CHANG NAI-CH'I AND HIS CRITICS:
THE INTERPRETATION OF THE HUNDRED FLOWERS MOVEMENT

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ABSTRACT

CHANG NAI-CH'I AND HIS CRITICS:

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This thesis is an attempt to examine interpretations of the May-June Hundred Flowers Movement in China in 1957 through the examination of a principal participant among businessmen: Chang Nai-ch'i.

The Hundred Flowers Movement is comprised of a series of violent outbursts and extreme statements. The May-June Hundred Flowers Movement was the last act in what might be termed China's Hundred Flowers Period, a period of intellectual liberation concurrent with the "Liberalization" in the Soviet Union.

China, like many other socialist states, is a closed society from which information is often difficult to gather. The criticism, as printed in Chinese newspapers and journals, provides detailed information on factional struggles and organizational difficulties found within the Chinese government. The criticism, though often bountiful in number, is short, emotional and takes the form of a vignette. The existence of a source of official criticisms against Chang Nai-ch'i allows for the examination of the actions of a leading Hundred Flowers participant both prior to, and during the Movement.

The method used to examine, compile and evaluate criticisms of Chang Nai-ch'i is the frequency chart in which quantitative
examination is made of various critics' statements, and the duration of these statements. Through the use of this technique, over forty criticisms of Chang Nai-ch'ī found in two Chinese language businessmen's journals are ordered, placed into chronological sequence and evaluated. These criticisms are then examined against existing information, and in particular, Chinese journal and newspaper accounts to examine their significance and validity.

The thesis is divided into three chapters examining three chronological groups of criticisms. The first chapter examines criticisms referring to Chang's past (1927-1951), the second examines criticisms of events immediately prior to the Hundred Flowers Movement (1952-1956) and the third examines criticisms pertaining directly to the Hundred Flowers Movement.

Existing interpretations of the Hundred Flowers Movement stress the spontaneity of the Movement, the importance of factional differences within the Chinese leadership, and the importance of the emergence of "disturbances" beyond the expectations of the Chinese leadership. An examination of the criticisms of Chang Nai-Ch'i suggests that the Hundred Flowers Movement was not in any sense spontaneous, and that the "disturbances" which led to an about-face by the Chinese leadership, may have been a product of weaknesses within the Chinese political process, weaknesses that were both factional and historical in nature.

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<td>All China Federation of Industry and Commerce</td>
</tr>
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<td>CB</td>
<td>Current Background</td>
</tr>
<tr>
<td>CCP</td>
<td>Chinese Communist Party</td>
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<td>CDNCA</td>
<td>China Democratic National Construction Association</td>
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<td>HWJP</td>
<td>Hsin Wen Jih Pao (Shanghai Daily Paper)</td>
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<td>JMJP</td>
<td>Jen Min Jih Pao (Peking Daily Paper)</td>
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<td>KMJP</td>
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<td>KMT</td>
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<td>KSC</td>
<td>Kung Shang Chieh Yueh K'an</td>
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<td>NCNA</td>
<td>New China News Agency (Chinese Wire Service)</td>
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<td>SCMP</td>
<td>Survey of China Mainland Press</td>
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<tr>
<td>TKP</td>
<td>Ta Kung Pao (Tientsin, Peking Daily Paper)</td>
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<td>UFWD</td>
<td>United Front Work Department</td>
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<td>YPFT</td>
<td>Yu P'ai Fen-tzu Chang Nai-ch'i te Ch'ou Wu Mien Mao</td>
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CHANG NAI-CH'I AND HIS CRITICS:

THE INTERPRETATION OF THE HUNDRED FLOWERS MOVEMENT
INTRODUCTION

This thesis seeks insights into the Hundred Flowers Movement of May-June, 1957 in China. It does so by examining reactions in the Chinese press of that time to statements and activities of Chang Nai-ch'i, a leading participant in the Movement. The Hundred Flowers Movement has many aspects. This thesis will examine only certain of them in the hope that this intensive treatment of a part of the Movement may help develop new perspectives on the Movement as a whole. The aspects to be investigated, the reason for choosing Chang Nai-ch'i as a focus and the methods to be used will be discussed in the Introduction.

The Hundred Flowers period in China roughly corresponds to the period of "liberalization" and "thaw" in the Soviet Union. The Hundred Flowers period began obscurely on January 14th, 1956 with the enunciation of the Hundred Flowers policy by Chou En-lai in "On the Question of the Intellectuals".1 This policy was designed to "absorb" intellectuals and experts (engineers, businessmen, etc) more completely into the economic process and education of the nation. The Chinese leadership believed that the involvement of intellectuals and experts could solve emerging problems in China's long term development. They also believed, as Mao Tse-tung stated, that their involvement would help China emerge in the world as a highly-cultured nation.2 This hope was to be shattered in the violent events of the "Hundred Flowers Movement" of May-June, 1957.
In consequence, the Chinese leadership was to turn to a policy of bitter anti-intellectualism and opposition to experts.

The expression "Hundred Flowers" as a motto refers to a period of intellectual ferment in early Chinese history. Liu Shao-ch'i described the origins of the Hundred Flowers motto as follows:

One hundred schools of thought did contend as early as during the period of Ch'ün and Ch'iü, and the Warring States. The slogan "one hundred schools of thought contend" was first advanced by Ch'en Po-ta. Subsequently, Chairman Mao improved on it, and put forward the policy of "let one hundred flowers bloom; let one hundred schools of thought contend..." 3

Mao Tse-tung is said to have first used the phrase "Let a hundred flowers bloom; weed out the old and raise the new" to define policy towards drama. By Mao's "Hundred Flowers" speech of May 2, 1956, the motto had been altered to "Let a hundred flowers bloom; let a hundred modes of thought contend". 4

The Hundred Flowers policy was based on the belief that a wider role for intellectuals and experts was possible. As MacFarquhar illustrates with Lu Ting-yi's Hundred Flowers account, the policy was based on the belief that by 1956, class struggle was subsiding, that "exploiting classes had been basically eliminated.." and that "the political outlook of the Chinese intellectual had undergone a fundamental change..." 5 Intellectuals and experts were ready for a wider role in the new socialist society.
The Hundred Flowers policy was a policy of intellectual liberalization. Intellectuals were to be given better material conditions and wider freedoms of investigation and discussion. It was also expected to produce growth and new unity through open confrontation between opposing ideological beliefs. The challenge of non-marxist beliefs to marxism was intended to lead to a new unity between communist and non-communist based on a rejuvenated marxism. Lu Ting-yi stated this point as follows:

There must be two transmissions—Marxism-Leninism will be transmitted from generation to generation; so will be bourgeois ideology. Long live Marxism-Leninism: And long live bourgeois ideology, too! (For) Marxism can only develop through struggle—this is true not only in the past and present, it is necessarily true in the future also. What is correct always develops in the course of struggle with what is wrong—fighting against wrong ideas is like being vaccinated—a man develops greater immunity from disease after the vaccine takes effect. Plants raised in hot-houses are not likely to be robust. Carrying out the policy of letting a hundred flowers bloom and a hundred schools of thought contend will not weaken but strengthen the leading position of Marxism in the ideological field.6

Neither of the expressions "Hundred Flowers Period" or "May-June (1957) Hundred Flowers Movement" exist as historical descriptions for the historian in the People's Republic of China. The western historian dates the Hundred Flowers period from the announcement of the Hundred Flowers policy in January, 1956 to the de facto ending of the policy with the Anti-Rightist Campaign of June, 1957. The Chinese historian sees the Hundred Flowers Period as merely the latter part of the Socialist Transformation
Period, or period in which private industry and agriculture were "transformed" into state or socialist industry and agriculture. The Chinese historian would also be quick to point out that the Hundred Flowers policy was never officially terminated.

The term "May-June Hundred Flowers Movement", as phrased by western analysts, is not a term used by the Chinese historian. The western historian dates the "May-June Hundred Flowers" as beginning with the announcement of the Rectification Campaign (May 1st, 1957) and ending with the press backlash which led to the Anti-Rightist Campaign (June 6-15). The term "May-June Hundred Flowers Movement" is associated with a series of violent outbursts and confrontations between intellectuals, students and businessmen and CCP members and leaders. The "May-June Hundred Flowers Movement" has the connotation of being a unified movement (at least in purpose) of revolt for intellectual freedom.

The Chinese historian would be quick to point out that both the terms "Hundred Flowers Period" and "May-June Hundred Flowers" are value-laden, and represent a framework of analysis imposed from outside China. In using these terms, it is necessary to be aware of this danger.
Interpretations of the Hundred Flowers

1. The Explosion Theory

The"Explosion Theory" is found most predominantly in T.H.E. Chen's, Thought Reform of the Chinese Intellectuals. (1960)
It is also evident in R. MacFarquhar's, The Hundred Flowers (1960) along with books and articles by other authors. This interpretation is based primarily on the violence of the late May, 1957 student riots and the strong anti-CCP and anti-communism statements made by intellectuals and businessmen during the May-June Hundred Flowers. The violence and aggressiveness of these acts, it is suggested, shows the failure of "thought reform" to produce a truly compliant intelligentsia.

T.H.E. Chen states the theory thus:

The unexpected blossoms of the "unusual spring" of 1957 show that 'freedom of discussion', though designed to be limited in scope, could easily get out of hand...Freedom, democracy, public opinion...these are powerful forces which, once released, are apt to gain momentum. They cannot be casually released and suddenly shut off to suit the purpose of the manipulators.7

The Hundred Flowers Period, it is suggested, was merely a period of testing the effectiveness of the regimentation of the intellectuals in the first seven years of the People's Republic of China. The May-June Hundred Flowers is thus seen as "no more than the spasmodic expression of long pent-up emotions and trivial, mundane personal grievances."8
2. The Non-Party Elite Theory

The non-Party elite theory was proposed by Ezra Vogel in *Canton Under Communism*. This theory argues that the actions and criticisms of the May-June Hundred Flowers were "the expression of frustration and arrogance of those outside power circles, for being kept outside."\(^9\) The non-Party elite, Vogel argues, while talented, felt power slipping from it. He suggests that this feeling was produced by the "growing concentration of power into the Party and the increasing exclusion of non-Party members from the decision-making process."\(^10\) This theory is based primarily on examination of the content of complaints of businessmen and intellectuals in the May 1957 forums. These complaints are said to be a product of the reorganization of State and business carried out in the period preceding the Hundred Flowers:

> The vast majority of complaints were related directly or indirectly to socialist transformation; above all, the unnecessary severity of the new campaign against hidden revolutionaries and the new organizational structures which placed Party members over non-Party members and administrative cadres over former businessmen and intellectuals.\(^11\)

Thus, Vogel suggests that the May-June Hundred Flowers involved the struggle of non-Party elites to secure greater influence in decision-making and greater responsibility in the running of the economy.
3. The Oscillation Theory

The oscillation theory was first proposed by Merle Goldman in *Literary Dissent in Communist China*. This theory suggests that the Hundred Flowers Period was part of the "pattern of oscillation between pressure and relaxation." Goldman suggests that this oscillation is due to the existence of contradictory goals. The CCP leadership desired an opposition to the bureaucracy and criticism of bureaucratization. They also sought an effective system of controls over intellectuals and experts. The problem, she states, is "how to promote and utilize intellectual dissent without producing criticisms that would endanger its own system of controls, and how to develop the talents of the intellectuals without producing a professional elite committed to its own standards." 

In the case of the May-June Hundred Flowers, Merle Goldman argues that the events of May-June were due to the tendency of intellectuals to bring "sharp conflicts going behind the scenes into the open" and then "once they were given a platform, several refused to be pushed off, even when aware of the consequences". Such a tendency was to force the change in the direction of the oscillation.

4. The Factional Struggle Theory

MacFarquhar, in *Origins of the Cultural Revolution*, suggests that the May-June Hundred Flowers grew out of ideological differences
within the top leadership. MacFarquhar argues that the main issue during the Hundred Flowers Period was leadership conflict concerning the relationship that should exist between Party member and intellectual in order to resolve "contradictions among the people", and the responsibility of the Party and bureaucracy for these contradictions. Based on differences in perception of causal factors, leaders proposed different methods of resolving "contradictions among the people". The result was a sharp debate on the form rectification of the bureaucracy was to take, and on the enlargement of the role of the intellectual and the businessman in Chinese society. This sharp debate in the leadership, MacFarquhar suggested, was reflected in a struggle between Party members on one hand and non-Party intellectuals and democratic Party members on the other.15

In the May-June Hundred Flowers, MacFarquhar suggests the reaction of the students and intellectuals undermined the political line of Mao Tse-tung before his opponents. Specifically, his policy for solution of contradictions among the people through Party rectification and greater participation of the intellectuals was undermined by the unwillingness of the intellectuals to remain within the boundaries of acceptable criticism. The polarization caused by the two factions within the leadership created the situation in which student demonstrations and intellectual dissent were to have a monumental effect.
These varying interpretations tend to mislead because they treat the Hundred Flowers Movement as if it were one-dimensional - as if all criticism of the CCP leadership were of one kind and based on one set of interests, which is not the case. Criticism came from students, older intellectuals, businessmen and workers. These interpretations also do not attempt to treat in detail the reactions of the leadership or interest-group peers to criticisms that were made by any one individual or small group of individuals. An examination of a pro-CCP interest-group peers' response to criticism of the CCP by one of their number over a period of time should help to clarify what the issues were as seen by the critic, his peers and the leadership. Fortunately, there exists in sufficient quantity for such an exercise, materials about Chang Nai-ch'i, a major "business" critic, and these form the basis for the present thesis.

Chang Nai-ch'i

Chang Nai-ch'i was a prominent leader in business circles both before and after Liberation (1949). He was co-founder and vice-chairman of the China Democratic National Construction Association (CDNCA), vice-chairman of the All China Federation of Industry and Commerce (ACFIC), and Minister of Food in the government of the People's Republic of China. Prior to 1949, Chang was a spokesman and leader in the anti-Japanese movement and the National Salvation Association (1936-7). Later, he was a leading spokesman in the democratic party movement to prevent a civil war between the KMT and CCP (1945-9).
During the Hundred Flowers period, Chang Nai-ch'i again arose as a spokesman for business circles. He spoke before various business groups and published a number of contentious articles in various journals and newspapers. He was accused of many things by his critics. In the early part (to June 30th 1957) of the Anti-Rightist Campaign, a count of critical articles in the official organ Jen Min Jih Pao (People's Daily) reveals that Chang was the second most criticized person in the official newspaper, only slightly behind Chang Po-chun.

Chang Nai-ch'i was selected for study due to the availability of criticisms on his person; criticisms that were official, produced by business circle officials and directed at the interest-group peers he represented. The criticisms come from two sets of material published by the press of the All China Federation of Industry and Commerce, criticisms found in the monthly journal for businessmen, Kung Shang Chieh Yueh K'an, (Industrialist and Merchant Circle Monthly) and criticisms contained in a volume of criticisms devoted to Chang Nai-ch'i, Yu p'ai fen-tzu Chang Nai-ch'i te ch'ou wu mien mao, (The Repulsive Face of the Rightist Element Chang Nai-ch'i). No similar set of criticisms involving prominent democratic party leaders or intellectuals during the Hundred Flowers Period is available.

Methodology and Data

a) The Criticisms

The primary materials of this study are published critical essays
concerning Chang Nai-ch'i. These essays were published in official government-approved business circle publications and were published by numerous different authors. They are emotional and short; ranging in length from 400 to 5,000 characters (about 200 to 2,500 words). In all, forty criticisms are examined.

These criticisms have been perceived by western observers as ranging from exaggeration to outright fabrication. The criticisms are undoubtedly emotional. They are meant by their authors as self-vindications or historical lessons, and not "objective" historical analysis or documentation of events. In this thesis, the criticisms of Chang Nai-ch'i are examined against the backdrop of other then-current material, and it is left to the reader to determine what, if anything, is pure fabrication. In my study of Chang Nai-ch'i, there appeared to be no single case where pure fabrication could be proved, though certainly there were cases of extreme distortion or exaggeration of the facts.

The major problem in the use of the criticism as a historical document is not one of "objectivity" or "validity", but of form. The criticism is short, has many authors and is comprised often of a vignette or a series of vignettes. The problem is turning these many vignettes into a single monograph reflecting both a gathering of all information and an evaluation of all information.
b) The Methodology

The methods used to order and evaluate the data in the criticisms are those suggested by Dittmer in *Liu Shao-ch'i and the Chinese Cultural Revolution*. The goal of the methods used is to organize data around a chronological skeleton and to provide a basis for examining the relative importance of events. The methods used are based on Dittmer's idea of the frequency chart.

The frequency chart is used to plot incidents mentioned in the criticisms by chronological (or assumed chronological) date. The result is a graph showing the occurrence and relative importance of events mentioned in the criticism. Two such graphs corresponding to the first two sections of the thesis can be found in the Appendix.

For the last section of the thesis, adequate chronological discrimination proved to be impossible to achieve. Events occurred simultaneously or within indistinguishable spans of time. As a result, a chart was made for this section by type of criticism. A chart based on these distinctions is found in the Appendix.

The charts found in the Appendix, while based on Dittmer's approach, compile data differently. Unlike Dittmer, these charts cite the extent of reference in pages as well as the frequency of reference. That is, a "crime" happening in 1940 if cited for one
page or less, receives one point, if cited on two pages, two points, and so forth. This change was made because certain incidents, though infrequently mentioned, were obviously of keen interest to Chang's critics, and received from them extensive study and research. An approach measuring both references and duration of references seems to reflect better the central interests of Chang Nai-ch'i's critics.

c) Materials

The central sources are essays criticizing Chang Nai-ch'i produced by other persons in business circles in the Anti-Rightist Campaign (beginning mid June, 1957) following the Hundred Flowers. The criticisms used are those mentioned above from two All-China Federation of Industry and Commerce publications: those in The Repulsive Face of the Rightist Element, Chang Nai-ch'i a booklet of 137 pages, and those in the June to December 1957 monthly issues of the journal Kung Shang Chieh (Industrialist and Merchant Circles, publication ceased December, 1957). Both are hitherto untranslated Chinese language sources. These criticisms include all important criticisms of Chang produced by business circle officials for business circle consumption.

In examining the criticisms of Chang Nai-ch'i prior to 1949, secondary sources and various biographical accounts are used.
The principal biographical source is Howard L. Boorman, ed. Biographical Dictionary of Republican China.

In examining post 1949 criticisms, extensive use was made of Jen Min Jih Pao (JMJP), Ta Kung Pao (TKP, Tientsin, Peking Edition) and Kung Shang Chieh. For events during the Hundred Flowers period, I have relied upon translated speeches and commentaries in Stuart Schram's Mao Tse-tung Unrehearsed. Use is also made of a speech by Mao Tse-tung at the Second All China Federation of Industry and Commerce (December, 1956), a speech unpublished for many years thereafter, and as yet untranslated. It appears in Mao Tse-tung szu-hsiang wan sui! (May Mao Tse-tung Thought Live 10,000 Years, Peking, 1974).

For an analysis of Chang's activities in the May-June Hundred Flowers, Chinese language newspapers and journals are used. In particular, a series of accounts of the forums of businessmen published in the June and July editions of Hsin Hua Pan Yueh K'an (HHPYK) has been used. Extensive use is also made of the writings, or reports of writings and speeches, made by Chang Nai-ch'i during this period. These writings and reports can be found in translation in the Appendix.

Background

a) Industrialist and Merchant Circles
In examining Chang Nai-ch' i, it is necessary to realize that he, like all Hundred Flowers participants, represented a particular group's interests and perspectives - in his case, those of industrialists and merchants. Merchants have always been a very distinct (and formally despised) group in Chinese society. In China in the mid 1950's, industrialists and merchants were recognized as a distinct group within the wider society, and thus were officially termed "kung shang chieh", "industrialists and merchants circles" or "business circles". This group was represented by separate organizations, received distinct political education, had a low formal social status and a distinct set of problems.

Industrialist and merchant circles in China in the 1950's had similarities to business groups in North America and Europe. For example, many members had participated in pre-1949 western style Chambers of Commerce and Manufacturing Associations. Other members had participated in traditional Chinese guild organizations. Industrialists and merchant circles in China were led by a small group of the modern Chinese businessmen: directors and owners of factories; but the broad foundation of the membership was traditional Chinese businessmen: merchants, street hawkers and stall merchants. It was estimated by officials of the ACFIC that there was approximately six million such "capitalists" in China in the mid-1950's.  

In business circles, the May-June Hundred Flowers Movement unfolded
problems created in the Socialist Transformation of private business and interplayed with the Party rectification process. A framework of discussion and action during the Hundred Flowers Movement was the United Front.

b) The United Front

The post-1949 United Front policy dates to the alliance formed between the CCP and Kuomintang in 1936. Though neither the CCP nor the KMT desired this alliance, they were forced into it through intense and organized popular nationalistic feeling. Popular nationalistic feeling supported an end to warring between the CCP and KMT, and a concentration of all efforts against the invading Japanese. This popular nationalistic feeling was given direction by groups of prominent, politically neutral students, intellectuals and businessmen. People were organized for civil disobedience into local and special group (e.g., students, tradesmen), Salvation Associations. These grass-roots organizations were informally directed by prominent politically uncommitted personnages leading the National Salvation Association.

During the formation of the United Front of the KMT and the CCP, the CCP leadership became aware of the possibility of alliances with the non-communist and the uncommitted through the pursuit of mutually acceptable nationalistic goals. In the ensuing years
in Yenan, the CCP further experimented with such alliances. In pursuit of such, the CCP began a long and complex relationship, a united front, between itself and the prominent personnages who had led the efforts for a United Front in 1936 and for peace in 1945.

The United Front strategy gradually formed by the CCP leadership was based on many factors. Many intellectuals and businessmen were politically uncommitted. They had participated in political movements prior to 1949, had been involved in "mobilizing the masses", and thus were potentially politically dangerous. They were also the source of knowledge important for the modernization of China's industry and agriculture and for the education of the Chinese population. The CCP felt that their active participation was necessary for China's immediate development, yet they distrusted their neutrality, and were committed to reforming their dangerous "bourgeois" thought. The result was a "unity and struggle" approach in which the non-communist intellectuals and businessmen received organized political education and surveillance, but were also allowed to play prominent roles in industry and government even though they might be avowed non-communists.

After 1949, the CCP established a government department, the United Front Work Department, to institutionalize United Front strategy. This department formed policy for dealing with
intellectuals and businessmen, supervised ideological education, policed intellectual's and businessmen's activities and generally controlled relations between the CCP and non-Party intellectuals and businessmen. The department's contact with the individual was primarily through the democratic parties and the mass organizations - in the case of businessmen, the China Democratic National Construction Association (CDNCA) and the All China Federation of Industry and Commerce (ACFIC).

Democratic parties were vestiges of patriotic organizations created by prominent businessmen and intellectuals either to fight the Japanese (1936-9) or to avert the civil war between the KMT and the CCP (1945-9). Townsend describes these parties as comprised of a "small and limited" membership of the "relatively well educated social strata". It is said that they played "a prominent role in discussion and endorsement of Party policy at the national level", but that "their activities and organization are isolated from popular political life at the lower levels of government". 18

The CDNCA was said by official CDNCA sources to be an offshoot of the China Vocational Education Association, an association of "enlightened gentry" formed in 1917. In fact, this past association was most likely considered a more venerated ancestor than the businessmen's associations which drew together in 1945 to form
the post-1949 National Construction Association. A Ta Kung Pao account admits that the CDNCA formed in 1945 in Chungking was at least initially a "middle of the road bastion", a patriotic association seeking peace between the CCP and the KMT. In 1946-7, the CDNCA took part in a number of anti-civil war mobilization activities in Chungking and Nanking. By 1948, the CDNCA leaders joined forces with the CCP in the face of KMT determination for war, and several CDNCA leaders were temporarily imprisoned. In late 1948, many CDNCA leaders evacuated to North China at the invitation of the CCP, and participated in the founding body of the Peoples Republic of China, the Political Consultative Conference. The leadership of the CDNCA received government positions; the chairman Huang Yen-p'ei was made Vice Premier and Minister of Industry and vice chairman Chang Nai-ch'i was named Minister of Food in 1952.19

Mass organizations "created" by the CCP after 1949 were in some cases coopted and reorganized pre-1949 organizations. The mass organizations were organized in a pyramid fashion, and "the centralized structure of the mass organizations used to supplement and reinforce the state structure as channels for transmitting central policy down to the basic level."20 These organizations had large memberships and well-developed basic level organizations. Such organizations were formed for each segment of the population, and virtually everyone belonged to one or more mass organizations.
Mass organizations for non-Party intellectuals and businessmen were under the United Front Work Department. The mass organization for businessmen was the All China Federation of Industry and Commerce.

The All China Federation of Industry and Commerce (ACFIC) was officially created only in 1953, although CCP involvement with Federations of Industry and Commerce in North Shensi dates to 1940. The ACFIC formed in 1953 absorbed all existing business organizations considered patriotic, and organized them into a pyramid structure under a National ACFIC Executive led by prominent businessmen. Virtually all Chinese businessmen belonged to a chapter of the ACFIC.

The ACFIC and the CDNCA each had different (though complementary) functions, but they were not totally separate organizations. The leadership of the ACFIC Central Committee was in fact almost identical to the leadership of the CDNCA Central Committee. In the implementation of a policy, the CDNCA provided support for the policy by arranging statements of support by prestigious businessmen, and the ACFIC would provide the organizational vehicle with which to organize the everyday Chinese businessman. In such cases, the actions of both were closely co-ordinated.

c) Socialist Transformation
"Socialist transformation" was the process of changing privately owned farms and businesses into publicly controlled farms and businesses. This process was implemented in the belief that private ownership and control interfered with the rationalization, and thus expansion of production. In both the countryside and the city, the process of socialist transformation began in earnest in 1953 after the completion of Socialist Reconstruction, or the stage of rebuilding the war-damaged economy. Initially, the socialist transformation process was thought to take over 20 years. In 1955, due to the need for increased productivity, the tempo of "socialist transformation" was drastically accelerated, and the deadline for completion reduced to two years.

Urban socialist transformation from its inception had an additional dimension. While CCP leaders desired elimination of private or "capitalist" control of industry and commerce, they needed the technical and managerial expertise of the private owner-operators not only to run, but to help rationalize business. The result was the "buying-out" policy, and emphasis on persuasive re-education of the businessmen.

The "buying-out" policy and persuasive education had many elements. The actual take-over of a private firm was carefully balanced with the "state of consciousness", or acquiescence of
The businessman obtained through persuasion and education. The blow of loss of ownership was further softened by allowing the businessman to retain a share of the profits, a high salary and a comparable position within the business. This arrangement would seem particularly fair because the State would often invest substantial funds for the upgrading and modernization of the factory, and thus in a business sense, "buy their way in". Because of this approach, early experiments with government take-over of private industry and commerce received positive responses from Chinese businessmen.23

The take-over of private business, in theory, took place in two parts: public-private joint operation and then complete State ownership.

