

**STEEL METROPOLIS:  
INDUSTRIAL MANCHURIA AND THE MAKING OF CHINESE  
SOCIALISM, 1916–1964**

**A DISSERTATION TO BE SUBMITTED TO THE  
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## ABSTRACT

Drawing upon archival and oral history sources in Chinese, Japanese, English, and Russian, this dissertation examines the transformation of twentieth-century China's largest steel enterprise and its urban environment: the Anshan Steel and Iron Works (Angang) located in the city of Anshan in Manchuria (Northeast China). During the early years of the People's Republic of China (PRC, 1949-), Angang produced fully half of China's steel, and was also the fourth largest steel enterprise in all of Asia. A symbol of the new socialist state as envisioned by the Chinese Communist Party (CCP), Angang was also one of the PRC's largest state-owned enterprises that formed the primary pillar of the socialist planned economy. While Soviet technological aid to Angang in the 1950s is well documented, far less known is Angang's genesis, which lay squarely in Japanese colonialism in Manchuria before 1945.

This study traces the evolution of Angang and its urban environment in Anshan under the successive regimes of imperial Japan (1916-1945), the Soviet Union (1945-1946), the Chinese Nationalist Party (1946-1948), and the CCP (1948-present). I challenge the widely held idea that the PRC's planned economy was inspired purely by Stalinist and Maoist visions. Instead, I contend that Chinese socialism also built upon the physical assets, human resources, and institutions left over from the Japanese and Nationalist war economies. Moreover, as under these previous regimes, lower-level officials and local residents often undermined the PRC's top-down efforts to transform the economy by re-interpreting the organizational and ideological rules set by the state for their own interests.

Through a transnational microhistory of Angang and Anshan, my work offers a new framework for analyzing late-industrializing regimes of the twentieth century. I propose the concept of "hyper-industrialism" to describe the global nexus of ideology on development that crossed the divide between socialism and capitalism. By hyper-industrialism, I refer to a strong faith in the state's ability to industrialize the economy through bureaucratic planning and dominant focus on heavy industry for increasing the nation's military strength. By analyzing how the tenets of hyper-industrialism were implemented on the ground, I also explain how people experienced state-led industrialization in their daily work and everyday life.

The dissertation begins by exploring the pre-CCP origins of the socialist planned economy in Manchuria as epitomized by the rise of Angang under Japanese, Soviet, and Nationalist rule (Chapters 1-2). The core discussion focuses on the first phase of CCP rule between 1948 and 1957, especially the First Five-Year Plan (1953-1957). Specifically, chapters 3-6 examine the Japanese, Nationalist, and Soviet influences in the PRC's socialist industrialization; the early PRC's state-enterprise system; the planning and formation of the industrial city; and relationship between the CCP Party-State and Chinese citizens. The last chapter discusses the Great Leap Forward (1958-1961) and its impact on Chinese socialism.

## DEDICATION

To my mother and grandmother  
for their love and patience

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# Introduction

## A Showcase of Chinese Socialism

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On October 24, 1954, during his visit to the People's Republic of China (PRC, 1949-present), Prime Minister Jawaharlal Nehru of India set foot in the city of Anshan in Manchuria (Northeast China). Under Mao's leadership, the Chinese Communist Party (CCP) had invited Nehru to Anshan in order to showcase its new socialist state modeled after the Soviet Union. During the Mao period (1949-76), Anshan earned its reputation as China's "Steel Metropolis" (鋼都) for housing the PRC's largest steel-making enterprise: the Anshan Steel and Iron Works (鞍山鋼鐵公司), or Angang (鞍鋼). Producing half of the steel made in China, Angang at that time was the fourth largest steel producer in all of Asia, following Kuznetsk in Siberia, Tata in India, and Yawata in Japan.<sup>1</sup> According to a major Indian daily, Nehru was "very impressed" by its "giant metallurgical complex of some 40 plants which are the pride of the people of China."<sup>2</sup>

Manchuria, where Angang was located, was the core region of the early PRC's "socialist industrialization (*shehuizhuyi gongyehua*)," a Stalinist development strategy focusing on heavy industry and state-owned enterprises (SOEs)—corporations owned and controlled by the government. In Manchuria, the industrial economy was dominated by Angang and other large-scale SOEs from the very first years of the PRC. This was in

<sup>1</sup> Muzaffer ErSelçuk, "The Iron and Steel Industry in China," *Economic Geography*, 32-4 (1956), 351.

<sup>2</sup> G. K. Reddy, "MR. NEHRU VISITS STEEL WORKS," The Times of India (October 25, 1954), 7. Indeed, Nehru's admiration for Angang was so profound that he talked at length about it in his subsequent meeting with an Indian military physician in Beijing. "Zapis' besedy s Indiiskim uchenym, laureatom mezhdunarodnoi Stalinskoi premii Sakhibom Sing Sokkheem. 30 oktiabria 1954 god," Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-47-379-7, 87-88. This is a record by the Soviet ambassador in Beijing, whom the Indian physician met shortly after his conversation with Nehru.

stark contrast to the PRC's other industrial center, Shanghai, whose economy was still dominated by small- and middle-sized factories owned by private capital in the light industry sector. During the 1950s, Angang and other SOEs in Manchuria produced 30-40% of China's heavy industry products such as steel and coal.<sup>3</sup>

In the eyes of Mao and his colleagues, heavy industry, especially steel, symbolized modernity. In his 1952 Russian-language report, Premier Zhou Enlai averred that “[t]he central link” in the PRC First Five-Year Plan (1952-1957) was heavy industry, especially steel, iron, coal, electricity, oil, and machinery, which would “transform the shape of the country’s economy” and “strengthen national defense.”<sup>4</sup> To the Chinese Communists, the amount of steel production represented the best measure by which to compare the wealth and power of nations.

