

Prologue

The People's Republic and its bourgeois heritage

Peking, one September morning in 1979: the official whom I was waiting to see, on the imposing premises of the Chinese People's Consultative Political Conference, held a number of important positions. He was vice-chairman of the People's Political Consultative Conference, deputy for Shanghai to the National People's Congress and a member of the Standing Committee of that assembly. He was also chairman of the China International Trust and Investment Corporation and a director of the Bank of China. It had been no easy matter to obtain this interview.

The man who made his entrance, surrounded by about half a dozen assistants, looked younger than his official 63 years. He was dressed in the customary fashion for a Chinese cadre, in a tunic in the style of Sun Yat-sen, with a high collar and patch pockets. But his dynamic step and bearing put one more in mind of an American businessman. The gold pens in his breast pocket, the elegant watch on his wrist and his Italian-style leather shoes indicated at a glance that this was no ordinary cadre.

His name was Rong Yiren. He was the son of Rong Desheng and the nephew of Rong Zongjing, two of the wealthiest and most active industrialists of pre-communist China. The Rong family used to control the dozen or so factories of the Shenxin Cotton Mills (Shenxin fangzhi wuxian gongsi), and also the Fuxin and Maoxin Flour Mills (Fuxin mianfenchang, Maoxin mianfenchang). They were millionaires and were regarded as the Rockefellers of China. What was this Rockefeller doing in Peking? How could he be collaborating with a regime whose avowed intent had always been to wipe out capitalism? And why had the Communist Party leaders entrusted such important responsibilities to such a man?

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After the death of Mao Zedong, in 1976, the new political economy introduced under the leadership of Deng Xiaoping called upon the entrepreneurs once again to play an important role in the development of China. The policy was founded upon agricultural de-collectivisation, the reform of industrial production and the reintroduction of the notions of responsibility and profit, and its aim was to reawaken private initiative. To win the cooperation of the former capitalists, in 1979 the government had decided to repay the salaries and dividends that had been suspended during the Cultural Revolution. In a single year, the equivalent of 600 million American dollars were thus spent on restoring the possessions of the former bourgeoisie.¹ 'Work and grow rich!' – Deng Xiaoping was beginning to sound like Guizot. It is true that the exhortations that Guizot used to direct at the French bourgeoisie were now addressed by Deng to the peasants. But even in the towns the private sector was developing. It expanded by 33% in 1979 and 1981, and by 1983 the number of private businesses in the trade and service sectors had risen to 3.2 million.²

Furthermore, the regime assigned important economic and administrative functions to a number of former leading capitalists, placing them in particular at the head of bodies that had to deal with foreigners. Rong Yiren was but one example: there were many others, such as Guo Dihuo, whose family had owned the Wing On (Yong'an) businesses before the revolution. He now headed the Guangdong Investment Company, with the mission of encouraging overseas Chinese, many of whom originally hailed from that province, to invest in the mother country.³ Even more delicate was the task entrusted to Wang Guangying. In the aftermath of the 1949 revolution, Wang Guangyin had been nicknamed the 'red capitalist'. He was the son of a major industrialist of Tianjin and the brother of Wang Guangmei (Madame Liu Shaoqi). Rehabilitated after the grim experiences of the Cultural Revolution, he was sent in the spring of 1983 to Hong Kong to set up and direct the Guang Ming Company, the function of which was to negotiate the purchase of industrial equipment and encourage trade with countries that as yet had no diplomatic relations with China.

Many observers were surprised at this turn of events. After all, all Chinese businesses had been nationalised and their owners relieved of their responsibilities way back in 1956. Some even began to wonder whether China might not revert to capitalism! However naive such speculation may have been on the part of foreign commentators, it was

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certainly not disinterested when it came from the opponents of reform, survivors of Maoism or those nostalgic for orthodox Stalinism. But at least it has the merit of attracting attention to the persistence or recurrence of certain problematic aspects of modernisation and to the ambiguity of the relations obtaining between the State and the elite groups whose aid was now being enlisted – in short, to the vitality of the bourgeois heritage of which Rong Yiren, at once cadre and capitalist, may be seen as a symbol.

The course of events that led to the publication of this work

One remote effect of these post-Maoist upheavals was to reawaken my own longstanding interest in the history of the Chinese bourgeoisie. It had been strong enough to prompt me to follow a line of research which, after ten years' work, had resulted in 1975, in my *doctorat d'Etat* dissertation 'The problems of development and the role of the Chinese bourgeoisie: the economic crisis of 1920–1923'.⁴ I had encountered a number of obstacles in preparing this thesis. The customary trials experienced during this kind of university work had been compounded by the particular difficulties involved in collecting and interpreting the documentary evidence and also by the cumbersome adoption of the monographic form to explore an area – that of contemporary Chinese economics and society – then (and still today) relatively unknown, even in its most general features.

