage and crimes inflicted on China by Marxist-Leninist-Maoist utopianism. This also entailed abandoning the political system, legal principles, and rules that derived from the revolution. Can we say that the post-Mao reforms take us back to pre-revolutionary China when Chinese people began to 'open their eyes and see the world'?

Yet such reform seems essentially unattainable! The Communist revolution promised 'liberation' to the majority of China's 500 million people in 1949. Instead it ended up creating a system that has enabled the rise of a ruling class with little interest in liberating the people and ready to use violence when it served ruling class interests.

**g) The booming 1980s**

While the silt of the revolutionary system sank deep into the bottom pond, the surface looked like a pool of spring water. Chinese society as a whole began to stir, invigorated by the spring breeze of reform and opening-up that following the Third Plenary Session of the 11th Central Committee. This applied in all fields, across all social strata. And at the forefront of social change were the media, academia, and universities.

In those ten years, it wasn't just China Youth Daily and China Youth magazine; even Guangming Daily, Science and Technology Daily, and Farmers' Daily—and even the People's Liberation Army Daily—were all frantically absorbing the nourishment of limited intellectual freedom, trying their best to bloom with ideas from the depths of their own hearts.

Those "true believers at both ends" (\*\*) who had returned to leadership positions and got some sort of power after the Cultural Revolution were just as enthusiastic as the younger generation. Wang Yuanhua led the launch of the New Enlightenment Series, Hu Jiwei, Wang Ruoshui, Li Honglin and Yu Haocheng edited the Democracy Series, Yu Guangyuan and Feng Lanrui operated the Marxist Studies...

In November 1988, Economics Weekly, originally affiliated with the Chinese Academy of Social Sciences, joined forces with the unofficial organization "Beijing Social and Technological Development Institute" to initiate the first National Modernization Theory Symposium. It was the largest one among such symposiums of the 1980s, attended by over 300 scholars, including Yu Guangyuan, Li Rui, Li Shenzhi, Su Shaozhi, Yu Haocheng, Ge Yang, Ding Shuhe, Xu Liangying, Feng Lanrui, Zhang Xianyang, Yan Jiaqi, Zhang Jinpan, Luo Rongqu, Wen Yuankai, Li Ming, Sun Liping, Xiao Gongqin, and others. (\*\*) That same year saw Taiwan's political reforms under Chiang Ching-kuo, as Taiwan lifted the bans on the press and political parties. As if in response to these changes across the Taiwan Strait, some scholars at this symposium were the first to propose enlightened authoritarianism as a means of peaceful transition and de-revolutionizing society. They were not influenced by the authorities—there wasn't even a hint of suggestion from the government; these ideas came purely from the scholars' professional awareness.<sup>10</sup>

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10 New Authoritarianism advocates for a period of strongman politics to achieve a phase of stable economic development, ultimately leading to democratization—essentially the path taken by Taiwan. Zhao Ziyang clearly took note of this intellectual trend among the public. In 1988, while discussing this at Deng Xiaoping's home, Deng

In the unprecedented academic freedom of the 1980s, scholars independently explored research. They were deeply concerned about the political situation, calling themselves the "grassroots political reformers." From November 1988 to May 1989, they held over ten academic salons discussing modernization.

There was also the Towards the Future Series in which "a whole group of cultural elites in the 1980s collectively presented". Its birth and growth were quite smooth - it was affiliated with the Youth Institute of the Chinese Academy of Social Sciences, and the person in charge was Zhong Peizhang, a former rightist who had served as the director of the News Bureau of the Central Propaganda Department. Another representative case was the 20th Century Library Series, conceived by Chen Ziming and had Deng Pufang as its chief editor. The editorial board didn't just see Deng Pufang as a political protector; they respected him as a man with a sense of history and responsibility. The issues he had raised were significant even in the context of intellectual history. During the anti-pollution "Cleanse Campaign," deputy editor Chen Ziming and other who were labeled by "April Fifth"(\*\*) and "Xidan Democracy Wall"(\*\*) movements were not viewed by Deng Pufang as potential threats.<sup>11</sup> In fact, Deng Pufang stood firm in promoting

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remarked, "I hold the same view, but there's no need to use this term." (see Zhao Ziyang's "Prisoner of the State: The Secret Journal of Premier Zhao Ziyang")

- 11 Chen Ziming (January 8, 1952 – October 21, 2014) was accused by the authorities of being the "behind-the-scenes mastermind" of the Tiananmen Square "counter-revolutionary riot." He was wanted and arrested in 1989, and in 1991, he was sentenced to 13 years in prison. Even after his release, he was kept under long-term house arrest until his death from illness.

humanitarianism, directly challenging Hu Qiaomu, the chief of Party ideological control.