Public-private joint operation was initially implemented through "state or public-private investment and through the State sending down cadres".24 This form of joint operation became known as "individual joint operation". In 1954-5, a series of experiments took place in combining joint operation with annexation with other firms in similar lines of production.25 These experiments led in late 1955 to trade-wide joint operation. Trade-wide joint operation not only undertook to control the individual firm, but also to "organize the enterprises of the entire trade into a single enterprise under unified leadership,
unified production management, unified distribution of manpower, materials and property and unified calculation of profit and loss..." 26 Trade-wide joint operation attempted to substitute "organization" for scarce capital.

All forms of joint operation normally went through three stages: the preparatory stage, the "commencing joint operation" stage and the "post joint operation" reorganization stage. The preparatory stage involved a settling of public and private debts and the organization of interim groups to take over management of the firm. The businessman also petitioned the government to allow his firm to become joint operated. Both private businessmen and the staff were organized "to study the plans and policies of joint operation...". 27

The "commencing joint operation" stage involved the assessment of assets and the calculation of the compensation to be received by the businessman. It also involved the initial reorganization of production and distribution within and outside the factory. At this stage, "it is necessary to do well liquidation and assessment, the fixing of interest and the establishment of various types of systems." 28

The "post joint operation" stage continued until the firm reached a level of production and efficiency at which it could
be allowed to become a State-operated firm. This stage involved a wide range of long term adjustments. Mayor Ch'en Yi of Shanghai stated, "The third stage is, after joint operation, to implement production reform, wage reform and organization adjustment, and especially to emphasize the transformation of men."^29

The "Socialist Upsurge" in January 1956 was an attempt to complete all three stages of socialist transformation within weeks. This revolutionary reflex broke the delicate balance between accommodation and change that comprised the "buying out" policy. Some historians have theorized that the decision to complete change-over to joint operation within 10 days was the end of a planned process to accelerate implementation of a policy.^30 Others have pointed out the role of local CCP leaders in unilaterally implementing the Socialist Upsurge.^31

The fact that JMJP editorials forbidding abrupt action were published prior to the Socialist Upsurge suggests that there was no national plan to undertake the Socialist Upsurge.

Whatever the causes, the abrupt change-over to joint operation of all private firms in January 1956 created serious problems. The attempt to reorganize all private industry and commerce within weeks led to serious dislocations and almost a standstill in production by all private business. The rapid change-over
undermined the "buying out" policy: businessmen received very low compensation and many were simply thrown from work. No time was taken to convince businessmen that the change-over was for the national good (to "sell" the new policy). "Business sense" was replaced with "revolutionary consciousness" as the criterion for production decisions and who should make those decisions. This left businessmen remaining in the new joint-operated firms without any real power. The result was alienation and anger in business circles.32 The reaction to the sudden Socialist Upsurge of January 1956 by businessmen was to be heard throughout the Hundred Flowers Period.

b) The Need for Rectification

By early 1956, serious problems in both rural and urban production had occurred. Co-operativization and the Socialist Upsurge had not led to a spectacular rise in productivity, but to a marked drop in productivity. In the cities, the Socialist Upsurge paralyzed business production and patterns of distribution, and recovery was slow. The political cadre placed in charge of the new joint-operated firms made poor management decisions, and were loth to rely on the "bourgeois" businessman's expertise. The businessman was demoralized and reluctant to make decisions, fearing that a wrong one would be labelled as "wrecking". The huge new bureaucracies formed to rationalize production and coordinate the new joint-operated firms were low in expertise, short
On examination of the drop in productivity, the CCP leadership saw as the source of difficulties the faulty ideological beliefs held by the parties involved. They felt that the problems were due to the bureaucratic behavior and attitudes of some individuals - their "bureaucratism", "dogmatism" or "sectarianism", and the "bourgeois" self-seeking thought of others - "revisionism". As early as March 1956, the Chinese leadership took concrete steps to implement a rectification of the faulty beliefs of the parties involved. But the Chinese leaderships were divided as to which was the principal ideological problem.34

In analysing the relationship between political cadre and businessman, some leaders felt that the problem lay in the "revisionism" of the political cadre and the continuing "bourgeois tail" of the businessman. In short, production was suffering because the political cadre were not strict enough in the "supervision" of the businessman, and because the businessman continued to practice their past "bourgeois" habits (such as "seeking only profit"), disrupting the socialist rationalization of production. Thus, it was suggested, a rectification campaign was needed to instill a firmer Marxist "class" stand against the "bourgeois" businessman and to rid the "bourgeois" businessman of their "capitalist" habits.35
A second argument within the CCP leadership (supported by Mao Tse-tung) stated that the principal problem lay in the bureaucratic behavior and the rigidity of thought of the political cadre, and the consequent inability to make full use of the expertise of the businessman. Production, the argument went, could only be improved through a rectification campaign designed to rid Party members of their bureaucratic and rigid thought. This point of view believed that Chinese businessmen and intellectuals should be involved in a rectification campaign directed primarily at Party members and political cadres.  

Mao Tse-tung, for his part, stressed the role of democratic parties, intellectuals and businessmen in any rectification process. In March 1956, he introduced the policy of "Long Term Co-existence and Mutual Supervision". This policy advocated a rectification process built on mutual education and criticism between CCP members and businessmen and intellectuals. This process was designed also to "make appropriate provisions in both the State and the Party systems for a strict supervision over our Party organizations and Party members..." by non-Party State officials and prominent intellectuals and businessmen. Many within the CCP feared that this policy would lead to civil disorder. This policy, as Chang Nai-ch'i's critics illustrate, was strongly resisted by the Party rank and file and pro-Party factions as well as by a number of Party leaders.
The decision to implement a formal rectification campaign within the CCP was very probably based on the broad resistance to the informal rectification process advocated under "Long Term Co-existence and Mutual Supervision". On May 1st., 1957, a formal Party rectification directive was published on the first page of JMJP. The policy directed Party members to accept outside criticism, and to answer this criticism. The call for rectification emphasized restraint: "Gentle breezes and mild rain", and "ideological education" and not "disciplinary punishment".\footnote{38} It also emphasized, though, that businessmen and intellectuals should speak out. In preparation for this campaign, Mao Tse-tung told non-Party businessmen and intellectuals that

\...

...we hope that all our fellow fighters will courageously shoulder their responsibilities and overcome all difficulties, fearing no setbacks or gibes, nor hesitating to criticize us communists and give us their suggestions. 'He who is not afraid of death by a thousand cuts dares to unhorse the emperor' - this is the indomitable spirit needed in our struggle to build socialism and communism.\footnote{39}

The businessmen and intellectuals who were to heed this admonishment so well during the turbulent May-June Hundred Flowers were in large part leading figures in the pre-1949 United Front against the Japanese and against the Civil War.

The Criticism of Chang Nai-ch'i

At the Thirty Ninth Meeting of the Standing Committee of the CDNCA
on June 19th, Chang Nai-ch'i was criticized for his actions, statements and writings during the May-June Hundred Flowers. Chang retorted with a stern defence, and demanded that the State Council "conduct an inquiry into all his observations and actions". Chang felt he had the support of highly placed Chinese leaders.

Before the State Council, Chang again refused to admit to any wrongdoing. On hearing Chou En-lai's thinly veiled criticism of him in "Report of the Work of the Government", he retorted:

As premier he criticized a cadre who assisted him in work for eight or nine years of opposition to socialism, with this assertion based on two or three sentences which the latter uttered, instead of an overall examination of his life and work. Is this not worthy of deliberation?

In like manner, he defended himself at the State Council meeting against the criticism of Li Wei-han and other top Chinese leaders.

When called to make a public self criticism a month later, he refused, and instead presented a written explanation to the Fourth Session of the National People's Congress, called "My Self-examination". He wrote, in part:

I will never stand against the Party, against socialism. I will always remain loyal to the Party and socialism until I die. Everyone can subjectively make up his own
mind. Is it conceivable that one who would not stand against the communists in a dark age despite enemy intimidation and temptation would stand against the communists today? Is it conceivable that one who sought socialism in the capitalist quagmire will stand against socialism today when the socialist cause has achieved such a brilliant victory?42

Chang Nai-ch'i received a response; his past was re-examined. Hundreds of small study groups were formed within the State Council, CDNCA and ACFIC to "investigate" Chang Nai-ch'i's past and present errors. The product of their efforts is seen in some of the criticisms of Chang Nai'ch'i upon which this thesis is developed.
INTRODUCTION - FOOTNOTES


4. Ibid., p. 53

5. Ibid., p. 93

6. Ibid., p. 95


10. Ibid., p. 194

11. Ibid., p. 194


13. Ibid., p. 274

14. Ibid., p. 275

15. MacFarquhar, Origins of the Cultural Revolution, Chapter 9


19. See Editor, "Introduction", CB 327 (16 May 1955), pp. 1,2; Ta Kung Pao (1 April 1957), CB 327, p. 35

20. Townsend, Political Participation in Communist China, p. 153


23. For example, see "A Record of the Hua Tung District Public-Private Joint Operation Work Conference," KSC (September 1954), pp. 35-7

24. Wan Li, "The Present Form of Our Nation's State Capitalism," Hsueh Hsi (January 1956), pp. 11-12

25. For case studies of joint operation experiments, see various articles in KSC (September 1954 - December 1955)

26. Wan Li, "Our Nation's State Capitalism," pp. 11-12

27. Ibid.

28. Ibid.


30. Vogel, Canton Under Communism, pp. 167-8


32. For discussion on businessman problems resulting from the Socialist Upsurge, see KSC (February-April 1956).


34. MacFarquhar, Origins of the Cultural Revolution, Chapter 9

35. Ibid.
36. Ibid., Chapter 9, 13
37. Ibid., p. 114
38. Ibid., pp. 225-6
39. Ibid., p. 118
41. Ibid.
42. JMJP (27 June 1957), CB 470 (16 July 1957), p. 37
CHAPTER I - The Critique of Chang Nai-ch'i's Past

The criticisms of Chang Nai-ch'i's past were not put forward in the early stages of the Anti-Rightist Campaign, but begin in August, 1957 and continue into 1958. Chang Nai-ch'i's past is not directly connected by his critics to the Hundred Flowers period. His past, they would argue, is an indication of the flaws found in Chang Nai-ch'i that led to his role in the May-June Hundred Flowers. Because they were formed after the heat of events, the criticisms have a quality of reflection and analysis. While they purport to analyse the basic flaws in Chang Nai-ch'i's character and thought, they are examining also the politically non-committed intellectual and businessman and his historical patterns of interaction with the CCP. While they focus on Chang, they suggest some historical roots of the events of May-June, 1957.

Chang's Early Years: Charges of Immorality

The principal available biography of Chang's early years is Boorman's Biographical Dictionary of Republican China. This biography draws from Li Shou-tung's, The 'Save the Nation' Righteous Seven Gentlemen, a source unavailable to me, to reconstruct Chang's early years.

Chang Nai-ch'i grew to adulthood in the turbulent and revolutionary period in China of the early 20th Century. It was a
period of the "Republican" revolution of 1911 and the ensuing
two decades of the rule of China by numerous warlords, small
and large. It was a period of social change and social expe-
rimentation; of pai hua (literature of the spoken language)
sexual liberation, and the May 4th Movement of 1919.

Chang Nai-ch'i was born in 1897 into a merchant family of
moderate means in Chekiang Province. He proceeded with his
higher education at a merchant circle institution, the Chekiang
Provincial Commercial School at Hankow, and was then apprenticed
to the Chekiang Industrial Bank in Shanghai. He became assistant
manager in 1930 and deputy general manager in 1932. By 1935,
he had not only established himself as a competent businessman,
but was becoming a prolific writer on financial and economic
questions. In 1935, he published Economic Panic and Reform, and
in 1936, Currency and Financial Problems of China, both of which
were widely read and acclaimed. The brief biography in Boorman
concludes that Chang Nai-ch'i spent his years prior to 1935
primarily "devoting himself to economic and business affairs in
Shanghai."4

Chang's critics do not frequently comment on his early years.
The few criticisms of Chang's past prior to 1935 emphasize his
alleged immorality. Hu Tse-ang, for example, writes that Chang
had already by 1935 fallen into the "stinking water hole" of the
decadent businessman. He states that when Chang was elevated from clerk to assistant manager in the Chekiang Industrial Bank, his salary rose from 4 yuan (¥) to 150¥ per month, but even at this higher salary, he managed to spend many times his salary in frivolous living, thus impoverishing his parents. Hu argues that Chang himself spent two or three times the income of his entire family on high living.

He kept a separate dwelling, had a small car...and every night would frequent dance halls, pursuing filthy activities of 'red lights and green wine'; being seduced in women and song.

Other critics reinforce this idea of Chang's immorality by pointing to his later "co-habitation" with two female KMT party members (one at a time). 6

An effort is made to link this early alleged immorality to a budding "reactionary" thought. Some critics make reference to anti-communist tracts written by Chang prior to 1935, and published in Hsin P'ing Lun, a journal Chang helped launch in 1927. 7 It is notable that his critics make no attempt to cite specific anti-communist tracts by him. This insinuation by his critics of an early anti-communist stance is neither elaborate nor frequently mentioned. Charges of immorality against Chang prior to 1935, or after 1935 for that matter, are not frequent.

Chang in the National Salvation Association: Charges of Opportunism and Questionable Loyalties
In 1926, the CCP allied with the KMT undertook to unify all China through the Northern Expedition. They were successful, and by 1927 had defeated several warlord armies. Amidst the success, both the CCP and the KMT jockeyed to gain control of the rapidly expanding movement. The KMT finally breached the alliance with a series of bloody coups against the urban-based CCP organization. The result was the virtual elimination of the CCP as an urban-based political force and, ultimately, the CCP's Long March to North Shensi.

In 1931 on a fabricated pretext, the Japanese invaded and occupied the Chinese territory of Manchuria. Until the beginning of open war with the Japanese in 1937, the Japanese continued a process of territorial and commercial expansion in China. The KMT acceded to this expansion so as not to provoke open war with Japan. The KMT leaders believed that elimination of all other political forces in China (including the CCP) had to precede any effort to deal with the Japanese. The CCP, for their part, desired a "united front from below", a united front of all patriotic Chinese individuals (but not the KMT). This "united front from below" was to be specifically an anti-KMT patriotic alliance against the Japanese.

By 1936, Japanese military and commercial expansion in China had reached new heights. Popular indignation against this expansion
reached the boiling point. Groups of workers, students and merchants formed spontaneously to demand immediate action against the Japanese and an immediate end to hostilities between the KMT and CCP. These groups, termed "Salvation Associations," aimed to force a reconciliation between the KMT and CCP by mass political rallies. They also tried to provoke action against the Japanese by encouraging strikes in Japanese owned factories and by carrying out boycotts and other anti-Japanese activities. They were originally strictly neutral politically. They also were strictly local at the beginning, but soon became co-ordinated by a loose leadership comprised of prominent personages representing the special interest groups involved. One such prominent personage was Chang Nai-ch'i.

The CCP were quick to realize the strength of the patriotic movement to resist the Japanese. They modified their political line to emphasize the desire for a united front with the KMT to fight the Japanese. They also joined and became politically active in the Salvation Associations, not only to help secure a united front with the KMT, but also to harness this new political movement. Their political stance and goals, Chang's critics suggest, were to come in conflict with the avowed neutrality of the Salvation Associations. This conflict turned bitter after the establishment of the CCP's united front with the KMT following the Sian Incident in December 1936.
During 1935-6, Chang Nai-ch'i became an increasingly prominent nationalist spokesman and was increasingly involved in the National Salvation Movement. In May 1936, Chang Nai-ch'i, along with Chen Chu-ju, Tsou T'ao-fen, Wang Tsao-shih and others, organized the Shanghai National Salvation Association. 

The Shanghai National Salvation Association (NSA), Chang's critics point out, was not a first, but was preceded by the Peking Student Salvation Association, the Writer's NSA, Women's NSA and Professional NSA. These earlier organizations, though, did not have the national suasion of the Shanghai NSA. They did not have the influence to co-ordinate the activities of the various local and particular patriotic groups.

The Shanghai NSA probably had a program similar to other NSAs. Its basic program probably was "to exhort the KMT to prepare for war against the Japanese, terminate the civil war, unshackle the patriotic movement, release political prisoners and institute constitutional rule." The NSA Manifesto of May 31st., 1937 stressed in particular the non-partisan nature of the organization's activities.

We declare wholeheartedly to the whole nation that, with the exception of traitors, we do not wish to see the slightest loss of influence by any group; we want to foster them, unite them and strengthen them...
Chang Nai-ch'i was involved, as noted above, in the founding of the Shanghai NSA and held an executive position in the leadership committee. He was Propaganda Chief, responsible for all Shanghai NSA publications, and responsible in particular for the Shanghai NSA's newsletter Salvation Intelligence. After joining the NSA in 1936, he was fired from the Chekiang Industrial Bank due to pressure from KMT officials. On November 22nd 1937 he, along with seven men and a woman (named the "ch'i ke chun-tzu", or "Seven Gentlemen"), was arrested and imprisoned by KMT police after organizing a relief committee for workers striking against a Japanese-owned factory in Shanghai. Even Chang's sternest critics had to admit Chang's positive role in the Shanghai NSA up to the time of his imprisonment.

Criticisms of Chang's actions in the National Salvation Association in Shanghai center on his activities and attitudes while in jail. Some critics argue that while the other imprisoned leaders maintained a positive attitude, Chang became very demoralized and dispirited. In an attempt to obtain a release from prison, he is said to have first contacted a "same County" (t'ung hsien) KMT official, Ch'en Ch'eng, and later to have tried communicating with various warlord figures. He is also alleged to have justified his struggle to obtain his own personal freedom by explaining to his colleagues that his release would set a
precedent that would facilitate their release. Other critics suggest irregularities in his admission to jail and treatment, and hint that he may have been a secret KMT agent.

Another area of criticism closely linked to those concerning his imprisonment involves his association with KMT personages. While still in jail, he is alleged to have held discussions on economic and financial questions with T.V. Soong, the KMT Finance czar and to have held similar talks with several "warlord figures". Also, while still in jail, he is cited as having asked a fellow Shanghai NSA leader, Hu Tse-ang, to write a letter to the KMT leader, Chiang Kai-shek, offering his services to the KMT. Hu himself explained in his Hundred Flowers criticism of Chang,

He himself said he could make a contribution to improving currency problems...and desired a letter be written pointing out his abilities; the goal being his desire to have the KMT take seriously his various "abilities".

After his release from jail, Chang was to accept the position of Finance Commissioner of Anhwei province offered him by the KMT-allied warlord Li Tsung-jen. This, his critics felt, was the ultimate proof that his sole goal within the NSA was to gain "political capital". Both his critics and his biographer conclude from this action that Chang was eager to "turn notoriety into position."
One of Chang's principal critics, Hu Tse-ang, deliberately or otherwise, offers an explanation of Chang's acceptance of the Anhwei position. In a letter to Hu cited by Hu, Chang Nai-ch'i explained that Li Tsung-jen, the Warlord of Anhwei province, was sympathetic to the NSA position. Li's acceptance of Chang as an official created an alliance with the NSA and was the equivalent of the acceptance of the NSA program. This acceptance, Chang argues, would put pressure on the KMT to fully accept the NSA position.\textsuperscript{22} Chang added that he could not refuse the position offered by Li.

He said that Li Tsung-jen had originally asked him to be the provincial Finance Commissioner without having attained the consent of Chiang Kai-shek, so that if he left and did not agree to the request to become Finance Commissioner, this (NSA support) would change into antagonism (towards the NSA).\textsuperscript{23}

Following release from prison, Chang's behaviour is said to have greatly changed. Chang came increasingly into conflict with the CCP-controlled faction of the NSA.\textsuperscript{24} These "disagreements" were over the basic policy direction of the NSA following the formation of the United Front. Ultimately, as Chang's critics admit, they were part of a struggle for control of the NSA and for who would be elected to head the NSA in Shanghai. His critics describe this struggle as follows:

The leadership of the NSA stood at the forefront of the democratic movement, and was accepting of the Party's
leadership. He had disruptive opinions within the leadership of the NSA. The most important reason was that he thought the NSA should be an independent movement, and should not go along with the CCP. Furthermore, he refused to recognize Shen Heng-lao's leadership of the NSA. This was because Shen Heng-lao accepted the leadership of the CCP, and this caused him to be unhappy.

Criticisms of increasing "disagreements" with CCP supporters are closely linked by Chang's critics to alleged attempts to disrupt and disband the Shanghai NSA. His critics charge that following Chang's release from jail and the KMT acceptance of the United Front, Chang's attitudes towards the NSA changed. He was no longer willing to "actively struggle for democracy and to save the nation", refused to make a marxist analysis of the situation and became embroiled in arguments on "political questions concerning the capitalists". He became, his critics charge, a disruptive element in the NSA.

Chang's disruptiveness was suggested to have been closely related to his desire to disband the Shanghai NSA to prevent its falling under the control of CCP supporters. Some critics state that Chang secretly agreed to carry out a disbanding of the NSA while still in prison. He agreed to do this, it is implied, if the KMT formed a United Front with the CCP. Upon his release from prison, he is said to have set about disengaging himself from the Shanghai NSA and dissolving the Shanghai NSA organs under his control. In particular, he was alleged to
have been successful in having the publication of Salvation Intelligence halted.27 One of Chang's chief critics in the May-June Hundred Flowers, Wu Ta-Hsun, was then editor of Salvation Intelligence.28

Chang's critics imply that he lost his struggle with the CCP faction, was unable to completely disband the Shanghai NSA, and in disgust disavowed the organization. Soon afterwards, he was said to have been expelled from the NSA for his "reactionary activities", in particular for his becoming a director of the KMT Youth organization San min chu'i (Three People's Principles) Youth Brigade.29

"Fewer Calls, More Suggestions": Alleged Opposition to the CCP in 1937

Critics closely relate some of Chang's activities and expressions in the Shanghai NSA to his alleged ideological opposition towards the CCP. This relationship is evident, they say, in "Fewer Calls and More Suggestions", an article that Chang published in the daily, Shanghai Shen Pao in August or September, 1937. Chang's critics argue that the theme of the article was nothing more than "a complete surrender to the reactionary KMT government..."30 They say that the article disproves Chang's assertion in his later "Self Confession" that, "in the dark past, under a thousand threats and menaces from the enemy, I never was willing to oppose the CCP..."31
"Fewer Calls, More Suggestions" was written by Chang in direct response to the declaration of the CCP Central Politburo Meeting of August, 1937. The declaration stated that a necessary element of the CCP-KMT coalition was a program for political and social reform. This program of reform included a **levee en masse** of the Chinese people. In effect, the CCP called for a mass movement in which political action was combined with military efforts.

This program had one specific demand: that mass organizations be permitted. The main mass organizations, the peasant organizations and labour unions, were the symbol of class struggle both in the cities and countryside, and thus permission for the continued existence and expansion of these organizations could have resulted in increased conflicts between various groups in Chinese society. Mass organizations, better developed by the CCP than by any other group, could also be used as vehicles to expand the CCP's political power. Thus the KMT refused to agree to this program, and to the demand for a **levee en masse** and mass organizations in particular. For a time, a united front between the CCP and KMT was jeopardized.32

Fearing the failure of unity efforts, Chang attacked the CCP policy directly. The basis of Chang's attack, according to his critics' accounts, was that the declaration was merely a case of putting factional interests above the national good. Chang
stated this argument in "Fewer Calls, More Suggestions", as follows,

Today when the national course is fixed, we should make fewer political slogans and more positive suggestions so as to cause national policy as soon as possible to strengthen its weaknesses. In a nation at this time of life and death, the government already has a fixed national policy and some men with heart. Who still wants to elevate themselves by taking a different position? To not epitomize the need for everyone to concentrate their strength, to hold the opinion that there should again be factions, whether through overt or covert struggle, will consume every particle of national strength.33

If Chang felt that the CCP were acting out of factional self-interest, his Hundred Flowers critics argued that he was acting without principle. They stated that what Chang demanded in "Fewer Calls, More Suggestions" was handing over of CCP military power to the KMT without any guarantee of extensive political reform. For "national interest", Chang was willing to give up the movement for democracy and betray the CCP. Such statements by Chang's critics were based on the following statement in "Fewer Calls, More Suggestions":

For the national good, we can't but trust the (KMT) government a little more. They must be allowed to more adequately make use of the bulk of power, and at the same time safeguard the bulk of secrets. We desire democracy, but dare not dream of democracy on a large scale at the present time.34

Chang disputed the center of the CCP reform program, the demand for mass organizations. The basis for this demand was the
CCP analysis that the patriotic movement and various patriotic acts by various social groups were indicative of a new class consciousness nurtured in the process of nationalistic awakening. Chang argued that continuing civil disturbances and strikes were not indicative of a need for class organization, but only a need for an organizational outlet for nationalistic feelings. Chang stated his position thus (according to his critics),

We only need develop the establishment of ordinary street organizations and professional groups so that the negatively caused rear disorders can be eliminated, positively causing the masses to be able to create organizations to mobilize help for the front, and at the same time cause the youth, who are under the melancholia of "no work to do", to find a direction and tasks to be fulfilled.35

Chang's critics point out that his analysis of the situation is totally unmarxist. What he calls "disorders" should be termed "class incidents", and what he calls non-political organizations are, in fact, bodies opposing "a war of resistance of all the people", refusing to mobilize the "masses" and attempting to lead a "one-sided war of resistance" which the nation could not hope to win.36 His critics state that "Fewer Calls, More Suggestions" reflects also Chang's fear of mass organizations and mass movements,37 and conclude that Chang's support of "national interest" and rejection of the marxist interpretation of the continuing civil disorders represents not only a
pro-KMT stance, but also a fundamental rejection of marxism.

Chang in the War Years: The Rejection of Yenan

Following the outbreak of war with the Japanese in 1937, Chang became Finance Commissioner to Anhwei Province. Within a year, he left his position, and fled the southward-advancing Japanese army. In the face of the Japanese advance from North China, Chang, as with all activists, was forced to choose between flight to Yenan (CCP capital) or Chungking (KMT war capital). Because the Japanese occupied the area between Chungking and North Shensi (CCP-held area), contact between activists in the two areas was constrained for the duration of the war. Chang chose Chungking.

Throughout the war, Chang remained a patriot and a reformer. His biographers state that he spent the war as "a successful entrepreneur and speculator" and "self-appointed advisor to the nationalist government on economic and financial affairs". Yet even the critics do not question Chang's claim to being a reformer, but merely question his motives. During the war, Chang was involved in the mobilization of capital for industry necessary for the war effort. He was also involved in increasing business-KMT co-operation for the war effort. Ideologically, he maintained the need for a new unity between officials and the people.
Chang's critics were suspicious of the patriotic intent of his Chungking business activities. They cited in particular his activities involving the Upper Szechuan Company, a company formed through a large loan secured by Chang through his connections with the "reactionary" Shanghai banks.39 The Upper Szechuan Company is said to have been a holding company involved in alcohol distilleries and South West China transportation, two highly profitable areas of business.40 Chang headed this company.41 Through the company, it is said, Chang used the war to make huge profits through speculation.

