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HIST 3468 Final Exam, Option 1

*“Let China sleep. For when
 she wakes, the world will tremble.”*
 — Napoleon Bonaparte

While these words are attributed to Napoleon, there is debate on whether or not he actually is the author of so profound a statement.¹ Regardless of who really said this, it appears the prediction has merit. In the last 30 years (and closer to 40 years according to my interview with Ningning Tang)² China has experienced rapid economic growth, plucking the country out of five thousand years of feudal dynasties, through almost a century of domestic turmoil to becoming one of the biggest economies on the planet, second only to the United States. How is this possible? My interview with Ningning Tang offered a clear look at what fired the exponential growth as well as the challenges facing China in the future ahead. Finally I will posit—with a backhanded compliment—that Chairman Mao Zedong has contributed more to China’s success than one might give credit.

I had the rare opportunity to interview Ningning Tang, a brilliant research and securities analyst for a major investment company in Minneapolis. Born in the People’s Republic of China (PRC) in 1970, Tang graduated college in 1992, worked in Beijing and Southern China and moved to the States in 1998 with her husband and two children. Tang remembers a monthly

¹ Indeed, Napoleon did visit China (1792-1795), however there is no actual documentation of his saying this in any recounting by those who accompanied him. There is an argument that this quote first appeared in the 1963 movie *55 Days at Peking* and is credited to Napoleon no doubt to make the quote more menacing. For a more complete analysis, visit: “‘Sleeping China’ and Napoleon.” napoleon.org. <https://www.napoleon.org/en/history-of-the-two-empires/articles/ava-gardner-china-and-napoleon/>.

² Tang, Ningning. Interview by author. Zoom recording. Minneapolis, MN, November 20, 2020.

salary of \$10.00 for her husband in 1992 (she was making \$100.00 a month in 1994 working in southern China). Tang argues convincingly that we can divide modern China into two parts: first, the Chinese Communist Party (CCP), seizing power in 1949 causing the near total destruction of the country by 1977-78; and second, 1978 to today.

China's Rapid Economic Growth

In 1978, after almost thirty years of CCP rule, the country was devastated; from the Great Leap Forward, the Hundred Flowers Movement, the Three Years of Natural Disasters (the great famine), culminating with the Cultural Revolution, some 30,000,000+ Chinese were dead over those many years. Mao—and the cult of Mao—had literally laid the country in ruin. During the Cultural Revolution, parents turned on their offspring, children turned on their parents, there was vast starvation with reported cases of cannibalism. Mao had unleashed more harm to the country than all of China's Emperors combined. The destruction of traditional Chinese culture during the Cultural Revolution so destroyed family ties, that once travel policies were loosened, millions fled where they were, “in search of a better life elsewhere.”³ For more than thirty years the CCP had been able to, “suppress the entrepreneurial genius of the Chinese people, so evident in Hong Kong, Taiwan, Singapore, Thailand, the United States, and elsewhere.”⁴ The country had nowhere to go but up, but what was the catalyst to make this happen? It wasn’t a what but a who: Deng Xiaoping.

The recently rehabilitated veteran leader, Deng Xiaoping, came to power in 1978, shortly after Mao’s death outmaneuvering Hua Guofeng (Mao’s intended successor).⁵ The beginning of China’s rebound was in part achieved by removing the power from one individual and

³ Pomfret, John. *Chinese Lessons: Five Classmates and the Story of the New China*. New York, New York: Henry Holt and Company, 2006. 123.

⁴ Pomfret, John. *Chinese Lessons*. 145.

⁵ Wang, Liping. “HIST 3468.” Lecture, University of Minnesota, Minneapolis, December 1, 2020.

diversifying the control, “relying on top leadership, rather than one man.”⁶ As the U.S. relies on three branches of government (Legislative, Executive and Judicial), the PRC also relies on three branches (the CCP, the government and the military).⁷ Tang credits much of the economic turnaround to Deng Xiaoping:

With such a low starting point, there was nowhere to go but up. Deng Xiaoping is the major reason why we have seen such a big change in China because he made economic development as a top party priority and then decided we needed to open up to the world and learn from the best; their technology and the market economy. So essentially China was on a totally different path, we are opening markets to the West and instead of having a centrally planned economy, we are going to open and let the market play a role. That I would say is one of the top reasons.⁸

