At the beginning of the twentieth century, China was mainly a rural, agricultural country with a traditional economy. Economic growth was slow because foreign powers controlled many of China's resources. Later, the introduction of communism did not help economic conditions.

**Chinese Nationalism**

By the early 1900s parts of China were controlled by other countries. The Qing emperors seemed unable to stop this, but many young Chinese demanded change. “The foreigners must leave,” they said. At the same time, they wanted China to learn foreign ways and become a modern country.

A new political party, the Guomindang (Gwoh•min•dahng), or People’s Nationalist party, grew out of the calls for change. Its leader, Sun Yat-sen (SUN YAH•SEN), wanted to create a republic based on the “Three Principles of the People”—nationalism, democracy, and a strong economy. Sun Yat-sen thought that China needed to get rid of foreign control, form a democratic government, and find a way to become an industrial power.

By 1911 the Nationalists had forced the last Qing emperor to step down. Sun Yat-sen became the president of a new Chinese republic. The new government, though, was not able to unite China. Warlords, individuals with their own small armies, had taken over many parts of the country. The warlords refused to follow the orders of the Nationalist government. The Nationalists seemed to have little chance of success in bringing the Chinese people together.

The situation changed in 1925, when Sun Yat-sen died. Chiang Kai-shek (jee•AHNG KY•SHEK) became leader of the Nationalists. Chiang soon built up the Nationalist army and began defeating the warlords.
At the same time, the Nationalist party split. The newly formed Communist party wanted the peasants to have more say in government. Chiang, supported by wealthy landowners, disagreed with this and took action against the Communists.

By 1934 the Nationalist armies had forced the Communists into a small area in southeastern China. About 100,000 Communists began a walk of 6,000 miles (9,656 km) across China to safety in the northwest. This hard journey, now known as the Long March, took more than a year. Nationalists attacked all along the way. Fewer than 20,000 people survived the march. Yet on the way they found a leader—Mao Zedong (MOW ZUH•DUNG).

**REVIEW** Why were the Nationalists unable to unite China?

**Communism in China**

In the northwest, which was now under Communist rule, Mao Zedong lowered taxes and gave the peasants control of the land. In the rest of China, Chiang Kai-shek was unable to bring about much economic change. More and more peasants joined the Communists, hoping for a better life.

Years before the Long March, Mao had made this prediction:

"Several hundred million peasants... will rise like a tornado or tempest—a force so extraordinarily swift and violent that no power, however great, will be able to suppress it."

As Mao had hoped, an army of peasants rose up. After a long and violent war, this peasant army drove out the Nationalists. In 1949 Mao set up a communist state, the People’s Republic of China. Chiang and his followers escaped to the island of Taiwan (TY•WAHN). There they set up their own government, which they called the Republic of China.

Mao began to change every area of Chinese life to fit his ideas. He appointed Communists to all leadership positions. He then divided the country into many small districts. In each district the people ran the factories and farms where they worked. Still, the real authority belonged with the central government, which was controlled by Mao and other Communist leaders. Together they created five-year plans to set economic goals for the country.

Mao Zedong (left) led Chinese Communist forces. Followers of Mao are shown (picture at far right) after the completion of the Long March in 1934. During that 6,000-mile journey, marchers crossed 24 rivers and 18 mountain ranges.
Mao’s first five-year plan in 1953 called for rapid growth of industry. It also forced most peasants to live in communes, farming communities where people shared housing, food, and work. For the most part, Mao’s plan worked. Leaders were pleased to see an increase in farm production and industry.

Mao’s second five-year plan, the Great Leap Forward, tried to do much more. It created hundreds of large communes, where as many as 25,000 people lived and worked. The goal was to bring China’s production levels up to those of Western nations. As a result of poor planning, industry nearly came to a stop. Also, bad harvests from 1959 to 1961 left millions of people starving. China had failed to take the Great Leap Forward.

Some members of the Communist party criticized Mao’s plans. They believed production would increase only through rewards to workers. Mao accused them of “walking the capitalist road.” Their goal, Mao said, was to return to the days of the emperors.