Chang's honesty with other businessmen was questioned. In Chungking, Chang was involved in the mobilization of capital from businessmen for industrial projects. While these co-operative ventures were ostensibly patriotic and aimed at aiding the KMT war effort, in fact, his critics argue, he used them to cheat his fellow businessmen for his personal enrichment. Some of these ventures were said to have lost money, resulting in losses by his business partners.42

Chang was also accused of reactionary associations. During the war, Chang became involved in organizing and co-ordinating various business groups, such as the Yü Ch'uan Industrial Association, All China Industrial Association and the China Native Products Producers' and Sellers' Association. Through his contacts in them, he organized KMT-sanctioned collective
industrial projects and other so-called patriotic activities. Thus, his critics accused him of working within a circle of reactionary associations.

The principal point of criticism of Chang during the war years was his belief in the need for a new unity between officials and the people, and his attempt to foster this belief through co-operation between businessmen and the KMT. Chang believed that national salvation could only come from new unity and new joint undertakings between the "official" and the "people". Towards this end, Chang tried to establish joint businessmen-bureaucrat (KMT) committees and make available business expertise in the formulation of government plans. He also sought accords between business circles and the KMT, and sought to have more businessmen included in the KMT government.

Chang's attempts at closer business-KMT relations met with mixed success. His most famous joint businessman-bureaucrat organization was the "Chinese Economic and Industrial Research Institute". This "think tank" was comprised primarily of businessmen, but contained various lower level KMT figures at various times. It produced a series of reports aimed at aiding KMT finance and industrial development, including, "The Organization of Unified Enterprise Corporations", "Plans for the Creation of Agricultural Tools" and "The Creation of a
Simplified Railroad System for Upper Szechuan". Chang's critics note that few of these plans were accepted by the KMT leadership, that most of Chang's influence was with lower level KMT officials and that Chang himself was never offered a post within the KMT.46

Chang's critics attack his idea of a new unity between officials and the people by suggesting that his sole intent was to victimize business circles to show his loyalty to the KMT, and thus secure a post from the KMT. In short, his effort to unify officials and the people, his critics argue, was nothing more than a rationalization of efforts to obtain a KMT position. These efforts, his critics point out, were never successful.47

Chang in the Civil War Period: The "Middle of the Road" Position

Following the Japanese surrender at the end of WWII, the CCP and KMT vied to occupy the Japanese territories in China proper and Manchuria. Though the Chinese population desired peace, this scramble for territory led both the CCP and KMT into conflict. Chiang Kai-shek, in particular, felt that all military forces in China had to be unified. Amidst a growing pressure for war, a debate ensued in which a "third force", the non-aligned democratic parties, tried to organize a political structure in which both the KMT and CCP would be represented,
and which would eliminate the need to use military force to
decide differences between the CCP and KMT.

Towards the end of the WWII, Chang Nai-ch'i, while still in
Chungking, teamed with Huang Yen-p'ei to form the National
Construction Association. The National Construction Associa-
tion was a product of the merger between the Vocational Educa-
tional Association led by Huang, the Yu Ch'uan Industrial
Association under Hu Chueh-wen and other active business
organizations in Chungking. It was formed, according to one
critic, "with the support of the CCP and the people". The
organization was a middle of the road democratic party formed
to provide a basis for peace between the CCP and KMT and to
extend democracy and democratic institutions.

Chang returned from Chungking to Shanghai in early 1946. He
was hired as the head of the Department of Industrial Manage-
ment in the University of Shanghai, and appointed a member of
the Planning Committee in the Ministry of Economic Affairs.

If these appointments aimed to keep Chang out of politics, they
failed. Chang continued to oppose calls for civil war and to
criticize undemocratic practices. In consequence, he was soon
fired from his posts.
During the post WWII years, Chang became a frequent writer in the middle of the road journal *P'ing Min* (Citizen). His articles reflected a liberal viewpoint, a conciliatory attitude towards the CCP and KMT, cynicism towards politics and a continuing belief in the need for unity between officials and the people. He was active in peace demonstrations, but remained active in private business as well. By 1947, he had become bitterly opposed to the KMT due to the apparent KMT desire for civil war. Due to supposed "conspiratorial" activities against the KMT, he was forced to flee from Shanghai to Hong Kong with other Democratic Party leaders.51

The criticisms of Chang Nai-ch'i's activities and views during the Civil War period (1945-9) are concerned primarily with his "middle of the road" thought. Part of this "middle of the road" thought was Chang's cynicisms towards politics. His critics illustrated this cynicism by quoting one of his *P'ing Min* articles.

The citizens of China have never asked about politics, thinking that politics was the activity of the great gentlemen striving for power and benefit. But the great gentlemen striving for power and benefit either use powerful extortion, or seizure by force and military force, with the result that those to be sacrificed are the majority of citizens. The present internal war is a clear example of this.52

Citing various articles and passages written in *P'ing Min*,
Chang's critics tried to impute the hidden meaning of his cynicism. Citing the above quote, one critic accused Chang of suggesting that the CCP was insensitive to popular wishes and was responsible for the civil war. One critic argues that Chang, in his writings, had exaggerated the relative military strength of the KMT over the CCP to imply that CCP calls for peace were merely a ploy due to weakness, and, citing an article called "A Dream of 20 Years", argued also that allusions to Chiang Kai-shek as the successor to Sun Yat-sen showed Chang's secret admiration for him. Some critics state that Chang's cynicism was used merely to avoid taking a stand for the CCP, citing, for example, a statement by Chang that "both the CCP and the KMT must be held responsible for the civil war...". Chang's critics also accuse him of desiring to establish a new political structure. This new political structure, Chang is quoted as saying, would help bring peace.

We desire the co-operative efforts of pure citizens neither of the left nor of the right who, with the National Construction Association, can develop a system for peaceful, political struggle in the political field.

Chang is alleged to have believed that the new political system would have to be established on the United States' model of democracy. His critics stated that Chang's ideas emulated those of Truman, and that he accepted Truman's belief that "for
a broad, parliamentary system to be formed, regional armies must be eliminated..." and that "...this is a condition that must be put before the CCP..."56 Chang is said to have openly admired the United States, and to have believed in "American-like behavior of freedom, liberty, openness and frankness".57

Chang's supposed admiration of the United States and thereby also his ideas of government are linked by his critics to his complicity with "U.S. imperialism". Chang, his critics argue, was heavily involved in the speculative buying and selling of grain and cotton cloth from the United States as a comprador, and made huge profits to the detriment of the "people's livelihood".58 One critic also states that Chang's purchase of the K'un lun Motion Picture Company and encouragement of the production of "progressive" films was nothing but a plot to open a market through which U.S. films could be sold in China. Chang, thus, would help "U.S. imperialism" expand.59

In his P'ing Min writings, Chang is also alleged to have asserted that the democratic parties were independent popular political parties. Chang's critics illustrate this belief by the following quotation from one of his articles:

Due to the tragic lesson of the last few years, the citizens who originally did not take part in politics have been caused to become gradually awakened; not only
to inquire into the activities of oppression, violence and injury, but also to desire the use of their own organization and their own activities; to explore politics and to examine national affairs. The creation of the National Construction Association and other similar kinds of organizations is living proof of this.60

Chang's critics stated that such quotes proved that Chang's middle of the road thought "...planned to form between the CCP and the KMT a third path for a capitalist party..."61. His critics were critical of Chang's implicit claim that the democratic parties were parties "of the people", and that the CCP followed the politics of the "great gentlemen" and was not concerned with protecting the rights of the citizen. Chang's critics comment extensively on Chang's alleged attempt to form a "capitalist" political party.

Chang in the Transition Period: A Dubious Enthusiasm

Following Chang's forced flight from Shanghai in 1947, he went to Hong Kong. There, he continued his political activities and his work within the Central Committee of the exiled National Construction Association. He was also involved in various business activities while in Hong Kong.62

In October 1948, at the invitation of the CCP leadership, Chang left Hong Kong for CCP-occupied North China. He was invited to
participate in the founding political body of the People's Republic of China, the Chinese Peoples' Political Consultative Conference, and did so as a Democratic Party representative. During the reconstruction of China's war-damaged industry (1949-51), Chang worked politically through the CDNCA to encourage businessmen to restart production and to work with the CCP authorities.63 During this period, he worked with Li Wei-han and Ch'en Shu-tung to build the foundations for a comprehensive mass organization for businessmen, the All China Federation of Industry and Commerce.64 The CCP also made use of Chang's expertise. Chang played an important role in establishing and putting into operation the state banking system.65

Criticism of Chang's work in this period is not extensive. In general, the critics try to question his motives for joining with the CCP in 1949. One critic asserts that Chang participated in real estate and business activities of a speculative nature in Hong Kong, and made a considerable fortune. This critic stated that Chang tried to preserve this fortune and keep it hidden by purchasing valuable antiques.66 Another critic questioned Chang's belief in the new system, stating that while helping to establish the state banking system, Chang kept his own money in a private Peking bank.67 His critics suggest that his joining with the CCP was done with a dubious enthusiasm.
From 1947 to 1951, the CCP undertook a series of Land Reform Movements in the countryside to eliminate the power of the landlord and to undertake a more equitable redistribution of lands. This policy involved a political mobilization of the peasantry, public trials of landlords (resulting sometimes in executions) and a redistribution of the landlords' wealth and land. Many Democratic Party members and non-CCP government officials were conscripted to lead land reform in various localities in the belief by CCP leaders that involvement in "revolutionary struggle" would lead them to a new political consciousness.

The criticisms of Chang Nai-ch'i's activities in land reform have significant differences with other criticisms. These criticisms were published only in *The Vengeful Face of the Rightist Element, Chang Nai-ch'i*, and were neither dated nor signed. Probably these criticisms were written later than most other criticisms of Chang.

In the spring of 1951, members of the Chinese Peoples' Political Consultative Conference were organized to participate in the Land Reform Movement in four districts of Szechuan Province.
These members were to "help the peasants put down the landlord class..." and "...receive steeling and transformation" in the process. Chang was made a group head of one of the district land reform teams.\textsuperscript{68}

The central issue, according to Chang's critics, was Chang's policy of "peaceful land reform". This policy advocated "peaceful division of the fields", "going the reformist road"\textsuperscript{69} and the elimination of physical violence by the peasants against the landlords. Chang's critics state that on arrival in the countryside, Chang found the peasants "...demanding the treatment of smashing down the landlords..." Chang, however, was said to abhor violence, and to feel that violent struggle against the landlords was like "digging out his own guts...".\textsuperscript{70} His critics point out that Chang allegedly argued that violence was ineffective, and would merely toughen landlord resistance.

Hanging and flogging will produce a real stalemate in the attempts to reform the landlords...experience proves that rational and logical struggle is the most powerful weapon for causing the landlords to truly lower their heads.\textsuperscript{71}

Chang, his critics state, argued that landlord wrongdoings and criminal acts of the past should be punished not by the peasants but by the Courts. Chang saw the "settling of accounts"
as a process by which the peasants and the landlords, through the medium of the People's Court, reached a compromise.72

To pursue his policy of "peaceful land reform", it is charged that Chang suppressed the politically correct cadres under his leadership. In order to stop violence, Chang is said to have issued a directive to land reform team workers forbidding the policy of "hitting people". This directive also instituted a strict responsibility system. According to Chang's critics, the directive stated that cadre were responsible for the actions of the peasants with whom they worked, or "...if the cadre hit someone, he is responsible, if he threatens to hit someone, he is responsible, and if the masses beat someone, he is responsible...".73 Chang was also said to have instituted a policy of suppressing local initiatives by refusing to send individual cadre to a hamlet, but sending groups of cadre instead.

By sending a group, and making the entire group responsible for each member's action, he was said to be able to prevent "completely depending on the place" and "unleashing the dragon".74 Chang, according to his critics, felt that "the occurrence of hanging and flogging in the peasant movement was the result of the lower level cadre not carrying out the policy resolutely enough, and was the good policy of those above being spoilt by those below...".75
Chang's critics point out that Chang became embroiled in a struggle for the leadership of the land reform teams and in the controversy over the land reform policy that should be adopted. He and local officials argued over the intent of the land reform policies. His opponents accused him of disobeying the call for struggle in the countryside, and he accused them of being responsible for radicalism at lower levels. Chang is said to have stated that, "if the upper levels are good and the lower levels are corrupt, the middle levels cannot be beautiful."76

Chang's argument with local officials remained unresolved, and finally higher Party authorities were asked for a ruling. According to Chang's critics, the authorities responded with a directive stating that class struggle was to be encouraged in overcoming the "landlord element". Chang then, according to his critics, thwarted this policy by arguing that "the landlord class has already been smashed down, and no longer needs to be feared..."77.

Chang's critics state that Chang finally came into direct conflict with higher Party authorities. Higher authorities came down to the district to try to have their "struggle" policy implemented. They stated their case, but Chang allegedly refuted them, citing his argument that the use of...
violence only leads to greater resistance. He added that violence was not within the policy of the Central Committee, and thus that he "spoke with the full knowledge that my position is just". The higher authorities were thwarted according to Chang's critics, and Chang was able to "limit beating down and the full development of the mass movement".

Some critics of Chang simply see Chang's theory of "peaceful land reform" as an act of a "capitalist agent". Chang is accused of open collusion with landlords and rumours of secret meetings with them are cited. Landlords are said to have stated that Chang would "take care of them" and to have sought reversal of land redistribution decisions, saying "Team head Chang said that your share of land* is not certain". Others see Chang's policy of "peaceful land reform" merely as "an attempt to seize power from local authorities". Some critics though, see Chang's "peaceful land reform" policy as being related to the "poisons" he spread during the Hundred Flowers, and as being an ideological precursor of Chang's later theories on interest and the "dual nature" of the capitalist class.

*ie. a peasant's share in land which has been redistributed
CHAPTER I - FOOTNOTES


2. Ibid., 1:88

3. See Chang Nai-ch'i, Lun-Wen Hsuan (1934) for a selection of his early essays.

4. Boorman, Biographical Dictionary of Republican China, 1:88


6. Editor, Kung Shang Chieh Yueh K'an (hereafter KSC) (August 1957), p.4

7. Editor, KSC (October 1957), p.27

8. Boorman, Biographical Dictionary of Republican China, 1:88


10. Ibid., p.91

11. Ibid., p.91

12. Wu Ta-hsun, TKP (3 July 1957), YPFT, p.55

13. Ibid., p.57


15. Wang Hsin-yuan, source unknown, YPFT, p.52

16. Hu Tse-ang, TKP (23 July 1957), YPFT, p.57

17. Boorman, Biographical Dictionary of Republican China, 1:88

18. Wang Hsin-yuan, source unknown YPFT, p.52

19. Wu Ta-hsun, TKP (3 July 1957), YPFT, p.55

20. Ibid., p.57


22. Hu Tse-ang, HWJP (9 July 1957), YPFT, p.40. Hu probably felt that this argument could be put forward by Chang Nai-ch'i.
23. Ibid., p.40
24. Wu Ta-hsun, TKP (3 July 1957), YPFT, p.58
25. Hu Tse-ang, HWJP (9 July 1957), YPFT, p.41
26. Wu Ta-hsun, TKP (3 July 1957), YPFT, p.55
27. Ibid., p.57
28. Ibid, p.55
29. Hu Tse-ang, HWJP (9 July, 1957), YPFT, p.41
30. Wu Ta-hsun, TKP (3 July 1957), YPFT, p.59
31. Hu Tse-ang, TKP (23 July 1957), YPFT, p.35

33. Hu Tse-ang, TKP (23 July 1957), YPFT, p.34
34. Ibid.
35. Ibid.
36. Editor, KSC (October 1957), p.28
37. Ibid.
38. Boorman, Biographical Dictionary of Republican China, 1:88
39. Wu Mei-mei, source unknown, YPFT, p.86
40. Ibid.
41. Ibid.
42. Ho O-mei, source unknown, YPFT, pp.62-3
43. Ibid., p.61
44. Ibid, pp.63-4
45. Ibid, pp.62-4
46. Ibid, pp.63-4
47. Ibid, pp.63-4
48. Editor, KSC (August 1957), p.6
50. Boorman, Biographical Dictionary of Republican China, 1:89
51. Ibid.
52. Chiang Ching, KSC (October 1957), p.26
53. Ibid.
54. For example, Chiang Ching, KSC (October 1957), p.26
55. Hu Tse-ang, TKP (23 July 1957), YPFT, p.35
56. Chiang Ching, KSC October 1957, p.26
57. Ibid.
58. Wu Mei-mei, source unknown, YPFT, p.86
59. Ibid.
60. Chiang Ching, KSC (October 1957), p.26
61. Hu Tse-ang, TKP (23 July 1957), YPFT, p.35
62. Boorman, Biographical Dictionary of Republican China, 1:89
63. Wu Mei-mei, source unknown, YPFT, p.86
64. JMJP (21 July 1957)
65. Wu Mei-mei, source unknown, YPFT, p.87
66. Ibid, p.86
67. Ibid, p.87
68. Meng Chiu-chiang, source unknown, YPFT, p.74
69. Ibid, p.70
70. Hsu Tsung-lin, source unknown, YPFT, p.77
71. Meng Chiu-chiang, source unknown, YPFT, p.70
72. Hsu Tsung-lin, source unknown, YPFT, p.77
73. Meng Chiu-chiang, source unknown, YPFT, p.70
74. Ibid., p.73
75. Ibid., p.70
76. Hsu Tsung-lin, source unknown, YPFT, p.77
77. Meng Chiu-chiang, source unknown, YPFT, pp.71-2
78. Hsu Tsung-lin, source unknown, YPFT, p.77
79. See, for example, Meng Chiu-chiang, source unknown, YPFT, pp.71-2 and Hsu Tsung-lin, source unknown, YPFT, p.77.
80. Hsu Tsung-lin, source unknown, YPFT, p.77
81. Ibid.
82. See, for example, Hu Tsung-lin, source unknown, YPFT, p.79
CHAPTER 2 - Prelude to the Hundred Flowers

As we come closer in time to the May-June Hundred Flowers, criticisms of Chang Nai-ch'i become more specifically linked with his performance in the Hundred Flowers Movement. This set of criticisms begins with the "Five Anti" Campaign of 1952, examines early charges of factionalism, discusses accusations concerning "Socialist Transformation" in 1955 and finally examines the prelude to the May-June Hundred Flowers - the factional struggle within the CDNCA concerning "Mutual Supervision" and the "dual nature" question.

The criticisms dealing with the 1952-56 period are not as numerous as those pertaining to the pre-1949 period or as those pertaining to the May-June Hundred Flowers itself. They are, however, useful because they are linked directly with the events of the May-June Hundred Flowers. Also, these criticisms can more easily be traced to primary sources, such as newspapers current to the criticized action or statement, and their context and validity more easily examined.

Chang Nai-ch'i in the "Five Anti" Period: Factional Accusations and Alleged Illegal Business Activities

In mid-1952, the CCP began the "wu fan", or "Five Anti" Campaign to consolidate control over private business, and businessmen and
intellectuals. The "wu fan" Campaign sought to uncover criminal acts by businessmen, such as bribery of State officials, speculation, tax evasion, theft of government property and profiteering. Teams were sent out to investigate all businessmen, and fines or prison sentences were handed out according to the severity of the perceived crime. Virtually all large Chinese businessmen were found guilty of one crime or another, but punishment of most was restricted to fairly substantial fines.

The "Five Anti" Campaign marked the beginning of the Socialist Transformation Period, or the period in which private business was transformed into public (or government) operation and the private businessman began "transformation" into the "new socialist citizen". The process involved the application of the harness of state controls that had been two years in the making - the sudden and harsh enforcement of regulations and laws that had been formed between 1949 and 1952 to limit and channel private business. It marked the beginning of a series of intensive ideological remolding movements for both businessmen and intellectuals, and the shift from reconciliation and reconstruction to restriction and control. This change in emphasis made businessmen's organizations more important. They were needed to undertake the ideological remolding process and to ensure the continued participation of the businessmen in
the economy. For these reasons, the "Five Anti" Movement "purification" of businessmen was accompanied by a reorganization and "purification" of business organizations, notably the CDNCA.

Chang Nai-ch'i wore a number of hats in the "Five Anti" Period. He was an advisor to the People's Bank and the Head of the Ministry of Food, positions that made use of his financial expertise. He was also a political organizer and organizational head among private businessmen, positions that made use of his political stature.

He was a Vice-chairman of the CDNCA and one of the three principal members of the Preparatory Committee formed in 1952 to organize the All China Federation of Industry and Commerce. Throughout the early 1950s, he was also active in the various mass movements to "re-educate" businessmen and intellectuals, often writing supportive articles.

During the "Five Anti" Movement, Chang Nai-ch'i was criticized within the CDNCA. He is said to have received criticism for his ideological beliefs, his business practices and his factional activities. Chang's Hundred Flowers critics cite criticisms made of Chang during the "Five Anti" Period to suggest that, even in the face of earlier criticism, Chang did not change his ways.
Criticisms of ideological beliefs, business practices and factional activities reoccurred frequently following the "Five Anti" Movement.  

During the "Five Anti", say Chang's critics, his colleagues within the CDNCA criticized Chang for his questionable business activities. The main accusations concerned "crimes" associated with the Upper Szechuan Company which had continued to operate actively until 1949. Critics accuse Chang of not reporting "enemies" holding stock in the company, and of not turning over all stocks held outside the People's Republic of China to the Communications Bank as per regulations. Chang was further accused of using his control of the company to make personal profits at the expense of his fellow shareholders. Chang, one critic explains, though he owned only 38.9% of the company's stock, arranged for a salary as a company official, and treated himself to other benefits to which he was not entitled. Chang was also accused of tax evasion and other "crimes" related to what was described as the secret continued existence of the Upper Szechuan Company after 1949.

After Liberation, Chang stated that the Upper Szechuan Company had stopped production. But it still had an office, still had a staff and, as was most recently revealed, it still carried out some business activities. Chang used several methods to conceal these business activities, to avoid the government's Commercial Bureau and to evade the proper payment of taxes, even to the point of not reporting any account of dividends to the government.
Chang's critics point out that he never presented documentary evidence to government authorities to prove that the Upper Szechuan Company had ceased functioning, had never made a complete report to the Commercial Bureau and, in 1952, had reported no profits and had thus paid no taxes. 8

Chang allegedly committed other "crimes" of financial self-interest. He was accused of converting his funds into antiques to preserve their value and protect them from state seizure, and was also said to be keeping secret bank accounts in a private bank in Peking. Of such acts, Chang reportedly explained, "...looking at the political situation, I must make financial considerations." 10 Chang's Hundred Flowers critics state that these activities occurred in the period immediately after the move to North China in October, 1948, and were first reported by Chang's colleagues during the wu fan Campaign.

Chang's Hundred Flowers critics allege that his colleagues uncovered a number of ideological "crimes" during the "Five Anti" Campaign. During 1950, it is said that Chang "... at various places in Peking and Tientsin... called on businessmen to 'exploit' more vigorously, beautifying the 'exploitation' of the Chinese national bourgeoisie, saying for example that the Chinese capitalist's exploitation is still not 'exploitation conscious' exploitation." 11 He is also said to have
introduced the "dual nature" concept for which he was attacked during the May-June Hundred Flowers. His critics state that during the "Five Anti" Movement, Chang was criticized by his colleagues for the following statement:

Following a little more than a year's education in the new period, their (the national bourgeoisie's) dual nature and vacillating nature has already been basically eliminated. If we still look upon them from the view held at the beginning of Liberation or even from the view of the reactionary period, this will not correspond to reality and will be unsuitable.  

Citing wu fan statements by colleagues, critics accused Chang of a series of factional activities said to have occurred between 1949 and 1951. On arriving in Peking, Chang, Huang Jen-lao and a third person are said to have spread disruptive and disunifying opinions. Chang reportedly stated that the United Front Work Department "..was making small social circles within the CDNCA." 13, and criticized two kinds of people in the CDNCA: "..the type that are CCP personnel.." and ".. the type that are non-Party personnages that follow CCP leadership.. for their individual benefit.." 14

Chang's critics suggest that wu fan colleagues brought to light major factional activities undertaken by Chang in response to the reorganization of the CCP undertaken in April, 1950. 15 At that time, Chang is said to have resisted the infiltration of
CCP members into the CDNCA, arguing concerning "who should lead, educate, direct and transform them (the businessmen).." that,

This can be understood as those advanced elements (in business circles) with foresight and vision undertaking to unify with all the backward, pitiful businessmen to help, teach and transform them...The National Construction Association belongs to them (businessmen). The role of revolutionary youth and intellectual cadre is only to serve them.16

Such statements and incidents show, argue his critics, "...that not only could he not place himself under the Party's leadership, but also he could not accept the help of the revolutionary youth and intellectual cadre in carrying out transformation of businessmen, for he only wanted the Association (CDNCA) to be turned into a pure capitalist class party."17

Chang's critics repeatedly cite alleged "factional activities" occurring between 1952 and 1956. Chang is accused of building a "right wing clique" within the CDNCA throughout this period, a clique formed of "traitors, spies and persons known to the security forces..."18 He is also accused of empire-building in the CDNCA, of having a member of his clique named General Editor of the CDNCA journal Min Hsun, and another clique member named Head of the Propaganda Department of the CDNCA.19 It is said that he used control of these two branches of the CDNCA
to extend his own influence within the Association. Through such acts, he subverted the CDNCA for his own ends.

Throughout the 1952-56 period, Chang reportedly consolidated his influence among the "reactionary elements" and acted to protect his clique. Throughout this period, Chang allegedly protected his clique members from punishment for pre-Liberation "crimes" and business "crimes" uncovered in the "Five Anti" Movement. He is said to have supplied his political supporters with positions, money and political backings, and to have demanded in return their complete loyalty. His critics state that he "..took advantage of people's weaknesses to win them over.." and used "feudal bureaucrat vows and small favours to win their loyalty."21

The motive behind Chang's factional activities, his critics charge, was his desire to unseat and replace Huang Yen-p'ei as Chairman of the CDNCA. To this end, Chang is said to have undertaken a long term program to undermine Huang's grass roots support, a program of "..forming secret alliances with upper level personnages in business circles, especially in large cities where they were comparatively concentrated.."22. Chang is said to have collected secret files on Huang, and to have tried to use the materials in these files to force Huang to resign.23 He is also said to have circulated a petition
calling for the resignation of Huang and the naming of himself as "Chairman".\textsuperscript{24} In his attack on Huang's faction, Chang allegedly "...blackmailed people having illicit sexual relations", and during the "Five Anti" Movement, he allegedly tried to disrupt leadership unity by telling one member that another was trying to have him dismissed.\textsuperscript{25}

A charge frequently voiced concerning Chang's alleged factional activities was the use by Chang of threats of investigation. Chang reportedly often used the threat of demanding an investigation of factional activities by the government as a measure against Huang Yen-p'ei and the opposing faction, and is said to have submitted letters to Li Wei-han (Head of the United Front Work Department) demanding an investigation of the factional activities of Huang and his supporters.\textsuperscript{26} At one CDNCA Congress, Chang reportedly "tried to use the threat of investigation of factional activities to obtain support from the Central Committee (of the CDNCA) for his leadership.".\textsuperscript{27} Charges and counter-charges of factional activities are a major theme found in the criticisms of Chang's activities in the 1952-57 period.