As the aforementioned Indian paper reported, Mao’s “new regime has re-built and expanded these steel works [of Angang] with Soviet technical and financial aid.”<sup>5</sup> In the heyday of the Sino-Soviet Alliance in the 1950s, the PRC’s First Five-Year Plan and the development of Angang and other major Chinese SOEs relied heavily upon machines, designs, and know-how imported from the Soviet Union. Angang thus served as a central symbol of Soviet-style industrialization undertaken by the PRC government. This image

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<sup>3</sup> In 1952, Manchuria produced 40 % of electricity, 33 % of coal and 39 % of cement in China. The numbers were respectively 30, 24 and 23 in 1965. Gongye jiaotong wuzi tongji si 工業交通物資統計司, *Zhongguo gongye jingji tongji ziliao* 中國工業經濟統計資料 (Beijing: Zhongguo tongji chubanshe, 1985), 166,168 & 172.

<sup>4</sup> “Doklad Chzhou En’laia ‘Ekonomicheskoe polozhenie v Kitae i zadachi piatiletnegostroitel’stva’” (August 29, 1952), in E. R. Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody: sbornik dokumentov v dvukh tomakh* (Moscow, Pamiatniki istoricheskoi mysli, 2009-2010), vol. 2, 162-163. Zhou also mentioned , aircraft, tanks, tractors, shipbuilding, automobile, military industry, non-ferrous metals, and basic products of chemical industry

<sup>5</sup> G. K. Reddy, “MR. NEHRU VISITS STEEL WORKS,” *The Times of India* (October 25, 1954), 7.

was certainly endorsed by Anna Pankratova (1897–1957), a Soviet historian. Shortly after her visit to Angang in 1954, she wrote: “Angang...surprised us Soviet people in a very pleasant way. If we had not heard Chinese voices, we would have thought we were in one of our own metallurgical enterprises....[I]t is equipped with Soviet technology, Soviet machines.”<sup>6</sup>

Such a narrative of the technology transfer in China, however, deliberately concealed Angang’s origins in the Japanese colonization of Manchuria before 1945. In its report on Nehru’s visit, in fact, the Indian newspaper acknowledged that “[t]he Anshan steel centre was originally developed by the Japanese in 1916,” a fact barely mentioned in the Chinese media. Indeed, Angang grew out of a Japanese enterprise established in the mid-1910s, and expanded under the subsequent Japanese military occupation of Manchuria (1931–45). Following the end of World War II, Anshan was occupied by the Soviet Red Army and then by China’s Nationalist government, before the CCP finally gained control of Manchuria in 1948 and Angang became the showcase of Chinese socialism. Such a historical trajectory under the different regimes was more or less common to other major SOEs in Manchuria, the center of heavy industry in Mao-era China.<sup>7</sup>

Drawing on archives and interviews in Chinese, Japanese, Russian, and English, this dissertation traces the transformation of Angang and its urban environment in Anshan under the Japanese empire (1916–45), the Soviet occupation (1945–46), China’s

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<sup>6</sup> A. M. Pankratova, “Doklad o poezdke v Kitaiskuiu Narodnuiu Respubliku” (November 9, 1954), in Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody*, vol. 1, p. 73.

<sup>7</sup> Kang Yan 康岩, “Gongye quwei de peizhi wenti 工業區位的配置問題” (September 1950), *Zhonghua Renmin Gongheguo guojia jingji maoyi weiyuanhui* (ed.), *Zhongguo gongye wushinian: xin Zhongguo gongye tongjian* (Beijing: Zhongguo jingji chubanshe, 2000), Pt. 1, Vol. 1, 1821–1824; Man-Mō dōhō engokai 滿蒙同胞援護會 (ed.), *Man-Mō shūsenshi* 滿蒙終戰史 (Tokyo: Kawade shobō shinsha, 1962), 693–794.

Nationalist government (1946-48), and the CCP (1948-present). By doing so, I uncover the global origins and local realities of Chinese state socialism, which often diverged from the grand vision of the CCP—the one exhibited for Nehru and Pankratva. More specifically, I challenge the widely held idea that the PRC’s brand of socialism derived solely from Stalinist and Maoist ideals. Instead, I contend that the construction and operation of the PRC’s foremost industrial region in Manchuria relied on the physical assets, human resources, and institutions left over from the war economies of the Japanese colonial rulers and the Chinese Nationalists. Moreover, I also demonstrate that the implementation of economic policies by the PRC, as with the case of previous regimes, was mutually shaped by the actions of lower-level officials and local residents, who pursued their own interests by re-interpreting the rules of the game formulated by the state and its ideology.

