

MERLE GOLDMAN INTERVIEW

In this interview, Merle Goldman discusses the rise and fall of communism in China, and how two leaders, Mao Zedong and Deng Xiaoping, shaped these events in the last half of the 20th century.

What were Mao's achievements in the Chinese Revolution in 1949, and how did he undermine his own efforts in the Great Leap Forward? What were Deng's reactions to the Great Leap Forward when he came into power in 1978?

Deng Xiaoping in many ways created another revolution in China. The original Chinese revolution came in 1949. It was a Maoist revolution that sought to transform the whole society. But in many ways it was a revolution that went astray. It really became oppressive. It carried on a large-scale persecution of intellectuals, persecution of skilled people, and at the very end of the Cultural Revolution, Mao turned against his own party.

The Chinese say that their view of Mao is that he was 70% good and 30% bad. My view is the other way around. He was 70% bad and 30% good. The good was important and that should be remembered. He made sure that the whole younger generation had an education. He delivered health care so that the Chinese had a life expectancy of a developed country, even though it was a very poor country. Women were raised to a position of equality, at least in theory.

These were very important factors, but then in the late 1950's Mao launched a series of campaigns that undermined his efforts. One was to transform China overnight in the Great Leap Forward into a totally Communist society. It failed drastically and 30 million Chinese peasants died because of that. Then in the Cultural Revolution of 1966-1976, Mao turned against his own party members. He said they were repressing the people, that China would never achieve communism with them in control, and he purged the party. It's estimated that 100 million people were persecuted in the Cultural Revolution.

When Deng Xiaoping came into power in 1978, he in a sense stopped these large-scale campaigns. His effort was primarily economic. He said, "If the Chinese Communist party cannot deliver, if they cannot improve the livelihood of the ordinary Chinese, then they have no right to rule." So he opened up the economy to a market economy. He opened it up to the outside world. And it was really the energy unleashed by those reforms that I think has produced this rate of growth of 8%-to 9% a year for the last twenty years.

What made Deng's reforms another revolution? Does anything remain from the Mao era?

What made the Deng reforms another revolution was the opening up of China. From 1949 to 1976 China was literally closed off from the outside world. Its major ally in the 1950's was the former Soviet Union, but they broke up in 1960 so China became totally isolated from the outside world. Deng opened China up and new ideas came in. Chinese people were aware of a world beyond their borders.

The Chinese hadn't even known what was going on in Taiwan. They were

shocked when they first found out that Taiwan was enjoying prosperity and that it was beginning to move toward a democratic society. They knew nothing about that. Deng allowed that information to come in. And he said, "Why should they be doing so much better than we?" So that was an incentive to push the Chinese people.

In many ways the whole Mao era is gone. It's been eclipsed by the economic reform. Nevertheless, the emphasis on education remains. However the emphasis on education is also a traditional Chinese emphasis. The Confucius system was based on the idea that an educated person deserved to rule. It didn't matter what class of society you came from, as long as you were educated you would rise in the political hierarchy. That plays into various values in the traditional system that work very well, I think, in a modern post-industrial society.

One of the reasons the Chinese have been able to move very quickly since Mao's death in 1976 is because their traditional values, as well as some of the reforms of the Mao period - such as the educational system opening up to everyone, not that everybody is educated - has made it possible for them to become part of the modern world.

What were the key differences between Deng and Mao as leaders?

In some ways Deng was a unique leader. At a very young age he was sent abroad to study in France. While he was in France he didn't have enough money to really learn very much. He didn't even learn much French. However, he started working in an automobile factory where he was exposed to Marxism-Leninism, became a member of the union. He became a member of the Communist party. He then returned to China by way of the Soviet Union and was further indoctrinated. He was part of the Long March that Mao made from the revolutionary base area and was part of the group that made the Revolution in 1949.