Chang Nai-ch'i in 1955: Resistance to the Transformation of Industry and Commerce
In 1955 the Chinese leadership undertook to accelerate urban and rural "socialist transformation"; the elimination of private enterprise and ownership and its replacement with a rational, state planned and operated economy. In the countryside, socialist transformation took the form of the co-operativization movement while in the cities it was a movement to public-private joint operation. Socialist transformation in urban areas was to be undertaken "simultaneously" with socialist transformation in the countryside. Throughout 1955, the rapid formation of rural co-operatives placed pressure on urban officials to accelerate the development of public-private joint operation. The acceleration in the cities took place in two stages: the general acceleration to complete joint operation in two years instead of twenty and the move to trade-wide joint operation in order to complete joint operation within weeks. The leadership of the CCP was not unanimous in its opinion on the timing and execution of either acceleration.

In early 1955, debate began on the need to accelerate urban and rural socialist transformation. Mao Tse-tung, with the support of many left-leaning CCP leaders, argued that spontaneous growth of "capitalism" was threatening to undermine the development of a planned, socialist economy, and that immediate action to proceed towards a higher stage of socialism and greater state ownership was the only means to forestall a
complete reversion to a "capitalist", chaotic private ownership economy. The opponents to this line argued that the Party did not have ample skilled cadre to undertake more extensive state control of the economy, and that the persons to be affected by such a change such as businessmen had not been adequately prepared for such a change, and did not have an adequate "socialist consciousness". Thus, they argued, such a change at that time would seriously damage the development of the Chinese economy. The existing capitalism, they argued, could be safely used for a bit longer to develop the Chinese economy. Of this group, Mao Tse-tung was to say,

A new upsurge in the socialist mass movement is imminent throughout the countryside. But some of our comrades are tottering along like a woman with bound feet and constantly complaining, "You're going too fast." Excessive criticism, inappropriate complaints, endless anxiety and the erection of countless taboos - they believe this is the proper way to guide the socialist mass movement in the rural areas.

Though Mao Tse-tung did support the general acceleration, there are indications that he did not support the acceleration of the "Socialist Upurge", the trade-wide joint operation of all industry and commerce undertaken in January, 1956. The "Socialist Upurge" was apparently started by the Peking CCP Municipal Committee, and was said to have been criticized by Mao in private.
The origin of the "Socialist Upsurge" has been explained in terms of the leader's inability to control lower level cadre radicalism once the acceleration process had been started. Contradictory editorials in Jen Min Jih Pao during November and December, 1955, concerning the merit of further acceleration, suggest that the problem lay also at the highest levels.

Debate on the merit of a general acceleration of the joint operation process was also carried out in industrialist and merchant circles. Here, debate centered on the issue of the evaluation of the capitalist class. Chang's critics suggest that debate over the evaluation of the capitalist class became intensified during the November, 1955 CDNCA Congress, and that the issue was the topic of Mao Tse-tung's pre-Congress (October 29, 1955) discussion with CDNCA delegates (unrecorded).

Speeches made at the First CDNCA Congress (November 1955) by Chang Nai-ch'i and Huang Yen-p'ei (Chairman of the CDNCA) illustrate differences concerning evaluation of the capitalist class, and thus differences over the issue of acceleration.

Huang Yen-p'ei, in his speech, pictures the capitalist as a hinderance to industrial and social development. He sees
"lawbreaking" activities as being on the increase, the relations between capitalist and working class as becoming more antagonistic, and anarchy and lawlessness undercutting continued development of a rationalized, socialist economy. Businessmen, he suggests, are becoming more conservative and resistant to change with the continued existence of the private sector, and thus immediate further socialist transformation is needed, Huang states, for example,

After the nation-wide Liberation, it (capitalism) has made certain developments blindly, and part of it, in varying degrees, has shown itself to be more and more against the needs of the people and the state plan.36

Chang, in the "Work Report of the CDNCA" delivered at the Congress, argues that emphasis should be placed on more fully utilizing the capitalist class, and not on further untimely measures towards socialism. He states that "the vast majority of industrialists and merchants are truly law abiding and patriotic, and consequently accept the control of the state organs and the guidance of the state-operated economy."37 Difficulties, he argues, are caused not by businessmen's resistance to the state-run economy, but by the unwillingness and inability of the ACFIC, CDNCA and other business organizations "..to fully utilize the national bourgeoisie and to make them play an active role."38 The principal problem, he argues,
is not the continued existence of the capitalist (private) sector, but problems of mobilizing the businessman due to "..the style of subjectivism, formalism, onesidedness and generalization.." found among Party personnel in business organizations, and within the CDNCA in particular.

Chang's critics argue that in the debate on political line at the First CDNCA Congress, Chang "put forward a dangerous argument". This argument was allegedly based on his belief in elevating the role of the businessman, and his encouragement of the private businessman to "raise his head..", or take a more active role. The principal element of Chang's thesis is his alleged belief that the CDNCA should be termed a "red capitalist class party" and that industrialists and merchants should be termed a "red capitalist class". After his reading of the "Work Report of the CDNCA", Chang is said to have stated "off the cuff" that,

The Chinese national bourgeoisie is a red capitalist class and the CDNCA is a red capitalist class party.

The implications of this theory, according to Chang's critics, are that "the Chinese national bourgeoisie was a class which did not need transformation.." and that "..the CDNCA as a 'red' capitalist party should be allowed to 'share the house' (share
power). No further reference is made to Chang's statement by his critics, and no reference to this statement can be found in TKP, JMJP or KMJP accounts of the First CDNCA Congress. A reference to "red capitalist class" can be found, however, at the Second CDNCA Congress in November, 1956.

Chang Nai-ch'i's critics further report that Chang passively resisted the decision revealed at the First CDNCA Congress to further accelerate socialist transformation. Chang allegedly "distorted" Mao's unrecorded statement at the meeting prior to the Congress, and, based on this distortion, demanded that the "raising of heads" be recognized as the central goal of CDNCA work in the closing statement of the First CDNCA Congress. Chang is cited as stating:

When Chairman Mao convened his meeting with us, his most important point was raising of heads in industrialist and merchant circles, and he asked us to emphasize this in the meetings to follow. At present, the problem of industrialist and merchant circles is their inferiority complex, and that they have not raised their heads. People of industrialist and merchant circles are citizens, and they have the rights of citizens, and they certainly should be able to raise their heads. The problem of raising heads certainly should be discussed at the closing session (of the First CDNCA Congress).

Chang was also accused of "anti-socialist thought", based on activities and statements by him in the small group discussions held during this Congress. Critics argue that Chang rejected the theme of businessman dependence on exploitation, and countered
that, prior to Liberation, businessmen could only "follow the dictates of reality", and that stressing "exploitation" was too rigid an interpretation of Marxism. Chang allegedly concluded that "the goal of the Chinese capitalist was certainly never solely materialist, but was pursuit of higher achievement."

Chang's critics perceive that the issues and arguments raised by Chang during this Congress constituted opposition to the general acceleration policy and the "Socialist Upsurge" of January, 1956.

Chang in 1956: Misrepresentation of the "Ten Great Relationships"

The "Socialist Upsurge" in January, 1956 created serious alienation and disenchantment in both intellectual and business circles. Production in private business almost ceased, and participation by private businessmen in the Chinese economy fell. In response, the State Council, the highest body of the Chinese government, was forced on February 8th, 1956 to issue a directive halting any further reorganization and "transformation" in private businesses for six months.

In January 1956, Chou En-lai, in "On the Question of the Intellectuals", unfolded the direction which the Hundred Flowers policy was to take. Emphasis on structural changes in the economy (ie. change of ownership and rationalization of the
economy) changed to emphasis on using existing production capacity and more fully utilizing intellectuals and businessmen. Material conditions were improved and intellectual freedoms widened. Emphasis was changed from study and ideological development as a precondition for work, to work and study as the road to ideological development. Ideological "consciousness" was sought through the free interaction and debate of widely varying ideologies instead of through "persuasive education".

Within three months, a Hundred Flowers policy of expanding the role of the intellectual and expert in the economy and the arts was complimented with its political counterpart, the policy of "Long Term Co-existence and Mutual Supervision". This policy proposed the encouragement of the continued existence of democratic parties, and, bluntly, their enhancement as a counter-force to Party and government organs. This counter-force was to be used, according to Mao, in a new program to reorganize the Party and government. In April, 1956 in his speech, "On the Ten Great Relationships", Mao said,

As things are now, it would seem to be better to have several parties. Not only was this so in the past, it may very well be so in the future too, right up to the time when all parties wither away. Long term co-existence and mutual supervision between the Communist Party and the various democratic parties had advantages...
...But it (proletarian dictatorship) must oppose bureaucracy and it must not have an inflated establishment. I propose that the Party and government organs should be streamlined and that 2/3rds of their number should be axed.51

In this process, members of democratic parties were to be used "in order to mobilize them in the cause of socialism".52 Under "Long Term Co-existence and Mutual Supervision", democratic party and non-party individuals were to be encouraged to openly examine the function of the state's and the Party's operations, and to uncover and criticize any wrongdoings that were found. In "On the Ten Great Relationships", Mao Tse-tung explained,

..We want to permit the people in democratic parties to express their criticisms. We will accept any idea which makes good sense, no matter who puts it forward. This is advantageous to the Party, state, the people and socialism.53

In "On the Ten Great Relationships", Mao Tse-tung called on the CCP Provincial Secretaries to "put measures in hand to carry this work forward".54 At the same time, he called on democratic party leaders, such as Chang Nai-ch'i, to carry this policy to democratic party members and to encourage non-party persons to come forward with their criticisms.

In late May, 1956, Chinese newspapers were reporting a hesitancy by Party members to accept the new policy of "Long Term...
Co-existence and Mutual Supervision". Resistance to the new policy by some democratic party members and leaders was also reported. A KMJP Editorial stated that criticism was being restricted by democratic party leaders who "...have a bourgeois belief in authority...and are accustomed to making all views yield to one supreme authority..", and added that "...many democratic party members are known to be plagued with misgivings.."). Similar reports can be found in the Chinese press throughout this period.

In the CDNCA, as in other democratic parties, evidence suggests that "Long Term Co-existence and Mutual Supervision" was not only resisted, but also ignored. Reports in the press of local CDNCA meetings in May 1956 give no indication that such a policy was being implemented. For example, in a report of a meeting of the Shanghai Municipal CDNCA, the central task to be pursued is said to be "to strengthen education in political thought for industrialists and merchants, to augment the ranks of the backbone elements and to assist the government in thoroughly achieving socialist transformation." Mention of developing criticism or "Long Term Co-existence and Mutual Supervision" is notably absent.

Resistance towards "Long Term Co-existence and Mutual Supervision" and the State Council's desire for democratic party
participation in the policing of the government's industrial and commercial ministries led to the convening of a series of State Council-sponsored democratic party forums. One such forum was the July 12th, 1956 CDNCA Central Committee Forum held to discuss "Long Term Co-existence and Mutual Supervision". This meeting was attended by a number of high Party officials, and was held specifically to discuss and criticize the work of the CDNCA in implementing this policy. Chang Nai-ch'i was present.

Newspaper accounts of the discussion of the July 12th forum show differing opinions as to how "Long Term Co-existence and Mutual Supervision" should be implemented. One view stressed the importance of Party leadership, and expressed the fear that "mutual supervision" and democratic party criticisms might get "out of hand". Proponents of this view stated that "mutual supervision could not be divorced from the aims of building socialism...nor could it be explained as 'mutual opposition'". They further argued that "it was necessary first for the Association (CDNCA) to strengthen itself, and necessary for the constituent members to (first) elevate themselves (their political consciousness)..." prior to implementing "mutual supervision".

The opposing opinion argued that there should be no hesitation
in the implementation of "mutual supervision" and criticism of Party and government wrongdoing. This view argued that it was "...unnecessary to fear that mutual supervision would become mutual opposition, or to mention the opinion of 'mutual opposition', which might affect the correct elucidation of the policy and the bold supervision of all the democratic parties."61 This view held that "...in spite of the defects, it is still possible to conduct supervision over the Communist Party."62, and furthermore, that supervision and self-development had to evolve together:

To strengthen the Association itself and to supervise the Communist Party are parallel and simultaneous. It is thus unnecessary to carry out the former first, and then the latter...63

At the CDNCA Forum of July 12th, a criticism of the CDNCA Central Committee leadership was given by Ch'en Yi, a high CCP official. He stated that "the collective leadership of the Central Committee (of the CDNCA) is inadequate and their democratic workstyle is insufficient.", and he called on the CDNCA Central Committee "to strengthen collective leadership and start criticism from the bottom to the top."64 Concerning "Long Term Co-existence and Mutual Supervision", he added that the Central Committee (of the CDNCA) had been guilty of "...the error of carrying forward work without any speed or decisiveness."65 Much of the CDNCA Central Committee,
it would appear, was guilty of resisting "Long Term Co-existence and Mutual Supervision".

At this meeting, Chang's position is made clear by the few words of his that were recorded. He stated that "...if the Association was afraid of democracy, it could not be expected to take up the responsibility for 'Long Term Co-existence and Mutual Supervision'".66

The criticisms of Chang Nai-ch'i pertaining to "Long Term Co-existence and Mutual Supervision" center on his promotion of the policy during local inspection tours undertaken somewhat earlier, in May, 1956, at the request of the National People's Congress.67 Concerning the tours, Chang's critics state that "...after the 20th Party Congress (of the USSR), Chang tried to disseminate poisonous ideas in Peking, Shanghai, Tientsin, Paoting, Hangchow and Kwangchow and various other localities, using an unlimited number of sleights of hand, such as distortion, twisting of words and clouding of issues."68 Chang's critics describe in detail the content of the talks Chang gave while on the tours.

In the first part of his talks, Chang allegedly began by stating that his intentions were to help industrialists and
merchants "...destroy capitalism and establish socialism...", and that using this as the central goal, he would discuss Chairman Mao's "Ten Great Relationships". He then reportedly discussed encouragement of "opening wide", and related "opening wide" and the right to criticize the CDNCA, Party or government to the problem of the "inferiority complex" of industrialists and merchants and the need to develop their positive side. He stated that "opening wide" was only being half-followed at the present time because it was possible to "open wide" only in self-criticism, but not to "open wide" in criticism of the Party and government.

In the second part of his talks, Chang's critics state that he emphasized the importance of democratic freedom. He discussed democratic freedom in terms of Party and non-Party relations. He allegedly stated that Party personnel are the organizers of the masses, and not their "venerated teachers", that Party and non-Party had to be considered equal, for if unequal, there could be no democracy and that some people were afraid to speak due to intimidation by Party members. He reportedly ended the second part of his discussion by stating that following the "Socialist High Tide" (January, 1956), the goal of the revolution was to permit the largest possible scope of democratic freedom, and that the basic means of
developing this freedom was the policy of mutual supervision between the CCP and the democratic parties.71

In the third part of his talks, his critics state that Chang attacked those persons who try to "discount" the Party's policy of "Long Term Co-existence and Mutual Supervision". He related this problem to the workstyle of the leadership of the ACFIC and the CDNCA. The leadership of these two organizations, he is quoted as saying, had serious dogmatism in their workstyle, and were "'left' in form but right in essence".72 He stated further that within the CDNCA there was mysticism, a personality cult and sectarian activities, and that, for these reasons, he was going to ask for an investigation of the leadership of the CDNCA at the Second CDNCA Congress.73

The principal charge against Chang was that he put forward his own ideas in the guise of being those of the "Ten Great Relationships". In this way, his critics argue, Chang was able to "cause people not to know which were Chairman Mao's words and which were his own..."74 He was specifically accused of refusing to make available a written copy of the "Ten Great Relationships" at the talks in order that he could more easily substitute his own words and ideas.75 Chang's critics argued that Chang, in particular, purposefully warped the passage in the "Introduction" to "Ten Great Relationships" which stated
that it is necessary "to mobilize all positive elements and all available forces..." Chang allegedly used this passage to stress his own ideas concerning the need for the "capitalists" to "raise their heads" and the need to develop the positiveness of the businessman.

Chang's critics suggest a number of motives behind the misrepresentation of the "Ten Great Relationships". One critic says that Chang's goal was simply to "by any means possible, preserve the old capitalist system..." Other critics charge that Chang's attack on the CDNCA in his talks showed his continued desire to seize the leadership of the CDNCA, thus proving that Chang was using the "talks" for "factional attacks".

The critics show restraint and caution in their charges that Chang's "talks" deviated from the intent of the "Ten Great Relationships". They make no attempt to examine his statements against the relevant section, "Relations between Party and non-Party". Also, the charge of not presenting a written copy of the "Ten Great Relationships" for use during the "talks" is questionable, as they were unable to use the body of the document in their criticisms for the very reason that it was not a public document, and was not made public until 1975.
The late summer and fall of 1956 witnessed a growth of resistance by many Party leaders and the bulk of Party members towards the policy of "mutual supervision" and criticism of Party members. At the CCP Eighth Party Congress in September, Party members were noticeably cold towards the sections of Mao's introductory speech in which he discussed the need to work with non-Party people and the need to combat bureaucratic evils. In the Chinese press, a new theory on class contradiction was put forward to blunt the drive for a rectification of Party and government members.

At the CCP Eighth Party Congress, the Chinese leadership set out to put forward a unified position on liberalization, the role of non-Party members and the democratic parties, and the necessity of an informal Party rectification and criticism process. MacFarquhar has shown that on the issue of who should supervise CCP members and whether popular criticism (i.e. the "mass line") was a necessary component of good leadership, significant discrepancies in leaders' speeches can be found.

In the press, a significant discussion began concerning the continued existence of "contradictions" in Chinese society
after "socialist transformation". One such article, printed in JMJP on September 14th 1956, was "The Antagonism in Contradiction Between China's Working Class and Bourgeois Class is Vanishing". These arguments stressed that with the change in control of the "means of production" from private to state control, "class struggle" and ideological development through more violent techniques were no longer necessary. This argument further stated that emphasis on political change and development should be changed to emphasis on economic development and better operation of the economy. On the one hand, this argument was popular with the intellectuals and businessmen because it negated "class differences" between them and the greater society, and suggested that they could play a greater role in society. On the other hand, though, the argument suggested that further political activities, such as Party rectification and Party supervision, would interfere with "economic development". Mao Tse-tung was said to have been angered when this argument was slipped into the Resolutions of the Eighth Party Congress.

Mao's displeasure was not prompted by a penchant for doctrinal quibbling. The distinction between the two formulations had important policy implications. The political resolution effectively stated that the main task of the CCP was now economic development, the political structure needed no further correction. This in turn implied that the CCP was not in need of rectification.
This argument led to a great deal of confusion in intellectual and business circles. In November 1956, following the Eighth Party Congress, the Second CDNCA Congress was convened. Current Chinese newspaper accounts of the Second CDNCA Congress are available. Both Ta Kung Pao and Kuang Ming Jih Pao have extensive coverage of the meeting, the Ta Kung Pao account being particularly revealing and extensive. Accounts of meetings held in the aftermath of the Congress also indicate the context and unanimity of the Congress.

The Second CDNCA Congress was preceded by fifteen preparatory meetings of the Enlarged Central Committee of the CDNCA, held between October 11th and October 29th. These meetings were held "...to discuss issues concerning the implementation and realization of the political line of the CDNCA..." and to decide issues and iron out differences prior to the Second CDNCA Congress. The Second CDNCA Congress began on November 5th 1956, and lasted for twelve days. One hundred and twenty five CDNCA members attended the meeting. At the meeting, the "Work Report of the CDNCA" (notably, not given by Chang Nai-ch'i) was read and discussed. Later, issues concerning ideological interpretation and the work of the CDNCA were discussed by CDNCA, Party and government speakers, then placed on the floor for general discussion. Delegates were permitted to
speak at the larger meeting, or to discuss their thoughts in small group meetings (workshops). 86

According to newspaper accounts, a central issue was the "dual nature" question. The dual nature concept stressed that the Chinese "bourgeoisie" (including businessmen) had both a positive and a negative side, so that it was at once necessary to "struggle" with them to change their "capitalist" habits, and at the same time, "unite" and befriend them in order to use their capacities as business experts and entrepreneurs. It was assumed that the negative or "capitalistic" side of the Chinese businessman was related both to the private ownership and control of factories, and to the "capitalistic" thought and practices that had been learned by the Chinese businessman in the past. The central issue was whether the "socialist transformation", or change in control of private businesses, meant that the negative side of Chinese businessmen was no longer significant, and thus that the "dual nature" of the Chinese businessmen effectively no longer existed. This debate was closely related to the debate on the continued existence of "contradictions" in post-Socialist Transformation China.

Both the TKP and KMJP accounts of the Congress make reference to the "absurd theory" put forward that the "national bourgeoisie" no longer have a "dual nature". The TKP account states
that "...the question of how to correctly evaluate the dual nature of the national bourgeoisie arose from the discussion concerning the 'Work Report of the CDNCA', and was of grave concern to everyone...". This led to "heated and enthusiastic discussion" both within the large meetings and within the small group discussions. One group of members was said to take the view that the "dual nature" of the capitalist "national bourgeoisie" no longer existed.

Some people put forward (the argument) that after the High Tide of Socialist Transformation, the dual nature of the Chinese national bourgeoisie had already vanished following the change in production relations. They stated that if we say the passive side still exists, even if only in thought and workstyle, if we now again put forward the negative side of the dual nature, we will then obstruct the development of the positivism of the private side personnel...

"The vast majority", according to the KMJP, held the opinion that the dual nature continued to exist. One advocate of this position at the Congress stated this position as follows:

As the capitalist class elements at present still have not become separated completely from their position as exploiters, capitalist thought and workstyle must still exist. Men's thoughts generally follow their economic position...Although the content of the dual nature of the capitalist class has undergone change, it still exists. If we think that the passive side is no more, this can only interfere with the ideological transformation of the national bourgeois elements.

Along with this argument, an argument on how to implement
"Long Term Co-existence and Mutual Supervision" was reported. This argument was similar to the lines previously discussed. The central issue was whether "Party leadership" or "mutual supervision" was necessary. The minority side argued that "mutual supervision" should be carried out unhindered by any constraints. The majority side reasoned that all "mutual supervision" had to be directed by the Party.

Accepting the leadership of the CCP is synonymous with mutual surveillance. Only by correctly accepting the leadership and surveillance of the Party can we overcome our weaknesses and errors, and then be able to correctly develop our mutual surveillance function.\(^1\)

The adopted resolutions of the meeting confirmed the argument of the majority. The resolutions were said to be in agreement with the views of the Standing Committee of the CDNCA, and were said to represent a consensus that was binding on all members. The resolutions stated that "..concerning different viewpoints on these matters of principle, they are no longer to be considered as different opinions of a purely theoretical nature, but involve the very political line of the Association, and must be considered different standpoints concerning questions of principle."\(^2\) The resolutions found that "..mutual supervision certainly cannot be understood as being the same as the 'democratic' politics of any capitalist system...", and
stressed the need for "..loyal acceptance of the leadership of the CCP."\textsuperscript{93} The continuation of the "dual nature" conception of the businessmen was also upheld. The "mutual supervision" question and the "dual nature" debate were connected together in the resolutions:

The correct evaluation of the Chinese national bourgeoisie at present is of concern not only in the issue of causing the national bourgeoisie to advance their acceptance of socialist transformation, but furthermore, necessarily concerns the correct disposition of relations between the capitalist and working class and thus, after the putting forward of the policy of "Long Term Co-existence and Mutual Supervision", to the recognition of the need to accept the leadership of the working class, and their advanced guard, the CCP.\textsuperscript{94}

Proponents of the majority opinion cited documents and speeches from the Eighth Party Congress to support their case. They argued that Li Wei-han, in his speech before the Eighth Party Congress, acknowledged the continued existence of the dual nature when he stated that "..they (the national bourgeoisie) have a dual character with regards to the revolution, whether democratic or socialist..." and "..China's national bourgeoisie is an extremely vacillating and flabby class..."\textsuperscript{95}

The firmness of the resolutions put forward at the end of the Second CDNCA Congress would suggest that the "dual nature" issue and the interpretation of "Long Term Co-existence and
Mutual Supervision" had been decided. In fact, as the Congress was ending, the "dual nature" issue was turning into a heated debate in Shanghai.

From November 10th to November 30th, a series of meetings were held and a series of articles published in the local Shanghai paper Hsin Wen Jih Pao. According to the Editor of KMJP, the discussion was started by the First Class of the Shanghai Industrialist and Merchant Circle Political Study School. At the "Special Question Meetings" this group convened, the majority of participants was said to think that "the dual nature of the national bourgeoisie basically does not exist." Supporters of this argument, according to newspaper reports, cited the CCP Eighth Party Congress resolutions to support their case, stating,

In the CCP Eighth Party Congress documents, it has already been put forward that the contradiction between the working class and the national bourgeoisie has basically been resolved. Thus, the negative side of the national bourgeoisie which hurts the interests of the working class also, it must be said, basically does not exist.

On January 3rd, 1957, a similar meeting to discuss the dual nature question was held in Tientsin by the Tientsin Industrialist and Merchant Circle Affairs School. Opposing opinions on the issue were reported in the newspaper account. Significantly,
whereas in previous accounts, opposing opinions were referred to as expressions of pu, or "groups", participants of opposite opinion at this meeting are referred to as p'ai, or "sects" or "factions".99

Although Chang Nai-ch'i is said to have attended the Second CDNCA Congress, his name does not appear in Chinese newspaper accounts of the Congress. It is noteworthy, though, that no member of the Central Committee of the CDNCA was quoted as participating in the contentious debates. Chang's critics do point out that he influenced the Second Congress by an article he published in Min Hsun, the internal CDNCA journal, called "Opinions on Dual Nature, Ideological Education Work, the Habits of the Party and Other Questions of Principle".100 Also, whether he was present or not, newspaper accounts record apparent attacks on Chang. For example, Feng Ti-yun, a participant at the Congress, linked the "dual nature" theory with the 'poisonous' red capitalist class theory. He stated,

Today, when the socialist system is not completely realized, the putting forward of the theory of the non-existence of the negative side is, towards the socialist revolution, the rubbish of the "red capitalist class".101

Nothing further was published at the time concerning Chang's involvement in the Second CDNCA Congress.
Chang Nai-ch'i's involvement in the Second CDNCA Congress is the center of his critics' examination of his activities between 1949 and 1956. Almost twice as many references are made to his involvement in the Second CDNCA Congress as were made to the First CDNCA Congress and the "Ten Great Relationships" related inspection tours combined. Concerning the Second CDNCA Congress, Chang's critics emphasize his unorthodox theories, his factional activities and his opposition to the study of the CCP Eighth Party Congress documents.

