

Impact of Deng Xiaoping's Economic Reforms in China's Modernization

by Kelly Wang

Introduction

The Century of Humiliation (1839-1949) led China, once a technologically developed nation, to fall into backwardness and poverty while other countries continued to industrialize.¹ Rapidly falling behind its East Asian neighbors, Japan and South Korea, but also, more embarrassingly, smaller Southeast Asian countries like Malaysia, Singapore, Thailand, and Indonesia,² China was ashamed by its lack of stature throughout the nineteenth and twentieth centuries. Mao Zedong's authoritarian rule, intended to rejuvenate the nation, instead left China not only in extremely poor economic condition, but also with horrific memories from the Great Leap Forward and the Great Proletarian Cultural Revolution.³

Upon coming to power, Deng Xiaoping was intent on maintaining the one-party state established by Mao. Acutely aware of the importance of political control and military support, he accurately concluded that "without material gain, no degree of coercion would ensure the Party's survival."⁴

It was this understanding that compelled him to introduce and support market forces, opening China to capitalism and foreign investment. Deng's successful economic reforms, lifting millions out of poverty and catapulting economic growth,⁵ have had a lasting impact on Chinese society by "bringing the country out of isolation and into the modern world economy"⁶ as a burgeoning global superpower. However, in equating national income statistics like Gross Domestic Product (GDP) to modernization, Deng neglected political reform, believing it superfluous to development.⁷

As such, this essay evaluates: *How significant were Deng Xiaoping's economic reforms from 1976 to 1989 in modernizing China?* by looking at the time period between the household responsibility system (1978), Deng's first major economic reform, and the Tiananmen Massacre (1989), the climax of his reluctance and failure to democratize. The investigation not only provides insight on the shortcomings of Deng's economic reforms and their implications for China's future development, but also evaluates the "no democratization, no modernization" claim of Chinese student protestors in 1986.⁸ Overall, this investigation contends whether economic reform alone is sufficient for a country to "modernize."

This investigation consulted the works of experts on the history of modern China such as Jonathan D. Spence and Ezra F. Vogel, alternative perspectives on

1 Cal Clark and Jane Sabes, "Chinese Development Programs in the 20th Century: Comparing Strategies and Success," *American Journal of Chinese Studies* 8, no. 1 (2001): pp. 13-39, <http://www.jstor.org/stable/44288654>, 14.

2 Vince Cable et al., "From Deng to Xi: Economic Reform, the Silk Road, and the Return of the Middle Kingdom" (LSE IDEAS, May 2017), <https://www.lse.ac.uk/ideas/publications/reports/deng-xi>, 15.

3 Bert Hofman, "Reflections on 40 Years of China's Reforms," In *China's 40 Years of Reform and Development: 1978-2018*, edited by Ross Garnaut, Ligang Song, and Cai Fang, pp. 53-66, ANU Press, 2018, <http://www.jstor.org/stable/j.ctv5cgbnk.11>.

4 David Shambaugh, "Editorial Introduction: Assessing Deng Xiaoping's Legacy," *The China Quarterly*, no. 135 (1993): pp. 409-411, <http://www.jstor.org/stable/654095>, 410.

5 Vince Cable et al., "From Deng to Xi: Economic Reform, the Silk Road, and the Return of the Middle Kingdom" (LSE IDEAS, May 2017), <https://www.lse.ac.uk/ideas/publications/reports/deng-xi>, 1.

6 Barry Naughton, "Deng Xiaoping: The Economist," *The China Quarterly*, no. 135 (1993): pp. 491-514, <http://www.jstor.org/stable/654099>, 491.

7 Jonathan D. Spence, *The Search for Modern China* (New York, NY: W. W. Norton, 1999), 746.

8 *Ibid.*, 682.

communism in China from Alexander V. Pantsov and Minxin Pei, and prominent economists like Bert Hofman and Clem Tisdell. Sources written during Deng's rule generally provided less value because effective analysis of China's development tends to be completed in retrospect. Regardless, primary sources like "Deng Xiaoping: The Economist" by Barry Naughton and "Teaching Economics and Studying Economic Reform in China" by Gregory C. Chow, emphasize the immediate impact and confirm the success of Deng's economic reforms.