What was different about Deng Xiaoping is that he was not ideological. He was very pragmatic. He wasn't carried away by utopian ideas the way Mao Zedong was. He didn't believe you could introduce utopia overnight, as Mao thought he could do. He realized that in order to bring about change in China you had to have fundamental economic reforms.

Now in some ways going back to the market is going back to what China had before the Revolution. It was a market economy. So that is returning to what the Chinese already knew. But Deng also unleashed the kind of restraints that Mao had put upon the small entrepreneur. That's what's really fueling this tremendous economic change. The small entrepreneur was allowed a certain amount of freedom to do what they wanted and they really went with it. So what is changing China today is literally millions of small entrepreneurs setting up businesses, setting up stores, setting up small computer companies. Large-scale business is not playing a major role in this reform. It's coming from these millions of small business and middle size business people in China.

Describe Deng's rise to power in the late '70s. What economic reforms did Deng establish? Was he following any economic models?

Deng Xiaoping was purged several times from the party. The last time he was purged, before he came into power in the late 1970's, was by Mao Zedong himself.

He was called a “Capitalist Rotor” during the Cultural Revolution. Mao blamed him and several of his other colleagues for repressing the people, for not allowing them to practice communism. But when Mao died, Deng was the highest-ranking leader left (several leaders died during the Cultural Revolution).

Deng came back to power with the support of the Chinese military. That’s very important, because the military wanted no more of these utopian programs. They themselves were losing out. They weren’t getting their equipment. They were not being trained. They were a guerilla army and they knew a guerilla army wasn’t going to fight or succeed in any battles. So Deng was the highest-ranking leader who came back to power with the support of the military. And that was absolutely crucial because the military was able then to do away with the “Gang of Four” who were Mao’s henchmen.

Deng came back to power with a few of his old Communist buddies from the Long March who supported him and were totally disillusioned with Mao’s policies. But they were open; they didn’t know what they wanted to do. In fact, the slogan they used was, “We have to feel for the stones as we cross the river to get to the other side.” They didn’t know how they were going to get there. They didn’t have a blue print the way Mao would have, or, for example, they had in the Soviet Union. In fact, various economists would ask me, “What were the economic models that Deng Xiaoping was following?” And I’d say, “He wasn’t following any economic models, he was just following what the Chinese people were doing.”

In fact, reforms began not from the small businessmen, frankly, but in the countryside. When Deng came back to power, the poorest provinces took their land out of the commune, out of the collective, and put it back into their own family farm. When Deng heard about this from one of his colleagues who was the governor of a province where it began, he said, “Don’t stop that.” He said, “Let’s see how it works out.” And when this governor then reported that incomes were increasing and harvesters were doubling, then Deng said, “Okay this is the way to go.”

So he made it a policy and by the early 1980’s or 1982, this was the policy in the whole country. Every single commune was de-collectivized. Peasants got back their own family plots. And that released this energy of the peasants to earn money, they had economic incentives. So this Deng Revolution literally started in the countryside, not in the urban areas. Then villages began to set up small workshops to produce very primitive farm tools, but nonetheless farm tools, and they began to make money. Then in the mid 1980’s it began to move into the cities. That’s where you began to see the beginnings of ‘green fields’ as they call it: small entrepreneurs taking advantage of this new freedom.

The major emphasis then shifted to the city. The countryside started these reforms but it was in the urban area they really took off. Today in the 1990’s, the cities are just booming. But it has led to an increase in inequality between urban and rural.

What conditions were present in China in the late 70’s that made Deng’s economic reforms possible?

During the ten years of the Cultural Revolution there was utter chaos, primarily in the cities because that’s where the party was and that’s where Mao turned his major attention; to the party, the intellectuals, and the skilled workers who he charged with

oppressing the people. Nonetheless, this chaos then spread to the countryside, so China was a country in utter disruption.