First and foremost, Chang's critics attacked the "radical theories" that Chang put forward at the Congress. His most significant ideological statement, according to his critics, concerned the "dual nature" theory, and he is said to have brought the theory forward at the Congress.  

102 Chang allegedly stated that "...after trade-wide joint operation, the so-called dual nature of the Chinese national bourgeoisie ceases to exist..."  

103, and to have further argued that "...the national bourgeoisie in China is a revolutionary class..."  

104 He is reported as attacking the "dual nature" concept by arguing that the capitalist class was no longer capable of vacillation, and that this concept contravened Party policy, telling Congress delegates,

Comrades, please listen to me. I certainly cannot advocate the weakness and vacillation of the national bourgeoisie, for the Party enthusiastically awaits our all becoming strong, and does not again want our weakness and vacillation..."  

105
Other "anti-Marxist", "anti-Party" theories were allegedly put forward by Chang at the Congress. His critics reported that Chang had stated that the "present policy" of "unity and struggle" towards businessmen was unnecessary, and that "rending the womb and dismembering bones" transformation was no longer necessary because the national bourgeoisie could not again become "reactionary". Education and transformation, Chang reportedly argued, should not be geared to alienate and terrify businessmen, but to allow them to "raise their heads". He is cited as arguing that it was no longer necessary for the Chinese businessman to try to emulate the working class, and that the model businessman should be emulated, that the businessman "..must first learn from model personnages in the national bourgeoisie, and it is not necessary to learn from the excellent cases from the working class.." His critics argued that his fear of "struggle", or more coercive political education, was the same as fear of Marxism, and his unwillingness to accept proletarian models was equivalent to unwillingness to accept the leadership of the working class and the CCP.

"Factional activities" undertaken by Chang during the Second CDNCA Congress were also a major concern of Chang's critics. Critics alleged that Chang organized a letter-writing campaign
to remove highly placed Party-supported members within the CDNCA.\textsuperscript{111} They also noted demands made by Chang during the Congress to Li Wei-han and others for an investigation of "factional activities" associated with the Party-supported faction within the CDNCA.\textsuperscript{112} This, they argued, was part of Chang's policy of resisting Party leadership and "keeping a respectful distance" in relations with the CCP.\textsuperscript{113}

Factional struggles occurring within the Congress meetings themselves are reported by Chang's critics. Critics state that when Chang placed his theories before the Congress, everyone recognized their "absurdity", and immediately, "everyone wanted to help him rectify his errors."\textsuperscript{114} Chang is said to have rebuked his colleagues, stating that their criticisms showed merely "...the anger in their hearts towards him."\textsuperscript{115} He is also alleged to have attacked Li Wei-han (UFWD Head) and Hu Tse-hsin (Vice-Chairman of the CDNCA) for criticisms of him at the Congress, and to have been especially critical of Vice Premier Ch'en Yun for his criticism of Chang's "red capitalist class theory".\textsuperscript{116}

During the Congress, Chang again came under attack by his colleagues for "illegal business activities" associated with the Upper Szechuan Company, state Chang's critics. He
reportedly underwent small group criticism and self-criticism during the Congress for continued operation of the Upper Szechuan Company. At the meeting, it was pointed out that, at the end of 1955, he distributed funds from the sale of production facilities in Hong Kong, made no account of these funds to the General Tax Bureau, and simply split the funds among shareholders of the Upper Szechuan Company. He is also said to have forced a debtor to use part of a government loan for the development of the business production capacity to pay off a debt to him, thus wrecking government plans and policies. Lastly, during the joint operation period, Chang is said to have given bribes to state cadre involved in property assessment and public-private joint operation committees. His critics acknowledged that these "bribes" were looked upon by Chang as gifts to impoverished friends, but argued that money was given to them in order to conceal illegal actions and prevent discovery and joint operation take-over of the Upper Szechuan Company. In this, according to his colleagues, Chang had resisted public-private joint operation and the socialist "High Tide."

It appears that Chang fought back against these accusations. He is reported to have attacked the CDNCA leadership, accusing them of stifling "democratic activities", and stating that their line on "mutual supervision" can't but appear as
opposition to the (CCP's) political line. He allegedly rejected the resolutions supported by the Party-supported faction, stating that "..ideological questions cannot be decided by resolutions." At the Congress, he is said to have attacked the CDNCA leadership for their factional activities, and to have demanded that the leadership be replaced so as to eliminate this factionalism. He is reported as telling Congress delegates,

The plot of the factions can be summed up in 12 words: the struggle for power and benefit, clinging to the warmth, and flattering and toady ing.

Chang's critics claim that such "attacks" were made to mask his own illegal and factional activities, and to attempt to "seize the leadership" of the CDNCA.

Another area of criticism of Chang during the Second CDNCA Congress concerned alleged obstruction of the study of the CCP Eighth Party Congress Documents by CDNCA members. Chang's critics argued that the Eighth Party Congress Documents showed Party disapproval of Chang's views on "mutual supervision" and the "dual nature" issue. Critics state that after the Eighth Party Congress, a popular demand for study of the Eighth Party Congress Documents arose, and popular interest was high. Other democratic parties published directives for
the mass political study of the Documents, but the CDNCA did not. Chang was cited as responsible.\textsuperscript{124}

It is suggested that an internal struggle arose in the CDNCA over the issue of political study of the Eighth Party Documents. Popular demand in industrialist and merchant circles, critics suggest, led to thirty Municipal CDNCA and ACFIC leaders first requesting political study directives by telephone calls to the Central Committee of the CDNCA and then forming a delegation to go to Peking to appeal directly to the CDNCA Central Committee. On arriving in Peking, they found that they were in accord with all CDNCA Central Committee members, except Chang Nai-ch'i. Chang, the critics report, as the Central Committee member in charge of propaganda and the journal Min Hsun\textsuperscript{126}, was purposely holding up notification concerning study plans because he believed that emphasizing study was incorrect.\textsuperscript{127}

The reason for Chang's unwillingness to support political study was given further examination. Chang, it was noted, argued that a campaign of political study directed by Party members and propaganda officers was against the spirit of the Eighth Party Congress resolutions, and that "...China has only citizens; people are equal; therefore I say that this evil workstyle must be opposed."\textsuperscript{128} Thus, Chang is said to have concluded that "...the call to study the Eighth Party Congress Documents is
formalism, and what should be strengthened is encouragement to criticize style. "129 Chang's critics rejected this argument, stating that the real reason for Chang's position was that the Eighth Party Congress Documents categorically denied his theories, rejected his positions and, in particular, supported the contention that "mutual supervision" and "contending" must emphasize "strengthening Party leadership":

Our study of the Eighth Party Congress Documents is in order to better recognize that Party leadership of the road we go is the only way to obtain a real and socialist victory in China, and because of this, we must strengthen our faith in and become more intimately united with the Party.131

Chang, his critics concluded, in pressing his case against the study of the Eighth Party Congress Documents, was in fact showing his opposition to the decisions of the Eighth Party Congress, and thus his fundamental "anti-Party" position.

Chang in Late 1956: The "Conspiracy" at Pei T'ai Ho

Pei T'ai Ho is a resort town bordering on the Pacific ocean and, being in the North East of Hopei province, is in North Coastal China. The town is a vacation resort frequented by high Chinese government and Party officials. Chang Nai-ch'i is alleged to have come to Pei T'ai Ho to meet secretly with other prominent democratic party leaders, including Lo Lung-chi
and Chang Po-chun, to conspire against the CCP and the state. The meeting is regarded by Chang's critics as the beginning of the "conspiracy" uncovered in the May-June Hundred Flowers.

The meeting between Chang and other democratic party leaders is not discussed in detail by Chang's critics. The critics state that Chang Nai-ch'i claimed, at this meeting, to have met with Premier Chou En-lai. Chou is reported by Chang in the critics' accounts to have stated that it might be possible to establish a bicameral Yuan system of government, presumably to allow greater participation by non-Party personnages. Chang also allegedly stated that the contents of Khruschev's secret speech to the Soviet 20th Party Congress (i.e. his criticism of Stalin) could be released. Release of this speech was later to be blamed for instigating student unrest.

The actual date of the "conspiratorial" meetings is unknown. The order of presentation of this vignette in criticisms suggests that the meeting followed the Second CDNCA Congress, and probably occurred in the winter or spring of 1956-7. The main issue examined in terms of the Pei T'ai Ho meeting was the claim of support from high CCP leaders that Chang is alleged to have made later. The critics offer little detailed discussion of the meetings themselves, but simply suggest that
the "conspiracies" revealed by them in the May-June Hundred Flowers involving democratic party leaders and student leaders can be traced to this Pei T'ai Ho meeting.
CHAPTER 2 - FOOTNOTES

1. Wu Mei-mei, source unknown, YPFT, p.87
3. See, for example, his article on Hu Feng in KSC (May 1955)
4. Sun Chi-meng, KMJP (14 July 1957), YPFT, p.14
5. Wu Mei-mei, source unknown, YPFT, p.88
6. Li Wen-chieh, source unknown, YPFT, pp.96-7
7. Sun Hsiao-ts'un, JPJP (19 June 1957), YPFT, p.26
8. Wu Mei-mei, source unknown, YPFT, p.87
9. Li Wen-chieh, source unknown, YPFT, p.98
10. Hu Tse-ang, HWJP (9 July 1957), YPFT, p.42
11. Huang Yen-p'ei, TKP (12 July 1957), YPFT, p.5
12. Sun Chi-meng, KMJP (14 July 1957), YPFT, p.14
13. Hu Tse-ang, HWJP (9 July 1957), YPFT, p.42
14. Ibid.
15. Huang Yen-p'ei, TKP (12 July 1957), YPFT, pp.4-5
16. Ibid.
17. Ibid.
18. Huang Liang-ch'en, source unknown, YPFT, p.101
19. Ibid.
20. Ibid., p.106
21. Ibid., p.101
22. Ho O-méi, source unknown, YPFT, p.67
23. Huang Liang-ch'en, source unknown, YPFT, p.102
24. Ibid.
25. Ibid., p.103
26. Ibid., p.102
27. Ibid., p.103


29. See MacFarquhar, Origins of the Cultural Revolution, Chapter I

30. Ibid.

31. Mao, "On the Question of Agricultural Cooperation", Selected Readings, p.403


33. Ibid., p.25

34. Ibid., p.23

35. Editor, KSC (August 1957), p.9

36. NCNA Peking (1 April 1955), CB 366 (3 November 1955), p.9

37. NCNA Peking (14 April 1955), CB 366 (3 November 1955), p.15

38. Ibid.

39. Ibid., p.13

40. Huang Yen-p'ei, TKP (12 July 1957), YPFT, p.6

41. Ching Shu-p'ing, source unknown, YPFT, p.115

42. Huang Yen-p'ei, TKP (12 July 1957), YPFT, p.6

43. Hu Tse-ang, HWJP (7 July 1957), YPFT, p.42

44. Huang Yen-p'ei, TKP (12 July 1957), YPFT, p.6

45. See, for example, the report on the Second CDNCA Congress, TKP (17 November 1956).

46. Editor, KSC (August 1957), p.8

47. Ching Shu-p'ing, source unknown, YPFT, p.115

48. Editor, KSC (August 1957), p.8

49. MacFarquhar, Origins of the Cultural Revolution, p.25

51. Schram, Mao Tse-tung Unrehearsed, p. 75
52. Ibid.
53. Ibid., p.76
54. Ibid., p.76
55. KMJP (28 May 1956), SCMP 1309 (14 June 1956), p.14
56. NCNA Shanghai (14 May 1956), SCMP 1297 (28 May 1956), p.25
57. Ibid.
58. For the background to the calling of these meetings by the State Council, see JMJP (12 July 1956)
59. NCNA Peking (13 July 1956), SCMP 1342 (2 August 1956), p.4
60. Ibid.
61. Ibid.
62. Ibid.
63. Ibid.
64. JMJP (14 July 1956)
65. Ibid.
66. NCNA Peking (13 July 1956), SCMP 1342 (2 August 1956), p.4
67. Editor, KSC (August 1957), p.8
68. Ibid.
69. Pi Wu-ch'i, KSC (July 1957), p.8
70. Ibid.
71. Ching Shu-p'ing, source unknown, YPFT, p.112
72. Ibid.
73. Ibid.
74. Pi Wu-ch'i, KSC (July 1957), p.8
75. Ching Shu-p'ing, source unknown, YPFT, pp.111-112
76. Ho O-mei, source unknown, YPFT, p.66
77. Ibid.
78. Ibid.
79. Ching Shu-p'ing, source unknown, YPFT, p.112
80. MacFarquhar, Origins of the Cultural Revolution, pp.110-111
81. Ibid., Chapter 9 and pp.112-119
82. JMJP (14 September 1956), SCMP 1399 (29 October 1956), p.30
83. Ibid., pp.30-34
84. MacFarquhar, Origins of the Cultural Revolution, p.120
85. KMJP (17 November 1956)
86. Ibid. See also the TKP account, TKP (16,17 November 1956)
87. TKP (17 November 1956)
88. Ibid.
89. Ibid.
90. Ibid.
91. See "Resolutions Concerning a Number of Questions of Principle at Present", TKP (17 November 1956)
92. TKP (17 November 1956)
93. Ibid.
94. Ibid.
95. KMJP (7 December 1956), as reported by a KMJP staff writer
96. Ibid.
97. Ibid.
98. Ibid.
99. TKP (3 January 1956)
100. T'ien Chung-ling, KSC (August 1957), p.10. The text referred to from Min Hsun (or indeed Min Hsun itself) is not available to me.
101. TKP (17 November 1956).

102. Sun Chi-meng, KMJP (14 July 1957), YPFT, p.18

103. Huang Yen-p'ei, TKP (12 July 1957), YPFT, p.7

104. Hu Tse-ang, HWJP (7 July 1957), YPFT, p.43

105. Sun Chi-meng, KMJP (14 July 1957), YPFT, p.15

106. Huang Yen-p'ei, TKP (12 July 1957), YPFT, p.7

107. Sun Chi-meng, KMJP (14 July 1957), YPFT, p.14

108. Ibid.

109. Huang Yen-p'ei, TKP (12 July 1957), YPFT, p.7

110. Sun Chi-meng, KMJP (14 July 1957), YPFT, p.14

111. Huang Liang-ch'hen, source unknown, YPFT, p.105

112. Ibid.

113. Ibid.

114. Hu Tse-ang, HWJP (7 July 1957), YPFT, p.43

115. Ibid.

116. Ibid.

117. Tzu Yao-hua, source unknown, YPFT, p.89

118. Ibid., p.81

119. Li Wen-chieh, source unknown, YPFT, p.99

120. Sun Chi-meng, KMJP (14 July 1957), YPFT, p.18

121. Hu Tse-ang, HWJP (7 July 1957), YPFT, p.44

122. Ibid., p.43

123. Ibid.

124. Wang Kuang-ying, source unknown, YPFT, p.120

125. Ibid.

126. Huang Liang-ch'hen, source unknown, YPFT, p.106

127. See both Wang Kuang-ying, source unknown, YPFT, pp.119-120; Sun Chi-meng, KMJP (14 July 1957), YPFT, p.17
128. Sun Chi-meng, KMJP (14 July 1957), YPFT, p.20
129. Ibid., pp.119-120
130. Huang Yen-p'ei, TKP (12 July 1957), YPFT, p.11
131. Wang Kuang-ying, source unknown, YPFT, pp.119-120
132. Wang Hsin-yuan, source unknown, YPFT, p.53
133. Huang Liang-ch'en, source unknown, YPFT, p.107
CHAPTER 3:
Chang Nai-ch'i in the May-June Hundred Flowers

Criticisms of Chang Nai-ch'i associated with the May-June Hundred Flowers were made directly after, or even during the May-June Hundred Flowers. Unlike the criticisms examined in the first two chapters, they represent to a large degree an "on the spot" perspective of the events.

Chang in the Spring of 1957: "Contradictions Among the People"

In the spring of 1957, the issues and factionalism that had developed in 1956 began a new phase. The issue of "mutual supervision" and rectification remained in a modified form, as did Party resistance to this policy. This new phase, though, was quickened and intensified by fears of popular discontent and by awareness of a slumping economy.

In the late fall of 1956, public revolt against Soviet rule occurred in Hungary and Poland. The cause was both dissatisfaction with the ruling political party, the Communist Party, and dissatisfaction with material conditions. At the same time, serious outbreaks of popular discontent occurred in China. These outbreaks were associated with demands for better material conditions and grievances against the CCP and the government.
In the spring of 1957, the Chinese economy was experiencing difficulties. The fall harvest of 1956 was very poor. Chinese industry was experiencing serious raw material shortages and bottlenecks, and difficulties in the joint-operated sector. The material betterment advocated in 1956 to stimulate intellectuals and dampen popular discontent could not be pursued.

The text of Mao Tse-tung's February 27th 1957, "On the Correct Handling of Contradictions Among the People" is not available. According to the New York Times account, the central issue of the speech was how to deal with "demonstrations and strikes". In his speech, Mao recognized the economic basis of popular discontent. He showed great concern both with population growth and the concentration of resources on heavy industry. The material demands and expectations of the people were not being met by the state. In terms of work and pay, he stated quite bluntly that "the wages given to three persons must suffice for five persons at least."

While recognizing the material basis of popular discontent, he also recognized that popular discontent could not merely be halted through the use of terror or discipline. Such methods, he stated, could only lead to "antagonisms of the nation-enemy type as happened in Hungary". He stated that "strikes and demonstrations" were often a product of suppression of difficulties and popular discontent by authorities.
The internal antagonisms should be dealt with as soon as they appear. But what to do if this is hampered by bureaucracy, which in turn leads to strikes and demonstrations? Such incidents should be considered as warning signs to sectors of administration where bureaucracy had made its nest.  

Mao thus suggested that the source of "strikes and demonstrations" was not so much material conditions as the distance between "the people" and the bureaucracy. What was needed, he stated, was a new unity between the people and the bureaucracy built on a process of criticism and "opening wide". This policy meant beginning...

\[...
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...to let all people express their opinions freely, so that they dare to speak, dare to criticize and dare to debate; it means not being afraid of wrong views and anything poisonous; it means to encourage argument and criticism among people holding different views, allowing freedom both for criticism and for counter-criticism; it means not suppressing wrong views but convincing people by reasoning with them. To 'restrict' means to forbid people to air differing opinions and express wrong ideas, and to 'finish them off with a single blow' if they do so. That is the way to aggravate rather than to resolve contradictions. To 'open wide', or to 'restrict' - we must choose one or the other of these two policies. We choose the former, because it is the policy which will help to consolidate our country and develop our culture.10

To implement the new policy of "opening wide", Mao first began a campaign of inspection tours and talks by Party and non-Party personnages. These tours undertook to inspect "democracy" at the grass roots level, to explain the new policy...
announced by Mao, to convince Party members to accept the new policy and to convince non-Party members to participate in criticism of Party members. A goal of these inspection tours was to prepare provincial Party officials and Party members for a formal rectification campaign, a formal institutionalizing of the "opening wide" policy.11 These tours took place in March and April 1957.

Resistance to the policy of "opening wide" and rectification continued at both the upper and lower levels of the Party and government as well as in the democratic parties. The main bones of contention with "opening wide" and rectification, like those with "mutual supervision", involved the question of who should be rectified, and the sequence of rectification. Debate in the CDNCA was indicative of the debate and resistance that ensued.

In late April 1957, CDNCA leaders opposed to a rectification of Party members were able to campaign through JMJP editorial and articles against the soon-to-be announced campaign. An April 22 JMJP editorial, for example, maintained that rectification must first deal with the class characteristics still inherent in the businessman, and that relations between Party and non-Party could only be improved by a Rectification Campaign based on
strengthening the leadership of the public side over the private so as to give them (the private side) the necessary support and help...at the same time, pointing out their (the private side's) errors so as to raise their ideological level and strengthen their sense of direction.12

This editorial cited "continued breaking of the laws (by businessmen)"13 as the principal problem in public-private relations. An article printed in JMJP on April 26, entitled "Industrialists and Merchants Must Strengthen Self-Transformation", restated this argument. The author of the article, who was identified as a CDNCA member, added the difficulties in Party - non-Party relations in business circles were also due to heterodox ideas introduced during the 1956 Second CDNCA Congress. The article explained:

After the High Tide of public-private joint operation in capitalist industry and commerce, at last year's Second CDNCA Congress convened on November 11th, the issue of the continued existence of the dual nature of the capitalist class was put forward. Not a few industrialists and merchants, on hearing this, would not admit defeat. If industrialists and merchants had a dual nature, how could other classes not have a dual nature (they argued). If transformation was necessary, everyone should transform and if transformation was unnecessary, no one should transform.14

Little is known of Chang Nai-ch'i's activities in the spring of 1957. No criticisms are made of his activities during this period. In industrialist and merchant circles, the spring saw popular expression of discontent with joint-operated firms and more forums on the "dual nature" issue,15 but there is no indication
that Chang participated in these. It is known, though, that Chang Nai-ch'i participated in the inspection tours designed to promote Mao's rectification and "opening wide" policy. According to Chang's own account, his inspection tour involvement had a profound effect on him.\footnote{16}

The stated purpose of Chang's inspection tours was to re-establish his connections with the grass root levels and to inspect the conditions and grievances of his fellow businessmen.\footnote{17} Chang visited larger cities in which businessmen were concentrated. In these tours, he examined the material conditions of businessmen, talked with local UFWD and CCP officials and participated in numerous local businessmen forums.\footnote{18}

According to Chang, the inspection tours reinforced his bias against "struggles and mass movements". "Mass movements and struggles", he believed, were necessary in the early days of the People's Republic, but had become counter-productive and "...a restriction on the capacities and wisdom of the Chinese people...".\footnote{19} In his inspection tours, he found that "struggles and mass movements" were alienating many people so that, at present, "...the attitudes taken by certain businessmen are anomolous...". He was more distressed by the effect of "struggles and mass movements" on the health of the individual. He commented on his inspection tours of hospitals as follows:
I have found in my inspection tour of the hospitals that the majority of patients there are 1) those who suffer from nervous break-downs and 2) those whose affliction is high blood pressure. In struggles and movements, both the persecuted and the persecutors, I believe, are liable to be afflicted with these two kinds of diseases. Now that class distinctions have practically disappeared and the attributes inherent in these classes have changed, let us make our way towards those attributes that are common to all mankind. But don't let us lose our humanity.20

Chang in May, 1957: "Factional Attacks" and "Conspiracy"

Among Businessmen

The beginning of the May-June Hundred Flowers, the activities of May, can be generalized as restrained and controlled. Throughout China, forums of intellectuals and businessmen met and received extensive publicity. Longstanding problems were discussed and criticisms were made of the work of some Party officials. In particular, discussion was undertaken as to the source of "walls and moats" between the public and party. The airing of theories outside the accepted frameworks, definitions and logics of the orthodox Chinese marxism was encouraged.

Theories that had once only been whispered among democratic party members received prominence in the Chinese press. The forums and speakers, though, remained restrained and careful.

The Hundred Flowers Movement began with the publication of the
Rectification Directive on May 1, 1957. This Directive called upon all Party members to undergo rectification for mistaken thought and behavior, and invited non-Party individuals to take part in the process of rectifying Party members. The Directive settled the argument of who was in need of rectification, Party members or non-Party intellectuals and businessmen. The Directive also suggested that difficulties in Party - non-Party relations was the central problem to be resolved. Towards this end, forums of businessmen and intellectuals were organized at all levels.

The function of the forums was never clearly stated. Some writers have suggested that the forums were to provide "constructive comment and criticism..." which could help in the rectification of Party members, while other writers have suggested the escape valve function of the forums. Officials involved in the forums only stated that the forums' goals were to "...discuss how to correctly dispose of contradictions among the people..." and "...to clarify right and wrong..." For businessmen, the CDNCA organized forums in all major cities and a central forum in Peking. The content of the central forum was publicized almost daily in JMJP, and the regional forums received sporadic coverage in JMJP, and more extensive coverage in the regional newspapers. In practice,
both forums primarily stuck to practical problems in May. Discussion focused on such problems as public-private relations in the jointly-operated factory, businessmen's employment, interest assessments, and payments for nationalized property.

The regional forums, at least those held in Shanghai and Tientsin, tended to be slightly more radical than the central forum. In these regional forums, a few more radical statements were made and these bubbled forth in the central CDNCA forum. Some of these more radical theories and criticisms were completely spontaneous, and totally unrelated to past CDNCA factionalism. For example, at the Shanghai forum, one member advocated continuing the 5% interest for nationalized property for twenty years instead of the planned seven. Other radical theories were related to prior ideological disputes between factions in the CDNCA. For example, one CDNCA member at the Tientsin CDNCA forum, addressing the issue of ideological education, suggested that the working class should not be used as a model for the behavior and values of the Chinese businessman. In May, such theories usually received more extensive press coverage than they did interest in the CDNCA forums.

Chang's role in both the Central and regional CDNCA forums in May appears to have been minimal. He is recorded as only having made a brief introductory speech at the May 9th, opening of the Central CDNCA forum. His most radical pronouncement in this speech was his call for full "blooming and contending".
Other than this statement, there is no press record of any other statement made by Chang at either the central or regional CDNCA forums, nor any indication that either he or his ideas played a central role in the May forums.

Chang did, as did other democratic party leaders, write an essay concerning the source of difficulties in Party - non-Party relations: "On the Ideological Basis of 'Walls and Moats'." The essay was published without comment in the May 13, 1957 JMJP. Chang attributed these "walls and moats" to such causes as a mistaken belief that the CCP members were "made of special stuff", harsh treatment of non-communists due to the use of the methods of Stalin, the attempt by the Party to "control everything", and the manipulation of factions in democratic parties by the Party in order to control the democratic parties. Given the context, this essay would not have seemed too radical, and it did not receive extensive discussion in any businessman's forum.

Chang did, however, engage in a certain amount of open factional bickering. In a reported May 9, 1957 account of a UFWD forum*, Chang is reported as having attacked a JMJP

*A special forum organized solely by the UFWD for famous non-Party national figures who were active either in the democratic parties or in the pre-1949 patriotic movements.
editorial of April 22. On the transformation of businessmen, citing the editorial, he acknowledged the existence of a similar "theory" in the CDNCA which maintained that the present problems in business circles were a result of the "illegal activities" of industrialists and merchants, and that such "illegal activities" had to be stopped by a "rendering of the womb and dismembering of the bones" rectification of businessmen. But he dismissed this theory as "...paganism and mysticism..."30. He argued that the editorial's stressing of "...obeying the public side leadership..." could have the effect of "...causing private side leadership personnel to be without means for having power, position and responsibility..."31 Chang is quoted as stating that the April 22, 1957 JMJP editorial showed "...suffering from the sickness of dogmatism concerning the national bourgeoisie question..." and reported further as follows:

Chang Nai-ch'i also criticized sectarian activities within the CDNCA. He said that this kind of sectarianism exists without form or substance. Some people exhibit the haughty behavior of the CCP member, and think they act for the Party in implementing leadership. In the National Construction Association, some people with different opinions can't open wide for they fear suffering "encirclement and repression."32

Chang's critics cited both his May 9 statement and "On the Ideological Basis of 'Walls and Moats'" as examples of Chang's "factional attacks". They argued that the use of the phrase
"rending the womb and dismembering of bones" to describe ideological transformation"...was in fact a repudiation of ideological transformation, of its continuing nature and profoundness..."33. Critics singled out the anti-soviet nature of assertions in "On the Ideological Basis of 'Walls and Moats'"34. Other critics suggested that his statements concerning the need for open discussion of Marxism-Leninism and the need for decentralization of responsibilities from the Party was part of an attempt to seize leadership from the CCP,35 and criticized Chang's suggestion that the Party cultivated and used factions within the democratic parties.36 Both statements were attacked as an affront to Party (and thus CDNCA) leadership.