A concrete definition for the abstract concept of "modernization" is imperative for more objective analysis. Cyril Black, professor and specialist in European history and expert in modernization theory, provides such a rubric, suggesting five dimensions to modernization: intellectual, social, psychological, economic, and political development.⁹ According to Black, it is when these five dimensions develop that a country is introduced to the modern values which aid in transitioning away from traditional society.¹⁰ Cal Clark and Jane Sabes use Black's model in their paper comparing development strategies, demonstrating the academic acceptance and usage of his model.¹¹

Hence, to evaluate the research question, Deng's economic reforms need to be weighed against other factors in China's development to determine their respective significance in modernizing China. Black's five dimensions of modernization are used to examine two of Deng's most prominent economic reforms: the household responsibility system and Special Economic Zones, as well as non-economic components of China's modernization. These include other key proponents of development such as international relations, education reforms, and the Tiananmen Massacre. Altogether, this investigation argues that though Deng's economic reforms set the foundations necessary for further modernization,

9 Cyril E. Black, *The Dynamics of Modernization: Essays in Comparative History* (New York, NY: Harper & Row, 1966).

10 Ibid.

11 Cal Clark and Jane Sabes, "Chinese Development Programs in the 20th Century: Comparing Strategies and Success," *American Journal of Chinese Studies* 8, no. 1 (2001): pp. 13–39, <http://www.jstor.org/stable/44288654>, 13.

countless other factors played vital roles, suggesting that Deng's economic reforms were only slightly significant in modernizing China.

Household Responsibility System

According to Jonathan D. Spence in *The Search for Modern China*, a comprehensive explanation of China's history over the last four centuries based on his popular course at Yale, modernization requires "the vigorous restoration and speeding up of farm production."¹² It is through developing China's predominantly agricultural populace¹³ that a sturdy foundation for further development can be established. When Deng took control of China, the commune system was official policy: one's additional labor and corresponding additional yield would not belong to oneself, but rather be shared equally by all team members.¹⁴ It was entrepreneurial and brave local leaders, not Deng himself, who challenged this ineffective system.

When Wan Li was appointed as first party secretary of Anhui in June 1977, he was confronted with the degree of extensive starvation resulting from his predecessor's adherence to Maoist principles in an impoverished rural province.¹⁵ Drawing inspiration from Deng Zihui, head of the Rural Work Department under Mao's rule who advocated "giving production brigades more autonomy,"¹⁶ as well as his own experiences visiting desolate communes, Wan drafted a proposal with recommendations on how to address the rural problems in Anhui. Deng did

12 Jonathan D. Spence, *The Search for Modern China* (New York, NY: W. W. Norton, 1999), 622.

13 Bert Hofman, "Reflections on 40 Years of China's Reforms," In *China's 40 Years of Reform and Development: 1978–2018*, edited by Ross Garnaut, Ligang Song, and Cai Fang, pp. 53–66, ANU Press, 2018, <http://www.jstor.org/stable/j.ctv5cgbnk.11>.

14 Gregory C. Chow, "Teaching Economics and Studying Economic Reform in China," *China Economic Review* 1, no. 2 (1990): pp. 193–199, [https://doi.org/10.1016/1043-951x\(90\)90006-a](https://doi.org/10.1016/1043-951x(90)90006-a), 129.

15 Ezra F. Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA: Harvard University Press, 2013), 436.

16 Jean-François Huchet, "The Economic Legacy of Deng Xiaoping," *China Perspectives*, no. 11 (1997): pp. 6–16, <http://www.jstor.org/stable/24050445>, 8.

not publicly support Wan's proposition. However, he did informally permit Wan to experiment with alternative methods of production by pragmatically stating "where peasants were starving, they should be allowed to find a way to survive."¹⁷

Decentralizing agricultural production, the commune system was replaced by land distribution to individual households. Permitting surplus produced above state-imposed quotas to be sold at local free markets,¹⁸ peasants were no longer protected by their communes. Income and economic well-being became directly dependent on individual efforts, thereby providing the incentive for effective labour. The results were encouraging; by 1979, grain production in Anhui "rose by more than 27 million tons compared to 1978, an 8 percent increase."¹⁹ Deng publicized the successful results, subconsciously pushing the idea of agricultural decentralization into the psyches of more leaders and increasing public support for the economic reform.²⁰

Zhao Ziyang, first party secretary of Sichuan, engaged in similar policies to Wan, approving the division of collective land to individual households²¹ and allowing additional output to be sold in private markets at free-market prices.²² Mirroring the agricultural success in Anhui, "grain production in Sichuan jumped 24 percent"²³ from 1976 to 1979.

As Ezra F. Vogel describes in *Deng Xiaoping and the Transformation of China*, a Lionel Gelber

17 Ezra F. Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA: Harvard University Press, 2013), 386.

18 Gregory C. Chow, "Teaching Economics and Studying Economic Reform in China," *China Economic Review* 1, no. 2 (1990): pp. 193-199, [https://doi.org/10.1016/1043-951x\(90\)90006-a](https://doi.org/10.1016/1043-951x(90)90006-a), 129.

19 Alexander V. Pantsov and Steven I. Levine, *Deng Xiaoping: A Revolutionary Life* (New York, NY: Oxford University Press, 2015), 363.

