

Capitalists: The Chinese Communist Party's Long-Term Collaborator

Alex Fichter

On October 1, 1949, Mao Zedong addressed a crowd at Tiananmen Square and declared a new nation, the People's Republic of China (PRC). Guided by the works of Karl Marx and Vladimir Lenin, Mao envisioned a massive social revolution in which the proletariat would overthrow the bourgeoisie ruling class. Thirty years later, in 1979, Deng Xiaoping began dismantling Mao's reforms in pursuit of market-driven growth, saving the country from economic collapse. In a move to save face (*miànzi*), the Chinese Communist Party framed this ideological shift as 'Socialism with Chinese Characteristics.' Over the subsequent decades, the private sector began to replace the state in terms of economic output and the CCP drifted further away from its socialist dream. Then, in 2001, Jiang Zemin made the historic announcement to allow capitalists into the Party. What changed within the CCP for the Party to embrace private entrepreneurs (i.e. reactionary forces)? How could millionaires represent the same interests as workers and peasants? While Deng Xiaoping may be responsible for the resurgence of Chinese capitalists, the United Workers Front Department began cultivating a strong relationship with these individuals even before the PRC was formed. In fact, Mao's Cultural Revolution only serves as temporary hiatus in contemporary Chinese history when capitalists were repressed. Contrary to conventional wisdom, national capitalists maintained their elite lifestyle for seventeen years after the PRC's founding. In 1978, Deng's economic reforms merely *returned* China's capitalists to their previous, pre-Cultural Revolution, status. Therefore, Jiang Zemin's proposal in 2001 to allow capitalists into the CCP was a continuation of the Party's longstanding interest towards cooperating with the capitalists for their expertise.

Early Communist Attitudes towards Capitalists

Mao Zedong's earliest known writings to mention capitalists were two letters addressed to Ts'ai Ho'sen, in 1920 and 1921. The first of these letters even predates the Chinese Communist Party's (CCP) founding in 1921. In the letters, Mao states:

Capitalists have 'parliaments' to pass laws protecting the capitalists and handicapping the proletariat; they have 'governments' to apply these laws and to enforce the advantages and the prohibitions that they contain; they have 'armies' and 'police' to defend the well-being of the capitalists and to repress the demands of the proletariat.¹

This quote reflects Mao's early feeling of a class struggle. Mao argued that "education in today's world [1921] is a capitalist education" which allowed capitalists to preserve and grow their societal influence.² As a result, Mao claimed that a violent revolution was necessary to overthrow the ruling bourgeoisie (i.e. capitalists). Interestingly, Mao also believed, "that one cannot expect the capitalists to become converted to communism."³

This quote evokes an *us vs. them* mentality that never actually materialized. While Mao's ultimate goal (in theory) was to eliminate all traces of capitalism, his rhetoric softened after recognizing the importance of capitalists during the Chinese Civil War.

After the First United Front's dissolution in July 1927, the Communist Party's membership plummeted. In April of 1927, the CCP boasted 58,000 members; by November of 1927, membership fell to barely 10,000.⁴ James P. Harrison, a former professor at Hunter College and author of *The Long March to Power*, estimates that less than half of these remaining members were active.⁵ From the countryside, the Party adopted a democratic centralist system

¹ Mao Zedong, "Communism and Dictatorship," Marxists, January 1921, https://www.marxists.org/reference/archive/mao/selected-works/volume-6/mswv6_06.htm.

² Mao.

³ Ibid.

⁴ Harrison, *The Long March to Power*, 119.

⁵ Harrison, 119.