Such statements were considered by Chang's critics as part of a factional attack. The critics accuse Chang of "...using the occasion of helping the Party's rectification to carry out vicious attacks on the Party..."37 and "...resisting the Party's leadership of democratic parties and administrative work..."38. One critic describes the relation between Chang's criticisms, factional struggle and the issue of who should lead Rectification as follows:

Chang Nai-ch'i ridiculed responsible Party leaders within the CDNCA especially after the Party put forward
the policy of "Long Term Co-existence and Mutual Supervision". When a number of comrades within the Party thought that it was necessary to strengthen Party leadership, Chang Nai-ch'i retorted that (this statement) "vulgarized Party policy", was "negativism" and "servile thought".39

Chang was also accused of inciting industrialists and merchants during the forums in May to revolt against the Party. He reportedly incited the common businessman to illegal actions, encouraged unorthodox theories, conspired with regional CDNCA groups, mobilized members of the newly-formed (summer 1956), businessmen's study groups and formed a right wing clique for "reactionary" ends.

Chang's critics accuse Chang of promoting popular discontent among businessmen both inside and outside of the forums. At the forums, Chang was reported as "...using his poisonous tricks to pull back (to the "capitalist" road) industrialists and merchants..."40. He allegedly provoked negative outbursts and disturbances at forums by proposing the "raising of heads", and playing upon businessmens' fear of a "repeat of the Five Antis" and "rending of the womb and dismembering of the bones" - type transformation.41 Some critics argued that he caused businessmens' dissatisfaction in the process of "seeking a market" for his ideas.
Such critics argued that the combination of Chang's popularity, his high position, and previously published essays in *Min Hsun* had created and reinforced excessive material demands by the common industrialist and merchant. Critics examining Chang's effect on pedlars and merchants pointed out that statements by Chang had reinforced the material demands and discontents of these groups. They pointed to Chang's statements that the technical level of public side personnel was low and that "we have nothing to learn from them (the working class) concerning our shops", as inducing pedlars and merchants to think of themselves as special and to demand special treatment. They also cited Chang's statement that "...industrialists and merchants are not given equal treatment as citizens..." as stimulating demands for better material conditions. Such statements by Chang, it was argued, had the following effects on government policies:

Some firms which, in the past, have operated either completely on profit and loss or on joint profit and loss, had completely desired fixed interests and shares, and going a step forward with transformation, since the release of the rightist element Chang Nai-ch'i's erroneous theories, (these firms) have experienced great increases in negative elements. Before accepting fixed shares, they now demand conditions, demand excessively high salaries, etc. Some demand excessive so-called "benefits", and if their demands are not met, demand to be made independent merchants. Some stall merchants, who in past years obeyed market administration, at present no longer wish to obey the authorities.
Chang was also accused by his critics of inciting industrialist and merchant circles by encouraging unorthodox theories and organizing a conspiratorial group to subvert the forums. Many critics try to suggest that all unorthodox utterances and essays coming from the forums were the product of a "group of rightists" led by Chang. The core of this charge was that Chang used his position as CDNCA Director of Propaganda to influence the material published. His critics accuse Chang, in particular, of manipulating the CDNCA journal Min Hsun by "...publishing reactionary essays of his own, carrying anti-Party and anti-socialist essays on the one hand and not carrying essays criticizing these on the other...". It is said that in mid-May he resisted the publication of counter-criticisms of more radical theories in Min Hsun on the grounds that "...it is necessary to be a bit bold; anything can be printed and it is unnecessary to be afraid of errors...". Chang's critics frequently suggest links to writers of more radical theories. He was accused in particular of pressuring Ta Kung Pao, a Tientsin paper, to publish Wu Chin-yueh's essay, "What Can Be Learned from the Working Class". Chang's critics generalize that "...since the beginning of Rectification, he led a conspiratorial movement..." of right wing writers who helped him "...carry out an attack."
Chang allegedly stirred up industrialist and merchant circles by gaining control of the Industrialists and Merchant Affairs Political Study Schools and attempting to seize control of the regional CDNCA organization. The political study schools were formed after trade-wide joint operation primarily for younger businessmen "...to carry out systematic and detailed political theory study in order to produce a new socialist businessman..."52. This group was mentioned in the last chapter as having been linked with continuation of the "dual nature" discussion in 1956 and early 195753, and they may have provided some of the more radical views expressed in regional forums. Chang's critics suggest that his group had been radicalized through Chang's interference in their study program. In the short term study classes, Chang is said to have forced the use of his essays and beliefs for teaching. These teachings, the critics stated, led to the belief that the standard textbooks for study were "dogmatism", and among the young businessmen, had led to the emergence of "traits of ideological confusion"54.

Chang was also accused of stirring up regional forums and conspiring with regional CDNCA groups. Chang's critics argued that Chang, against orders, held private regional meetings "...without asking for instructions from the CDNCA Central
Committee and without making a report to them..."55. He was also accused of "...making secret alliances with the leadership personnel of industrialist and merchant circles of the big cities...". He had thus been able "...within the CDNCA, to have organized small groups and plotted to seize leadership power."56 Through such methods, Chang was allegedly able to cause the greater radicalism found in regional forums.

Chang Nai-ch'i in Early June: "Reactionary Thought" and a Wider Conspiracy

From May 25 to June 8, controlled criticism turned to rude attacks and public disturbances. The Party leadership call for "opening wide" changed to a call for correctness and criticisms "beneficial to socialism". Chang Nai-ch'i and other democratic leaders chose this period of time to put forward their most radical theories and criticisms.

On May 19, Peking University students began putting up wall posters and convened a boisterous spontaneous rally at which they heard and applauded their dissident peers. From May 20, evidence of a new popular unrest began to emerge. Popular discontent with material conditions and the behavior of Party members sparked sporadic outbursts among workers and peasants.57 The student movement continued to spread and
snowball, ending finally in the "little Hungary" student riots in Hanyang, Hupeh Province. In industrialist and merchant circles, a movement began which demanded removal of "public side" management staff (i.e. Party appointed staff) from joint-operated enterprise, and the government was forced to mobilize workers to support the "public side" staff. From industrialist and merchant circles, demands were made for a general extension on interest payments and for better living conditions, and Party and UFWD personnel were subjected to harsh and sometimes violent criticism.

In the CDNCA Forums for Industrialists and Merchants, the tone of discussion became more radical after May 25. At the May 31st meeting, for the first time at the central forum the "dual nature" issue was discussed, and a few days later, the whole system of indoctrination and political education of businessmen was questioned and attacked. The more radical ideas from the regional CDNCA forums became more prevalent in the discussions of the central forum.

On May 25, 1957 Mao Tse-tung acknowledged that his attitude towards criticism had changed. Speaking before the Third Congress of the Young Communist League, he stated that "all
words and actions that depart from socialism are completely mistaken". This attitude may have been due to a secret promise given to Party officials at the beginning of the May Rectification Campaign that rectification would only last one month. It is possible, though, that this change in emphasis was due to a perception that public and student unrest was beginning to build. Liu Shao-ch'i was said to have responded to Peking University actions on May 25, as follows,

The university and schools are already on the move; it's better if the worker masses are slower. If the worker masses, the teachers from the middle and primary schools and other mass organizations also start mobilizing, then we won't be able to stand our ground...If we don't control things, then in a jiffy, millions of people will be on the move and then we won't be able to do anything - that wouldn't be to our advantage.

Disturbances and growing CCP leadership disenchantment fueled a new debate on rectification and "opening wide". Party members and pro-party factions in democratic parties saw the new disturbances as an indication of their belief that "opening wide" would lead to disturbances and a loss of control. Non-party factions in the democratic parties recognized the threat of the new disturbances to the continuation to the Hundred Flowers policy and, in defence, argued that the new disturbances were a product of CCP inabilities to deal with problems. Chang Po-chun, for example, stated that "...if the
CCP does not deal with difficulties well, disturbances will occur..."67 and Chang Nai-ch'i is said to have stated that the "...Party should move to the rear in handling problems, and let us deal with them...".68 With the disturbances and leadership disenchantment, factional struggle for influence and support resumed with the interpretation of the "disturbances" as the central issue.

Faced with the imminent decline of Hundred Flowers policy, Chang Nai-ch'i and other democratic party leaders chose to put forward for support their ideological views and opinions. Chang did so with a speech before the CDNCA Forum on the Leadership of Transformation (May 31, 1957), then publication in Kung Shang Chieh of "On the Dual Nature of the Capitalist Class", (released during the first ten days of June)69, and finally with an explanation published in Ta Kung Pao on June 9, "Several Questions Concerning the Work of Assisting and Guiding the Transformation of Industry and Commerce".

Chang Nai-ch'i's decision to make public his beliefs came at a time when policy change must have appeared imminent. His essays are a response to the new focus that was emerging - the origins of the "disturbances", and their indication of the success or failure of the "open wide" rectification policy.
The issues debated were not new: "bureaucratism" in the Party versus "revisionism" among industrialists and merchants and the evaluation of the national bourgeoisie (issues of "dual nature" and the significance of interest). But all had to be recast in the context of the "disturbances". Chang tried to defend the declining rectification policy by maintaining that the disturbances did not change the fundamental problems or issues.

Chang's speech before the CDNCA Forum on the Leadership of Transformation was published on June 1, in Ta Kung Pao, and almost immediately became the central topic of discussion in the Central CDNCA Forum and the forum at which he spoke. In his speech, he argued that thoughts of suppression and limiting discussion among industrialists and merchants, beliefs in "capping" businessmen as capitalists, advocacy of radical ("rending womb and dismembering of bones") transformation, and emphasis on "class relations" were wrong, and "completely opposed to the Party's united front policy". He further argued that the central problem was still "how to mobilize the positivism of industrialists and merchants and how to deal with faulty bureaucratic and Party behavior that restricted positivism". At the present time, he argued, "bureaucratism is a more serious enemy than capitalism". He castigated the "dogmatists" who advocated a new era of
"rending the womb and dismembering of bones" transformation, and argued that they went against the historical trend of "classes gradually changing into one common nature of all people". This speech by Chang was immediately picked up at regional and central CDNCA forums by both friends and foes, and became a center of the debate over the course that the rectification campaign should take in light of the "disturbances".

In his May 31 talk, Chang briefly discussed the "dual nature" issue, adding, "concerning this question, I have already recently written an essay for Kung Shang Chieh." The public release date of the June issue of Kung Shang Chieh, in which the article is found, was probably in the middle ten days of June, and it is unknown when the essay was made available privately. In this essay, "On the Dual Nature of the National Bourgeoisie", Chang uses a concept of "dual nature" in terms of "advanced and backwards". This concept can be traced to an earlier speech given at the Second Congress of the ACFIC in December 1956, by Mao Tse-tung, in which he stated:

No-one's thought, no-one's color is perfect, for there is still a dual nature, a backward side and an advanced side. This corresponds to reality. Because of this, there is a task which is to study.
In this essay, Chang discusses the impact of a new rectification policy on businessmen, and again attacks "dogmatists" who argue for a change in rectification policy. Referring to "disturbances" in industrialist and merchant circles, he argues that "...it is hard to prevent a little arrogance while overcoming their inferiority complex and hard to prevent some unsatisfactory side effects..." and later he adds, "I completely believe that by passing through the glorious movement of 'a hundred blooming flowers and a hundred schools of thought, the positivism of capitalists will reach boundless heights..." and "to reveal contradictions and not to hide them is certainly of benefit to the resolution of contradictions..."74. Chang clearly implied, in this essay, that his concept and outlook concerning the "dual nature" issue corresponded to Mao's as given in the February 27 account of "On the Correct Handling of Contradictions Among the People" and he further showed how his "dual nature" concept was related to the type of rectification campaign that was pursued. The message was clear to other factions in the CDNCA: refutation of his theories had to be equated to refutation of the present "opening wide" type rectification and a refutation of "On the Correct Handling of Contradictions Among the People".75

Chang's last work, "Several Questions Concerning the Work of
Assisting and Guiding the Transformation of Industry and Commerce", (June 9, TKP) was in response to reports of his May 29 speech, and was said by Chang to be necessary because "...the report carried (in TKP) carried several points which were considerably different from what I had actually said..."

In this essay, Chang tries to back-pedal on some of his more contentious statements, and to make his "dual nature" theory generally more orthodox. He tries for example, to rationalize and explain away his statement that "bureaucracy is a bigger enemy than capitalism" and his argument that "capitalist" firms are operated better and more productively than socialist ones. In the process, he defends himself from charges of being "anti-socialist". He counters such charges with an attack on their motives and resultant effects.

When judging if a person is keeping firmly to the stand of the working class, we should not view the question in a formalistic way according to the superficial meaning of his words, but should penetratingly examine the motive and results of his words. There are a number of people who talk in a high-flown way and separate themselves from practicality, and whose action is necessarily over-drastic, thus merely encouraging the passiveness of industrialists and merchants. An examination into the motives of these people will show that their sole aim is to express themselves as "leftists", and an examination of the results will show that they caused unnecessary losses to the national economy and to production.76

For Chang, "Several Questions Concerning the Work of Assisting
and Guiding the Transformation of Industry and Commerce" was a desperate and futile attempt to buffer himself from the storm being raised against him.

The critics of Chang's actions and statements in the May 20 - June 10 period focus their criticisms on Chang's alleged conspiratorial intrigues and "dangerous" and "poisonous" themes. The storm of criticism went well beyond allegations about his theories and influence on fellow businessmen. Chang was also accused of extensive conspiracy within business circles, with other democratic party leaders and with student dissidents. This, it is said, he did through personal friendships and secret meetings.

Criticisms of Chang's "conspiracy" with other democratic party leaders center on his relations with three other heavily criticized leaders: Chang Po-chun, Lo Lung-chi and Chu An-ping. Chang's critics argue that Chang organized a secret clique of these three, a group whose members "...because they were of one mind and stand, were associated for one purpose in a reactionary political movement..."77. This "conspiracy" was traced by the critics to the Pei T'ai Ho meetings,78 and could have been traced back even further since the members of this alleged conspiracy had all been assigned by their respective
The conspiracy charge concerning other democratic party leaders was largely based on similarities of ideas and vocabulary among the democratic party leaders. The central idea, the critics argued, was the desire for the formation of a multi-party system in which the democratic parties would share power with the CCP. This was reportedly to be carried out through a new mass political movement similar to the National Salvation Movement. The chief piece of evidence of the critics is a supposed talk between Chang Nai-ch'i and two colleagues concerning this plan:

Chang Nai-ch'i publicly admitted that he and Wang Tsao-shih had talked about National Salvation Association matters, and at the same time Ku Ch'ih-chung and he had talked about National Salvation matters. It can be seen from these (examples) that such discussions were not a one shot affair. The issue did not rest with the National Salvation Association, but went on to the organization of a capitalist class reactionary political party. Even according to the words of Chang himself, he wasn't against the organization of an "efficient" capitalist class political party.

Chang's critics "prove" the existence of a conspiracy between the three primarily through a comparison of terminology in their speeches. Thus, a critic points out that all three men
used the expressions "big partyism", and "the Party empire". The same critics cite similarities in sentence structure between the three, in particular involving the phrase "if (problems) are not disposed of well, there will be disturbances" and singled out similarities in themes, in particular the "walls and moats" theme. Some critics try to prove the existence of a conspiracy between the three through statements made in early June when the four met to take part in a Kuang Min Jih Pao editorial meeting and Chang told Chang Po-chun to "not surrender". Most of the conspiracy critics, though, relate their criticisms to the issue of the disturbances, and attempts to manipulate these disturbances to gain power.

The other issue in the conspiracy charge was the supposed co-ordination of student-businessmen "disturbances" by Chang, and was directed towards the near-simultaneous occurrence of "disturbances" in business circles and among students. The charge of conspiring with students is based on two pieces of evidence. The first piece was that Chang Nai-ch'i allegedly gave the student leaders a copy of Khrushchev's secret speech. This copy was said to have inflamed students' emotions against the CCP, and did indeed become available to dissident student leaders at about this time. The second piece of evidence was Chang's connection to a Peking University dissident student leader, Hsu Nan-liang. One of Chang's most loyal friends and
followers, Hsu Han-san, was the girl's father. It was said by the critics that Chang and Hsu Nan-liang met, that Chang gave her Khrushchev's secret speech, suggested that she carry out inciting activities at "Pei ta" and added that he would co-ordinate industrialist and merchant circle "broad-sides" with those activities of the students.\(^87\) Chang, through Hsu's daughter, his critics argued, was thus able to co-ordinate "disturbances" in industrialist and merchant circles with "disturbances" in student circles.

The second area of criticism concerns Chang's May 31 statement, his article on the "dual nature" question and his June 9 Ta Kung Pao explanation. Criticisms of these are numerous, and his critics are very thorough in examining these statements and works. Since these criticisms are primarily an assertion of ideological positions already stated throughout the discussion in the Second and Third Chapters of this thesis, they will be dealt with briefly here.

Chang's critics denounced Chang's thought as being "reactionary", "anti-socialist", "contrary to the works of Chairman Mao" and designed to "pull back industrialists and merchants from the road of socialism". Various aspects of Chang's "dual nature" theory were criticized. One critic pointed out that Chang's idea of "advanced and backwards", in describing the distinction
between the national bourgeoisie and the proletariat, was in fact a denial of the very existence of classes. Another pointed out that Chang's fear of capitalists being "capped" and his use of the term "rending the womb and dismembering the bones" in describing political education constituted opposition to political education and class struggle itself. Other critics pointed out that Chang's attack on "dogmatists" (i.e. the opposing faction) was an attack on Marxism itself. Many critics argued that Chang "twisted and distorted" the thought and writings of Mao Tse-tung, especially, "On the Correct Handling of Contradictions Among the People". Some critics, lax in ideological analysis, merely tried to prove that Chang's theories were designed to secretly bring back "capitalism", while others made fairly sophisticated analyses of the departure of Chang's thought from accepted Marxism. One critic, for example, suggested that "from comrade Chang Nai-ch'i's point of view, society is made up only of individuals and not classes. This is the ideology of the supra-class." This comment bore a good deal of reason.

In examining his theories, Chang's critics made extensive criticism of points outside of his original beliefs. They noted his statement that "bureaucratism is a bigger enemy than capitalism" and his assertion that privately operated firms
were more productive than jointly operated firms. Chang's critics also examined in detail sections of his work that supported "reactionary" ideas like the belief in extension of interest for twenty years and his support for the argument that difficulties between businessmen and bureaucrats in the joint-operated enterprise were due to the Party or government worker.

Chang's "reactionary" writings were accused of having widespread effect. These writings were said to have stimulated to action a number of business groups. For example, the Tientsin Young Industrialists and Merchants were allegedly captivated by Chang's words, and undertook "reactionary activities" after hearing his "very considerate" words, his call to "drop their caps" and his criticism of public-private joint operation work. Chang's own theories and his support for the theories of others in industrialist and merchant circles allegedly "...supported the rise of a number of 'small Changs' from industrialist and merchant circles..." Chang's theories, some critics argue, were also responsible for disturbances in the forums of industrialists and merchants and in joint-operated factories. His critics argue that he consciously used his "theories" as a means to fan disturbances and that he was aware of the atmosphere in which he made public his theories
and the effects they would have on fellow businessmen. His critics note that, in particular, "he discussed the disturbances involving workers at the Shanghai Knitting Factory... and talked of it with great excitement..." Chang, his critics suggest, had released his "theories" in order to inflame and manipulate the growing "disturbances".

Chang After the Hundred Flowers: Resistance to Rectification and "Twisting and Distorting" 'Contradictions Among the People'

Criticisms of Chang Nai-ch'i began as early as May 29, 1957, and by June 8, 1957 he had become the focus of attack in Jen Min Jih Pao. During this period, rectification of the Party changed to rectification of "rightists", intellectuals and businessmen having "capitalist thought". During this period, the course that rectification would take was unclear, and an intense struggle was undertaken by intellectuals and businessmen to prevent a shift to rectification of "capitalist" businessmen and intellectuals. On June 8th the JMJP editorial "What Is This For?" signalled the government's decision to change to an "anti-rightist" rectification campaign. In the period that followed, outspoken intellectuals and businessmen during the May-June Hundred Flowers were compelled to renounce their beliefs, undertake public "confessions" concerning their "anti-socialist" thought, and brought before group after group to
have their ideas denounced. A similar procedure was undertaken for outspoken businessmen and intellectuals at all levels. Emphasis, in political education of both businessmen and intellectuals, was again placed on "Party leadership". Many leaders lost their jobs and positions, and many were subject to special political training sessions and reform by manual labour. Among students, some public executions took place.99

In this atmosphere of change, Chang's response was to deny any shift in policy and to try to loyally support the "open wide" rectification against the growing chorus of opposition. From June 8 to June 16, Party leadership support remained uncertain, even given the JMJP editorials calling for an "anti-rightist" campaign. On June 16, the issue was settled with the publication in JMJP of a completely revised version of "On the Correct Handling of Contradictions Among the People". This work asserted that "...most important are the socialist path and the leadership of the Party..." and established six criteria to criticize "unsocialist" words and deeds. More significantly, the revised version included a thinly veiled criticism of Chang,

Some people contend that the Chinese bourgeoisie no longer has two sides to its character, but only one side. Is this true? No. While members of the bourgeoisie have become administrative personnel in joint
state-private enterprises and are being transformed from exploiters to working people living by their own labour, they still receive a fixed rate of interest on their share of capital in the joint operated enterprises. Even when they stop receiving their fixed interest payments and the bourgeois label is removed, they will still need ideological remolding for quite some time. If the bourgeois no longer has a dual character as these people maintain, then the capitalists would no longer have the task of studying and remolding themselves. 100

On June 8th, at the closing of the Central Committee CDNCA Forum, high officials of the UFWD and ACFIC were treated to a faithful repetition of denunciations of Chang Nai-ch'i's theories. Ch'en Shu-tung declared that Chang's "errors", "...were not errors in thought, but were errors in line..."101 Vice-premier Li Wei-han added that Chang's thought represented "...capitalist thought opposing working class thought..."102. On June 12, a special joint meeting of the CDNCA and ACFIC Central Committee issued a directive calling for "an analysis and criticism of the poisonous, erroneous theories recently made public by Chang Nai-ch'i in order to reveal the public opinion of industrialists and merchants...", thus beginning a rectification campaign for businessmen. On June 12, 13, 15 and 19, Chang was called before a specially convened forum to repent. He refused to do so, quit his positions in the CDNCA and ACFIC, and demanded an investigation by the State Council. 103
He was heard before the State Council on June 25, and was told to make a self-criticism. Chang made the self-criticism but, in the eyes of his critics, he refused to "surrender", and admitted only that any errors he had committed were due to his "individualism and one-sided optimism".104

Chang's critics asserted that he had "resisted rectification" in a number of manners. They argued that Chang used his control of Min Hsun and his high position to retard the development of criticism.105 He is also said to have defended business leaders that came under attack, in particular Li Kang-nien, author of the thesis on interest for twenty years.106 Chang also allegedly told business leaders to actively fight the official shift in the rectification policy. In Shanghai, for example, Chang is said to have encouraged local leaders to continue writing and speaking, and to have said to one local leader, in response to the new situation, "...Li Shen, about the deviation of "liquidating the counter-revolutionaries" (i.e. anti-rightist campaign), you should return to Shanghai and write more essays and make more bold propaganda..."107 In similar fashion, Chang is said to have banded together with other democratic party leaders to resist the new policy. This activity, reported in JMJP, involved their discussion, at an editorial policy meeting for KMJP, at which Chang Nai-ch'i called...
on Chang Po-chun and other democratic party leaders "not to surrender". 108

In the period following "On the Correct Handling of Contradictions Among the People", Chang's critics emphasize Chang's unwillingness to accept his defeat and undergo self-criticism. Chang was accused by his critics of sending his supporter, Hsu Han-san, to members of the rival faction in the CDNCA to seek reconciliation. Hsu is reported to have stated that Chang had already changed, and to have asked them for "peaceful relations". 109 In his encounters with ACFIC and CDNCA groups, Chang is said to have refused to "surrender", and instead of accepting criticism, to have "attacked the CCP for its failure to follow 'Leninist principles'", and to have attacked many Chinese leaders, including Li Wei-han and Chou En-lai, for their criticisms of him. 110 Throughout this period, his critics pointed out, Chang asserted that he remained "gay and happy" and "had an easy conscience". 111 Chang's critics also criticized his demand for an investigation by the State Council, and were particularly critical of Chang's assertion of innocence in his written "Self Confession". 112

Chang's critics also use "On the Correct Handling of Contradictions Among the People", printed on June 16, to question
Chang's motives, and his assertion of having support from the Party leadership. They say that Chang "twisted and distorted" Mao's ideas in order to justify his own theories. They argue that Mao's statement in "On the Correct Handling of Contradictions Among the People" shows Mao's refutation of the idea of "advanced and backward" behind the "dual nature" theory and Chang's beliefs concerning the rectification of the "capitalist class". The critics argue that Chang was aware of the contents of "On the Correct Handling of Contradictions Among the People" even prior to the May-June Hundred Flowers, and was thus guilty of knowingly using contradictory ideas and even lying about Mao's words when he published his theories. The critics suggest also that Chang Nai-ch'i, in view of "On the Correct Handling of Contradictions Among the People", never did work with the tacit support of Party leaders, and conclude

At this time (on hearing "On the Correct Handling of Contradictions Among the People" on February 27, 1957), Chang should have examined his own thought in order to make a transformation of it. But in this great issue of political line, not only did he twist and not accept Chairman Mao's teachings and thought, but furthermore, after hearing Chairman Mao's Report, sped up his pace of attacks on the Party...
CHAPTER 3 - FOOTNOTES

2. Ibid., pp.169-76
3. Ibid., p.198
4. Various references to such problems can be found in the Chinese press at that time. See for example, JMJP (14 March 1957), SCMP 1499 (28 May 1957), p.6
5. See, for example, Huang Yen-p'ei's analysis, NCNA Peking (25 May 1957), SCMP 1559 (25 June 1957), p.19
7. Ibid.
8. Ibid.
9. Ibid.
11. Ibid., pp.196-199. For the sake of simplicity, the hsia fang issue has not been included in this discussion.
12. JMJP (22 April 1957), SCMP 1524 (7 May 1957), p.1
13. Ibid.
14. Chen Ch'ing-cheng, "Industrialists and Merchants Must Strengthen Transformation", JMJP (26 April 1957)
15. JMJP (15 April 1957). An account of one such forum can be found under the heading of "Does the National Bourgeoisie have a Dual Nature?"
17. Ibid.
18. Ibid.
19. Ibid.