20 Ezra F. Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA: Harvard University Press, 2013), 440.

21 Alexander V. Pantsov and Steven I. Levine, *Deng Xiaoping: A Revolutionary Life* (New York, NY: Oxford University Press, 2015), 363.

22 Jonathan D. Spence, *The Search for Modern China* (New York, NY: W. W. Norton, 1999), 642.

23 Ibid. 642.

Prize-winning book which intends to educate Americans on Deng's impact on social and economic developments in China, "rather than attack them he had waited until the results were proven; gradually people recognized that the new strategy was working, and within several years, the experiments became national policy."²⁴ Allowing a bottom-up rather than top-down approach to initiate change, there was little resistance to Deng's official pronouncement of the household responsibility system in 1980.

Grain production continued to increase, surpassing "400 million tons [in 1984], compared to 300 million tons in 1977," allowing "per capita grain consumption [to rise] from 1977 to 1984 from 195 kilograms to 250 kilograms."²⁵ With this rising agricultural output, farmers' incomes increased as well, doubling from 1978 to 1982.²⁶ In 1985, the sufficient grain production and relatively stable farmer incomes allowed the government to abolish obligated grain purchases and grain rationing.²⁷ However, the rural household responsibility system was not without criticisms. For one, the majority of peasants remained poorer than their urban counterparts while experiencing substandard health care and education.²⁸ Additionally, hundreds of millions of peasants moved from rural areas to cities, and from the north to the south, depleting many regions of their youth and their hopes of a prosperous future.²⁹

Ultimately, weighing the positive and negative consequences of the household responsibility system, China received a net benefit. The economic reform provided basic nourishment to all of China

24 Ezra F. Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA: Harvard University Press, 2013), 440.

25 Ibid., 444.

26 Alexander V. Pantsov and Steven I. Levine, *Deng Xiaoping: A Revolutionary Life* (New York, NY: Oxford University Press, 2015), 370.

27 Ezra F. Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA: Harvard University Press, 2013), 444.

28 Ibid., 444-445.

29 Jacques deLisle and Avery Goldstein, *To Get Rich Is Glorious: Challenges Facing China's Economic Reform and Opening at Forty* (Washington, D.C.: Brookings Institution Press, 2019), 7-8.

by resolving the grain shortage, prevented another revolution by increasing the wealth of the peasants, and inspired social mobility through encouraging entrepreneurship. Thus, this introduction of rural decentralization effectively began easing the public into accepting the market economy.

It was courageous local leaders who promoted the new agricultural model and catalyzed economic growth rather than Deng himself. Without Wan Li and Zhao Ziyang, who developed the system “from below,” conservative bureaucrats would not have accepted the “radical” rural reform. Further examples will only continue to prove that countless other leaders played integral roles in modernizing China. Thus, attributing China's modernization solely to Deng lacks nuance by evoking the great man theory of historical analysis. This judgement is not aimed to undermine Deng's effective leadership: it was his pragmatism that authorized “crossing the river by feeling for the stones,” embracing and reworking ideas that appeared radical but would greatly benefit China.³⁰ In fact, Jean-François Huchet, a French economist who specializes in the economic development of China and president of Institut national des langues et civilisations orientales, surmises: “One could say that his greatest contribution to the success of collective rural enterprises was precisely to do nothing, or to refrain from setting ideological obstacles to their development.”³¹ Deng, unlike other leaders who were bound to ideological purity, was open to capitalistic methods, allowing individuals to explore the free market free of bureaucratic influences so long as they remained politically subservient.

As Chinese-American economist Gregory C. Chow, known for his expertise in the economies of Taiwan, Hong Kong, and China, suggests, “The success of reform in agriculture served as the foundation of reform in other sectors not only by increasing the supply of food but also by changing the ideological thinking of Communist Party

members in support of a market economy.”³² Thus, the household responsibility system kickstarted China's modernization through introducing the social and economic development necessary for further development.

Special Economic Zones

In 1977, attention was brought to the thousands of fleeing Chinese youth who escaped across the southern border to neighboring Hong Kong and Macao. Previously regarded as a security issue, with border patrol and detention centers established to control the flow of people, Deng believed the true problem was simply that “Hong Kong and Macao were wealthy and the PRC was poor.”³³ As a result, to prevent further exodus, the disparity of living standards required quick rectification.³⁴ The solution was Special Economic Zones (SEZs), regions in Guangdong province primarily regulated by the free market with incentives for foreign investment and flexible governmental measures, which were established on August 26, 1979.³⁵ The four chosen cities were selected for their proximity to foreign-capital sources: Zhuhai adjacent to Macao, Shenzhen bordering Hong Kong, and Shantou and Xiamen across from Taiwan.³⁶

From 1978 to 1984, the SEZs propelled exports to increase by 238 percent, surpassing 100 billion yuan.³⁷ Seeking physical confirmation for the statistical economic successes of the regions, Deng travelled to Guangdong in January 1984. Pleased with the results, he advocated for further reform upon returning to Beijing in February.³⁸ At the Third

32 Gregory C. Chow, “Teaching Economics and Studying Economic Reform in China,” *China Economic Review* 1, no. 2 (1990): pp. 193-199, [https://doi.org/10.1016/1043-951x\(90\)90006-a](https://doi.org/10.1016/1043-951x(90)90006-a), 129.