What Mao did was use the young people, who he called the Red Guards, to turn against the party. He did this because he didn't control the secret police in the party, he couldn't purge the party the way that Stalin did in the former Soviet Union. So he used these Red Guards to literally throw out the party leaders, which created utter chaos. *NOTE DELETED LAST SENTENCE OF THIS PARAGRAPH*

So China was a country in chaos. It had a stagnant economy and people were hungry. There was this utter demoralization of the population. They had no sense of where they were going. They felt that they had reached a dead end. Marxism-Leninism was bankrupt. They no longer had faith in it. In fact, I don't think there are any more Marxists or Leninists left in China. The real question is, what does the party represent today?

In part, I think the bankruptcy of Marxism-Leninism, this utter disillusionment was brought about by Mao himself. He in many ways caused the people to turn to other methods.

The other factor that's important to remember, and this I only realized when it was mentioned by Mikhail Gorbachev, was that in some ways it was easier to carry out reforms in China than it was in the former Soviet Union. Of course he might be saying this to explain why he had such difficulty. But he said he tried to move the former Soviet Union to the market but he ran up against tremendous obstacles from the entrenched bureaucracy.

What Mao did when he turned against the party was decimate the bureaucracy so that when Deng started these reforms in moving China to the market, he did not get the kind of opposition that Gorbachev encountered in the former Soviet Union. And so in some ways, it was easier for Deng to carry out the reforms, because there was no strong, vested interest opposing them. Most people wanted to try it. They would try anything to get out of what they had thought was a dead-end they had reached.

Why did Mao launch the Cultural Revolution?

Before Mao launched the Cultural Revolution he could give an order and it was carried out. Where Mao ran into trouble, frankly, was when the Great Leap Forward failed. His own party began to question his policies. They became more and more reluctant to carry out his policies. That's what really made Mao turn against the party and launch the Cultural Revolution. He felt the party was not willing to carry the revolution through to the end. Mao was this Utopianist; they were not. The Great Leap Forward proved that he was not infallible and they began to question him. It was their questioning of him that in many ways compelled him to launch the campaign against his own colleagues.

Discuss the Mao cult of personality.

A way in which Mao built up his power and his ability to just literally dictate to the Chinese people, was by building up this great cult of personality. He was almost a godlike figure. When Deng came to power, and this was one of his major changes and a very important one, he turned against the cult of personality. You could not even see his picture when you went to China in the Deng Xiaoping era. He would

have nothing to do with that. He remained Vice Chair of the government and the party, but he never took on the role of Party Secretary or President or Prime Minister (though he did head the military, there's no question about that). He stopped any effort to build up any cult of personality around him.

In fact, there's a big contrast between Deng Xiaoping and Jiang Zemin, the present leader that has just stepped down in the 16th party congress. You can see big pictures of Jiang Zemin all over China. You did not see that with Deng. When you did see pictures of Deng Xiaoping it was after he died, not while he was alive.

I think when the Chinese look back at their history in the 20th century, the great leader will not be Mao Zedong -- it will be Deng Xiaoping. He is the one who finally brought them into the modern world, something they've been trying to become a part of ever since they encountered the west in the 18th century. And he put them on the road to wealth and power. Those two terms, those two values, those two goals are what they've been trying to achieve, and they're finally on that road.

How did China make the gradual move from a communist economy to a market economy? What have been the successes and ills of economic reform?

A difference between China and the former Soviet Union or Russia was that China did not have shock therapy. They did not move to private enterprise right away. In fact, it was a relatively controlled, gradual form of change that was going on. They allowed the state industries to remain, because that's where the bulk of the workers were.

What they did do was encourage the non-state sector. They allowed the small enterprise, the small entrepreneur to develop and to expand, but it was a gradual process. It didn't happen all of a sudden. In the late 1990's they began to reform state industry and began to consolidate it, sell it off. But as a result, workers in the state industry began to lose their jobs and began to lose their pensions and their health care, which came with their jobs. This is another great source of discontent --workers who have been laid off or are without jobs and have lost their health care.