and established the Red Army. By 1935, Mao emerged as the Party's informal leader and renewed the small and more agile group's focus on Marxism-Leninism. Throughout this period, Mao continued to reference the class struggle that plagued China. In January of 1940, Mao argued that "capitalism has also become a museum piece ... [while] the communist ideological and social system alone is full of youth and vitality."⁶ Mao's quote asserts the antiquated and dying nature of capitalism while promoting the strength of communism. Notably, beginning in the early 1940s, Mao was careful not to alienate capitalists. Given the ongoing Chinese Civil War (1927-1949), it was important to form alliances with elite nonparty groups.⁷ This was the primary responsibility of the United Front Work Department (UFWD), founded in 1942.⁸ Tong Zhan, staff member of the UFWD through the 1980s, classifies the 'social elite' as "(1) 'representative' of key interest groups outside the party; (2) socially influential, whether in politics, economics or in academic research, and (3) willing to cooperate with the Communist-dominated system."⁹ With the support of these nonparty members, Gerry Groot, author of *Managing Transitions*, argues that "the CCP could then claim that it represented both the majority of the population and the majority of classes."¹⁰ In January of 1949, Liu Shaoqi, second only to Mao in the CCP until 1966, stated, "In China today ... it is not that there are too many capitalists and they are over utilized; it is that there are too few of them and they are being

⁶ Mao Zedong, "On New Democracy," Marxists, January 1940, https://www.marxists.org/reference/archive/mao/selected-works/volume-2/mswv2_26.htm.

⁷ The Chinese Civil War can be categorized into two phases. Phase one began in 1927 following the Guomindang's April 12th Purge. Fighting between the two parties lasted until 1937, at which point they joined forces (in the Second United Front) to defend against the Imperial Japanese Army. After the Sino-Japanese War concluded in 1945, phase two of the Chinese Civil War began. The CCP eventually claimed victory and Mao declared the founding of the PRC on October 1, 1949. Interestingly, as of May 2019, no peace treaty or armistice has ever been signed between the KMT and CCP.

⁸ Graeme Smith, "Xi Jinping Gives China's United Front a Bureaucratic Boost," War on the Rocks, May 1, 2018, <https://warontherocks.com/2018/05/xi-jinping-gives-chinas-united-front-a-bureaucratic-boost/>.

⁹ Tong Zhan, "The United Front Work System and the Nonparty Elite," in *Decision-Making in Deng's China: Perspectives from Insiders*, (Armonk, N.Y: Routledge, 1995), 66.

¹⁰ Gerry Groot, *Managing Transitions: The Chinese Communist Party, United Front Work, Corporatism and Hegemony*, (New York: Routledge, 2003), 24.

underutilized. Because of the underdevelopment of capitalism, workers are suffering.”¹¹ Liu’s quote is indicative of the Party’s changing narrative towards capitalists. A few months later, Mao affirmed the leadership’s softening position towards capitalism. On June 30, 1949, during a speech to commemorate the CCP’s twenty-eighth anniversary, Mao stated:

China must utilize all the factors of urban and rural capitalism that are beneficial and not harmful to the national economy and the people’s livelihood; and we must unite with the national bourgeoisie in common struggle. Our present policy is to regulate capitalism, not destroy it.¹²

At this point, Mao’s stance defied orthodox communism which calls for wealth redistribution. Mao’s revised position continued even after the Communists’ victory in 1949.

After the PRC’s founding on October 1, 1949, the UFWD continued to strengthen relationships with nonparty members, including Chinese capitalists. Tong states, “Cooperation has a strong historical basis – the alliance against the Kuomintang in the 1940s and the skillful use of nonparty economic professionals in the 1950s.”¹³ Tong’s quote alludes to the UFWD’s changing purpose after 1949. During the Chinese Civil War, national capitalists were targeted for wartime support; after the PRC’s founding, these capitalists were targeted for their economic expertise.¹⁴ Given the CCP’s newfound interest, select national capitalists evaded Mao’s land and wealth reforms.

¹¹ Hanchao Lu, “Bourgeois Comfort under Proletarian Dictatorship: Home Life of Chinese Capitalists before the Cultural Revolution,” *Journal of Social History* 52, no. 1 (April 2, 2018): 87.

¹² “Mao Zedong, 'On the People’s Democratic Dictatorship: In Commemoration of the Twenty-eighth Anniversary of the Communist Party of China,’” June 30, 1949, History and Public Policy Program Digital Archive, Translation from Selected Works of Mao Tse-tung, Vol. 4 (Peking: Foreign Languages Press, 1961), 417.

¹³ Tong, “The United Front Work System and the Nonparty Elite,” 66.