But the principal difficulty lay elsewhere. My research had originally been inspired by Jean Chesneaux, one of the pioneers of Chinese twentieth-century studies in France. It was one panel in a triptych that also included the study of the other 'founding' classes of modern China – the proletariat and the peasants. From the Marxist point of view that was held by our teachers and that dominated the 1960s, the study of the proletariat needed no justification. It was regarded as not only legitimate but indispensable.⁵ As for the peasantry, everyone knew – until, that is, Lucien Bianco's work cast doubt upon the matter⁶ – that it was the source from which the Chinese revolution had sprung. The case of the bourgeoisie was more ambiguous. Distinctions were made between various groups within it: 'the comprador bourgeoisie' under foreign influence, the 'bureaucratic bourgeoisie' linked to a reactionary political apparatus and, finally, the 'national bourgeoisie', the only group that had worked for the progress and modernisation of the

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country. Even this national bourgeoisie was subject to violent contradictions and spectacular reversals of policy: after all, on two occasions (1911 and 1927), it had stood by and watched while revolutions that it had itself actively helped to prepare were crushed. However, the major characteristic of this bourgeoisie was its weakness; it was this that had prevented it from accomplishing its historical mission of facilitating a transition from the *ancien régime* to the proletarian revolution.

However, as my research proceeded, its subject began to dissolve: the economic criteria used to distinguish between the various categories of the bourgeoisie seemed increasingly illusory; the contradictions between the 'revolutionary essence' of the (national) bourgeoisie, on the one hand, and its political practices on the other, became more and more irreconcilable. I began to get the feeling that from the (then predominant) point of view of the history of the revolution, the study of the bourgeoisie was of very limited interest. Its emergence in Chinese society during the 1910–20 period was no more than a marginal episode, just a historical hiccup. Having defended my thesis, I gave up the idea of publishing it.

Revolution and modernity

The priority now granted to modernisation over revolution in China prompts one to reconsider the bourgeoisie's contribution to twentieth-century Chinese history. It suggests that we should dissociate the two elements of that revolution–modernity pair for so long welded together by dogma. The success of Japan and of other new industrial countries (Singapore, Hong Kong, Taiwan, South Korea) has already demonstrated that the path that leads to economic progress is not necessarily that of social and political revolution (even if, in the long run, such progress may lead to revolutionary upheavals in the societies and political systems involved). The phenomenon of the Chinese bourgeoisie played no more than a minor role in the revolutionary process. Nevertheless, that bourgeoisie was the first to identify its own destiny and that of China as a whole with economic modernisation. In the space of a few decades it explored many of the problems of development and suggested and tried out a wide variety of solutions.

More than half a century has passed and China has moved on. But the world around it has changed even more. The problem of backwardness is as crucial in the 1980s as it was in the 1920s. Without financial

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and technical support from more advanced countries, China still has little hope of closing the gap between itself and them. Yet it continues to hesitate over the strategy to adopt in order to avoid the dangers of foreign domination and acculturation that are inseparable from any foreign intervention. Thirty years after the revolution, the importance of coastal China in the development of the national economy seems as great as ever. The remedy that would do away with this blatant dualism that is such a source of grave injustices has still not been found. It is hoped that, in the new political and economic atmosphere now prevailing, the special economic zones that it was decided to create in 1979 will serve as pilot regions and as intermediary staging posts, filling the role formerly taken by the treaty ports. Finally, the repeated attempts to rehabilitate light industry testify to the difficulty of establishing priorities. The production of consumer goods, once decried as a product of colonialism and abandoned in favour of a Stalinist strategy founded upon heavy industry, is now regarded as a stimulus to growth.

The regime has changed. But the failures and, even more, the successes of Chinese capitalism which, in the 1920s, was faced with the very same dilemmas as those that confront the leaders of today, are full of useful lessons.

It is not surprising, then, if the phenomenon of the Chinese bourgeoisie continues to inspire those who destroyed it and who dream of succeeding where it failed. It is natural – or, at any rate, common – to underestimate men or movements that are overcome by history. But the progressive and cosmopolitan force produced by the bourgeois phenomenon has survived. It may no longer dominate the course of history but it animates and fuels it. It is a force that the leaders of today are, in their turn, trying to exploit. That is why it eventually seemed to me worthwhile revising and publishing a piece of university research which had been put aside for close on ten years.