33 Alexander V. Pantsov and Steven I. Levine, *Deng Xiaoping: A Revolutionary Life* (New York, NY: Oxford University Press, 2015), 337.

34 *Ibid.*, 337.

35 *Ibid.*, 367.

36 Jonathan D. Spence, *The Search for Modern China* (New York, NY: W. W. Norton, 1999), 636-637.

37 Ezra F. Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA: Harvard University Press, 2013), 418.

38 *Ibid.*, 419.

30 Alexander V. Pantsov and Steven I. Levine, *Deng Xiaoping: A Revolutionary Life* (New York, NY: Oxford University Press, 2015), 382.

31 Jean-François Huchet, “The Economic Legacy of Deng Xiaoping,” *China Perspectives*, no. 11 (1997): pp. 6-16, <http://www.jstor.org/stable/24050445>, 11.

Plenum of the 12th Party Congress in October the same year, fourteen new coastal Economic and Technological Development Zones³⁹ and three development deltas⁴⁰ were established with the intention to increase rapid economic development.

Bringing capitalism to specified regions and opening the country to the global economy led to tremendous economic growth. The favorable tax rates encouraged foreign direct investment (FDI), which increased from “an annual rate of less than one billion US dollars in 1978 to nearly 30 billion in 1998.”⁴¹ Furthermore, the removal of import duties on materials processed for exports motivated trade: “By 1987, the volume of foreign trade increased to 25 percent and by 1998 to 37 percent of gross domestic product,”⁴² with even the United States beginning to experience trade deficits.⁴³ The changes in Shenzhen were particularly astounding, evolving from a farmland of 20,000 residents to a modern city with a population approaching 10 million, characterized by urban sprawl and a skyline of skyscrapers.⁴⁴ The average *per capita* income also increased from 600 yuan in 1984 to 2,000 yuan in 1992.⁴⁵ Many residents who had fled from Shenzhen to Hong Kong in hopes of a better life were returning.

Another notable change was the migration of companies and individuals from inner regions to coastal cities. Industries flocked to the SEZs: “In 1979, 12 percent of China’s exports originated in Guangdong, but from the late 1980s as exports grew, roughly one-third or more of all Chinese exports each year came from Guangdong alone.”⁴⁶ People followed suit, with Guangdong welcoming upwards

of 100 million migrants by 1992.⁴⁷ Individuals began seeing past their local communities, willing to leave their familiar hometowns to chase wealth and opportunity. Unfortunately, this internal migration augmented income inequality, increasing the income gap between the prosperous urban populations living Guangdong’s coastal cities and their poorer inland, rural counterparts.⁴⁸ These regional disparities became so pronounced that Guangdong residents made up to eight times the income of those in Gansu.⁴⁹

A lack of bureaucratic regulation introduced black markets, street crime, and corruption. Nepotism was rampant: many profitable enterprises were run by the children of prominent Beijing officials while officials themselves abused their privileges to engage in graft and bribery.⁵⁰ However, Deng was prepared for this increased social disorder, believing it to be a worthwhile trade-off in economic development. Using the analogy “When you open the door, flies will get in,”⁵¹ he saw corruption as an inevitable, but tolerable, consequence of capitalism.

Similar to the household responsibility system, the success of the SEZs cannot be attributed solely to Deng. Though the SEZs were legal, many conservatives in Beijing were unhappy. While Deng remained silent, general secretary Hu Yaobang actively supported and defended regional officials in Guangdong. When Beijing pressured local Guangdong officials, Hu worked to clear bureaucratic interference. As a result, Hu’s bravery was imperative

39 Ibid., 420.

40 Jonathan D. Spence, *The Search for Modern China* (New York, NY: W. W. Norton, 1999), 667.

41 Gregory C. Chow, “Teaching Economics and Studying Economic Reform in China,” *China Economic Review* 1, no. 2 (1990): pp. 193-199, [https://doi.org/10.1016/1043-951x\(90\)90006-a](https://doi.org/10.1016/1043-951x(90)90006-a), 132.