24. JMJP (6,8 May 1957)

25. Hsueh Hsi (18 June 1957), p.2

26. TKP (7 May 1957)

27. JMJP (9 May 1957)


29. JMJP (14 May 1957)

30. TKP (9 May 1957). For a translation of the press report, see the "Appendix".

31. Ibid.

32. Ibid.

33. K'o Yueh, JMJP undated, KSC (July 1957), p.26

34. JMJP (14 May 1957)

35. Ibid.

36. Ibid.

37. Huang Yen-p'ei, TKP (12 July 1957), YPFT, p.8

38. Ibid.


40. Ibid.

41. Ibid.

42. Ibid., p.28

43. Ibid., pp.26-8.

44. Huang Liang-ch'en, source unknown, YPFT, p.106

45. Sun Hsiao-ts'un, JMJP (19 July 1957), YPFT, pp.26-8

46. Yuan Sung-liang, source unknown, YPFT, pp.117-8

47. See, for example, MacFarquhar, *Origins of the Cultural Revolution*, pp.121-2

48. Huang Liang-ch'en, source unknown, YPFT, p.106
49. Ibid.
50. MacFarquhar, Origins of the Cultural Revolution, p. 121
51. Feng Ho-fa, JMJP (18 June 1957), YPFT, p. 135
52. TKP (24 January 1957)
53. See Chapter 2, pp.
54. Sun Hsiao-ts'un, JMJP (19 July 1957), YPFT, p. 27
55. Ho O-mei, source unknown, YPFT, p. 67
56. Ibid.
57. See, for example, discussion in JMJP (13 May 1957), SCMP 1536 (23 May 1957), pp. 1-3.
58. MacFarquhar, Origins of the Cultural Revolution, pp. 223-4
59. See, for example, NCNA Shanghai (20 May 1957); NCNA Canton (23 May 1957), SCMP 1546 (7 June 1957), pp. 4-6
60. For accounts of the regional forums, see TKP (May-June 1957) JMJP (May-June 1957).
61. HHPYK 13 (July 1957), p. 24
62. HHPYK 13 (July 1957). For various examples, see pp. 23-68
63. One such radical theory from the regional forums concerns the ideological education of the businessman, and the need to learn from politically enlightened businessman, and not the workers. See TKP, May 7, 1957. Various other examples can be found.
64. MacFarquhar, Origins of the Cultural Revolution, pp. 220-1
65. Ibid., p. 219
66. Ibid., p. 221
67. Sun Chi-meng, KMJP (14 July 1957), YPFT, pp. 20-21
68. Ibid.
70. For accounts of the CDNCA Forum on the Leadership of Transformation, see JMJP (3, 4 June 1957).
71. TKP (1 June 1957). For the English translation of the press report, see the "Appendix".
72. TKP (1 June 1957)


74. TKP (1 June 1957)

75. Chang Nai-ch'i, "On the Dual Nature of the National Bourgeoisie", KSC (June 1957). This essay is translated in the "Appendix". For Chang's concept of "advanced" and "backwards", see 'Appendix', p.197

76. TKP (9 June 1957), SCMP 1570 (16 July 1957), p.9

77. Wang Hsin-yuan, source unknown, YPFT, p.95

78. See Chapter 2, pp.107-9

79. JMJP (18 June 1957), SCMP 1570 (16 July 1957), p.11

80. HHPYK 13 (July 1957), p.39

81. Wang Hsin-yuan, source unknown, YPFT, p.54

82. Sun Chi-meng, KMJP (14 July 1957), p.20

83. Huang Yen-p'ei, TKP (12 July 1957), YPFT, p.8

84. Ibid., p.10

85. Huang Hsin-yuan, source unknown, YPFT, p.54

86. MacFarquhar, Origins of the Cultural Revolution, p.222

87. Huang Hsin-yuan, source unknown, YPFT, p.54

88. Wu Ta-hsun, JMJP (undated), KSC (July 1957), pp.25-6

89. K'o Yueh, JMJP (undated), KSC (July 1957), p.26

90. Ch'ien Chia-kou et al, JMJP (undated), KSC (July 1957), p.11

91. Sun Chi-meng, KMJP (14 July 1957), p.15. The same critic points out that "On the Question of Industrialists and Merchants", a section of "On the Correct Handling of Contradictions among the People", was a veiled attack on Chang Nai-ch'i.

92. Shih Fu-liang, (15 June 1957), KSC (July 1957), p.5

93. Ch'ien Chia-kou et al, JMJP (undated), KSC (July 1957), p.11

94. Wang Kuang-tuan, source unknown, YPFT, p.121
95. Chou Huan-chang, KSC (August 1957), pp.19-20
96. Sun Hsiao-ts'un, JMJP (19 July 1957), YPFT, p.26
97. Hu Tse-ang, HHJP (9 July 1957), YPFT, p.44
98. Huang Liang-ch'en, source unknown, YPFT, p.108
100. Mao Tse-tung, "On the Correct Handling of Contradictions Among the People", Selected Readings, p.456
101. JMJP (10 June 1957).
102. Ibid.
103. For further details, see JMJP (10-20 June 1957), SCMP 1570 (16 July 1957), pp.17-36
104. JMJP (16 July 1957), CB 470 (26 July 1957), pp.34-8
105. Huang Liang-ch'en, source unknown, YPFT, p.108
106. Ibid.
107. Ibid., p.108
108. Huang Yen-p'ei, TKP (12 July 1957), YPFT, p.10
109. Huang Liang-ch'en, source unknown, YPFT, p.108
110. Hu Tse-ang, HHJP (9 July 1957), YPFT, p.45
111. Feng Ho-fa, JMJP (18 July 1957), YPFT, p.133
112. Hu Tse-ang, TKP (23 July 1957), YPFT, p.30
113. Sun Chi-meng, KMJP (14 July 1957), YPFT, p.15
114. Ibid.
115. Ibid.
CONCLUSION

What, then, do the criticisms of Chang Nai-ch'i tell us about the May-June Hundred Flowers Movement and the Chinese perception of this event? Prior to examining the evidence, it is necessary to examine the limitations of the evidence. The reader of these criticisms easily recognizes that both the content and emotions of the criticisms are factional in origin, a product of groups of men competing to gain influence and control of these organizations. The criticisms provide one side of a factional perspective of events.

In examining Chang's past, Chang's critics suggest that the roots of the Hundred Flowers Movement "wrongdoing" can be traced back two decades to 1935. Is there substance to such charges? It is hard to believe the critics' case, that Chang's alleged pattern of selfishness and immorality behind his Hundred Flowers Movement actions, derives from high living and co-habitation in the 1930's. There does, however, appear to be some substance to their criticisms of his past.

The factional differences within the CDNCA leadership, the criticisms suggest, had their roots in a much earlier period. Many of Chang's critics from the 1930's threw their lot in with the CCP, and from the tone of their criticisms, disavowed the commonly held position of neutrality. These individuals, it seems, were participants in the struggle between Chang and the CCP for the control
of the NSA which is described in the criticisms. Many of the critics bore personal cause for dislike. Wu Ta-hsun, for example, was the victim of Chang's closure of the Salvation Intelligence, the National Salvation Association newsletter of which he was the editor. Huang Yen-p'ei, CDNCA Head and arch-enemy, was an opponent perhaps dating to the formation of the CDNCA from different business groups in 1945 and was, by the accounts of the criticisms, a participant in the 1950 struggle for control of the CDNCA during the reorganization. The factionalism prevalent in the May-June Hundred Flowers could plausibly be traced back two decades.

Criticisms of Chang's past also reveal a history of struggles and disagreements between democratic party leaders, such as Chang, and the CCP. Differences between Chang and CCP members were evident in disagreements over the neutrality and the political line of the National Salvation Association and Chang's equivocation in supporting the CCP and condemning the KMT. The differences were built on the "third line" position maintained by Chang, a position evident before 1945 in his neutrality and conciliatory attitude towards the KMT, and after 1945 in his belief in social democracy, reformism and western democracy as illustrated in his Civil War writings. It was a past such as this that was a source of distrust and hatred between non-Party democratic party leaders, and CCP members and officials.

Not all of the criticisms of Chang's past were of indirect relevance. The Hundred Flowers conspiracy charges against Chang were
based on alleged discussions between Chang and friends during the Hundred Flowers Movement concerning the National Salvation Association, and the suggestion that a similar organization could again be created. Why the fear of a past patriotic, and not necessarily anti-communist mass movement? Because the movement led by the NSA was against legitimate authority, was directed by intellectuals and businessmen, involved substantial student participation and had broad popular support—elements that could easily be perceived in the May-June Hundred Flowers Movement. The criticisms suggest that the Chinese leadership may well have believed that a new National Salvation Movement directed against them was imminent.

Criticisms pertaining to the period between Liberation (1949) and the May-June Hundred Flowers reveal the workings of democratic party factionalism, and continued bitterness between many democratic party leaders and CCP personnel. CCP distrust of democratic party leaders' involvement in political participation is apparent in accusations of undermining proper Land Reform policy with "peaceful Land Reform" and subverting Party authority through "mutual supervision". The bitterness of factionalism within the CDNCA is revealed in rehashed criticisms used by Chang's critics from the "Five Antis" and "Socialist Upsurge", along with charges concerning bribery, tax fraud and the Upper Szechuan Company. Chang, and the faction he supported, allegedly countered with blackmail threats; accusations of illicit sexual relations and tax fraud. Chang, his critics suggest, was not above placing "his people" in key positions, supplying them with money
and protecting them from political attacks. Hatred within the CDNCA factions and between CCP personnel and non-Party democratic party leaders seems very real.

Not only were CDNCA factionalism and Party - non-Party rivalry apparent important forces, but criticisms suggest that these forces were consistently manipulated by the Chinese leadership. The factions supporting Huang Yen-p'ei and opposed to Chang apparently were closely associated with CCP officials and members, and had been, in many cases, since the National Salvation Movement. Chang and his group, the criticisms suggest, derived from pre-1949 non-Party intellectuals and businessmen, and enjoyed broad support from rank and file membership of the CDNCA. Ideologically, Huang's group maintained the same position as CCP personnel, while Chang's group took a more liberal and humanistic position, and perhaps responded more to grass roots concerns. The prize of factional struggle was real control of the CDNCA through the sanction of the Chinese leadership. As CCP personnel-inspired opposition to "mutual supervision" and Party rectification showed, the position of CCP personnel could be opposed to that of the Chinese leadership. It would appear that by shifting support and involvement from one faction to another, the Chinese leadership could use these differences of association and belief in the development of policy.

Factional manipulation by the Chinese leadership appears throughout pre-1957 episodes discussed. It seems likely that the Chinese
leadership used Chang's faction to moderate the Land Reform Movement in 1951 and the "Socialist Upsurge" in 1955. The criticisms concerning "mutual supervision" and "rectification" suggest that Chinese leadership used non-Party factions to push forward policies unpopular within the CCP. Throughout the criticisms, there are hints of secret meetings, discussions with Chinese leaders and verbal assurances given to Chang, but given without record. Chang Nai-ch'i, in "On the Ideological Basis of 'Walls' and 'Moats'", denounces the long-standing use of factionalism as a tool of manipulation and control. The use of factions by the Chinese leadership was neither innocent nor unconscious.

The use of factions was both delicate and dangerous. Firm support could be given to neither side, nor could firm criticism without potentially destroying the credibility of either faction. This meant that ideological beliefs, such as those held by Chang, could not be harshly attacked even if they undermined orthodox communism. Also, factionalism developed too far could undermine the discipline and unity of both democratic parties, and the mass organizations associated with them, thus disrupting social organization. Factionalism had to be kept in check and prevented from becoming into the open as a force for disunity. Failure could lead not only to open factional warfare within democratic parties, but to a wider confrontation between prospective supporters of each faction, pitting CCP personnel against non-Party 'expert' intellectuals and businessmen.
MacFarquhar, in *Origins of the Cultural Revolution* has suggested that the roots of open factionalism such as that found following the Second CDNCA Congress (November 1956) rested in divisions among the Chinese leadership. The criticisms pertaining to 1956 give no evidence of this. Two pieces of evidence suggest the origin of this open factionalism lay in leadership uncertainty and not factionalism. The first is the uncertain and contradictory interpretations of the Eighth Party Congress Documents, contradictory interpretations that were openly published. The second was the failure in 1956 of the majority leadership of the CDNCA to assert an orthodoxy over its membership, and the unwillingness or inability of the Chinese leadership to prevent open factionalism among CDNCA groups. Was the lack of direction and unwillingness to act simply a tool used in a proxy battle between leadership factions, or was it a case of uncertainty and loss of nerve under extreme pressure? The need to resurrect a program of rectification in May, 1957, suggests the latter.

The use of factions as a tool of policy development had weaknesses. Unorthodox political beliefs and policy, it would seem, could conflict. An examination of the criticisms pertaining to the Second CDNCA Congress (November, 1956) reveals that the pro-Party faction used attacks on Chang's "dual nature" theory as a basis for attacking "mutual supervision" policy that emphasized businessmen's supervision over Party personnel. A similar attack was used in a vain attempt to prevent announcement of Party
rectification in April, 1957. Similarly, during the May-June Hundred Flowers, Chang attempted to prove his "dual nature" theory correct by arguing that it followed from rectification and "mutual supervision" policy. Policy could thus be used as a defence for unorthodox ideology just as policy could be attacked by attacking the ideology of the group involved. Thus the Chinese leadership could be, and was caught between the use of non-Party factions to push forward policy, and the need to refute the unorthodox theories of the non-Party faction.

The criticisms of the May-June Hundred Flowers indicate that issues debated in the November, 1956 Second CDNCA Congress were again called forward - that the "dual nature" theory and the rectification of the Party remained central issues. The May-June Hundred Flowers, in this sense, lacked any spontaneity, and was a re-emergence of old, and unresolved issues.

As could be expected, factionalism, according to the critics, played an important role in the May-June Hundred Flowers. The announcement of the Rectification Campaign on May 1st was preceded by factional struggle between the two CDNCA groups. Chang Nai-ch'i, it would appear, was again recruited by the leadership for the implementation of rectification policy. Chang, for his part, took some advantage of being so favoured to strike back at the opposing faction. Chang did not, though, at least in May, use the platform he had been given to expound on his ideological beliefs. He was perhaps aware of the dangers of his beliefs. While factionalism was a contributor to the Hundred Flowers Movement, it does not
appear to have created the violence and "disturbances" which characterize the Hundred Flowers Movement.

Chang's critics suggest that one source of building ideological radicalism during May 1957 was business leaders and officials outside of the realm of the CDNCA Central Committee. Municipal business leaders and individuals from young businessmen's associations are reported to have introduced radical theories that challenged the orthodox and controlled atmosphere of the Central CDNCA Forum in Peking. These groups' actions, it would seem, were a product of the loss of central control due to the previously mentioned open factional struggle, and show, perhaps, lack of awareness of the factional implications of the theories that they put forward. Though Chang is alleged to have instigated their actions, there is no evidence to prove direct responsibility. But it does seem possible, as some critics accuse, that in the face of theories similar to those held by his faction, it was necessary for him to defend their theories and their writers. He was thus unwillingly drawn into a dangerous ideological battle.

Critic's statements and other evidence suggest that the "disturbances" involving students and other groups seem to have set off the chain of events known as the Hundred Flowers Movement. Though Chang's critics argue differently, there appears to be no direct proof that Chang or other democratic party leaders were responsible for the "disturbances", and the prime causal factor (at least in business circles) seems to have been "material demands".
There is perhaps some argument that Chang's ideology, especially his "dual nature" theory, was responsible for the instigation of excessive material demands in business circles through the climate it created, but clear evidence of actual direct involvement, as suggested by his critics, is non-existent.

The "disturbances", perhaps for historical reasons mentioned earlier, unnerved the resolve of the Chinese leadership to carry through Party Rectification, played into the Party-sponsored argument that intellectual involvement in Party rectification would lead to rebellion and cast the whole Hundred Flowers policy into doubt. Faced with this situation, Chang and other democratic party leaders came forward with their own interpretation of the meaning of the "disturbances" as indicative of the relative failure to date to rectify Party members. In doing so, they used their own unorthodox theories to counter the pro-Party argument, and decided to make their case public.

Faced with opposition to Party Rectification and a loss of support from Chinese leaders, why did Chinese intellectuals and businessmen such as Chang not back down? Goldman has suggested that it was due to the intellectual's unwillingness to "leave the stage". The criticisms suggest many possible reasons. Chang Nai-ch'i, it would appear, was not completely sure that he had lost leadership support prior to publication of the revised version of "On the Correct Handling of Contradictions among the People" on June 16th.
There are indications, too, that he tried to abandon his position and surrender to the opposing faction, but was not allowed by them to do so. Some criticisms mention visits by Chang supporters to members of the opposing faction to concede that Chang had "learnt his lesson" and to ask for peace. Perhaps the factionalism had gone too far to ask for a new peace. Perhaps, also, Chang, caught up in the euphoria of the Hundred Flowers Movement, had simply gone too far ideologically. This might explain some of his rather extreme statements concerning the relative merits of the "capitalist" system. Perhaps a combination of all these factors was responsible.

In the late 1950's, the May-June Hundred Flowers was seen as a process of intellectual rebellion after years of political repression and "brainwashing". More recently, however, it has been seen as an unsuccessful act in a series of "cultural revolutions" designed to cleanse Party and government. An examination of the criticisms of Chang Nai-ch'i gives credability to the latter. We find in the criticisms not a monolithic political process, but a dualistic one in which non-communists did participate. In the May-June Hundred Flowers, though, this political process broke down due to a lack of clear direction, due to factors beyond the control of any of the players and due to weaknesses in the political process, and the historical forces that resided within it.
MacFarquhar and others have suggested that the May-June Hundred Flowers Movement was a product of differing leadership responses to political development and leadership reaction to a popular outburst beyond their expectations. But was it factionalism and popular reaction beyond their control which created the Hundred Flowers Movement, or leadership uncertainty and intrinsic weaknesses in the political process which led to the public outbursts that marked the Hundred Flowers Movement? This limited examination of criticisms of a central business circle participant suggests the latter. Any such examination, of course, is necessarily limited to businessmen, and cannot adequately deal with the involvement of other groups in the May-June Hundred Flowers.
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"Ask for the opinions of democratic party groups to help rectification"

Hsin Hua She (New China News Agency), May 8th. The CCP Central Committee United Front Work Department (UFWD) today held a forum of invited responsible persons from the various democratic party groups and non-Party democratic personnages, and asked them to put forward their opinions concerning CCP and party united front work so as to help the CCP unfold a rectification movement.

Chang Nai-ch'i criticizes sectarianism and dogmatism within the CCP

CDNCA Vice-chairman Chang Nai-ch'i, at the meeting, sharply criticized sectarian and dogmatist ideology and workstyle within the CCP. He said that in order to resolve the problems of "power and position", it is necessary to overcome sectarian thought, and to do this, one must first clarify right and wrong. In order to place clarification of right and wrong in the first place, it is necessary to place personal animosities and friendships in the second place.

Chang Nai-ch'i said some CCP members believe in one kind of right
and wrong within the Party, and another kind of right and wrong outside the Party. If they themselves obviously commit an error, not only do they not admit the error, but furthermore, they treat it as deriving from the CCP member's class nature. He said, only honesty and self-sacrifice can be considered "Party nature". Incorrect outlooks concerning Party nature must be criticized.

Chang Nai-ch'i also said that in his work, he had power and position, and his relations with the Party organization within the Food Ministry were good but he emphasized that his "power and position" were (obtained) through a series of struggles.

Chang Nai-ch'i also criticized sectarian activities within the CDNCA. He said that this kind of sectarianism exists without form or substance. Some people exhibit the haughty behavior of the CCP member, and think they represent the Party in implementing leadership. In the National Construction Association, some people with different opinions can't open wide, for they fear receiving "encirclement and repression".

Chang Nai-ch'i specifically criticized the Jen Min Jih Pao (JMJP) editorial of April 22nd. He said that this editorial, as propaganda, suffers from the sickness of dogmatism concerning
the national bourgeoisie question. The title of this JMJP editorial is "Industrialists and Merchants Must Continually Transform Themselves and Work Positively".

Chang Nai-ch'i said: this editorial points out three aspects of negativism in the capitalist class; inferiority complex, illegal activities, and smugness and self-satisfaction. But this editorial does not analyze which of these three aspects are primary, and which are secondary, and placing these on an equal footing leaves people unable to submit (or accept the teachings). He said that occurrences of inferiority complex and illegal activities etc. are not by any means restricted to industrialist and merchant circles.

Chang Nai-ch'i thinks that this editorial's stressing of "the necessity of obeying public side leadership" is one-sided. Because the obeying of public side leadership is one-sidedly emphasized, this can't but cause private side leadership personnel to be without means for having power, position and responsibility.

Chang Nai-ch'i especially opposed the theory concerning the need for capitalist class elements to undergo "rending the womb and dismembering of bones" (radical change). He said,
this not only is dogmatism, but furthermore is paganism and mysticism.

He said that Chairman Mao has told us that the national bourgeoisie must pass through "three gates" to arrive at socialism. Chang Nai-ch'i said that up to the present, not only have they gone through three gates, but, including the Anti-U.S.-Support Korea movement and the "five Anti" movement, the capitalist class has gone through "five gates". After having gone through "five gates" stating that they still must go through "rending the womb and dismembering of bones" is simply a boundless wrong. He thinks that this can only strengthen the inferiority complex of the national bourgeoisie, and can be of no benefit. He desired the CCP Central Committee Propaganda Ministry, Theoretical Study Section to investigate how much dogmatism there is in the propaganda and education work towards industrialists and merchants.

SOURCE: JMJP, May 14, 1957

"On the Ideological Basis of 'Walls' and 'Moats'"

- Chang Nai-ch'i

1. What is the Ideological Basis of 'Walls and 'Moats'?

Not a few people have already stated that between Party and
non-Party, there is "a wall" and "a moat". At this time, I wish to talk a bit about what, after all, is the ideological basis of 'walls' and 'moats'. I thought at first that, as Party documents and various other people had stated, that the ideological basis was naturally the great victory obtained through the Party's leadership of the Revolution and the Reconstruction (period), a victory which not only obtained the praise of all the nation's people, but furthermore obtained the praise of all the world's honest personnages. This (victory) was a good thing, but it had side effects: In not a few non-Party personnages was created an inferiority complex, and in a number of Party members there arose an air of arrogance and self-satisfaction. Along with this, we must speak of dogmatism. A History of the Communist Party of the Soviet Union recounts Stalin's oration at the funeral of Lenin. At the beginning, it (Stalin's oration) stated, "We Communist Party members fundamentally are a special kind of people. We are made of special stuff." Due to the influence of this phrase, not a few non-Party persons came to treat Party members from the perspective of "made of special stuff", and various Party members whose self-cultivation was inadequate unavoidably came to imagine themselves as "made of special stuff". In this way, this phrase naturally became an ideological basis for 'walls' and 'moats'. 
I have still not discovered the objective purpose of Stalin's stating these words at the time. Solely from examining the written documents, this phrase is unscientific and carries the tint of mysticism. The idea that the Communist Party member is made of special stuff can quickly turn into an understanding that the Communist Party member from birth is made of the stuff of a Communist Party member. I have heard another explanation of this phrase: that what is implied by "made of special stuff" is (a product of) the forging of the teachings on revolutionary political theory and organization (i.e. discipline). But people don't agree on this, thinking that this is the workings of the "special stuff", and not the source of it. I think that although there are grounds for using either idea (of dual nature), as this phrase is of the nature of a political slogan, there should not be two kinds of alternative explanation. It must be clear to the point that the masses can arrive at a proper understanding of theory by direct observation.

It must be pointed out that the teachings of the CCP to Party members are without resemblance to the above ("made of special stuff" approach). Chairman Mao's teachings to Party members stress humility and prudence, and opposition to self-satisfaction and arrogance. The old Party writings oppose
aggrandissement and self-glorification, and desire the Communist Party member to sincerely learn from the masses. In the "Eight Points for a Communist Party Member", it is clearly specified that "Party members are the mobilizers of the masses, not their 'venerated teachers'". The Eighth Party Congress documents are precise in what they demand of the CCP member, and explain these demands clearly to the last detail. Precisely because of this, the vast majority of Party members whom we see are humble and modest.

Although in the implementation of the Rectification Movement thus far, there has already been revealed a large number of errors and shortcomings in Party members and Party organizations, from today on, even more errors and shortcomings must be revealed. This is completely understandable. Outside of the facts that everyone has errors and shortcomings, and that there are differences in perspective of leaders and the masses in seeing an issue, there still remains a significant point. There are 12 million Party members. If only 1% of the Party members are committing serious errors, in numbers, this means more than 120,000 persons. This many men in the leadership positions committing serious errors could cause great harm to the nation and the people. The revealing of these many things (errors and shortcomings), furthermore, will enliven all the nation's papers for a long period of time.
But although the teachings to Party personnel by the Party are in no way similar to the above ("made of special stuff"), this does not mean that the idea of Communist Party members being made of "special stuff" does not play a role in our nation. Because the History of the Communist Party of the U.S.S.R. received nation-wide study, and because dogmatism is widespread both within and without the Party, to say that this idea isn't playing a serious dogmatist role is hard to imagine.

The situation is already very clear. For example, the actual policies and guidelines of the Party and government not only are not secret, but should be relentlessly propagandized and made known to every family. Take the higher level cadre. In the last eight years, we have participated in innumerable important meetings, and participated in the formulation of guidelines and policies. The hope of the Party was precisely that we would grasp guidelines and policies, and help the Party and government spread propaganda to the broad masses of people. But there are still some non-Party personnel who think that they themselves cannot grasp guidelines and policies, and that only by Party members leading them can they grasp guidelines and policies. That there is still the above after eight years can't but prove that there is an inferiority complex. At the same time, there are not a few Party and
leadership personnel comrades who think that only Party members can grasp policy and guidelines, and non-Party personnel are not good enough. Is this not arrogance and self-satisfaction, and thinking of oneself as being special? Naturally, it is completely possible that understanding of policy and guidelines is inadequate, and (policy and guidelines) can't be grasped. But if only non-Party personnel have not an inferiority complex, and Party members have not a feeling of themselves being special, through help of a comradely type, errors of inadequacy and uncertainty are completely correctable.