The bourgeoisie in all its different dimensions

The present work only partially reproduces the text of the 1975 thesis, however. Chapter 1 and the Epilogue have been added to give the study greater chronological depth and to highlight both continuities and discontinuities. On the other hand, in Chapter 2, 'The economic miracle', many passages on the economy have been omitted, while

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others have been condensed. Chapter 3, 'The new entrepreneurs in the city', and Chapter 4, 'The social structures of the new bourgeoisie', set out the results of research pursued over the past three years, making use of recent Chinese publications devoted to the history of big business. Chapters 5 and 6, which consider the role of the bourgeoisie in political life and its relations with foreigners, are in the main based upon material prepared for the manuscript of the original thesis.

Thus rearranged, the work presents a composite structure. The first part, which is of a general nature, fills in the background and indicates important factors some of whose roots reach back one or more centuries. The second part studies the growth of the bourgeois class in the brief but crucial period of its golden age, which lasted barely one decade, from the mid-1910s to the mid-1920s. It was then that, favoured by exceptional economic circumstances, namely the 'economic miracle' of the First World War and the immediate post-war years, the Chinese entrepreneurs made their mark by modernising and set themselves up as a business bourgeoisie.

The reader may be surprised at the extent to which the case of Shanghai dominates the pages devoted to the social structures of this bourgeoisie. If the emphasis is thus laid on the entrepreneurs of Shanghai, the reason is not just that they are the easiest to find out about; it is also because, of all the entrepreneurs, they were both the most active and the most numerous. Furthermore, although the activities in the various treaty ports and in the principal economic centres of the interior were sufficiently concerted to warrant the notion of a 'Chinese bourgeoisie', most of the entrepreneurs, in their ordinary activities, always appear to function as a group at an essentially local or regional level. To disregard their geographical anchorage would be to reduce the present study to a series of abstractions and to the empty categorisations characteristic of a familiar kind of Marxist analysis.

Finally, the third part of this work considers the new entrepreneurs as an integrated class with their own ideology and their own type of political action, and attempts to analyse the relations between this class and the State, the revolution and the West.

State involvement and State inertia

The problem of the State dominates the history of contemporary China, both the history of its revolutions and that of its attempts at

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modernisation. The State's crushing weight inevitably affected the bourgeoisie, as it did everything else. The rising or falling star of the brief destiny of that bourgeoisie must be set against the background of either intervention or non-intervention on the part of the public authorities.

The first decade of the republican era (1915–27), which was when the bourgeoisie reached the peak of its success, coincided with the almost total eclipse not just of governmental authority but also of the very concept of a State. This was the period when China, abandoned to the anarchic rule of the warlords, was, as Sun Yat-sen put it, no more than 'scattered sand'. At first glance, it is tempting to explain the triumph of the bourgeoisie, and the social forces that it embodied, by this disappearance of public authority, generally considered to have been oppressive. Left to its own devices, one section of urban society now proved itself capable of organising the representative associations and of setting up the procedures of deliberation and cooperation, and the institutions of self-government, that are the basis of any 'autonomous' society.* The large measure of general agreement that prevailed on the objectives of economic modernisation made these spontaneous processes dynamic and to some extent effective. On the evidence of how it operated in an urban context, this Chinese society is ill-served by the adjective 'amorphous' that is sometimes applied to it.

However, the failures which brought the golden age of the bourgeoisie to an end testify to the incapacity of structures set up in this way to ensure development on a national scale in the total absence of State intervention. One may certainly point to the fragility, immaturity and incompleteness of this emergent civic society. In this connection, we should not be misled by apparent analogies with certain European precedents. The first wave of modernisation initiated by the imperial bureaucracy at the end of the nineteenth century was founded upon the preponderance of heavy industry and an appeal to public investment and foreign credit; the golden age of the 1920s, in contrast, chiefly encouraged the development of light industry, the role of capital and private entrepreneurs, and it called for investment motivated by patriotic sentiments. But the fact that the one stage was followed by the next need not imply that it was a logical succession. It was not the case

* Translator's note: *société civile* in the French text. The expression, borrowed from German philosophy, means autonomous, organised, social forces (as opposed to the state, with its public powers).

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that the progress achieved during the first wave of modernisation led to a new strategy of development, as happened in Russia, where the industrialisation imposed by Witte led to more spontaneous growth after 1906.