42 Ibid., 131.

43 Jonathan D. Spence, *The Search for Modern China* (New York, NY: W. W. Norton, 1999), 712.

44 Ezra F. Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA: Harvard University Press, 2013), 406.

45 Ibid., 672.

46 Ibid., 401.

47 Ibid., 407.

48 Yingyi Qian and Wu Jinglian, *Transformation in China*, In: Kornai, J., Mátyás, L., Roland, G. (eds) *Institutional Change and Economic Behaviour* (London: Palgrave Macmillan, 2008): pp. 38-63, https://doi.org/10.1057/9780230583429_2, 43.

49 Shigeo Kobayashi et al., “The “Three Reforms” in China: Progress and Outlook,” *RIM Pacific Business and Industries*, 45 (1999).

50 I-Chuan Wu-Beyens, “The Years of Reform in China: Economic Growth Versus Modernization,” *Civilisations*, no. 40-1 (1992): pp. 101-132, <https://doi.org/10.4000/civilisations.1680>.

51 Ezra F. Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA: Harvard University Press, 2013), 707

to the success of the SEZs, which would have otherwise fallen to government regulation.⁵²

Furthermore, Deng was fortunate that China “enjoyed favourable conditions [with Hong Kong and the World Bank] for a massive economic transformation” in 1979.⁵³ While China remained largely isolated under Mao, Hong Kong’s youth were permitted to study abroad, gaining “a sophisticated understanding of modern finance, high technology, and international markets.”⁵⁴ This knowledge significantly improved productivity in the workforce, empowering Hong Kong to become a leading international finance center in the 1960s.⁵⁵ Eager to share expertise on Western business practices with their Guangdong counterparts, the Hong Kong workers provided China convenient access to crucial information and skills training in their transition to a market economy. On a larger scale, Vogel claims that “no institution played a role that could compare in importance with that played by the World Bank, and in no other country did the World Bank play a role as large as it did in China.”⁵⁶ In 1985 at China’s request, the World Bank assembled a group of experts to discuss how to lessen the impact of the recessionary and inflationary gaps endemic in the capitalist business cycle. At the conference, Nobel laureate James Tobin introduced Chinese economists to macroeconomic controls, emphasizing the ability of demand-side policies to influence the market.⁵⁷ The newfound knowledge would later enable Zhao Ziyang to use fiscal and monetary policy to soothe inflation. Undoubtedly, Hong Kong and the World Bank stimulated and guided China’s economic growth. Still, an expanding world market and foreign aid would have been insufficient without a leader like Deng who, unlike his predecessors, embraced learning from foreign experiences on the condition they did not threaten his political authority.

52 Ibid., 413.

53 Vince Cable et al., “From Deng to Xi: Economic Reform, the Silk Road, and the Return of the Middle Kingdom” (LSE IDEAS, May 2017), <https://www.lse.ac.uk/ideas/publications/reports/deng-xi>, 2.

54 Ezra F. Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA: Harvard University Press, 2013), 403.

55 Ibid., 403.

56 Ibid., 456.

57 Ibid., 461.

Thus, though the SEZs increased corruption and income inequality, Guangdong workers gained technical skills with support from Hong Kong and the World Bank, rural Guangdong coastal villages exploded into metropolitan cities, individuals began seeking and pursuing mobility opportunities in Guangdong, and China’s GDP and FDI both significantly increased. The SEZs not only opened China to the world, but also successfully built upon the economic development originating from the household responsibility system, undergoing further development in intellectual, social, psychological, and economic spheres.

Non-Economic Factors

Modernizing China took more than economic development, supporting the thesis that the combined weight of other factors impacted China’s modernization far more than Deng’s economic reforms. The flaw in crediting reforms solely to Deng was explored in the previous two sections. Key figures such as Wan Li, Zhao Ziyang, and Hu Yaobang worked to implement and advocate for reforms while Deng stood passively in the background. The important role of Hong Kong and the World Bank in China’s integration into the world economy and the impact this had in multiple dimensions of modernization was also evaluated in the discussion on SEZs. To provide a more holistic analysis, this section contends the role of education reforms and the Tiananmen Massacre on China’s modernization.

Education Reforms

Hoping to recover from a “lost generation” of students due to the Cultural Revolution, Deng was committed to legitimizing science through emphasizing a secular approach to knowledge.⁵⁸ The Chinese education system was reformed, with the previous Soviet-style specialized education replaced by a liberal arts education offered in more comprehensive universities.⁵⁹ The result was the

58 Cal Clark and Jane Sabes, “Chinese Development Programs in the 20th Century: Comparing Strategies and Success,” *American Journal of Chinese Studies* 8, no. 1 (2001): pp. 13–39, <http://www.jstor.org/stable/44288654>, 25.