Furthermore, concerning grasping Marxism-Leninism, there is an understanding that "there can only be one main store, and there can be no branch stores"*. Undoubtedly, the Party is the authority on revolutionary theory. Nobody underestimates this fact. But this is not equal to a "monopoly" of the Party towards revolutionary theory.

This is not the same as saying, as some people have, that only Party members can become Marxist-Leninists, but non-Party

*Ie., only one interpretation of Marxism-Leninism is possible
personnages are unable to attain success in the study of revolutionary theory. Due to the dissemination of this kind of mistaken thinking, theoretical study by the Party for mobilization has changed into the propagation of dogmatism. If non-Party personnages have an inferiority complex when studying revolutionary theory, naturally they can have no creativeness. If theory is not studied creatively, it can only be studied dogmatically. A number of Party members act from the position of "masters of theory", as if "nobody else were present". Naturally this easily changes into dogmatism.

Because of this, I feel that in work concerning 'walls' and 'moats', besides doing well many other kinds of work, it is necessary to criticize the teaching that Communist Party members are made of "special stuff." If the Party, along with investigating "Big Powerism" and "Big Hanism" (Han Chauvinism) also investigated Big Partyism a little, a serious situation might be found. At this time, the democratic parties should also investigate their own capitalist class political thought of not accepting leadership.

A situation of "the Party replacing the government" certainly exists. The Central Committee of the CCP is comparatively small in size, and it is greatly surpassed in number by the lower levels. I look at it this way: Not a few Party members have an inadequate recognition of the role of the State organs. They don't completely realize that the State organs are the Party's tools for implementing revolution and establishing socialism. Because of this, not only are the State organs inadequately utilized, but also the authority of the State organs is not taken seriously enough - a situation of infrequent calling of meetings and meetings not filled with material* seriously exists at National People's Congresses below the hsien level.

I agree with Vice-Chairman Kuo Mo-jo's speech at the Third meeting of the Second Plenary, of the State Council. He stated that the Party's leadership is like the nervous system, the leadership over scientific study, culture, and administration is like the digestive system, voice system, circulation system and so forth. The leadership of the Party is manifest in each of the systems, but it cannot replace the functions of any of the systems.

*Lit. "not crammed full of"
I have another kind of comparison. The Party organization is like the director of a play, the various State organs are like the actors, artistic and technical personnel, and managers. To direct everything, one mustn't take the stage oneself, and even less must one take the place of the artistic and technical personnel, and the managers. In this manner, (by not participating), the Party organization can have their own brain every more clear-headed, their leadership can be ever more comprehensive and furthermore can be ever more active. Take disturbances among the people as an example. If those responsible in the administration are first allowed to dispose (of the matter), the Party organization giving suggestions and support, and only in times of extreme necessity putting forward explanation and clarification, problems could be disposed of a little better. If, when something starts, the Party immediately jumps in, if the matter is dealt with well, naturally that is fine, but if the matter is not disposed of well, the disturbance is intensified.

Comparisons in general cannot be completely accurate. Nonetheless, if, on the basis of clear division of labour, the Party's political and ideological leadership is strengthened and the positivism of the various systems is completely developed, this will be beneficial to the better implementation of the State's work.
3. Criticism of the United Front Work Department.

The work of the United Front Work Department (UFWD) has, of course, a great many achievements, but it also has serious shortcomings. The form of the shortcomings is the same as the mistaken outlook of not recognizing the existence of contradictions among the people. Among the bourgeois and petty bourgeois elements, discord was originally great, and sects originally were in existence. The UFWD should have known this. The UFWD methods (for dealing with these existing conditions) were on the one hand, to strengthen the collective (or unity) and, on the other hand, to loosen (weaken) democracy; to help and care for a particular sect, suppress other elements or sects of different opinions, and not hold fast to clarification of principle and distinguishing between right and wrong. Because of this, there flourished a dictatorial and patriarchial behavior. Naturally, this has helped the growth of sectarian activities. Furthermore, due to the bureaucratisms of various Party members and the treatment of Party members as "top drawer" by certain non-Party personnages, it sometimes seems as if the UFWD is at the point of participating in sectarian activities. In fact, today if either openly or secretly the shingle* of the UFWD is not grasped, it is very difficult to carry out sectarian activities in the democratic parties.

* I.e., Sanction of the UFWD
The UFWD tends to adopt simplified methods in distinguishing between people, does not deeply recognize the multifold complications of the peculiarity of the non-Party personnages, and does not completely understand that the phony work style of reputation and position bequeathed by the old society continues to seriously exist in certain persons. In addition, when there are even small controversies, no matter what the case, only one side is heard. Considerations of attentiveness (to the Party) are (seen as) leaning on the Party, and thus loyalty and making a strong mental effort can't be used to lead to vigorous effort in the realization of Party guidelines and policy, and are unavoidably ignored by the leadership element. Some people say that the existing political work of the UFWD uses the vulgar work style of "renumeration according to labour "and" reward according to unswerving loyalty" (ie. not as in the classical saying, "reward according to merit"). This kind of criticism is not true of all matters, yet it is worth investigation by the UFWD. In general, the UFWD is too busy. If too busy, bureaucratisation occurs. Those "yes men" who echo others and are easy to deal with are good for suppressing differing opinions. Wishing to seem loyal, they encourage the putting forward of opinions, but those who put forward their own opinion are felt to be troublesome, and are treated as
(examples of) "reckless individualism". This is why the Party again put forward opposition to the cult of the personality, and put forward the demand of not giving unprincipled support. But the cult of the individual and unprincipled support still exists, and though the Party repeatedly asks to hear differing opinions, differing opinions generally have a hard time coming forth. That which I have often seen (ie. criticism) is full of good will, but in the process of breaking out, it changes towards being of a sharp tongue, difficult to accept and respond to. The UFWD should make the leadership core larger and penetrate the organs and lower levels of the democratic Party sects (within which, there are not a few secret associations), and towards the sects clarify real and false. This would have a great influence on the clarification of right and wrong, and would, I think, be a great help towards the improvement of work in the democratic parties. In the past years, there has been a little too much supervision, and this should be changed into a little less supervision and a little more checking up. This would be better. (On the other hand), little supervision and no checking up certainly isn't proper.

Such criticisms (as this) by non-Party personnages can't but be one-sided and superficial, and can only offer a reference (viewpoint).
Chang Nai-ch'i Speaks at the CDNCA Meeting on the Leadership of the Transformation

The Elimination of the Three Evils Can Motivate the Positivism of Industrialists and Merchants Circles

Report by this paper's news service (TKP). Vice-Chairman of the Standing Central Committee of the CDNCA, Chang Nai-ch'i, spoke yesterday before the CDNCA Central Committee-sponsored discussion meeting Forum on Leadership Work for Transforming Industrialists and Merchants.

Chang Nai-ch'i said: When carrying out leadership work among industrialists and merchants, it is necessary to start from the reality of the basic elimination of classes and the need of developing the positivism of industrialists and merchants by every means possible. Everyone always says that it is necessary to take a firm class stand, and I have heard this slogan shouted a great deal, but this (shouting) is not the same as taking a firm class stand. The dogmatist seeks to give the industrialist and merchant a number of hats to suppress them.* This certainly isn't for the benefit of

* Ie., Label them as "capitalists", etc.
the working class. These dogmatists in reality are egoists, and do not have a proletarian standpoint. The true proletariat standpoint is constantly thinking of benefit to socialism and the working class, and the benefit of the many million industrialists and merchants. Everyone is always talking about clarifying class boundaries, but desire no intercourse for fear of staining their white blouses. This is completely opposed to the Party's united front policy, and is detrimental to socialism.

The common nature of the three evils.

How should we mobilize the positivism of industrialists and merchant circles? Chang Nai-ch'i said that (the key is) six characters: "clarify right and wrong", and "eliminate the three evils". The evils have a common nature; the non-clarification of right and wrong.

Sectarianism is unwilling to clarify right and wrong, subjectivism is unable to clarify right and wrong and bureaucratism doesn't dare clarify right and wrong, for fear of losing their (the bureaucrats') paper crown. Chang Nai-ch'i said: Private-operation organs are inflated, there are more men than work, and they are not comparable with the norm (production output) of socialist enterprises, but the present joint-operated
enterprise, compared with that during the time of private enterprise, is even worse, and their production levels are less than those of the past (the enterprise in the private operation period). State organs are also like this, with work efficiency greatly behind that of the past. Why is there such a great difference when compared with the past? Chang Nai-ch'i said that this was because state organs are too expanded, right and wrong is unclear, arrangement of personnel was "with virtue* stressed and ability downplayed", thus creating an irrational system based on "virtue" that has evil consequences for the public side representative. In the time of private operation, capitalists also utilized people, and they would use one man to do the job of three in order to make money. If they used five men to do one job, they wouldn't make any money. It has been said that they were stupid, but this is not in accord with reality. Generally, in order to develop the positivism of industrialists and merchants it is necessary to have fairness and clarification of right and wrong (principled action). Chang Nai-ch'i said: bureaucratism is a more serious enemy than capitalism. This is because capitalism has been incapable of restoration

*Ie., Political stature
for a long time, but bureaucratism can often be restored, and because socialism with dogmatism will have lower production levels than capitalism. Because I have spoken thus, possibly some people will cap me with the hat of "reverting back to capitalism", but I am unafraid.

Class can't be used as a basis for oppression.

Concerning mutual relations (between public and private?) and class relations, Chang Nai-ch'i expressed his agreement with everyone's opinion: Class relations are already residual. He said, in work, class relations should not be emphasized, and only in thought reform should class relations be realistically brought forward. If relations between public and private are good, it is unnecessary to bring forward class relations. This is because contradictions are uncovered in order to be resolved, not in order to create contradictions. To those industrialists and merchants who receive only a few dollars in interest, class relations should not be emphasized. Some people receive high salaries, but such high salaried people are not many, and many people do not make as much as workers. Generally, in leading people, suppression should not be used in the name of class relations, but the methods of persuasion should be used.
Saying interest is exploitation will not bring about submission.

Concerning the nature of interest, Chang Nai-ch'i thinks that saying interest is exploitation will not bring people to submit (or "accept the teachings"). He said: Exploitation is a matter of grief, and so to say "exploitation", and then say that this is a non-antagonistic contradiction, is impossible.

Caring for the hardships of industrialist and merchant circles.

Chang Nai-ch'i stated: To do well work with industrialists and merchants, it is necessary to show concern for them, and care for their hardships. Doing such work well is the same as serving all the nation's people, and will have an influence on the world. Some industrialists and merchants often speak three parts truth and seven parts falsehood, and this is not good.

"Rending the womb and dismembering of bones" is a liquidationist theory.

Lastly, Chang Nai-ch'i again discussed the "dual nature" question.
He said: Concerning this question, I have already very recently written an essay for Kung Shang Yueh K'an (sic.), and its contents are close to those of Pi Wu-chi's words. He said: The dual nature of which Chmn. Mao spoke is spoken of by the dogmatists in the detrimental sense of, politically, counter-revolutionary and not counter-revolutionary, and economically, that of benefit and harm to the national goals and the people's livelihood. The dual nature, in terms of ideology, involves the question of advanced and backwards, but if it is said to involve advanced and reactionary, this is dangerous, for it is no longer a question of (relations between) leaders and led. Do the capitalist class and working class have different natures? In terms of class, they have, but in terms of class elements, one cannot say this. The dialectical materialist thinks that opposites are transformable, and that one cannot see the transformation of class elements as being too mysterious. Chang Nai-ch'i was also not in agreement with the idea of "rending wombs and dismembering of bones". He thought that this was the perspective of a liquidationist theory. The present issue is the process of people's class nature gradually changing into a common nature of all the people. He thinks that "men's hearts follow the trend of development" is materialist (in thought), and that in a capitalist society workers move towards becoming capitalists, but a present, capitalists move towards becoming workers.
"On the Dual Nature of the Chinese National Bourgeoisie"

CDNCA Vice-Chairman
ACFIC Vice-Chairman
Chang Nai-ch'i

Industrialists and merchants, upon reflecting on Chairman Mao's speech before the 11th Session (Enlarged) of the Supreme State Conference, felt that what Chairman Mao had said concerning the issue of the dual nature of the national bourgeoisie, although forthright, was completely acceptable. Contrary to this, that which has been said at various times prior to this (speech) by various dogmatists, although convincingly put, was still very hard to accept ideologically.

This feeling of industrialists and merchants (concerning the dogmatist's conception of dual nature) can be explained. Let us reflect on the past. What exactly is the concept of dual nature that was absorbed by industrialists and merchants? It is the dual nature, politically, of revolutionary and not revolutionary or even counter-revolutionary, and, economically, the dual nature of a positive side beneficial to national interests and the people and a negative "Five Poisons" side
detrimental to the national interests and the people. This perception (of dual nature) was inculcated in them during the "Five Anti" Struggle, and because of this its influence on them is boundless.

At the beginning of 1956 when there occurred the High Tide of trade-wide public-private joint operation in private industry and commerce, industrialists and merchants with gongs and drums welcomed socialism. The nature of the capitalist class is opposed to socialism, yet the Chinese national bourgeoisie welcomed socialism! This surely was a great event in human history. The people are the final judges of the situation. The Chinese people and all nations' people expressed their welcome of this correct activity by the Chinese national bourgeoisie. Furthermore, the Chinese Communist Party's Central Committee specified that industrialists and merchants are national treasures, and desired the complete development of their positivism in order to struggle together in the glorious undertaking of constructing socialism.

Because of this, naturally in their hearts, the industrialists and merchants felt that that conception of dual nature taught to them during the "Five Anti" Struggle was gone, never
to return. They felt that, as a class, it is difficult to understand how they could still be unrevolutionary or even counter-revolutionary, and it is difficult to understand how the "Five Poisons" could again occur.

The error of the dogmatist is generalizing, that is, not grasping the development of objective conditions and being unwilling to penetratingly comprehend the ideological state of the masses. Because of this, without intense analysis, they put forward (the idea) that the national bourgeoisie still has a dual nature. This can't but cause industrialists and merchants who hear it to be shattered! This can't but raise serious impediments to the policy of completely developing the positivism of industrialists and merchants.

The industrialists and merchants ask: "Why is there still a dual nature?", "After seven years of transformation, the reactionary landlord class has already been largely transformed into self-supporting peasants, how is it that we, who are allies and friends, still have a dual nature?", and "Is there still to be another 'Five Anti'?".

The logic of the dogmatist is that industrialists and merchants easily become smug and self-satisfied, and thus if they are
still made to wear the cap of "dual nature", this will be beneficial to their (individual) transformation.

This proves that the dogmatist is addicted to methods of suppression. Naturally, if the dogmatist can only "suppress" people, he can't persuade people. Everyone knows that the result of "suppression" is only to produce "a compliant mouth, but an uncompliant heart". In terms of ideological education, it is useless. Such methods are completely contrary to the guidelines for study of "lightness and gaiety" and the methods of "gentle winds and light rains" adopted for the present Rectification movement this year.

The Marxist-Leninist method used by Chairman Mao to explain the dual nature of the national bourgeoisie is to summarize the dialectical nature of a series of objective conditions. Industrialists and merchants realize that as any class and any person has a dual nature and must be transformed, the national capitalist class thus naturally has a dual nature, and naturally must be transformed even more. The national bourgeoisie, compared to other classes, has a bit more negativeness. And besides questions of thought and work style, there is still the tail of interest - income earned without labour.

Certainly, industrialists and merchants can warmly accept this interpretation of Chairman Mao. It fundamentally illustrates
the difference of the results obtained from the Marxist methods and from dogmatist methods.

The Marxist never "immortalizes" a single person or class, and also never "vilifies" a single person or class, for only an idealist can do this. Precisely because of this, the Marxist has incomparable powers of persuasion. The dogmatist makes Marxism a mystical thing, and because of this unconsciously slips into the mire of the idealist, and so has no powers of persuasion.

II

Can this confuse class boundaries, weakening the leadership power of the working class? Not a bit.

Historically, the differences between leader and led could only be the differences between advanced and backwards. It is impossible for an advanced class to lead a reactionary class. Towards a reactionary class, every action is carried out as the treatment of an enemy, and thus it is not possible that there be any relationship between leader and led. It must be realized that if the distance between the two classes was to again widen even a bit, the national bourgeoisie, going backwards, would change into a half reactionary class, and thus relations between leader and led would be seriously injured!
In the New Democratic Period, the relation between the Chinese working class and national bourgeoisie experienced (the national bourgeoisie) changing from friends into enemies, and from enemies again changing back into friends - the process of the national bourgeoisie finally accepting the leadership of the working class. In the period of Socialist Revolution, initially there again existed the possibility of (the national bourgeoisie) changing into enemies, and the contradiction changing into an antagonistic one between ourselves and the enemy. But due to the CCP's excellent and skilled use of intimately uniting the fundamental truths of Marxism-Leninism with the reality of the Chinese Revolution, following the trials ("Five Anti" Campaign, etc.), the relation between leader and led not only has not weakened, but has even become more solid. Later, by the experiencing of the stage of trade-wide joint operation, the possibility of its transforming into an antagonistic contradiction between ourselves and the enemy was completely eliminated.

It must be stated that if, unfortunately, the dogmatists had held sway during the Chinese Revolution, the situation would be totally different. This would not only have been unfortunate for the Chinese national bourgeoisie, but would have injured the Socialist Revolution.
What was the lesson of the "Five Anti" struggle"? The "Five Anti" struggle proves that the Chinese working class not only need not fear the reversion of the national bourgeoisie, but also that the national bourgeoisie could not revert. The contents of the "Five Poisons" materials (business crimes) basically were all questions of illegality, and not questions of counter-revolution. The Chinese national bourgeoisie is patriotic, and has been able to play a distinct, positive role in the Reconstruction and the Socialist Construction economy. In fact, because it is a patriotic class, it is hard to imagine that it could today revert. By seeing the fatherland's future blazing brightly ahead, it becomes even more patriotic. How can it revert?

"Businessmen can be patriotic, but can never love socialism". This kind of dogmatist interpretation is completely without basis. At present, the national bourgeoisie has already handed over its production materials. As a class, it already finds itself at the stage of basic elimination. Under the correct leadership of the Chinese Communist Party, the Chinese National bourgeoisie can accept socialism, and thereupon eliminate itself as a class. This already is becoming the final judgement of history. This should be a time for the dogmatists to deeply investigate themselves.
III

Then, it is difficult to think that there are no differences in the class nature of the working class and capitalist class?

The nature of the capitalist class is exploitation, while the nature of the working class in non-exploitation and opposition to exploitation. This contradiction cannot be resolved, and the difference is manifest. But the dialectical materialist realizes that opposites are mutually transformable. That a contradiction is unresolveable certainly does not mean that the two sides of the contradiction can't be mutually transformed. The dogmatists continually remind us that the lesson of "changing enemies into friends" is forgotten even in our own country. They belittle the principle of "being determining consciousness", see only to the ends of their noses, see only the very small and the very near, and can't grasp the development of objective conditions. They can only see the "small existence" - that capitalists have possession of production materials, and do not recognize the "big existence" - the great strength of the people, the growing strength of the socialist economy, the historically unprecedented harmony and prosperity in the
fatherland, and the daily-growing unity and prosperity of the socialist camp. They do not understand that the production material in the capitalists' possession even from before (trade-wide joint operation) was under the management of the State organs and the supervision of the staff and worker masses, and that they (the capitalists) do not play a dominant role in decision-making. Under these conditions, the Party and the government carried out, towards industrialists and merchants, a glorious policy beneficial to the individual, of unity, education and transformation, and, after trade-wide joint operation, implemented overall arrangement for them in their work and gave them interest.* People instinctively want to go the road of life, people generally have feelings, and outside of a privileged class, the majority of people speak rationally. Because of this, in reality, industrialists and merchants are a step advanced over dogmatists, seeing clearly their own future, grasping their own fate and accepting socialist transformation.

The change of the capitalist class into working class thus awaits the final elimination of their own class. This is

*I.e. Compensation for loss of their business
precisely because the contradiction between the two classes is unresolvable.

IV

Classes, in the end, must be eliminated, but man can be transformed. From this perspective, class characteristics and the class character of the individual are not the same. Dogmatists are in disagreement with this analysis. They mechanically totally equate the two.

The nature of the capitalist class - exploitation - certainly is born of the "mother's womb". When the feudal society educated the capitalist class, they bequeathed to them their exploitative nature. One day the capitalist class will renounce exploitation, and then this class will die out. From the life history of the capitalist class, it can be said that the basic nature of exploitation undoubtedly "arrives at birth and ends with death".

For capitalist class elements, having the class characteristics of the capitalist certainly don't "arrive at birth and end with death". How can it be explained that those coming from the womb definitely must become capitalist persons? If this were true, they could only be born of "the eight characters snatched by the fortune teller" (innately born capitalists).
Dogmatists kneel and bow to fortune tellers as venerated teachers, and insist that the transformation of the capitalist is the changing of the nature of classes or the instinctive capacity of class, and thus today, even after eight years of advance following the establishment of this new nation, still call for "rending the womb and dismembering of bones" (radical transformation).

In a capitalist society in the process of the (capitalist) class dividing into two, each day there would be some capitalists who would wreck production and throw their lot in with the ranks of the working class. In the old China, this type of situation was a common occurrence. How can it be explained that these numerous capitalists who threw their lot in with the working class were of the "ends only with death" type? As a result, it must be said that only today does the character of the national bourgeoisie "ended only with death", and because of this must undergo radical change. This is the same as saying that they are not as good as the capitalists from the capitalist nations and capitalists from the old China, and thus it can be said that our work of education and transformation has contrarily changed men for the worst! This is extremely dangerous liquidationism!
The transformation of the national bourgeoisie naturally is comparatively difficult, but this does not mean that we should excessively emphasize difficulties through emphasizing transformation of class nature, and thus, after advancing through eight years of transformation, make necessary the situation of transformation by "rending the womb and dismembering of bones". Such an approach can't but cause transformation work to be mystified, causing people to "become afraid just by looking at it". This will certainly hinder people's acceptance of transformation, and so should not be encouraged.

V

The class characteristics of the national bourgeoisie - most significantly its dual nature - still belong to the category of ideological habit. Even the most serious situation can be described by the two phrases, "if you do one thing for a long time, it becomes a habit". This certainly isn't anything innate and natural, but can only be acquired and learnt. A "class brand" can only be pressed on a "temple of flesh", and certainly cannot be pressed on the bones. In capitalist society, although it was a learnt habit, the illness just got worse and worse, and thus attributing this as due to its (class) nature was possible. Such a statement could motivate men a little, and the metaphor of "rending the
womb and dismembering of bones" was useful. But in our society, especially today when classes have already been basically eliminated, the nature of the question is very different. The metaphor of "rendering the womb and dismembering of bones" does not correspond to the spirit of "lightness and joyousness" and "gentle winds and soft rains". It must be correctly recognized that we are at present in the midst of the process of the gradual elimination of the class characteristics of people and universal realization of the common nature of humanity. Today, to still continue to onesidedly stress class characteristics, while at other times putting forward the goal of realizing the common nature of all humanity, obviously is an error. The excessive stressing of class contradictions which is divorced from reality is unsuitable.

"Men's hearts follow the trends of (historical) development". These are words which are very much in accord with reality. Dogmatists, although saying that "man's hearts follow the trends of development", have never synthesized this with reality in their thought. "The tendency is stronger than the individual". In capitalist society especially in the stage of the rise of capitalism, not a few workers associated themselves with the capitalists, even to the point of splitting
into two parts as a social class. In imperialist nations, the capitalist class fostered the trick of the worker nobility, which still is able to attract the attention of many workers. This is precisely why England, the United States and other nations, under the system of worker nobility, although they have a gigantic working class, still have not risen in revolution. Naturally, just as men grow old and must die, capitalism undoubtedly will also perish, but it is true that the revolution has already been held back. On the contrary, in a socialist society, as the labouring classes take the leadership position and labour is supreme, there is an incomparably bright future, and capitalists can desire to be workers. The situation can be totally explained thus. The dogmatist, on the other hand, wishes to make use of mysticism in order to intimidate people.

VI

The dogmatists underrate the progress of the national bourgeoisie. In the last eight years, they (the national bourgeoisie) have frequently been in the line of fire of class struggle, experienced the fiery baptism of struggle, and this has had an enormous and deep effect on their ideological
molding. By the time this fire had moved to the dogmatist bureaucrats, it had already changed into "the gentle heat of a greenhouse", changing into a pleasure for the dogmatist bureaucrats. It is precisely because of this that the national bourgeoisie have advanced while, on the contrary, the dogmatic bureaucrats have fallen behind.

Dogmatists onesidedly exaggerate the negative side of the national bourgeoisie, even to the point, at present, of placing on their heads responsibility for the illegal activities of speculation and profiteering on the free market. The dogmatist without proper analysis confuses the national bourgeoisie, the national bourgeoisie as represented by the new, joyous businessmen, with the thieving merchant element.

It should be specified that in the dual nature of the national bourgeoisie, the positive side is predominant and growing and furthermore there is still a large positive potential that can be developed, and that the negative side is secondary and fading, with its primary expression being the inferiority complex and fearfulness (of businessmen). At present, in the ideological education of industrialists and merchants, it is
necessary to completely eliminate their inferiority complex and vigorously encourage their positive nature, and furthermore it is necessary to create the conditions and facilities for the development of their positiveness. This is beneficial to socialist transformation, and is also beneficial to socialist construction. We must by every means possible work for the benefit of the socialist revolution, so as to be able to be counted as truly standing fast to the working class side. How can dogmatists who toy with revolutionary expressions and do not even consider advantage to the revolution be thought of as having any more of a firm working class stand?

When developing their positive nature, it is hard to prevent a little arrogance while overcoming their inferiority complex, and hard to prevent some unsatisfactory side effects which generally are expressed as smugness and self-satisfaction. On the businessman's side, this is something we must be alert for, so as to improve our relations with the staff and worker masses. But from the side of the leadership which is carrying out ideological education, this should not be used as a means of oppressing people through the big cap of "self-satisfaction", or used to hinder the full development of their positiveness. It must be remembered that positivism, along with a little self-satisfaction, is generally better than negativism, even to the point of "half positivism", with a little arrogance being better.
I completely believe that by passing through the glorious movement of "a hundred blooming flowers and a hundred schools of thought", the positivism of the capitalist will reach boundless heights. To reveal contradictions and not to hide them is certainly of benefit to the resolution of contradictions.

Lastly, I hope everyone will, based on the spirit of Chairman Mao's essay "An Analysis of Classes in Chinese Society", continually carry out penetrating analysis of the Chinese national bourgeoisie, and basically grasp the process of development in the eight years since Liberation and in the future. This will be an effective remedy for overcoming dogmatism. If this work is done well, it will not only be beneficial for the gradual transformation of the industrialist and merchant, but will also have important international and historical significance.
FREQUENCY/INTENSITY OF CRITIC'S REFERENCES TO CHANG'S PAST, 1935-1954

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FREQUENCY/INTENSITY OF CRITIC'S REFERENCES TO CHANG, PRE-HUNDRED FLOWERS
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