So while the reform has led to a growth rate of 8% to 9% a year for the last twenty years, it has also led to growing inequalities and growing discontent, not only in the countryside but also among these state workers who have been laid off. So these reforms have come at a big cost in terms of increasing inequalities.

You could say that under Mao you had a relative degree of equality. It wasn't totally equal because people who were former landlords or former capitalist were persecuted. But on the whole, for the majority of the people, there was sense of equality. With the reforms, people have lost this equality and the population is very much aware of it. But if you talk to even a poor farmer, he will say to you, "Yes things are very difficult, things are very hard, but we have more freedom to travel, we have more freedom of choice. These are things we just did not have during the Mao era." So the reforms have come at a cost; there's no question about it. But I think for the overwhelming majority of the people, they have gained from these reforms rather than lost.

Describe the establishment of non-state enterprise in the country and its eventual spread to the city.

The non-state enterprise first really began again in the villages. They were called village and township industries. They were called cooperative industries. In other words, supposedly, they were the enterprise of the village or the township. In many cases it was a private entrepreneur that was developing, but he was in doing it in cooperation with a party head in the village in the township. So it was a joint enterprise.

They did small-scale things. They did small harvests; they had small hoes, as I said before, very simple kinds of equipment that could be used in the countryside. Then they began to make connections with the international markets. They would start producing shirts or socks or textiles goods for the overseas market. So it was a gradual process. And because their prices were so low, because wages were so low, they were competitive even with the enterprises in the city. So they did very well.

In the 1990's, increasing numbers of people started coming up from the countryside into the cities in search of jobs. They were willing to work for almost nothing, so the cities were able to lower their costs and the village and township industries became less dynamic and less competitive. The urban industries then really took off.

As anybody knows who goes into any store in the United States, it seems like every toy in the United States is made in China or every sock is made in China. They really cater to this global consumer market, and that was the large part of the spark that got this economy going. But now they have a large consumer market, a domestic consumer market, which they're beginning to cater to. So they're not totally dependant at all on the overseas markets.

Discuss China's standard of living in coastal areas vs. inland areas. In what ways did each develop?

The standard of living really was determined in part by where you lived. If you were a Chinese living in a coastal city, such as Guangdong - let's just take that example - in the 1980's, you would have fared very well because Guangdong was the first city to really take off into this leap into the new world. They had contact with Hong Kong which was a major port of call in Asia. So Guangdong became the first center of this large-scale production for the overseas markets. Then production moved up the coast, all the way up to Tianjin and Shandong province in the Northeast. So the people along the coast were involved in the outside world; they were involved in the overseas markets.

Another very important factor that should be mentioned is the influence of the overseas Chinese. When Deng Xiaoping came into power, he literally invited the overseas Chinese to come back to China, bring their capital, bring their know-how. When Mao came to power in 1949, overseas Chinese had offered their help and he had rejected it. But Deng welcomed it and he gave them all kinds of advantages. So they came with their tremendous amount of capital and their tremendous know-how and management skills. 70% of the initial investments from overseas came from the overseas Chinese.

When we talk about overseas Chinese we're not just talking about people in Hong Kong, we're talking about people in Taiwan, the overseas Chinese in Singapore and Indonesia and Malaysia and so forth. They were the spark that brought in the

capital and brought in the know-how. And they were from the coastal communities, and as a result those are the communities that first felt the impact of these reforms.

The problem today is that the coastal areas are so much more developed than the inland areas. But all areas have been affected, there's no question. Wherever you go in China something is changing, even if they're building a new road or they're putting in sewer pipes or bringing in running water -- that is all new. But it's starting at a very, very low level. When you start at such a low level you're going to get very dramatic changes.

The coastal areas are flourishing. The inland, middle and western areas are not. The government has tried to address that by putting more capital in the western area. If you go to a large area such as Chongqing today, you see new capital coming in from Taiwan, from Japan, and from the overseas Chinese. So they're beginning to develop but it's at a much slower pace than you see along the coast.