Deng Pufang met Chen Ziming, and other grassroots political reformers outside the official ranks, to discuss the topics for the 20th Century Library Series—this was a gesture that Zhao Ziyang's government, under any circumstances, had to avoid to prevent suspicion. Chen Ziming recalled that Bao Tong, although supposedly closer to them in ideal and vision, “never allowed anyone from the Political Reform Office to formally contact us.” The cooperation between Deng Pufang and Chen Ziming may have been one of the few bright spots of tolerance and a desire for change in the Communist Party during the 1980s. It might represent a fleeting, fragile moment of potential reconciliation between the authorities and the people, just as society was beginning to truly open up from the grassroots level, in terms of spirit, thought, and creativity.

#### **h) The Setbacks in Price Reform**

In contrast to the self-driven and lively ideological movements—“if those naughty left unchecked for three days, they climb onto the roof”—economic reforms, closely tied to high power and big interests, were sincerely and vigorously pushed forward by those from the top rank. By 1988, Zhao Ziyang believed the most important task was: To shift the coastal regions onto the path of an export-oriented economy and accelerate their economic development, which would be of strategic significance both economically and politically.

Deng Xiaoping approved, commenting: I completely agree. Especially, we must boldly proceed and speed up the pace—under no circumstances should we miss the opportunity.

In March 1988, the First Session of the Seventh National People's Congress officially confirmed Zhao Ziyang's request to resign from his post as Premier of the State Council. Deng then decided to establish the Central Leading Group on Finance and Economics, which was to be led by Zhao. This unique arrangement, where the General Secretary managed the economy, was a compromise Deng made with helplessness and flexibility after Hu Yaobang's dismissal.

In his memoir *The Process of Reform* (the English version of the book is titled *Prisoner of the State*), Zhao Ziyang talked about:

"The Central Leading Group on Finance and Economics was a form of institute proposed by Deng Xiaoping during the preparation for the 13th Party Congress. Its purpose was to allow me to continue guiding economic development and reform after I no longer served as Premier. Since I was no longer Premier and Li Peng had taken over, many people were concerned. China's economic reforms and development had been under my leadership for many years, and I was more familiar with the work. However, Li Peng's stance on economic reform had always been unclear, and there was a lack of confidence in him. Therefore, Deng Xiaoping specifically decided that even after I stepped down as Premier, I would continue to oversee economic affairs, and that's why the Central Leading Group on Finance and Economics was established. In reality, this group was a form of organization that

allowed me to continue leading economic work." (Zhao Ziyang, "Prisoner of the State")

#### **i) The Mixed Results of Reform**

After a decade of reform and opening-up, while the economy achieved remarkable success and rapid growth, numerous challenges had also emerged. The initial surge in growth triggered by rural land use rights reform was gradually losing momentum, and the planned economic system, with its layers of restrictions, was becoming increasingly detrimental to industry and commerce. The incomplete dual-track pricing system, intended as a transitional measure for economic reform, instead plunged Chinese society into a crisis, fueling tensions between a corrupt elite and a growingly discontented public. The economy was overheating while excessive currency issuance, and public dissatisfaction was on the rise.

However, frontline commander Zhao Ziyang remained calm, believing that the experience of 1987 proved that macroeconomic control to stabilize the economy and micro-level initiatives to promote development could go hand in hand. In response to the joint report from the State Planning Commission, Ministry of Finance, People's Bank of China, and the Material Resources Bureau titled "Measures to Stabilize Prices," amid public unease, Zhao's directive was: "Don't get fixated on the price issue alone. Don't just see the trees and miss the forest." During this period, in various meetings of the Central Committee and the Politburo, topics discussed included many aspects such as anti-corruption efforts, strengthening and reforming ideological and political work, amending the enterprise law, trade union reform, and preparing

for unexpected crises, but the issue of pushing through a price reform was never raised. The economic work for 1988 was still focused on continuing the policy of a soft economic landing.

It was actually Deng Xiaoping who became more anxious. On May 5, 1988, Li Peng had an audience with Deng and, in response to Deng's inquiries, reported the concerns raised by delegates at the Seventh National People's Congress about price issues and the corruption and economic disorder caused by the dual-track pricing system. Deng Xiaoping expressed his own worries and judgment to Li Peng, stating, "We must cross the threshold of the price reform," and instructed him to convey this message to the Politburo. Afterward, Li Peng communicated Deng Xiaoping's view to the Standing Committee of the Politburo, emphasizing Deng's stance on accelerating the price reform, believing that it would be better to endure short-term pain rather than prolonged suffering.