Tang goes on to offer two points significant to China’s jumpstart: economic reform with open markets and government reforms shifting from a central planning economy to adopting a market economy. While the government still has a heavy hand in the economy, it is significantly different from the 1970’s and 80’s allowing much more leeway for private firms.⁹ China was on the move. One of the first things Deng did was reopen colleges/universities in 1978¹⁰ to create a better educated workforce (today over 30% of high school grads go to college¹¹). In June of 1984, in a talk with the Japanese delegation to the second session of the Council of Sino-Japanese Non-Governmental Persons, Deng introduced the CCPs vision for moving ahead:

Well, those are our plans. We shall accumulate new experience and try new solutions as new problems arise. In general, we believe that the course we have chosen, which we call *building socialism with Chinese characteristics*, is the right one.¹²

⁶ Tang, Ningning. Interview with a Chinese person from the PRC. Personal, November 20, 2020.

⁷ “China’s 2017 Communist Party Leadership Structure & Transition.” www.uschina.org. US-China Business Council, June 2017. <https://www.uschina.org/sites/default/files/LeadershipReport.pdf>.

⁸ Tang, Ningning, Interview.

⁹ Tang, Ningning, Interview.

¹⁰ Wang, Liping. “HIST 3468.” Lecture, University of Minnesota, Minneapolis, December 1, 2020.

¹¹ Wang, Liping. “HIST 3468.” Lecture, University of Minnesota, Minneapolis, December 8, 2020.

¹² This is mentioned numerous times in my research including, Ningning Tang and John Pomfret. Deng, Xiaoping. “Building a Socialism with a Specifically Chinese Characteristics.” Building a Socialism with a Specifically Chinese Character. <http://www.china.org.cn>. Accessed December 17, 2020. <http://www.china.org.cn/english/features/dengxiaoping/103371.htm>.

When visiting Shanghai in January of 1992, Deng Xiaoping declared, “Communism will not be saved by rhetoric, but by improving peoples living standards.”¹³ Clearly he was out to modernize and did so with the 1980’s in China remembered as a time of hope and relaxation.¹⁴

China joined the World Trade Organization (WTO) in 2001, creating bigger markets that led not only to expanded trade but helped create a national market for goods, as the country’s income improved.¹⁵ As the economy grew, so did private enterprise, with the workforce drifting away from State Owned Enterprises (SOE) to those who decided to, “jump into the sea,” that is start their own business, as John Pomfret describes of his Nanjing University classmates.¹⁶ The benefits of the SOE, dubbed “the iron rice bowl,” was dependable income with decent social benefits, however the lure of private business with its opportunity for success was coupled with an experience, “...typical for many Chinese entrepreneurs. So new to the business of business, the Chinese ripped each other off with mind-boggling regularity.”¹⁷ Many kept one foot in socialism in a state sponsored job and one in the rough and tumble world of Chinese capitalism. “With his job at the institute in Bengbu...[my college classmate Zhou] taught Marxism, Leninism, and Maoist thought...the rest of the time he spent as a budding entrepreneur, employing dozens at rock-bottom wages. [Zhou declared] ‘I was inhabiting two worlds.’”¹⁸ Even Deng said, “It doesn’t matter if the cat is black or white, as long as it catches mice.”¹⁹ And as

¹³ Williams, Susan. Episode. *China: Century of Revolution*, no. Vol. 3 - Born Under The Red Flag. PBS, 1997.

¹⁴ Wang, Liping. “HIST 3468.” Lecture, University of Minnesota, Minneapolis, December 1, 2020.

¹⁵ in 2019 The U.S. government states, ‘While Beijing acknowledges that China is now a “mature economy,” the PRC continues to argue in its dealings with international bodies, including the WTO, that it is still a “developing country.” Despite being the top importer of high technology products and ranking second only to the United States in terms of gross domestic product, defense spending, and outward investment, China self-designates as a developing country to justify policies and practices that systematically distort multiple sectors globally, harming the United States and other countries.’ “United States Strategic Approach to the People’s Republic of China.” www.whitehouse.gov. United States of America. Accessed December 17, 2020. <https://www.whitehouse.gov/wp-content/uploads/2020/05/U.S.-Strategic-Approach-to-The-Peoples-Republic-of-China-Report-5.20.20.pdf>.