I analyze the origins, process, and consequences of state-led industrialization from the bottom up all the way to the top, by showing how national policies and international relations intersected with enterprise behaviors, local politics, and people’s everyday lives. My approach builds upon recent works on the “history of capitalism.” This new field combines different methods of historical inquiry, including economic history, business history, labor history, and social history, in order to explore the nexus of political, social, and cultural forces that shaped the economy.<sup>8</sup> Having largely focused on the United States, the field has begun moving in a new direction by asking how capitalism has been shaped in a global context. Yet, this global turn is mostly concerned with the United

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<sup>8</sup> Sven Beckert, Angus Burgin, Peter James Hudson, Louis Hyman, Naomi Lamoreaux, Scott Marler, and Stephen Mihm, “Interchange: The History of Capitalism,” *Journal of American History*, 101-2 (2014), 503–536.

States, Western European countries, and their former colonies.<sup>9</sup> Moreover, the field has not fully incorporated capitalism's most important "other" in the twentieth century: socialism. By integrating East Asia and socialism into analysis, my work contributes to a more comprehensive understanding of the global history of capitalism.

### **The Age of Hyper-Industrialism**

A long history of Angang's evolution under the Japanese, Chinese Nationalist, Soviet, and Chinese Communist regimes suggests that, for all their ideological differences, certain commonalities existed among late-industrializing regimes of the twentieth century. In order to capture these similarities across the capitalist and socialist worlds, I conceptualize the mode of thinking behind state-led development projects like Angang in terms of "hyper-industrialism." By this concept, I refer to the state's strong faith in its own ability to industrialize the economy through bureaucratic planning and a dominant focus on heavy industry for increasing the nation's military strength. As a result, hyper-industrialism typically took the form of gigantic construction projects such as steel industrial complexes, dams, and oilfields.

While "industrialism" generally refers to a socio-economic system built on mechanized industry after the Industrial Revolution,<sup>10</sup> "hyper-industrialism" describes a particular version of industrialism that appeared in certain regimes during the "short

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<sup>9</sup> For example, Sven Beckert, *Empire of Cotton: A Global History* (New York: Alfred A. Knopf, 2014); Priya Satia, *Empire of Guns: The Violent Making of the Industrial Revolution* (New York : Penguin Press, 2018).

<sup>10</sup> For example, see John Hicks, "The Future of Industrialism," *International Affairs*, 50-2 (1974), 211-228.

twentieth century” of 1914-1991.<sup>11</sup> In coining this term, I build upon the term of “hyper-industrialization,” which historians have used to describe the Soviet Union’s obsession with heavy-industrialization and gigantic industrial construction projects.<sup>12</sup> My concept of hyper-industrialism also builds upon James Scott’s concept of “high modernism”:

[A] strong...version of the self-confidence about scientific and technical progress, the expansion of production, the growing satisfaction of human needs, the mastery of nature (including human nature), and, above all, the rational design of social order commensurate with the scientific understanding of natural laws.<sup>13</sup>

“Hyper-industrialism” refers to a distinctive form of high modernism as manifested in the realm of industry in the twentieth century.

Furthermore, with hyper-industrialism, I seek to stress the importance of studying socialism and capitalism as two sides of the same coin. These two systems are often understood to be opposites: the former associated with market competition and the latter with state planning.<sup>14</sup> In this binary view, economic planning through SOEs is often

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<sup>11</sup> For the general historical account of the world during the “short twentieth century,” see Eric Hobsbawm, *The Age of Extremes: The Short Twentieth Century, 1914-1991* (London: Michael Joseph, 1994).

<sup>12</sup> Some sociologists have used the term, “hyper-industrialism,” to refer to the penetration of technology into every corner of society in advanced industrial economies. See Roberta Garner and Black Hawk Hancock, *Changing Theories: New Directions in Sociology* (Toronto: University of Toronto Press, 2009), 28-30. I use “hyper-industrialism” in a different context from these sociologists.

<sup>13</sup> James C. Scott, *Seeing like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven: Yale University Press, 1998), 4.

<sup>14</sup> Scholars have defined capitalism in different ways. For Marx, the “capitalist mode of production” primarily meant the tension between capitalists who owned means of production and workers who did not own such means. Max Weber focused on rationality represented in the “spirit of capitalism.” For Joseph Schumpeter, the essence of capitalism was innovation, or “creative destruction,” by entrepreneurs. For the sake of historical analysis, I follow Jürgen Kocka’s working definition and understand capitalism to have three defining characteristics: first, the decentralization of economic decision making, usually through the property rights system; second, commodification of goods and services through the market; third, accumulation of capital through investment and profit making. Jürgen Kocka (trans. by Jeremiah Riemer), *Capitalism: A Short History* (Princeton: Princeton University Press, 2016), 21.

regarded as a quintessentially socialist system.<sup>15</sup> However, it is important to stress that bureaucratic planning of the economy through SOEs also existed under capitalist systems. Capitalist governments throughout the twentieth century have pursued their policy goals by owning or operating major enterprises—what some scholars have termed “state capitalism.”<sup>16</sup> By the same token, in socialist economies, markets continued to play certain roles in the distribution of goods, services, and labor.<sup>17</sup>

Hyper-industrialist regimes like the PRC sought to industrialize the economy by focusing on heavy industry—capital-intensive sectors making producers’ goods such as steel, coal, and oil. This reveals a stark contrast with early industrialized countries such as England, where light industry—labor-intensive sectors that produced consumers’ goods, such as textiles—drove the industrial transformation. The Soviet Union under Stalin, as well as other socialist regimes influenced by it, placed extreme investment emphasis on heavy industry: in particular, steel became a symbol of modernity.<sup>18</sup> Nevertheless, a developmental strategy to focus on heavy industry is not historically unique to socialist countries: many late industrializing countries adopted this focus, with precedents dating back to the mid-nineteenth century. For instance, Imperial Germany invested heavily in

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<sup>15</sup> Social scientists have often regarded the dominant presence of SOEs as a characteristic feature of the socialist system, and discussed issues such as economic inefficiency and the personal networks formed between factory managers and workers, among others. For example, see János Kornai, *The Socialist System: The Political Economy of Communism* (Oxford; New York: Oxford University Press, 1992), 67-75.