¹⁴ *Comprador capitalists* were classified as enemies of the state and, therefore, the primary target of Mao’s revolution. Capitalists in this grouping either worked for Chiang Kai-shek or foreign firms. Alternatively, *national capitalists* are any business owners who were neither enemies of the people nor petty bourgeois. For more information about the classification of capitalists, see Hanchao Lu’s article cited in the next footnote.

Contrary to orthodox communist beliefs, some national capitalists maintained their elite lifestyle after the PRC's founding, until the Cultural Revolution began in 1966. Hanchao Lu, a specialist of modern East Asian history and professor at Georgia Tech, notes two specific campaigns that targeted capitalists: the Five-Anti Campaign (1952) and the socialist nationalization campaign (1955-56).¹⁵ Throughout the Five-Anti Campaign, 999,707 firms were investigated on their ability to follow the law. In the end, four percent of the investigated firms were deemed 'serious lawbreakers' and only one percent were classified as 'total lawbreakers.'¹⁶ While most companies were forced to pay fines, the Five-Anti Campaign paved the way for the socialist nationalization campaign three years later.

Under the socialist nationalization campaign, the CCP bought out private firms using "fixed interest" (*dingxi*).¹⁷ Nationalization came as a shock to capitalists who were assured by CCP, only a few years earlier, that "the New Democracy needed capitalism and would protect private business."¹⁸ Cheng Li, director of the John L. Thornton China Center and senior fellow at Brookings, quantifies the mass scale of nationalization. Cheng notes, "The four million private firms and stores that had existed in China prior to 1949 had all but disappeared by the mid-1950s as part to the transition to socialism."¹⁹ However, as private firms disappeared, important national capitalists in Shanghai maintained their lifestyle. While capitalists became employees to their own firms, the CCP provided them with "retention pay" (*baoliu gongzi*). Lu documents the

¹⁵ Lu, "Bourgeois Comfort under Proletarian Dictatorship: Home Life of Chinese Capitalists before the Cultural Revolution," 74. Lu continues to describe the Five-anti campaign's intention to eliminate five voices from business circles: bribery, tax evasion, theft of state property, cheating on government contracts, and stealing state economic information. Afterward, the socialist nationalization intended to reorganize private firms into joint ownerships with the state.

¹⁶ Lu, 74-75.

¹⁷ Lu, 78.

¹⁸ Theodore Hsi-En Chen and Wen-Hui C. Chen, "The 'Three-Anti' and 'Five-Anti' Movements in Communist China," *Pacific Affairs* 26, no. 1 (1953): 12.

¹⁹ Li Cheng, "China's Communist Party-State: The Structure and Dynamics of Power," in *Politics in China*, (New York, NY: Oxford University Press, 2010), 179-180.

monthly payments to Shanghai capitalists: “¥351-400 (191), ¥401-500 (132), ¥501-600 (37), ¥601-1000 (23), and ¥1000+ (3).²⁰ Comparatively, the average monthly income for a Shanghai worker was only ¥68.47.²¹ Therefore, the CCP’s monthly payments to the aforementioned national capitalists dwarfed the average Shanghai workers’ pay, perpetuating a class difference. In fact, the CCP still considered national capitalists as “objects of the united front” and pivotal to the social revolution.²²

Even after the CCP’s nationalization campaign, many capitalists remained positive towards the CCP and their retained privileges. Ye Xingshan, a Shanghai capitalist, stated, “To be honest, life is better under the socialist system; there are no gangsters, no blackmail, and no extortion.”²³ In an interview about the 1960s with Yang Shancheng, a Shanghai hospital worker, Yang states, “The rich are still rich! Those that have money still have it.”²⁴ From these firsthand accounts, one can better understand the lack of genuine change that occurred for some capitalists.²⁵ Select capitalists in Shanghai did not experience the same wealth redistribution that was sweeping the countryside. Another unique example pertaining to Nien Cheng indicates that even a few strategically important *comprador capitalists* temporarily avoided the CCP’s wrath. Nien Cheng was an employee of Shell Oil and her husband was a former official of Chiang Kai-shek’s regime. Therefore, on both accounts, the Cheng’s would be classified as *comprador capitalists*, the primary target of Mao’s reforms (see footnote 14). However, Nien Cheng also

²⁰ Lu, 78.