59 Gregory C. Chow, “Teaching Economics and Studying Economic Reform in China,” *China Economic Review* 1, no. 2 (1990): pp. 193–199, [https://doi.org/10.1016/1043-951x\(90\)90006-a](https://doi.org/10.1016/1043-951x(90)90006-a), 138.

use of modern textbooks in university courses, translation of important foreign texts into Chinese for study, and encouragement to learn the *lingua franca* English, among others.⁶⁰

Deng was also a staunch supporter of learning from foreign scholars. Foreign education institutions collaborated with the Ministry of Education from 1985 to 1998 to improve Chinese education standards while individual universities were permitted to invite foreign experts.⁶¹ Unlike the Soviets, Mao, and Chiang Kai-shek, Deng never feared that opening to the West would result in significant brain drain, instead believing that “for China to modernize quickly, it had to learn about and adapt ideas that were working overseas.”⁶² Accordingly, from 1978 to 2007, “more than a million Chinese students studied abroad” with around a quarter returning.⁶³

Unfortunately, these rapid gains in education were only seen in cities: the quality of schools in rural regions lagged behind their urban counterparts.⁶⁴ Nevertheless, Deng created “by far the most highly developed ‘intellectual modernization’ in modern Chinese history” through addressing the cities first.⁶⁵ Hence, a combination of a reformed internal education system as well as promoting study abroad opportunities accelerated intellectual development, establishing acceptance of the scientific method and bringing in “a surfeit of new ideas.”⁶⁶

Tiananmen Massacre

The Tiananmen Massacre challenges the assumed necessity of political development in modernization. Significant resentment and frustration culminated in 1918 with the Tiananmen Massacre where Beijing called martial law on

student protestors.⁶⁷ Following the crackdown, Deng quickly reconsolidated power, suppressing all signs of dissent, and pushed for further economic growth. Spence concluded that this oppression served “both to distract the populace from making more political demands and to strengthen the nation as a whole.”⁶⁸ Deng was successful: urbanization continued, rural industrialization increased, and foreign investment soared. However, through the veneer of economic development, Deng failed in the dimension of political development, defined by Black as involving democratization and state capacity.⁶⁹

Assuming “effectiveness” reflects the government’s ability to promote their agenda, China was competent in implementing effective policies, demonstrating state capacity. Meanwhile, there appeared little effort to increase popular participation, a characteristic of democratization. This unfulfilled pillar of political development is analyzed in Clark’s “Chinese Development Programs in the 20th Century: Comparing Strategies and Success,” where he compares six recent strategies of Chinese development and evaluates them against Black’s model for modernization.⁷⁰ Clark concludes that the lack of democratization, not only during Deng’s rule, but also throughout Chinese history, indicates that polity “might be an unpreferred style of politics by the Chinese.”⁷¹ However, this claim lacks validity, with many instances of demonstrations and protests for democracy throughout Chinese history. Wei Jingsheng’s *dazibao* on the Democracy Wall in 1978, which notes, “The Fifth Modernization:

60 Ibid. 137.

61 Ibid., 137.

62 Ezra F. Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA: Harvard University Press, 2013), 455.

63 Ibid., 456.

64 Ibid., 706

65 Cal Clark and Jane Sabes, “Chinese Development Programs in the 20th Century: Comparing Strategies and Success,” *American Journal of Chinese Studies* 8, no. 1 (2001): pp. 13–39, <http://www.jstor.org/stable/44288654>, 21.

66 Ibid., 25.

67 Cal Clark and Jane Sabes, “Chinese Development Programs in the 20th Century: Comparing Strategies and Success,” *American Journal of Chinese Studies* 8, no. 1 (2001): pp. 13–39, <http://www.jstor.org/stable/44288654>, 34.

68 Jonathan D. Spence, *The Search for Modern China* (New York, NY: W. W. Norton, 1999), 593.

69 Cyril E. Black, *The Dynamics of Modernization: Essays in Comparative History* (New York, NY: Harper & Row, 1966).

70 Cal Clark and Jane Sabes, “Chinese Development Programs in the 20th Century: Comparing Strategies and Success,” *American Journal of Chinese Studies* 8, no. 1 (2001): pp. 13–39, <http://www.jstor.org/stable/44288654>, 13.

71 Ibid., 29.

Democracy...the Chinese people must first put democracy into practice and modernize China's social system,"⁷² indicates a desire for democracy. Similarly, Fang Lizhi, an activist who inspired the Tiananmen Square protests, stated, "We need complete modernization, not just modernization in a few chosen aspects."⁷³

As such, it appears that it is not "Asian values,"⁷⁴ but rather an implicit social contract that prompts the Chinese to remain generally satisfied with authoritarianism: "If they would let the communists continue to control the state, the regime would withdraw its many social and economic controls, giving people the freedom to 'get rich.'"⁷⁵ It is crucial to also consider the nation's turbulent recent history. The Chinese living through Deng's reforms likely remembered Japanese imperialism and Mao's dictatorship, events which ingrained instability in their psyche. Under Deng's rule, relative prosperity and stability was finally established for the first time in a century. Democracy is a privileged demand, significantly less important than the fulfillment of basic needs, not paying bills nor providing a table of food. Deng was able to bring basic economic well-being to most of the population. For many Chinese, their improved standard of living was enough, so they obligingly accepted their limited political freedoms.⁷⁶