¹⁶ Pomfret, John. *Chinese Lessons*. 144.

¹⁷ Pomfret, John. *Chinese Lessons*. 172.

¹⁸ Zhou Lianchun describing his dual life. Pomfret, John. *Chinese Lessons*. 148.

¹⁹ Williams, Susan. Episode. *China: Century of Revolution*

Tang added the feeling in China was, “Why do I care if our leader is a communist as long as my life is getting better? The government has a proven track record.”

Still, within the space of two decades, “China had changed from perhaps the most egalitarian society in the world, where a billion people were mired together in poverty, to one of the least,”²⁰ a view shared by Tang. “It is totally different from Mao to now. With the internet era, people are open to more information. There is still lots of room to improve but compared to 40 years ago things have changed a lot. I’m not saying it’s total freedom, but the communist party has been evolving from the 70’s and the Mao era.”

While personally I’ve not experienced China under Mao, I did visit in 2005 as part of a Minnesota Trade Mission with then Minnesota Governor Pawlenty and witnessed Rolls Royce and Maserati dealerships, high end shopping and a vibrant urbane population in the cities we visited. The Chinese market is now 5-7% ahead of the U.S. market with the Renminbi no longer attached to the U.S. dollar for a reason; if you want to develop market growth you’ve got to have your currency be free trade. Even further, in the next decade it is going to be a priority for China’s economic growth to develop a financial market.²¹ A market that will rival the United States.

The last 40 years of growth have truly propelled China into the world market at a whirlwind pace, a pace that took western nations 150 to 200 years.²² However, all this rapid growth comes with a price. As China faces the next 40 years, it will equally challenged with finding future solutions.

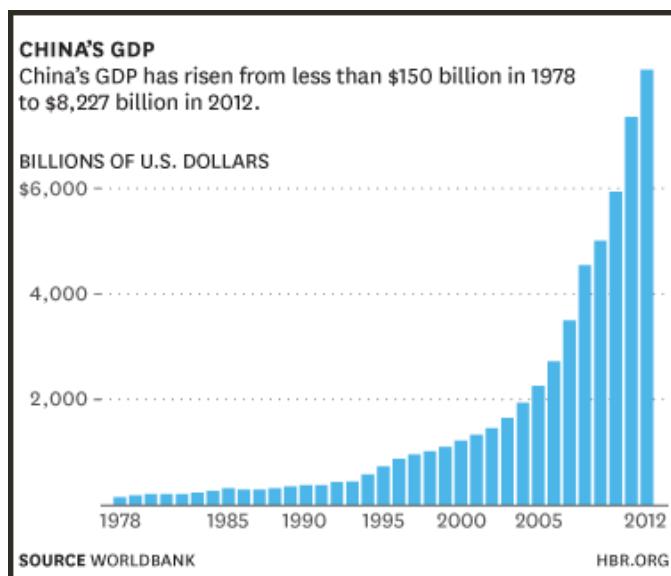
²⁰ Pomfret, John. *Chinese Lessons*. 229.

²¹ Tang, Ningning, Interview.

²² Wang, Liping. “HIST 3468.” Lecture, University of Minnesota, Minneapolis, December 10, 2020.

China's Challenges Moving Forward

In my conversation with Ningning Tang, she offered several challenges to China which dovetail with our discussions in class. First, the global geopolitical environment has been fairly stable over the last 40 years and has contributed to China's growth. While the chart to the right shows, the size of China's economy was US\$150 bn in 1978, the size more than doubled to US\$360 bn by 1990 (with a compounded annual growth rate of ~9%). The growth is deceiving to see in the early years as the numbers were so small.²³ However Tang



sees global tensions are rising, and specifically between the China and the United States, which leads to uncertainty for the future. With the U.S./China relationship in flux, this will lead to uncertainty with potential to impact China's economic growth. There is a new battle brewing for world leadership.

Secondly, China has an aging workforce that will be an additional challenge. By 2050, 35% of China's population—about 437,000,000—will be elderly (60 or over).²⁴ Currently, China's fertility rate of 1.6% (1.7% in the States)²⁵ creates a further challenge in that the accepted replacement level fertility rate is 2.21%, “the average number of children born per woman—at which a population exactly replaces itself from one generation to the next, without migration.”²⁶

²³ Tang, Ningning, Interview.