<sup>16</sup> Aldo Musacchio and Sérgio G. Lazzarini define state capitalism as “the widespread influence of the government in the economy, either by owning majority or minority equity positions in companies or by providing subsidized credit and/or other privileges to private companies.” Aldo Musacchio and Sérgio G. Lazzarini, *Reinventing State Capitalism: Leviathan in Business, Brazil and Beyond* (Cambridge, MA: Harvard University Press, 2014), 2.

<sup>17</sup> Julie Hessler, *A Social History of Soviet Trade: Trade Policy, Retail Practices, and Consumption, 1917-53* (Princeton: Princeton University Press, 2004).

<sup>18</sup> Hiroaki Kuromiya, *Stalin’s Industrial Revolution: Politics and Workers, 1928-1931* (New York; Cambridge: Cambridge University Press, 1988), 305-306.

steel and coal by learning from the cutting-edge technology of Britain.<sup>19</sup> To some extent, Stalinist industrialization can be understood as an heir to the pre-WWI development strategy of Germany. And capitalist economies in East Asia similarly prioritized heavy industry after World War II, as illustrated by the pattern of South Korean development in the 1970s modeled after Japan.<sup>20</sup>

My study also stresses the process of mutual learning between capitalism and socialism. Central economic planning, a defining mark of Soviet socialism, did not derive purely from the original writings of Marx. Rather, it was inspired by Lenin's observation of economic mobilization in advanced capitalist powers during World War I, especially Germany, whose "state capitalism" furnished a model of "modern large-scale capitalist engineering and planned organisation." Therefore Lenin wrote in 1918, "our task is to study the state capitalism of the Germans, to spare *no effort* in copying it and not shrink from adopting *dictatorial* methods to hasten the copying of it."<sup>21</sup> Even during the First Five-Year Plan (1928-1932), Soviet planners under Stalin selectively adopted the latest American management methods, and invited Ford and other Western companies to invest in the Soviet Union.<sup>22</sup> In turn, Soviet achievements in industrialization inspired many in the capitalist world, especially during the Great Depression. As will be shown in Chapter

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<sup>19</sup> Alexander Gerschenkron, *Economic Backwardness in Historical Perspective: A Book of Essays* (Cambridge, MA: Belknap Press of Harvard University Press, 1962), 6-11. More generally, Gerchenkron concluded that during this period, "[t]he more backward a country's economy, the greater was the stress upon producers' goods as against consumers' goods." *ibid*, 354.

<sup>20</sup> Jang-Sup Shin, "Substituting and Complementing Models of Economic Development in East Asia," *Global Economic Review*, 34-1 (2005), 99–118.

<sup>21</sup> V. I. Lenin (Translated by Clemens Dutt; Edited by Robert Daglish), "'Left-Wing' Childishness" (April 1918) [<https://www.marxists.org/archive/lenin/works/1918/may/09.htm>].

<sup>22</sup> Stefan Link, "Transnational Fordism: Ford Motor Company, Nazi Germany, and the Soviet Union in the Interwar Years" (PhD Dissertation, Harvard University, 2012); Oscar Sanchez-Sibony, *Red Globalization: The Political Economy of the Soviet Cold War from Stalin to Khrushchev* (New York: Cambridge University Press, 2014).

1, the Stalinist planned economy became one of the major sources of inspiration for Japanese economic planners in occupied Manchuria. After World War II, the Soviet Union attempted to export its economic model by providing aid to many Asian and African countries, including non-socialist states.<sup>23</sup> In short, hyper-industrialism spread through a process of convergence and mutual influence between the capitalist and socialist worlds.

As underscored by Lenin's observation on the German war economy, hyper-industrialism was born out of the shared experience of wartime mobilization. In both socialist and capitalist systems, world wars of the twentieth century expanded the power of the state, while limiting the activities of private enterprises and markets. The experience of war also strengthened the idea that the development of heavy industry, rather than light industry, was essential to national strength.<sup>24</sup> In the Soviet Union in the 1920s and the 1930s, the Stalinist industrialization drive had as its primary goal the development of heavy industry as the foundation for economic growth and military strength.<sup>25</sup> During World War II, Germany, Japan, and the Soviet Union all drove their fiscal ratios to higher than 60% of their national income.<sup>26</sup>

Although hyper-industrialism touched almost every corner of economic life, this did not mean that the state's plans directly translated into new realities on the ground. The state's development projects were often complicated by local factory managers, city officials, engineers, and ordinary workers, who re-interpreted official policies to suit their

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<sup>23</sup> Jeremy Friedman, *Shadow Cold War: The Sino-Soviet Competition for the Third World* (Chapel Hill, N.C.: University of North Carolina Press, 2015); David C. Engerman, *The Price of Aid: The Economic Cold War in India* (Cambridge, MA: Harvard University Press, 2018).