If Deng had succumbed to the students' wishes, it is unclear if economic development would have continued. Deng's own perspective, though biased towards authoritarianism due to his political position, still maintains some degree of reason: "There are so many Chinese people, and each has

his own viewpoint. If there's a demonstration by this one today, and that one tomorrow, there'd be a demonstration every day, 365 days a year. In that case, economic construction would be entirely out of the question."⁷⁷ Minxin Pei, a Chinese-American political scientist with expertise on governance in China as well as democratization in developing nations, supports Deng's statement, claiming a "strong state leadership is necessary to protect and promote their economic gains," and that political reforms should be secondary to economic reforms in developing countries.⁷⁸ Theorists agree: "too much participation in developing nations could destroy fairly weak governments by overwhelming them with political demands."⁷⁹ As such, some historians believe it was only with complete control that China was able to hyper-focus on expanding its economy; allowing political participation would have detracted from that goal. Nirmal Kumar Chandra, a renowned Indian economist, similarly reflects: "I was highly critical of the Chinese leadership at that time... But on hindsight...I would now concede that Deng was correct in apprehending the worst if the party had accepted the students' demand."⁸⁰ All in all, it can be concluded that the Tiananmen Massacre and overall suppression of political participation was justified by Deng and accepted by the populace for the supposed challenges democracy would have brought to China's rapid economic growth, the foundational key to modernization.

Conclusion

Achieving rapid economic growth between 1978 and 1988, China recorded the highest growth rate in

72 Alexander V. Pantsov and Steven I. Levine, *Deng Xiaoping: A Revolutionary Life* (New York, NY: Oxford University Press, 2015), 340-341.

73 *Ibid.*, 401.

74 Cal Clark and Jane Sabes, "Chinese Development Programs in the 20th Century: Comparing Strategies and Success," *American Journal of Chinese Studies* 8, no. 1 (2001): pp. 13-39, <http://www.jstor.org/stable/44288654>, 29.

75 *Ibid.*, 34.

76 Jacques deLisle and Avery Goldstein, *To Get Rich Is Glorious: Challenges Facing China's Economic Reform and Opening at Forty* (Washington, D.C.: Brookings Institution Press, 2019), 6-7.

77 Barry Naughton, "Deng Xiaoping: The Economist," *The China Quarterly*, no. 135 (1993): pp. 491-514, <http://www.jstor.org/stable/654099>, 502.

78 Minxin Pei, *From Reform to Revolution: The Demise of Communism in China and the Soviet Union* (Cambridge, MA: Harvard University Press, 1994).

79 Cal Clark and Jane Sabes, "Chinese Development Programs in the 20th Century: Comparing Strategies and Success," *American Journal of Chinese Studies* 8, no. 1 (2001): pp. 13-39, <http://www.jstor.org/stable/44288654>, 28.

80 Nirmal Kumar Chandra, "Legacy of Deng Xiaoping," *Economic and Political Weekly* 32, no. 13 (1997): pp. 642-644, <http://www.jstor.org/stable/4405222>, 624.

the world in the 1980s. With a 9.8% increase in GDP from 1980-1985, they greatly surpassed the 2.6% world average.⁸¹ Within one generation and without significant political upheaval, economic growth allowed both China's living standards and global standing to improve phenomenally.⁸²

Deng's economic reforms led to this growth, providing the basis for future development. The household responsibility system lifted millions of peasants out of poverty while resolving China's grain shortage crisis through decentralizing ownership of land plots. Special Economic Zones, areas governed by the free market, introduced China to the world economy. By opening up to foreign aid, trade, and investment, China experienced significant urbanization, internal migration, and increases in GDP.

However, these reforms on their own would not have resulted in economic growth if not for the support from other proponents of economic reform such as Wan Li, Zhao Ziyang, and Hu Yaobang, as well as friendly allies like Hong Kong and the World Bank. These external factors working to ensure Deng's economic reforms were carried out in reality, combined with education reforms, allowed China to advance its intellectual, social, psychological, and economic development.

Furthermore, by employing gradualism and pragmatism rather than shock therapy, which many European countries used in their development, Deng's successful transition to a market economy offers a new model of economic modernization for current autocracies. However, with analysis on the Tiananmen Massacre, it becomes evident that these regimes can effectively exploit gains in economic freedom as reason to placate political demands. As such, it is unclear whether this system can be maintained into the future as the Chinese grow accustomed to their improved living standards and begin seeking more personal freedom.