Comrade Xiaoping had spoken, and Zhao Ziyang had to respond. On May 16, during a meeting of the Standing Committee of the Politburo to discuss wage and price issues, Zhao Ziyang explicitly addressed the matter of price reform and "crossing the threshold." Zhao directly adopted Deng's characteristic phrase in the meeting: "Crossing the threshold! Getting through this hurdle!" Zhao acknowledged that although he was initially reluctant to recklessly push through this risky price reform, he ultimately decided to follow Deng's instructions:

"In the spring of 1988, there was a strong public reaction to rising prices. The negative effects of the dual-track pricing system were becoming more apparent, and people were increasingly dissatisfied with

corruption and ‘government-linked profiteering’. On the other hand, it became evident that the price reform strategy implemented over the past few years, which combined gradual adjustments and partial liberalization, had resulted in yearly price increases but had not fundamentally resolved the issue of severe price distortions. Adding to this was Deng Xiaoping's repeated urging that we must resolve to tackle the price reform challenge, believing that it was inevitable: ‘It’s better to address it sooner rather than later,’ and ‘It’s better to endure short-term pain than long-term suffering.’ Given all these factors, the idea arose that rather than continue with small, incremental steps that caused prices to rise without resolving underlying imbalances, it might be better to carry out a more comprehensive price adjustment in a planned manner. ”(Ibid.)

Zhao Ziyang’s proposal was approved at this expanded Politburo meeting, and Zhao tasked Yao Yilin with overseeing the implementation, with the State Planning Commission conducting specific research and drafting the plan. Seeing the central leadership, under Zhao’s direction, start to take action, Deng Xiaoping again urged them on. In a meeting with foreign guests, Deng made his stance even clearer:

“The spirit of our Party’s 13th National Congress and the 7th National People’s Congress is to further liberate thought and productivity. Rationalizing prices is essential for accelerating reform. Recently, we’ve decided to liberalize the prices of four staple foods—meat, eggs, vegetables, and sugar—as the first step forward. Have you heard in a Chinese story that General Guan Yu crossed five passes



while slaying six generals? We may have to cross even more passes and ‘slay’ even more ‘generals’ than Guan Yu. Every pass will be difficult to cross, and it will involve significant risks. But we must carry out price reform, facing the risks and challenges head-on.” (Selected Works of Deng Xiaoping, Vol. 3)

Deng also said: “Comrade Zhao Ziyang is quite familiar with economic work, and it seems that the principles and policies (he is carrying) are correct. I always tell my comrades not to be afraid of taking risks; we need to be bolder. If we’re constantly afraid of some wolves ahead and some tigers behind, we won’t be able to move forward. If mistakes are made in the future, the primary responsibility will be mine.” (Wu Wei, High-Level Decision-Making on the 1988 Price Reform Hurdle)

This declaration felt as solemn and resolute as the famous farewell of a brave assassin before crossing the Yi River in the cold wind thousand years ago, with a sense of facing imminent danger!

Hyperinflation disrupts economic functioning and can lead to social unrest or even the overthrow of governments. This is one of the few iron laws of economic governance that transcends eras and political systems. However, the Chinese Communist Party (CCP) ruling elite is particularly vigilant and sensitive about hyperinflation, as it is something “engraved in their souls, infused in their blood.” This deep-seated caution stems from their own experience of seizing power amidst the 1948 collapse of the Kuomintang (KMT) government, which was plagued by the disastrous Gold Yuan currency crisis. After taking power, the CCP carefully managed the economy, and between 1949

and 1950, successfully waged a "war" to stabilize prices, consolidating their rule. Deng Xiaoping and Chen Yun were key figures in this success. Now, with reforms reaching a critical point of challenging the planned pricing system, both reformists and conservatives were tense as they faced this decisive battle.

#### **j) Reform Failures and Zhao Ziyang in 1988**

From the end of May 1988 to the end of August 1988, in just three months, it felt like the brief, flashing blade of an assassin in the dark, where a few moves determined life or death. The attempt to push through price reform ultimately failed. On August 26, Zhao Ziyang said that, after rethinking the pace of price reform and considering whether it should be delayed, he called Yao Yilin in advance, suggesting that, given the current situation, they should consider postponing the implementation of the price reform plan. Zhao asked Yao to think it over first and not mention it to others to avoid weakening resolve. Yao Yilin responded by asking if they should delay it until the second half of the year. Zhao Ziyang then asked whether delaying by a full year would be feasible. After a day of consideration, Yao agreed to postpone for a year. Zhao subsequently consulted with several key figures, including An Zhiwen, Li Peng, Yao Yilin, and Zhang Jinfu. Zhao also met with Yang Shangkun, Bo Yibo, and Wan Li to discuss his ideas, asking them to report to Deng Xiaoping. The consensus was that everyone agreed to delay the reform of steel prices and scale back the overall price reform efforts.

On August 29, Zhao Ziyang summoned Wang Ruilin to his office, where he shared these new ideas in detail, requesting Wang to report

them to Deng Xiaoping and arrange a meeting for a face-to-face discussion with Deng about this significant policy shift. Deng's response was that he agreed with the plan and had no objections, stating there was nothing more to discuss. Only after this did the Politburo convene the meeting to officially suspend the price reform effort.