²¹ Lu, 78

²² Ibid, 76.

²³ Ibid, 84.

²⁴ Ibid, 83.

²⁵ Hanchao Lu’s case study focuses exclusively on Shanghai capitalists. Therefore, his study is not necessarily indicative of national capitalists throughout the PRC. However, it is important to note that Shanghai was, and still is, one of the country’s most industrialized cities. As a result, one can infer that a disproportionate number of capitalists were likely living in Shanghai at the time of the PRC’s founding. Later, under Deng Xiaoping, Shanghai became one of China’s first cities open to foreign investment.

avoided persecution from the CCP for seventeen years. In the introduction of her autobiography, *Life and Death in Shanghai*, Cheng states:

Not many private people in Shanghai lived as we did seventeen years after the Communist Party took over China. In a city of ten million, perhaps only a dozen or so families managed to preserve their old lifestyle, maintaining their original homes and employing a staff of servants. The party did not decree how the people should live. In fact, in 1949, when the Communist army entered Shanghai, we were forbidden to discharge our domestic staff [servants] lest we aggravate the unemployment problem.²⁶

Cheng's experience challenges the notion that only *national capitalists* evaded the CCP's reforms. However, her account does allude to the very small number of capitalists that were successful in maintaining their lifestyle. Eventually, things changed, even for these capitalists.

In 1966, Mao's complacency with capitalists ended and he embarked on a ten-year campaign dubbed the Cultural Revolution. Joel Andreas, a China scholar and professor at Johns Hopkins, states that the radical Party members intended to leverage this campaign to "prevent capitalist restoration."²⁷ Angered by the slow progress of reform, the Cultural Revolution aimed to purge members of the Party that were on the capitalist road. Liu Shaoqi, Deng Xiaoping, and other top leaders were expelled from the Party, branded as "revisionists" and "capitalist roaders."²⁸ Given the Cultural Revolution's aim, it is likely that members of the UFWD were also purged. June Teufel Dreyer, a former commissioner of the U.S. – China Economic and Security Review Commission, notes that the Cultural Revolution failed to achieve any of its goals. Instead of improving China's egalitarianism, the Cultural Revolution replaced many high ranking CCP members and destroyed some regions' relationship with authority.²⁹ Throughout

²⁶ Nien Cheng, *Life and Death in Shanghai* (Grove Press, 2010), 3-4.

²⁷ Joel Andreas, *Rise of the Red Engineers: The Cultural Revolution and the Origins of China's New Class*, (Stanford, Calif: Stanford University Press, 2009), 135.

²⁸ June Teufel Dreyer, *China's Political System: Modernization and Tradition*, 10th Edition (New York: Routledge, 2018), 99-100.

²⁹ Dreyer, 100.

the campaign, Mao's health deteriorated and on September 9, 1976, Mao suffered a heart attack and died.

Socialism with Chinese Characteristics

After Mao's death in 1976, Deng Xiaoping emerged as the CCP's de facto leader and began to dismantle China's centralized economy. David Harvey, Marxist scholar and author of *A Brief History of Neoliberalism*, cites Chile, Taiwan, South Korea, and Singapore as successful examples of authoritarian governments that enacted capitalist market reforms.³⁰ In November of 1978, Deng met with Prime Minister Lee Kuan Yew to observe Singapore's authoritarian capitalist regime. Impressed by Singapore's economic development, Deng initiated reforms to modernize China's stagnating economy. Shortly thereafter, Deng launched the 'second revolution' to bring about these changes and open the PRC to the world.³¹ Deng abolished Mao's centralized system in favor of a decentralized, market-driven economy. As a result, communes were slowly dismantled, and four Special Economic Zones emerged in Shantou, Shenzhen, Zhuhai, and Xiamen.³² These zones attracted foreign investment through tax incentives and market-oriented policies. Based on their success, fourteen more zones were established in 1984 in cities like Dalian, Shanghai, and Guangzhou.³³ Gradually, private enterprise began to flourish again, and the Chinese economy grew at an unprecedented rate.

Over the next few decades, economic growth in the non-state sector eroded the significance of state-owned enterprises (SOEs). The first reforms targeted improving market

³⁰ David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2007), 120.