<sup>24</sup> Mark Harrison, in Neal Larry and Jeffrey G. Williamson (eds.), "Capitalism at War," in *The Cambridge History of Capitalism* (Cambridge: Cambridge University Press, 2014), vol. 2, 354.

<sup>25</sup> David Holloway, "War, Militarism and the Soviet State," *Alternatives*, 6-1 (1980), 70.

<sup>26</sup> Harrison, "Capitalism at War," 348–79, 354–355.

own interests.<sup>27</sup> As James Scott has noted, the modern state often ascribes illusory “legibility” to complex social realities through various methods of “state simplifications”—such as the creation of permanent surnames, the standardization of weights and measure, the establishment of population registers, and the design of cities. Informed by “a faith that borrowed...the legitimacy of science and technology,” the state simplifications seek to render the society “legible” by representing only a slice of reality that most concerns the agendas of officials.<sup>28</sup> What these techniques of “state simplification” in hyper-industrialist regimes concealed were the histories of street-level bureaucrats and grassroots actors, who pursued their own interests by appropriating the language of the state.

### **Industrial Manchuria—Japanese Imperialism and its Aftermath**

In the early years of the PRC, the Manchurian region served as the center of hyper-industrialism. Manchuria had the highest concentration of heavy industry in China, owing to the Japanese investment in the region before 1945. Manchuria’s industry had also already developed a system of large-scale SOEs, thanks to Nationalist policies implemented after World War II. Moreover, it was in Manchuria that the CCP first developed its economic-planning bureaucracy during the Chinese Civil War (1945-49). Therefore, a look at the long-term industrialization of Manchuria across the different

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<sup>27</sup> Moreover, major industrial projects were also challenged by the natural environment of the site. For the case of the Japanese Empire, see Aaron S. Moore, *Constructing East Asia: Technology, Ideology, and Empire in Japan’s Wartime Era, 1931-1945* (Stanford, Calif.: Stanford University Press, 2013); Aaron S. Moore, “‘The Yalu River Era of Developing Asia’: Japanese Expertise, Colonial Power, and the Construction of Sup’ung Dam,” *The Journal of Asian Studies*, 72-1 (2013), 115-139.

<sup>28</sup> Scott, *Seeing like a State*, 3-4. According to Scott, modern states made “attempt to make a society legible, to arrange the population in ways that simplified the classic functions of taxation, conscription, and prevention of rebellion.” Scott, *Seeing like a State*, 2-3.

regimes can shed light on hitherto neglected transnational origins of China's socialist planned economy.

My study of Manchuria intervenes in two main bodies of scholarship. First, I place China more firmly in the debate on the legacies of the Japanese Empire in post-WWII East Asia, especially the East Asian developmental states. Chalmers Johnson argued that Japan's wartime policies, many of which were first implemented in Manchuria, laid the basis for the "developmental state" in postwar Japan—a form of capitalism in which state bureaucracy guided economic development. Subsequent studies have demonstrated that the developmental state also emerged in other capitalist economies in East Asia, especially Japan's former colonies of Taiwan and Korea. In spite of the fundamentally Manchurian origins of this system, however, scholars have largely excluded Mao-era China, which unified Manchuria under its jurisdiction, from their discussion.<sup>29</sup> It was only recently that scholars began to integrate post-WWII China into the framework of the impact of the Japanese Empire's collapse on Asia,<sup>30</sup> and my work extends this new trend into the theme of industrialization.

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<sup>29</sup> Chalmers Johnson, *MITI and the Japanese Miracle : The Growth of Industrial Policy, 1925-1975* (Stanford, Calif. : Stanford University Press, 1982); Bruce Cumings, "The Origins and Development of the Northeast Asian Political Economy: Industrial Sectors, Product Cycles, and Political Consequences," *International Organization*, 38 (1984), 1-40; Meredith Woo-Cumings (ed.), *The Developmental State* (Ithaca, N.Y: Cornell University Press, 1999); Carter J. Eckert, *Offspring of Empire: the Koch'ang Kims and the Colonial Origins of Korean Capitalism, 1876-1945* (Seattle: University of Washington Press, 1991); Janis Mimura, *Planning for Empire: Reform Bureaucrats and the Japanese Wartime State* (Ithaca, N.Y.: Cornell University Press, 2011); Moore, *Constructing East Asia* ; Moore, "The Yalu River Era of Developing Asia." Some scholars suggest the applicability of the developmental state paradigm to China, but they usually apply it to post-Mao China. Moreover, what they discuss is "similarity" not "continuity" between China and the Japanese developmental state.

<sup>30</sup> Barak Kushner, *Men to Devils, Devils to Men: Japanese War Crimes and Chinese Justice* (Cambridge, Massachusetts: Harvard University Press, 2015); Amy King, *China–Japan Relations after World War Two: Empire, Industry and War, 1949–1971* (Cambridge: Cambridge University Press, 2016); Barak Kushner and Sherzod Muminov (eds.), *The Dismantling of Japan's Empire in East Asia: Deimperialization, Postwar Legitimation and Imperial Afterlife* (Abingdon, Oxon;

Second, I contribute to the existing scholarship on change and continuity in China across the 1949 Revolution. A number of scholars have already revealed that the Nationalist government, especially during the Second Sino-Japanese War, developed a system of wartime mobilization similar to the later PRC in terms of one-party rule, propaganda, and economic planning.<sup>31</sup> Recent works on PRC history have further reinforced this “continuity thesis” by showing how the early Communist regime inherited political, economic, and social legacies from the Nationalists.<sup>32</sup> Increasingly, more recent works study developments that span the Nationalist and PRC periods.<sup>33</sup> However, these scholars have largely overlooked the regional differences in these Chinese experiences prior to 1949. Only recently have scholars begun to explore the legacies of Japanese rule over Manchuria in the early PRC.<sup>34</sup> My aim is to push forward this growing body of literature.