From September 15 to 21, 1988, the Politburo of the Chinese Communist Party convened a central work conference, during which it formally decided to regulate the economic environment, rectify the economic order, and deepen reforms comprehensively. The meeting emphasized that in 1989 and 1990, the focus of reform and development should be placed on improving the economic environment and rectifying economic order (referred to as "governance/control and rectification"). Governance and rectification were seen not only as prerequisites for deepening reform but also as an essential part of the reform itself. The meeting proposed several important policy recommendations to firmly resist inflation and deepen reforms. On September 24, the Politburo held its twelfth plenary session, where they discussed and approved Zhao Ziyang's report to be delivered at the upcoming Third Plenary Session of the 13th Central Committee, which outlined the guiding principle of "governance/control and rectification, deepening reform." (Ibid.)

Despite the turmoil over the past three months, and even though Deng Xiaoping had previously stated, "All the responsibility is mine," when the time came, Zhao unhesitatingly took full responsibility:

"If we're talking about responsibility here, it doesn't fall on him (referring to Deng Xiaoping). The primary responsibility is mine. After

all, I was the one who initially proposed price reform. I also led the design of the reform plan, chaired the discussions in the State Council, and approved the final decisions. When difficulties arose, I was the one who proposed postponing the reform, which Deng agreed to.” (Zhao Ziyang, Prisoner of the State)

On December 26, 1988, a Politburo Standing Committee life meeting was held—reminiscent of the Party life meeting that Hu Yaobang was targeted. According to one of Li Peng’s memoirs *Li Peng’s Economic Diaries*, during the meeting, as premier, Li Peng, along with Executive Vice Premier Yao Yilin, directly and openly criticized Zhao Ziyang. Li Peng accused Zhao of interfering too much in the work of the State Council, making it difficult for Li Peng to carry out his role as premier. They also raised questions about the reforms Zhao had been leading for over a year. Yao Yilin, unusually blunt, even mentioned the Crossing the threshold of Price Reform, asking, “What does this mean? How did it come about?”

Zhao Ziyang did not respond.

Even later, while Zhao was under house arrest, he vividly recalled the scene:

“Before New Year’s in 1989, the Standing Committee held a life meeting. Li Peng and Yao Yilin led the charge in criticizing me. By that time, they had already sidelined me, but during the meeting, they claimed that I was interfering too much, making it hard for Li Peng to do his job as premier... Yao Yilin, who usually didn’t speak so clearly or take the lead, was especially blunt and sharp this time, as if he had

nothing to fear. It was obvious that their attitude wasn't accidental; they were representing a certain climate, and they had support behind them.

“Since the autumn of 1988, this wind had been blowing. At the same time, there were many rumors circulating about me and my family—people saying that my children were involved in 'governmental profiteering', selling televisions, cars, grain, and alloy steel, making huge fortunes... The impression people were given was that my family was deeply involved in this corrupt profiteering.” (Zhao Ziyang, Prisoner of the State)

Wu Wei also documented the political shift at the time:

“After the Third Plenary Session of the 13th Central Committee in September 1988, the trend changed. With the support of the old guards in the CPC, Li Peng and others began to openly consolidate power. They concentrated all the authority over governance and rectification in the State Council, attempting to marginalize Zhao Ziyang, the Politburo Standing Committee, and the Central Leading Group for Financial and Economic Affairs. From then on, they used governance and rectification to reverse reform progress and take steps backward. Although Zhao Ziyang continued to lead the Central Leading Group for Financial and Economic Affairs in discussing economic issues and proposing solutions, Li Peng and Yao Yilin largely ignored or dismissed these efforts.” (Wu Wei, The End of the Price Reform and the Campaign to Oust Zhao Ziyang, Nov. 3rd, 2014, New York Times Chinese Website <https://cn.nytimes.com/china/20141103/cc03wuwei35/>)

As 1989 approached, Zhao Ziyang, in his later years of house arrest, reflected on the events of 1988, saying:

“In 1988, they were already preparing to bring me down. Li Xiannian openly criticized me in Shanghai. Li, Wang Zhen, and Bo Yibo co-authored a letter to Deng Xiaoping, accusing me. I had been warned. The Tiananmen Incident of 1989 wasn’t a coincidence. 1988 was the brewing period, the latent phase; 1989 was when it all became clear and surfaced. In truth, the groundwork was laid in 1988... These days, I’ve thought about it more and realized that 1988 was far more complicated, subtle, and thought-provoking than I originally believed.”  
(Du Daozheng, What Else Zhao Ziyang Said)

Was the campaign to oust Zhao a veiled attack on Deng Xiaoping himself? Did Deng sense this? And how would he respond?