The other factor that I think was very important in bringing back change is the young people going abroad to study in the United States, in Europe, in Japan. They bring back new ideas, wanting to bring about change.

Another change and this is a very important one, is the emphasis on the one child family. In many ways this has been very difficult, especially in the countryside because the family line, or property line, is inherited on the male side. But in the cities for example, the one child family where you only have a single daughter, you have these daughters being given tremendous advantages they never would have had before. They call it the one in six. You've got four grandparents and two parents doting - not only on daughters, but also on sons - on just one child. And you can imagine what that will do to a society. But so far it has really inspired these single female or male children to do well, to show their parents that they will live up to their expectations. And I think that's a very important factor.

What has been the trajectory of political reform in China since the move to a market economy in the 80's? Is China close to achieving political freedom?

In the 1980s there was in some ways more political freedom than there is in the 1990's. In the beginning, Deng Xiaoping thought he could have both economic reform and also political reform. You have to remember, he's a Marxist. One of the basic tenets of Marxism is that when you have a change in your economic structure you have to have a change in your political superstructure. Deng believed that, so he allowed for the beginning of some kind of political dissent, political discussion, in the late '70s - very early '80s.

But when the Solidarity Movement developed in Poland, there was this great fear in the Chinese leadership that you would have a comparable development in China -- a joining together of labor, workers and intellectuals that had happened in the May Fourth Movement in 1919. They feared a similar development. So Deng began to gradually clamp down.

Nevertheless, his appointed successors Hu Yaobang and Zhao Ziyang were two gentlemen who believed you had to have some political reform. Hu Yaobang was open to many ideas. Zhao Ziyang talked about separating the party from the government. That's a radical idea. It doesn't sound radical to us, but in the communist context it is, because it's saying that the party is no longer the government.

In many ways, these political discussions inspired the students to begin to talk about political ideas plus what was going on in the former Soviet Union -- the reforms that Gorbachev was beginning to embark upon. These factors sparked the Tiananmen Square demonstrations in 1989 for more political reforms. The students were protesting against inflation, they were protesting against corruption, but they were also demanding political reform.

When Deng and his fellow Long Marchers felt threatened by this and thought it would be the overthrow of the Chinese communist party, that's when they truly got frightened and sent in the troops and repressed the students. As we know, June 4th was a day of devastation, literally, for the student movement and for the political change in China.

So in the 1990's there's much less attention to political reform. But you have something else going on in the 1990's you didn't have in the 1980's, and that is reform coming up from below. You have village elections going on, though some people say these are corrupted, they're all rigged. Some might be, but some are not. But this is really beginning to politicize the masses of people, and is giving them a sense of what it means to have political power.

I was a member of the Carter delegation that was monitoring elections in the countryside. We were in Sichuan Province and I started interviewing people and one thing that came back to me over and over again. For example, one old man said to me, "You see that guy there?" He said, "I just elected him as head of the village but if he doesn't do what I want, I can get rid of him in three years." So there was a sense of accountability being developed within the villages and I think that is going to be a basic change.

The real problem was how do you move political change from the village to the township. I think the party is afraid of that because the township is a much larger unit. To be able to have elections in the township you have to organize, you have to form groups, you have to have publicity, you have to have some freedom of expression, and that's going to be much harder to do. So the real question is, "Where do you go from here?"

Describe what influence Gorbachev and the Soviet Union had on the movement for political reform in China.

Gorbachev made an official visit to China in early May. He, in many ways, was a hero to those wanting political reform and to the students. They thought, "Russia is bringing back those reforms, the former Soviet Union is bringing back these reforms -- we should do what they're doing. They've been our model. Why shouldn't we follow them?" So he became a hero to them. And when he went into the square he said he very much wanted to go over and talk to the students, but he was afraid to do it because he knew the party would be very upset if he did.

But there's no question that his visit, his example, and what was going on in the former Soviet Union was another stimulus to these demonstrations and the desire for political change.