³¹ "China's Second Revolution: National Intelligence Estimate Declassified" (Director of Central Intelligence, May 1986).

³² Clyde D. Stoltenberg, "China's Special Economic Zones: Their Development and Prospects," *Asian Survey* 24, no. 6 (1984): 637, <https://doi.org/10.2307/2644396>.

³³ David Dweig, "China's Political Economy," in *Politics In China* (New York, NY: Oxford University Press, 2010), 192.

conditions and internal governance structures. Gradually, privatization began to replace these early reforms. A coauthored journal by Ross Garnaut, Ligang Song, and Yang Yo states, “As with many other reform initiatives, privatization started at the local level and was later sanctioned by the central government.”³⁴ Garnaut et al. quantify the scale of privatization in China by stating:

A national survey in 1998 showed that one quarter of China's 87,000 industrial SOEs had experienced *gaizhi* and another quarter planned to undertake some form of *gaizhi*. Among the *gaizhi* firms, 60-70 per cent had been partially or fully privatized. A 2002 national survey of industrial SOEs estimated that 86 per cent had been through *gaizhi* by the end of 2001, and about 70 per cent had been partially or fully privatized.³⁵

In this passage, Garnaut et al. refer to *gaizhi*, a Chinese term meaning “transforming the system.”

In reality, this reflected a process of privatization camouflaged in state-sponsored language.³⁶

Garnaut et al.’s data indicates the rapid pace of privatization that was transforming the country.

Charles Wolf Jr., senior economic advisor at RAND Corporation, estimates that by 2001, more than twenty-five percent of China’s GDP originated from private business.³⁷ While SOEs still

controlled strategic sectors, the economic importance of the non-state sector was clearly

growing. Harvey argues that China’s gradual privatization, or *gaizhi*, allowed the country to

circumvent the neoliberal model of ‘shock therapy.’³⁸ As the Party encouraged privatization, it

began to lose touch with its core members in the countryside.

³⁴ Ross Garnaut, Ligang Song, and Yang Yao, “Impact and Significance of State-Owned Enterprise Restructuring in China,” *The China Journal*, no. 55 (2006): 37, <https://doi.org/10.2307/20066119>.

³⁵ Garnaut, Song, and Yao, 39.

³⁶ Garnaut, Song, and Yao, 35. The authors continue to define this term as public share offerings, open sales, leasing, employee shareholding, and bankruptcy restructuring.

³⁷ Charles Wolf Jr., “China’s Capitalists Join the Party,” *The New York Times*, August 13, 2001, sec. Opinion, <https://www.nytimes.com/2001/08/13/opinion/chinas-capitalists-join-the-party.html>.

³⁸ Harvey, *A Brief History of Neoliberalism*, 122. Harvey references Russia as example country that adopted the IMF’s policies, resulting in economic disaster.

Deng's new path towards market liberalization isolated rural Party members, resulting in their overall membership decline. By the end of the 1980s, communes were effectively dissolved, and farmers went back to cultivating their own plots.³⁹ At this point, there was little need or incentive for farmers to engage with the local Party organization. By 1994, the CCP announced that nearly half of its rural Party branches had closed.⁴⁰ This trend was not confined to the countryside. Bruce Dickson, political science professor at George Washington University and author of *Red Capitalists in China*, argues that Chinese citizens – rural youth, peasants, and even the educated members of society – were losing interest in joining the Party.⁴¹ Samuel Huntington, American political scientist and political advisor, notes, “The strength of any authoritarian regime depends in large part on the strength of its party.”⁴² Therefore, the Party's declining membership also indicated a weakening regime. After the PRC's swing towards market liberalization, the social class in which the CCP was founded around – the workers class – now had little interest to join the Party. Rural workers perceived Party membership as less important in China's new economic era.

As the number of private corporations exploded under the new market conditions, the CCP's influence began to decline. For starters, the Party lost out on qualified candidates due to the private sector's more attractive labor market. The CCP also lacked a voice in business decisions/oversight in the newly formed private enterprises and joint ventures. Most private firms did not have any interest in establishing an internal Party cell. Dickson notes that in 1994 only 704 Party branches existed in the 3,092 foreign-funded enterprises.⁴³ In Shanghai, the

³⁹ Harvey, 126.