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New York, NY : Routledge, 2017); Barak Kushner and Andrew Levidis (eds.), *In Empire's Wake: The Violent Legacies of Japan's Imperial Expansion and the Reconstruction of Postwar East Asia* (Hong Kong: Hong Kong University Press, forthcoming); Barak Kushner and Sherzod Muminov (eds.), *Overcoming Empire: Repatriation, Redress and Rebuilding in Post-Imperial East Asia* (Hong Kong: Hong Kong University Press, forthcoming).

<sup>31</sup> William C. Kirby, “Continuity and Change in Modern China: Economic Planning on the Mainland and on Taiwan, 1943 – 1958,” *The Australian Journal of Chinese Affairs*, 24 (Spring 1990), 121–41; Joseph W. Esherick, “Ten Theses on the Chinese Revolution.” *Modern China*, 21-1 (1995), 45–76 (especially 47-50); Josheph W. Esherick, “War and Revolution: Chinese Society during the 1940s,” *Twentieth-Century China* , 27-1 (2001), 1–37; Morris Bian, *The Making of the State Enterprise System in Modern China: The Dynamics of Institutional Change* (Cambridge, MA: Harvard University Press, 2005); and Kubo Tōru 久保亨 (ed.), *1949-nen zengo no Chūgoku* 1949 年前後の中國 (Tokyo: Kyūko shoin, 2006).

<sup>32</sup> For example, see Jeremy Brown and Paul G. Pickowicz (eds.), *Dilemmas of Victory: The Early Years of the People's Republic of China* (Cambridge, MA: Harvard University Press, 2010).

<sup>33</sup> For example, Ruth Rogaski, *Hygienic Modernity: Meanings of Health and Disease in Treaty-Port China* (Berkeley: University of California Press, 2004); Brett Sheehan, *Industrial Eden: A Chinese Capitalist Vision* (Cambridge, MA: Harvard University Press, 2015); Philip Thai, *China's War on Smuggling: Law, Economic Life, and the Making of the Modern State, 1842–1965* (New York: Columbia University Press, 2018).

<sup>34</sup> Christian A. Hess, “From Colonial Port to Socialist Metropolis: Imperialist Legacies and the Making of ‘New Dalian,’” *Urban History*, 38-3 (2011), 373–390; Itsuka Yasushi 飯塚靖, “Senji Manshū to sengo Tōhoku no keizaishi 戰時滿洲と戰後東北の經濟史,” Kubo Toru (ed.),

## The Chinese Revolution and the Soviet Union

By focusing on hyper-industrialism in Manchuria, I also rethink the role of the Soviet Union in the making and remaking of the Chinese socialist system. After Chiang Kai-shek's purge of CCP members from the Nationalist Party in 1927, CCP activities migrated from the city to the countryside.<sup>35</sup> During this period, Mao Zedong consolidated his leadership within the CCP, and developed the major features of rural revolution – in particular, decentralized control and mass mobilization – that diverged from Stalin's top-down system of rule.<sup>36</sup> While the Soviet Union played a highly important role in the transformation of the CCP from decentralized rural organization into a hyper-industrialist bureaucracy after the founding of the PRC, the Soviet influence in the early PRC was often juxtaposed and merged with the legacies of the Japanese and Nationalist regimes. This would continue to exert long-lasting effects on China even after the CCP began their search for a quintessentially “Chinese” socialism in 1957.

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*Chūgoku keizaishi nyūmon* (Tokyo: Tokyō daigaku shuppankai, 2012), 149-162; Matsumoto Toshirō 松本俊郎, “*Manshūkoku*” kara shin *Chūgoku e: Anzan Tekkōgyō kara mita Chūgoku tōhoku no saihen Katei, 1940-1954* 「滿洲國」から新中國へ：鞍山鐵鋼業からみた中國東北の再編過程，1940～1954 (Nagoya: Nagoya Daigaku Shuppankai, 2000); Victor Seow, “Carbon Technocracy: East Asian Energy Regimes and the Industrial Modern, 1900-1957” (PhD dissertation, Harvard University, 2014).

<sup>35</sup> Before the purge, in its first phase (1921-1927), the CCP functioned as an urban organization based in Shanghai and other cities. Hans van de Ven, *From friend to Comrade: The Founding of the Chinese Communist Party, 1920-1927* (Berkeley, CA: University of California Press, 1991); Wen-Hsin Yeh, *Provincial Passages: Culture, Space, and the Origins of Chinese Communism* (Berkeley, CA: University of California Press, 1996); S. A. Smith, *A Road Is Made: Communism in Shanghai, 1920-1927* (Richmond: Curzon, 2000); Yoshihiro Ishikawa (Translated by Joshua A. Fogel), *The Formation of the Chinese Communist Party* (New York: Columbia University Press, 2013).