²⁴ Tang, Ningning, Interview.

²⁵ Tang, Ningning, Interview.

²⁶ Searchinger, Tim, Craig Hanson, Richard Waite, Brian Lipinski, George Leeson, and Sarah Harper. “Achieving Replacement Level Fertility.” World Resources Institute, September 26, 2018. <https://www.wri.org/publication/achieving-replacement-level-fertility>.

Thirdly, Tang offers up: what is the government's role as it gets bigger and more complex? "We need a lighter hand not a heavier hand." During the last 40 years there are clearly two schools of thought: "China is going to continue to grow; China is going to collapse anytime." Tang is not certain how political reform is going to play out; the communist party might potentially be thrown away. But as discussed, there is growing confidence about Chinese culture and the PRC political system.²⁷ The Chinese are, for the most part, content. A comment on the CCP: according to Gallop, in the United States 30% declare themselves Republican, 31% Democrat and 38% Independent.²⁸ As we can see from our own politically contentious 40 years, the balance of power—which party is in control—goes back and forth. What I find amazing is the CCP retains control of the entire country with only 6.57% (2019) of the population members of the party²⁹ while in the States we bounce back and forth between parties in power.

Finally, industry causes global warming and China is a nation of industry creating a conflict, the increase of one increases the other. Pollution is one of the major downsides of the exponential growth China has created in the last 40 years. China is committed to bringing the emissions down to zero by 2060 and has already initiated changes when it comes to pollution. China is the largest market for electric vehicles in the world because the Chinese government is pushing this. One of the biggest polluters is coal, used for heating and in the last couple of years, natural gas is replacing that. Looking forward to the next decades, renewable energy will be one of the growth drivers for China, not only to stop global warming by creating/using sustainable energy, *but to make a profit on it*. Their investment will create a return and save the world.

²⁷ Wang, Liping. "HIST 3468." Lecture, University of Minnesota, Minneapolis, December 10, 2020.

²⁸ Gallup. "Party Affiliation." Gallup.com. Gallup, December 1, 2020.
<https://news.gallup.com/poll/15370/party-affiliation.aspx>.

²⁹ Textor, Published by C., and Oct 12. "China: CCP Members Population Share 2019." Statista, October 12, 2020. <https://www.statista.com/statistics/250090/share-of-chinese-communist-party-ccp-members-in-chinese-population/>.

“In waking a tiger, use a long stick.”
— Mao Zedong³⁰

Mao may have proclaimed of China in September, 1949, “We have stood up,” but I have argued in a past paper he did so on the shoulders of his people. After his death it was the people who set his vitriol aside, finally truly stood up, and did so on his shoulders, for Mao had awoken a tiger: the people of China. Mao would no more recognize China today, than I expect George Washington would the United States. I believe the difference is Washington would say, “Well done Sir,” and Mao would say “What have you done?” He killed over 30,000,000 of his people, he brought human suffering, cannibalism, and the near complete destruction of a 5,000 year old nation. His legacy is that of a Stalin, a Hitler, or any of the three Kims of North Korean; he is a despotic leader who had one saving grace: Mao was the fulcrum—the horrible fulcrum—between the Qing dynasty and now. The man who rebooted a country, who treated the nation like a pinball game that finally hit tilt. Was it worth it? Was that what the country needed to throw off feudalism and join the modern age? Was that the answer to the kowtow? Had the CCP been defeated in 1949 by Chiang Kai-shek and the Kuomintang (KMT) would there be 30,000,000 dead? I think not. Instead there is a serious argument to be made in acknowledging the Chinese entrepreneurial spirit and willingness to work hard, that had Chiang Kai-shek prevailed, using the KMT built Taiwan as an example of what they could achieve, that today in the United States, Mandarin would be a required language in school. In the end, Mao’s time in office simply delayed the sleeping tiger.

³⁰ Zedong, Mao. “Mao Zedong Quotes.” BrainyQuote. Xplore. Accessed December 17, 2020. https://www.brainyquote.com/quotes/mao_zedong_137205.