⁴⁰ Bruce J. Dickson, *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change* (Cambridge, UK ; New York: Cambridge University Press, 2003), 45-46.

⁴¹ Dickson, 46.

⁴² Dickson, 42.

⁴³ Dickson, 41.

majority of foreign joint ventures did not even have a Party member on staff. These statistics indicate the growing divide between the CCP and private firms. Chinese workers began placing their faith in the economy to support them, rather than the Party. As the influence of capitalists increased, the Party faced an important decision to either engage with the capitalists or shut out this rapidly growing and influential group entirely.

Red Capitalists

Beginning in April of 1989, students began gathering in Tiananmen Square to protest for democracy, greater accountability, freedom of the press, and freedom of speech. At the peak of the protests, it is estimated that there were around one million students in attendance.⁴⁴ Some Party officials openly supported the protests, reflecting the CCP's waning popularity both within and outside of its member base. After the June 4th crackdown, orthodox leaders reformed the Party's recruitment policies. Based upon the newly established rules, private entrepreneurs were banned from joining and there was a renewed focus on recruiting members at the forefront of production.⁴⁵ Over the proceeding decade, China's economy continued to shift away from the state sector. As a result, some local officials left their positions within the Party to join the more lucrative private sector.⁴⁶ Others, remaining in their posts, recognized the importance and influence of nonparty community leaders, like successful entrepreneurs and triad/clan members. As a result, a few local cadres defied the central government's official ban and brought

⁴⁴ Andrew J. Nathan, "Foreign Affairs - The Tiananmen Papers - Andrew J. Nathan," *Foreign Affairs*, July 6, 2004, <https://web.archive.org/web/20040706113745/http://www.foreignaffairs.org/20010101faessay4257-p0/andrew-j-nathan/the-tiananmen-papers.html>.

⁴⁵ Dickson, *Red Capitalists in China*, 35.

⁴⁶ These individuals are referred to as *xiahai* entrepreneurs. "Xiahai" literally translates to plunge into the sea. Therefore, *xiahai* entrepreneurs were party members plunging into the private sector sea.

influential members of their community into the Party.⁴⁷ Therefore, Dickson argues that the official ban to prevent capitalists from joining the CCP was unsuccessful.⁴⁸

In response to the Party's declining rural membership and shrinking influence in the economy, Jiang Zemin outlined his Three Represents theory in 2000. Jiang sought to realign the Party with China's advanced social productive forces, advanced culture, and the interests of the overwhelming majority. At the time, China's advanced productive forces included capitalists, entrepreneurs, and the educated class.⁴⁹ Similar to the UFDW's early goal, Jiang's Three Represents *reestablished* the Party's longstanding interest in collaborating with capitalists given their expertise. The Three Represents paved the way for Jiang to later alter Party membership.

On July 1, 2001, Jiang Zemin gave an impassioned speech at the Chinese Communist Party's eightieth anniversary.⁵⁰ During his speech, Jiang made several references to the Party's guiding principles, like Marxism-Leninism, Mao Zedong Thought, and Deng Xiaoping Theory. He even reiterated the Party's founding mission which "was to abrogate the privileges of imperialism in China, eliminate exploitation and oppression by the landlord class and the bureaucrat-capitalist class..."⁵¹ Up to this point, Jiang's speech appeared very routine. Then, towards the end of the speech, Jiang made a stunning proposal to allow capitalists to join the CCP, by stating:

Since China adopted the policy of reform and opening up, the composition of China's social strata has changed to some extent. There are, among others, entrepreneurs and technical personnel employed by scientific enterprises of the non-public sector ... most of these people in the new social strata have contributed to the development of productive forces and other undertakings in a socialist society ... it is also necessary to accept those outstanding elements from

⁴⁷ Dickson, *Red Capitalists in China*, 37.

⁴⁸ Bruce J. Dickson, *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change* (Cambridge, UK ; New York: Cambridge University Press, 2003), 161.

⁴⁹ Dreyer, *China's Political System*, 126.