<sup>36</sup> The classic study is Schwartz, *Chinese Communism and the Rise of Mao*. More recent scholarship has revealed that the Party apparatus at the county and other levels often operated through the social ties and identities of local society. Joseph W. Esherick, “Deconstructing the Construction of the Party-State: Gulin County in the Shaan-Gan-Ning Border Region,” *The China Quarterly*, 140 (1994), 1052–79 (quote from 1078-1079); Joseph W. Esherick, “Revolution in a Feudal Fortress: Yangjiagou, Mizhi County, Shaanxi, 1937-1948,” *Modern China*, 24-4 (1998), 339–77.

Through a focus on industrial Manchuria, I place the Soviet influence within the longer history of hyper-industrialism in East Asia. The first generation of American scholars on Mao-era China tended to regard the PRC as a carbon copy of the Soviet Union.<sup>37</sup> The legitimacy of this “myth of Sino-Soviet sameness,”<sup>38</sup> however, soon suffered from the reality that unfolded in a series of historical events in the 1960s: for instance, the Soviet Union becoming China’s major geopolitical threat. Scholars thus became more interested in exploring the origins of Mao’s rule within China’s own experiences—as opposed to a reductive narrative that overemphasized Soviet influence.<sup>39</sup> One important difference was that to the Chinese Communists, revolution mainly the anti-imperialist revolution against foreign oppressors, while the Soviets were primarily engaged with the anticapitalist one.<sup>40</sup>

Recent scholarship on Mao-era China has been produced mainly by two different types of historians. One group of historians, who often refer to their subfield as “PRC history,” mainly studies social and cultural history. In search of grassroots voices under CCP rule, the PRC historians make use of newly found documents in China, such as local archives, oral history interviews, and the so-called “garbage sources”—discarded

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<sup>37</sup> Benjamin Schwartz, *Chinese Communism and the Rise of Mao* (Cambridge, MA: Harvard University Press, 1979 [first published in 1951]) was among the few exceptions that were free from this type of mainstream scholarly current of the 1950s.

<sup>38</sup> Elizabeth Perry, “Studying Chinese Politics: Farewell to Revolution?,” in Zhaozhi Xue et al (eds.), *A Scholarly Review of Chinese Studies in North America* (Ann Arbor: Association for Asian Studies, 2013), 264.

<sup>39</sup> For example, Michel Oksenberg, “Policy Making Under Mao, 1949-68,” in John M. H. Lindbeck, ed. *China: Management of a Revolutionary Society* (Seattle: University of Washington Press, 1971), 79–115; Andrew Nathan, “A Factionalism Model for CCP Politics,” *The China Quarterly*, 53 (1973), 34-68; Thomas Bernstein, “Stalinism, Famine, and Chinese Peasants,” *Theory and Society*, 13-3 (1984), 339-377. This line of analysis found its apex in Roderick MacFarquhar and Michael Schoenhals, *Mao’s Last Revolution* (Cambridge, Mass.: Belknap Press of Harvard University Press, 2006). Also See “Preface to the 1979 Edition,” in Schwartz, *Chinese Communism and the Rise of Mao*.

<sup>40</sup> Friedman, *Shadow Cold War*, 6-13.

government documents and other rare materials purchased through old book markets in China.<sup>41</sup> On the contrary, another group of historians studies Mao-era China as a part of Cold War history, and focuses mainly on high politics and diplomacy. The Cold War historians typically focus on Mao and other national leaders, while making use of multi-lingual archival sources from different national capitals that became open after the collapse of socialist regimes in Russia and Eastern Europe.<sup>42</sup>

Although these two bodies of scholarship overlap with each other in a number of ways, there still remains a clear-cut gap between them on the issue of Soviet influence. One can detect an academic division of labor, in which the Cold War historians study the high politics of Sino-Soviet relations and the PRC historians remain within a China-centered approach grounded in social and cultural history. On the one hand, even though most of PRC historians would acknowledge the importance of the Soviet factor, in their writing the Soviet Union usually emerges merely as an element in a broader backdrop left unexamined. On the other hand, the historians of China's Cold War have scrutinized major topics related to Sino-Soviet relations, such as the Korean War and the later Sino-Soviet rivalry, in hitherto impossible details while focusing mostly on state-level

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<sup>41</sup> Brown and Pickowicz (eds.), *Dilemmas of Victory*; Jeremy Brown, "Finding and Using Grassroots Historical Sources from the Mao Era," *Chinese History Dissertation Reviews* (December 15, 2010); and Jeremy Brown and Matthew D. Johnson (eds.), *Maoism at the Grassroots: Everyday Life in China's Era of High Socialism* (Cambridge, MA: Harvard University Press, 2015); S.A. Smith, "Rethinking the History of Maoist China," in Michael Szonyi (ed.), *A Companion to Chinese History* (Chichester, West Sussex: John Wiley & Sons, Ltd, 2017), 179-190. Also see Elizabeth J. Perry, "The Promise of PRC History," *Journal of Modern Chinese History*, 10-1 (2016), 113-117; Michael Schoenhals, "A New 'Document of the Month'" (September 2016)," *H-PRC*, 1 Sept. 2016 (<https://networks.h-net.org/node/3544/discussions/142037/new-document-month-september-2016>) [accessed in May 22, 2018].