But even before that, there was a movement within the universities among the students and the demonstrations that were not just in Tiananmen Square in Beijing, they were in every large city with a university in China. They were all over the country,

on all of the college campuses. It was really a national movement. It wasn't just located in Beijing. And I think that was also what frightened the leadership. They were aware of this and they had a sense that they were going to lose power.

Deng Xiaoping is very interesting. He's really not a Marxist. But he is a Leninist in that he believes in the party state. And when he saw that party state being threatened and challenged and people around him were saying we're going to lose power, he responded to that. And you have to realize, he was an old man close to the end of his life and the fear that the party for which he had fought all these years was going to be overthrown was what I think made him give the order.

Is China today a socialist country?

The people in the Communist Party today are highly educated. They are not the workers and the peasants that were the founding members of the party in the early 1920's. They are professionals. They are not bringing in businessmen into the Chinese Communist Party. So you begin to ask, "Is this really a socialist party or is this just a political party that controls the state? Is this state capitalism?" And in many ways, it is state capitalism. It is still to a certain degree a controlled economy, even though the non-state sector has been let loose, there's no question about that.

But the government is going to hold on to the major industries despite the fact that they are reforming state owned industries. They still believe in state power over the economy. But that is not necessarily socialism, that's been part of the Chinese tradition from the beginning of its history. But on the whole, I would say that this is a country that is moving towards state capitalism rather than state socialism, that the socialist rhetoric, the socialist ideals have really gone by. They're passé today.

There's a new left group, for example, in China that is very worried about the increasing inequalities. Now they don't talk about Marxism, but they talk about the need to have social redistribution. But they don't use the rhetoric of Marxism/Leninism. In fact, it's very interesting, the model that they're looking at is the Roosevelt New Deal, being able to provide Social Security, unemployment insurance, and those kinds of reforms that they think will help deal with these increasing inequalities.

I would say today that you can no longer call China a communist country, certainly, or a socialist country. Even though there are a few old idealists left, they are a dying breed.

Discuss the Great Leap Forward. How did Mao establish communism in China? In what ways did the Great Leap Forward fail?

When Mao first came into power in the 1950's, he tried to follow the example of the Soviet Union. By 1955, China had collectivized and had state owned industry, which was the Soviet model. But Mao found that the growth of China was not as great as he wanted it to be. He became disillusioned with the Soviet model and he thought he could improve upon it and bring communism overnight. He was truly a utopian thinker.

In the late 1957, he launched what has been called the Great Leap Forward where he would transform China overnight. He set up these communes, he was going to set them up all over the country, primarily in the countryside. They were supposed

to be self-sufficient, supply all their own needs, all their own industrial needs as well as agricultural needs. That's why you had these backyard furnaces making this useless steel -- iron and steel -- but they didn't produce anything.

At the same time, the collectives were forced to produce huge amounts of grain that were sent abroad for hard currency, or sent into the cities to help the cities develop. The result of this was that the peasants were forced to work long hours everyday. They were totally exhausted. They weren't getting enough food to eat. They were literally, in some areas, starving. It is estimated that this utopian ideal led to the death of 30-40 million Chinese peasants.

This was something that Mao said he didn't know a thing about, which was true because his officials were afraid to report back about what was happening. They kept inflating the figures that were being produced, but those figures weren't being produced. The whole planning system was in a state of disarray. This was truly a calamity, certainly for the rural population, which at that point was 70% of the Chinese population.

It was after the disaster of that utopian policy that Mao's party colleagues began to question him and wonder whether he really knew what he was doing. When Mao realized they were questioning his authority, that's when he turned against them and that led to the Cultural Revolution.

After the failure of the Great Leap Forward, what was done to rehabilitate the economy?