⁵⁰ Jiang Zemin, "Untitled," trans. China Daily (Beijing, China, July 1, 2001), http://www.chinadaily.com.cn/en/cd/2001-07/02/content_67480.htm.

⁵¹ Jiang.

other sectors of the society who have subscribed to the party's programme and Constitution.⁵²

After Jiang's speech, orthodox leaders called upon the Party to rebuke Jiang's proposal for violating the constitution. Many of these orthodox leaders believed that allowing capitalists to join the CCP would effectively lead to its destruction.

Jiang's proposal immediately attracted global attention. Wolf Jr. claims, "despite a 1989 ban, some owners of private business are already Party members."⁵³ John Pomfret, writer for the Washington Post, estimates that 113,000 capitalists were Party members at the time of Jiang's speech.⁵⁴ These figures validate Dickson's claim that local cadres were already ignoring the central government's ban, prior to Jiang's proposal. Similar to the UFWD's early goal to build relationships with elite nonparty groups, Jiang recognized the importance of maintaining a strong relationship with this influential and growing societal class. Ken Jowitt, a renowned political scientist, outlines three stages of development for Leninist regimes to maintain their political authority: (1) transformation, (2) consolidation, and (3) inclusion.⁵⁵ The CCP *transformed* after the Cultural Revolution to reinvent its economy. It *consolidated* after the Tiananmen Square incident to re-establish Party loyalty. Therefore, Jiang's *inclusion* of private entrepreneurs served as Jowitt's third and final stage of Leninist regimes. Jiang wanted to expand the Party's membership to remain integrated with the new, emerging social strata of private entrepreneurs.

⁵² Ibid.

⁵³ Wolf Jr., "China's Capitalists Join the Party."

⁵⁴ John Pomfret, "China Allows Its Capitalists to Join Party," *The Washington Post*, July 2, 2002, https://www.washingtonpost.com/archive/politics/2001/07/02/china-allows-its-capitalists-to-join-party/98c51d3e-590c-4f1b-a52a-132b3def1281/?noredirect=on&utm_term=.9d1accb3f8ce.

⁵⁵ Dickson, *Red Capitalists in China*, 8.

While Jiang's proposal in 2001 seems antithetical to the Party's foundation, it merely formalized decades of collaboration between the CCP and capitalists. Even before the PRC was founded, the UFWD targeted elite nonparty groups to support the CCP's mission and defeat the KMT. After the Communists declared victory, the UFWD continued to strengthen the Party's alliance with Chinese capitalists for their economic expertise. Testimonies from Nien Cheng and Ye Xingshan prove that some capitalists (both national and comprador) retained their elevated lifestyle, supported by large monthly stipends from the CCP. While the Cultural Revolution temporarily halted this ongoing cooperation between capitalists and the CCP, Deng's economic reforms led to a quick resurgence of private entrepreneurship. Over the next few decades, the economic growth of non-state firms largely replaced SOEs. Despite the central government's explicit ban of private entrepreneurs in the Party, local cadres often defied the ban and helped capitalists in their community to join the Party. Emblematic of the UFWD, Jiang Zemin's Three Represents reestablished the CCP's longstanding history to collaborate with Chinese capitalists. Eventually, in 2001, Jiang formalized the Party's strategic relationship with private entrepreneurs and allowed them to join the CCP. Dickson rightfully dubs these new party members as "red capitalists."⁵⁶

⁵⁶ Dickson, 4.

Works Cited:

Primary Sources:

- Jiang Zemin. "Untitled." Translated by China Daily. Beijing, China, July 1, 2001.
http://www.chinadaily.com.cn/en/cd/2001-07/02/content_67480.htm.
- Mao Zedong. "Communism and Dictatorship." Marxists, January 1921.
https://www.marxists.org/reference/archive/mao/selected-works/volume-6/mswv6_06.htm.
- Mao Zedong, "On the People's Democratic Dictatorship: In Commemoration of the Twenty-eighth Anniversary of the Communist Party of China'," June 30, 1949, History and Public Policy Program Digital Archive, Translation from Selected Works of Mao Tse-tung, Vol. 4 (Peking: Foreign Languages Press, 1961), 417.
- Mao Zedong. "On New Democracy." Marxists, January 1940.
https://www.marxists.org/reference/archive/mao/selected-works/volume-2/mswv2_26.htm.
- Pomfret, John. "China Allows Its Capitalists to Join Party." *The Washington Post*, July 2, 2002.
https://www.washingtonpost.com/archive/politics/2001/07/02/china-allows-its-capitalists-to-join-party/98c51d3e-590c-4f1b-a52a-132b3def1281/?noredirect=on&utm_term=.9d1accb3f8ce.
- Tong Zhan. "The United Front Work System and the Nonparty Elite." In *Decision-Making in Deng's China: Perspectives from Insiders*. Armonk, N.Y: Routledge, 1995.
- Wolf Jr., Charles. "China's Capitalists Join the Party." *The New York Times*, August 13, 2001, sec. Opinion. <https://www.nytimes.com/2001/08/13/opinion/chinas-capitalists-join-the-party.html>.

Secondary Sources:

- Andreas, Joel. *Rise of the Red Engineers: The Cultural Revolution and the Origins of China's New Class*. Stanford, Calif: Stanford University Press, 2009.
- Chen, Theodore Hsi-En, and Wen-Hui C. Chen. "The 'Three-Anti' and 'Five-Anti' Movements in Communist China." *Pacific Affairs* 26, no. 1 (1953): 3–23.
<https://doi.org/10.2307/2752900>.
- Cheng, Li. "China's Communist Party-State: The Structure and Dynamics of Power." In *Politics in China*, 1st ed. New York, NY: Oxford University Press, 2010.
- Cheng, Nien. *Life and Death in Shanghai*. Grove Press, 2010.
- "China's Second Revolution: National Intelligence Estimate Declassified." Director of Central Intelligence, May 1986.
- Dickson, Bruce J. *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change*. Cambridge, UK ; New York: Cambridge University Press, 2003.
- Dreyer, June Teufel. *China's Political System: Modernization and Tradition*. 10th Edition. New York: Routledge, 2018.
- Dweig, David. "China's Political Economy." In *Politics In China*. New York, NY: Oxford University Press, 2010.
- Garnaut, Ross, Ligang Song, and Yang Yao. "Impact and Significance of State-Owned Enterprise Restructuring in China." *The China Journal*, no. 55 (2006): 35–63.
<https://doi.org/10.2307/20066119>.
- Groot, Gerry. *Managing Transitions: The Chinese Communist Party, United Front Work, Corporatism and Hegemony*. New York: Routledge, 2003.

- Harrison, James P. *The Long March to Power: A History of the Chinese Communist Party, 1921-72*. International Thomson Publishing, 1972.
- Harvey, David. *A Brief History of Neoliberalism*. Oxford: Oxford University Press, 2007.
- Hanchao Lu. "Bourgeois Comfort under Proletarian Dictatorship: Home Life of Chinese Capitalists before the Cultural Revolution." *Journal of Social History* 52, no. 1 (April 2, 2018): 74–100. <https://doi.org/10.1093/jsh/shx145>.
- Nathan, Andrew J. "Foreign Affairs - The Tiananmen Papers - Andrew J. Nathan." *Foreign Affairs*, July 6, 2004. https://web.archive.org/web/20040706113745/http://www.foreignaffairs.org/20010101fa_essay4257-p0/andrew-j-nathan/the-tiananmen-papers.html.
- Pomfret, John. "China Allows Its Capitalists to Join Party." *The Washington Post*, July 2, 2002. https://www.washingtonpost.com/archive/politics/2001/07/02/china-allows-its-capitalists-to-join-party/98c51d3e-590c-4f1b-a52a-132b3def1281/?noredirect=on&utm_term=.9d1accb3f8ce.
- Smith, Graeme. "Xi Jinping Gives China's United Front a Bureaucratic Boost." *War on the Rocks*, May 1, 2018. <https://warontherocks.com/2018/05/xi-jinping-gives-chinas-united-front-a-bureaucratic-boost/>.
- Stoltenberg, Clyde D. "China's Special Economic Zones: Their Development and Prospects." *Asian Survey* 24, no. 6 (1984): 637–54. <https://doi.org/10.2307/2644396>.