All in all, considering the multitude of factors involved in China's modernization and the inability

of economic reforms to initiate democratization, Deng Xiaoping's economic reforms from 1976 to 1989 can be considered only slightly significant in modernizing China.

Bibliography

Black, Cyril E. *The Dynamics of Modernization: Essays in Comparative History*. New York, NY: Harper & Row, 1966.

Cable, Vince, Michael Cox, Yu Jie, Guy de Jonquieres, Gideon Rachman, and Geoffrey Yu. Rep. *From Deng to Xi: Economic Reform, the Silk Road, and the Return of the Middle Kingdom*. LSE IDEAS, May 2017. <https://www.lse.ac.uk/ideas/publications/reports/deng-xi>.

Chandra, Nirmal Kumar. "Legacy of Deng Xiaoping." *Economic and Political Weekly* 32, no. 13 (1997): 642-44. <http://www.jstor.org/stable/4405222>.

Chow, Gregory C. "Teaching Economics and Studying Economic Reform in China." *China Economic Review* 1, no. 2 (1990): 193-99. [https://doi.org/10.1016/1043-951x\(90\)90006-a](https://doi.org/10.1016/1043-951x(90)90006-a).

Clark, Cal, and Jane Sabes. "Chinese Development Programs in the 20th Century: Comparing Strategies and Success." *American Journal of Chinese Studies* 8, no. 1 (2001): 13-39. <http://www.jstor.org/stable/44288654>.

deLisle, Jacques, and Avery Goldstein. *To Get Rich Is Glorious: Challenges Facing China's Economic Reform and Opening at Forty*. Washington, D.C.: Brookings Institution Press, 2019.

Hofman, Bert. "Reflections on 40 Years of China's Reforms." In *China's 40 Years of Reform and Development: 1978-2018*, edited by Ross Garnaut, Ligang Song, and Cai Fang, 53-66. ANU Press, 2018. <http://www.jstor.org/stable/j.ctv5cgbnk.11>.

Huchet, Jean-François. "The Economic Legacy of Deng Xiaoping." *China Perspectives*, no. 11 (1997): 6-16. <http://www.jstor.org/stable/24050445>.

81 World Bank, *World Development Report, 1998* (New York, NY: Oxford University Press, 1998).

82 Clem Tisdell, "Economic Reform and Openness in China: China's Development Policies in the Last 30 Years," *Economic Analysis and Policy* 39, no. 2 (September 2009): pp. 271-294, [https://doi.org/10.1016/s0313-5926\(09\)50021-5](https://doi.org/10.1016/s0313-5926(09)50021-5), 292.

- Kobayashi, Shigeo, Jia Baobo, and Junya Sano. "The "Three Reforms" in China: Progress and Outlook." *RIM Pacific Business and Industries* 45 (1999).
- Naughton, Barry. "Deng Xiaoping: The Economist." *The China Quarterly*, no. 135 (1993): 491–514. <http://www.jstor.org/stable/654099>.
- Pantsov, Alexander V., and Steven I. Levine. *Deng Xiaoping: A Revolutionary Life*. New York, NY: Oxford University Press, 2015.
- Pei, Minxin. *From Reform to Revolution: The Demise of Communism in China and the Soviet Union*. Cambridge, MA: Harvard University Press, 1994.
- Qian, Yingyi and Wu Jinglian. Transformation in China, In: Kornai, J., Mátyás, L., Roland, G. (eds) *Institutional Change and Economic Behaviour*. London: Palgrave Macmillan, 2008: 38-63, https://doi.org/10.1057/9780230583429_2.
- Shambaugh, David. "Editorial Introduction: Assessing Deng Xiaoping's Legacy." *The China Quarterly*, no. 135 (1993): 409–11. <http://www.jstor.org/stable/654095>.
- Spence, Jonathan D. *The Search for Modern China*. New York, NY: W. W. Norton, 1999.
- Tisdell, Clem. "Economic Reform and Openness in China: China's Development Policies in the Last 30 Years." *Economic Analysis and Policy* 39, no. 2 (September 2009): 271–94. [https://doi.org/10.1016/s0313-5926\(09\)50021-5](https://doi.org/10.1016/s0313-5926(09)50021-5).
- Vogel, Ezra F. *Deng Xiaoping and the Transformation of China*. Cambridge, MA: Harvard University Press, 2013.
- World Bank. *World Development Report, 1998*. New York, NY: Oxford University Press, 1998.
- Wu-Beyens, I-Chuan. "The Years of Reform in China: Economic Growth Versus Modernization." *Civilisations*, no. 40-1 (1992): 101–32. <https://doi.org/10.4000/civilisations.1680>.