When the Great Leap Forward failed, Mao Zedong retreated. Deng Xiaoping and a colleague of his, Liu Shaoqi, were put in charge of rehabilitating the economy. They relaxed controls and they allowed the peasants to till their individual plots, which they weren't able to do in the Great Leap Forward. The economy gradually began to improve, and that's when Mao began to believe that his people were turning against him.

Deng's philosophy has always been this aphorism, which says, it doesn't matter which color the cat is, whether it's white or red as long as it catches mice. And his point is that it doesn't matter if you're a communist as long as you produce -- that's what's important. It's purely a pragmatic kind of philosophy which you could see in the way he helped to rehabilitate the economy and in his policies after Mao died.

What was Mao trying to accomplish with the Cultural Revolution? What were the effects of the Cultural Revolution?

The Cultural Revolution was an effort by Mao to retrieve the power that he thought he lost to the party leaders such as Deng Xiaoping, and to reassert his revolutionary doctrine. In the Cultural Revolution, Mao realized he could not mess around with the economy because that really had led to the disaster of the Great Leap Forward. But he thought he could transform the political system, transform the way people lived.

So the Cultural Revolution had two aspects. One was this revolutionary aspect, to make people believe that the revolution is around the corner and everybody will become a revolutionary. But the more important aspect was Mao's turn against his own party, who he felt were trying to undermine him, and his mobilizing the young

people, the youth, to rebel against authority. Rebel against authority, rebel against their teachers, rebel against anyone with any position or any seniority.

This led to a period of utter chaos in China, in the economy, and in the political system. It was that chaos that totally, I believe, demoralized the population turned them away not only from Mao but from any belief that Marxism, Leninism or any ideological utopia was going to solve their problems.

By the 1990's, what was left of socialism in China? How did China change?

By the early 1990's the collectivists were no longer there and the communes were no longer there. There were private family plots or family farming. The state-owned industries were still in place, but they were going to be reformed and privatized or amalgamated. What was left of socialism was large state industries dealing with the military, dealing with energy, and dealing with kind of basic resources. The ideology - some of the ideology - was still left. There was talk about socialist democracy, a socialist economy but there was nothing socialist about the democracy. They didn't have democracy, either, but there certainly were very few elements left of socialism.

By the late 1990's there was the idea of socialism as an ideal that had gone. A few people on what was called the new left would talk about returning to some of the features in the Maoist era, some of the equality or egalitarianism of the Maoist era, but they were a group of young people on the margins and they really did not affect the leadership or the ordinary person.

Perhaps the greatest way in which China changed was the influx of the outside world, coming in not only through television and cable, but through the internet, through travel abroad, through visitors, so that China was integrated into the outside world. The outside world had lost its faith in socialism and so did China.

Why have economic reforms been so successful in China?

One of the reasons I believe that China was able to succeed with its reforms was primarily because reforms were in tune with the basic Chinese civilization. China is a civilization that was based on the small landowner, on the small businessperson, based on the value of education, upward mobility -- this is part of Chinese civilization. So in some ways reforms succeeded in China because they were going back to what China had in the pre-revolutionary period.

Another reason reforms succeeded was because they had leadership that was far sighted because they would embark on gradual political reforms and were able in some way to negotiate out of difficult situations. For example, there had been worker demonstrations by the workers being let off of state owned industry. The way in which the government handled this, to stop it, was to come in and pay a kind of minimum fee or some minimum wage and arrest the leaders so that the workers demonstrations are able to stop without spreading to other areas of the country. In some respects the government held down this kind of discontent that was coming up because of the inequalities.

But on the whole the reforms' major success has been because, I think, they returned to the basic features of Chinese civilization in contrast to the Soviet Union. The other major factor was they did things gradually. In many ways they were reacting to Mao. Mao did things suddenly and in a massive way. And Mao was in some ways

a shock therapist for socialism, not for capitalism.

It was a gradual process of reform in the countryside, reform in the cities, reform in moving to the market. And in many ways, I think the greatest success has been that they've unleashed the energy of the Chinese people. That's why they succeeded.