In the China of the golden age of the bourgeoisie, the decline of public initiative and investment was not the outcome of any deliberate political policy. The eclipse of the State was simply a reflection of the profound weakening of political power. It was not accompanied by any strengthening of merchant banks. The dynamism of the private sector stemmed not so much from any impetus afforded by the decline of State power, but rather from the opportunities presented by the First World War. And, far from reflecting a more mature industrial system, the predominance of light industry betrayed the need for adaptation, given the inadequacy of capital and technology in a China that the world conflict had isolated from the West and cut off from the international market. In other words, it was not a matter of the bourgeoisie taking over from State initiatives so as to continue with developments that were already under way, but one of the bourgeoisie substituting its own, for State, initiatives, in order to get such developments going. In a situation of economic underdevelopment, political change and international dependence such as China found itself in, a task of such magnitude could not be successfully accomplished by society on its own, and could not have been even by a society much stronger than the one then emerging in China. In China, as in all countries which are latecomers to industrialisation, the State needed to play a determining role in the strategies of development, including those of capitalist development. It is the State's job to set up the necessary institutional framework and to enforce public law and order.

Furthermore, as in all Third-World countries, vulnerable as they are to the many forms of foreign domination, economic development in China depended upon first creating a nation. Now, while the structures set up by the Chinese entrepreneurial elite turned this group into a bourgeoisie, they were not of a kind to ensure the integration, independence and economic development of a whole nation, a nation with a population that included millions of peasants and that covered the area of an entire continent. Chinese society, of which the business bourgeoisie constituted the most resolute avant-garde, could develop neither in opposition to the State nor outside it and unaided by it.

However, the setbacks suffered by governmental policies of

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economic modernisation (whether during the last decades of the Empire (1860–1911), under the Guomindang (1927–49), or under the Communist Party, (since 1949)) demonstrate all too clearly how very difficult it is for the State itself to introduce change in hierarchical bureaucratic systems which continue to manifest an unchanging inertia and inflexibility from one century to another and from one regime to another. That is why all these regimes, despite their basically authoritarian, if not totalitarian, character, have felt a need to lean upon various social intermediaries which they believed would help them to circumvent bureaucratic obstacles and to put their development plans into operation. When these intermediary partners did not exist, the State created them. The Qing court decreed that chambers of commerce should be created, Chiang Kai-shek recruited administrators for his economic policies from amongst the entrepreneurs, and Deng Xiaoping has re-instated the former disgraced capitalists. The imperatives of modernisation and the constraints of organisation to which the destiny of China is subject thus tend to palliate the oppositions between society and the Chinese State. In the midst of many fluctuations – in the shape of successive revolutions and counter-revolutions, dictatorships and civil war – a continuing dialectic has developed between the State power, its agents, who tend to become its partners if not its proprietors, and other, more or less autonomous, partners whom it would like to turn into its agents.

My enquiry into Chinese society thus finally brought me back to the problem of the State. If the bourgeoisie had been ‘missing’ – to borrow the expression Richard Pipes uses in connection with the history of Russia – with regard to the revolution, when it came to modernisation it was the State that was ‘missing’ or that failed, either in the sense that, all too present, it was too heavy-handed and missed its vocation to assist and encourage, as States had done in the rise of Western capitalism, or because, by default, it allowed the country to slip into the sterile evils of militarism.

Approached from the point of view of State power, the process of modernisation presents a new field of study that takes in official initiatives and spontaneous social actions, public institutions and ‘popular’* organisations, and all the cooperation, compromise and conflict that obtains between the two sides.

I have devoted particular attention to problems of this kind by

* In the Chinese sense of the word, the opposite of which is not ‘elitist’ but ‘State-dominated’.

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reason of the developing orientation of my own interests and also in reaction to the degree of misunderstanding of these aspects of modernisation that I have detected in France, but clearly this does not justify our neglecting to study the social phenomena as well. The dialectic between State power and society remains central to the entire process of modernisation.

The phenomenon of the Chinese bourgeoisie in its golden age incorporates aspects that are quite exceptional and of particular interest. It represents an extreme advance of autonomous social forces *vis-à-vis* the State. The ground that the Chinese bourgeoisie first won, and then lost, in those years has never been regained. After 1927 the bourgeoisie was gradually smothered or swallowed up, first by the bureaucracy of the Guomindang and then by that of the communist regime. We find exactly the same thing happening first before the revolution, and then again after it. In that respect the revolutionary break of 1949 made less difference than the restoration of the State in 1927. But when it did take control, the State took over many of the ideas and procedures that had characterised the triumphant bourgeoisie. The bourgeois heritage lived on in both its hesitations and its reforms, and also in all the adjustments that it made to its development projects. The phenomenon of the golden age of the bourgeoisie still provides a useful term of reference; indeed, it even turns out to be one of the essential bases of modern China.