**REVIEW** What steps did Mao Zedong take to change the Chinese economy?

**The Cultural Revolution**

In 1966 Mao decided that too many people were refusing to accept his ways. What China needed, he said, was a Cultural Revolution to cut people’s ties to the past. Mao felt that high school and college students would be
the best people to lead this revolution. Having grown up under communism, they had little respect for China’s past.

The Red Guard, as these young people came to be known, destroyed anything that showed the past or the ways of the West—books, works of art, buildings. They even changed traffic signals, making red the color for “go” and green the color for “stop.” The Red Guard made life hard for those who they felt were not good Communists. The people they questioned lost their jobs and their membership in the Communist party. Many were thrown into jails or sent to work camps. Some were killed.

In time even Mao thought the Red Guard had gone too far. In 1968 he called an end to the Cultural Revolution.

The Cultural Revolution had destroyed the Chinese economy. Large numbers of managers, factory workers, and peasant farmers had been put out of work by the Red Guard. Because of this, farm and factory production dropped. It would take many years for China to recover from this economic disaster.

**Review** How did the Cultural Revolution affect life in China?

**New Freedoms, New Challenges**

After Mao died in 1976, two groups of Communist party leaders fought for control. The moderates—the group that won—believed that the country’s economy would improve by forming closer ties with Western nations. The leaders of the losing group, which was headed by Mao’s widow, Jiang Qing, were put in jail.

In 1977 Deng Xiaoping (duhng shee-AH-ping) became the leader of the moderates. Deng soon announced a new economic program based on the Four Modernizations. The leader’s plan aimed at improvements in four areas: farming, manufacturing, armed forces, and technology. Under this plan the government gave managers more control over farms and factories. The government still set quotas, or required amounts of particular goods to be produced. But farmers and factory managers could sell any extra goods they produced and keep the profits. The program also introduced the idea of free enterprise. Some Chinese were allowed to start their own businesses.
The taste of economic success made the Chinese people want even more changes. During the late 1980s thousands called for political changes as well as economic ones. In early 1989, students protested peacefully day after day in Tiananmen (TYAHN•AHN•MEN) Square in Beijing. The students demanded political freedom. As the weeks went by, their cry for democracy grew stronger.

The Chinese government decided to take action. On June 4, 1989, troops fired on the students in Tiananmen Square. "Tell the world our government has gone mad!" an angry young woman said to Western journalists. By the next day the army had moved into the Square and thousands of students lay dead or wounded. Many others were put in prison.

The Tiananmen Square killings shocked people around the world. Some governments cut trade ties with China. Chinese leaders responded by saying that other governments had no right to criticize their actions. The Chinese government then made all traces of the massacre disappear—as though the killings had never taken place!

In the early 1990s Chinese leaders gave back some freedoms to the people and began to rebuild economic ties with Western countries. Today China has one of the world's fastest-growing economies. After Deng Xiaoping's death in 1997, China's new leader, Jiang Zemin (JE•AHNG zhuh•MIN), promised to continue free enterprise in China. Politically, however, the country remains a long way from being a democracy.

Today, more than 1 billion people live in China. With China's large population comes the problem of how to feed so many people. Since the late 1970s China has tried to keep its population from growing by requiring families to have no more than one child.

**REVIEW** How did Deng Xiaoping change China's economy?

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**Check Understanding**

1. **Remember the Facts** What was the Great Leap Forward? What was the Four Modernizations program?

2. **Recall the Main Idea** How did China's economy change after Mao?

**Think Critically**

3. **Explore Viewpoints** Which leader, Mao Zedong or Deng Xiaoping, helped China's economy more? Explain.

4. **Personally Speaking** How would you feel if you were free to make decisions about earning your living but not about choosing your leaders? Do you think the two freedoms belong together? Do you think one can exist without the other? Explain.

**Show What You Know**

**Time-Line Activity** Use library resources to create a time line showing events relating to the Chinese economy from 1911 to the present.