<sup>42</sup> For a synthesis based on recent scholarship on China's Cold War, see Rana Mitter, "China and the Cold War," in Richard H. Immerman and Petra Goedde (eds.), *The Oxford Handbook of the Cold War* (Oxford: Oxford University Press, 2013), 124-40

analysis.<sup>43</sup> Notwithstanding a few important exceptions,<sup>44</sup> the Soviet factor has not occupied a major place in recent studies of the society, economy, and culture of Mao-period China. This state of the historiography shows a stark contrast with the historiography on Republican China, which has revealed how various global forces inspired the transformation of Chinese politics, economy, and culture.<sup>45</sup>

Combining the sensitivity of PRC historians to local history and the multi-lingual approach of Cold War historians, my work seeks to bring the Soviet Union back into our understanding of the politics, economy, and society of twentieth-century China at the

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<sup>43</sup> For example, Shen Zhihua, *Mao, Stalin and the Korean War: Trilateral Communist Relations in the 1950s* (London: Routledge, 2012); Shen Zhihua and Xia Yafeng, *Mao and the Sino-Soviet Partnership, 1945-1959: A New History* (Lanham, Md.: Lexington Books, 2015); Odd Arne Westad (ed.), *Brothers in Arms: The Rise and Fall of the Sino-Soviet Alliance, 1945-1963* (Washington, D.C.: Woodrow Wilson Center Press, 1998); Odd Arne Westad, *Decisive Encounters: The Chinese Civil War, 1946-1950* (Stanford, Calif.: Stanford University Press, 2003); Lorenz M. Luthi, *The Sino-Soviet Split: Cold War in the Communist World* (Princeton: Princeton University Press, 2008); Sergey Radchenko, *Two Suns in the Heavens: The Sino-Soviet Struggle for Supremacy, 1962-1967* (Stanford: Stanford University Press, 2009); Friedman, *Shadow Cold War*.

<sup>44</sup> Deborah A. Kaple, *Dream of a Red Factory: The Legacy of High Stalinism in China* (New York: Oxford University Press, 1994); William C. Kirby, “China’s Internationalization in the Early People’s Republic: Dreams of a Socialist World Economy,” *The China Quarterly*, 188-01 (2006), 870–90; Shen Zhihua 沈志華, *Sulian zhuanjia zai Zhongguo, 1948-1960* 蘇聯專家在中國，1948-1960 (Beijing: Xinhua chubanshe, 2009); S. A. Smith, “Toward a Global History of Communism,” in S. A. Smith (ed.), *The Oxford Handbook of the History of Communism* (Oxford: Oxford University Press, 2014), 1–34; Yu Minling 余敏玲, *Xingsu “xinren”: Zhonggong xuanchuan yu Sulian jingyan 形塑「新人」：中共宣傳與蘇聯經驗* (Taipei: Zhongyang yanjiuyuan jindaishi yanjiusuo, 2015).

<sup>45</sup> Among others, see Sherman Cochran, *Encountering Chinese Networks: Western, Japanese, and Chinese Corporations in China, 1880-1937* (Berkeley: University of California Press, 2000); Karl Gerth, *China Made: Consumer Culture and the Creation of the Nation* (Cambridge: Harvard University Asia Center, 2003); William C. Kirby, “The internationalization of China: foreign relations at home and abroad in the Republican era,” *The China Quarterly*, 150 (1997), 433–458; Kubo Tōru 久保亨, *Senkanki Chūgoku jiritsu e no mosaku: kanzei tsūka seisaku to keizai hatten 戰間期中國〈自立への摸索〉：關稅通貨政策と經濟發展* (Tokyo: Tōkyō Daigaku Shuppankai, 1999); Hans J. Van de Ven, *Breaking with the Past: The Maritime Customs Service and the Global Origins of Modernity in China* (New York: Columbia University Press, 2014); Yeh Wen-Hsin. *Shanghai Splendor: Economic Sentiments and the Making of Modern China, 1843-1949* (Berkeley: University of California Press, 2007); Margherita Zanasi, *Saving the Nation: Economic Modernity in Republican China* (Chicago: University of Chicago Press, 2006).

ground level. Through the study of Anshan—the single most important site of Sino-Soviet economic cooperation—I seek to demonstrate how China’s encounter with the Soviet Union transformed the way the Chinese people experienced state power on a day-to-day basis. This transnational micro-history also situates Soviet socialism in the longer trajectory of hyper-industrialism in modern China by showing how Soviet influences converged with the legacies of Japanese colonialism and Nationalist rule.

### **Historicizing Chinese State-Owned Enterprises**

The microhistory of Angang, the largest SOE in Mao-era China, gives insights into the history of the SOE system, the primary pillar of the socialist planned economy. Under this system, the major industrial enterprises, especially in heavy industry, were owned not by business owners, but by the state. SOEs operated largely according to economic plans set by the state: they purchased supplies from other SOEs according to supply plans, then used these supplies to produce their own products, and sold them to other SOEs as instructed by production plans. The majority of the profits that SOEs made were also remitted to the state almost like taxes. SOEs that operated at a deficit were subsidized by the state. According to economist János Kornai, the socialist economy is “resource constrained” (in contrast to the “demand constrained” market economy). In a resource-constrained economy, SOEs continue production until they meet the aims of a certain plan or use up their supplies. SOEs tended to pursue quantity over quality in their outputs, and thus often end up producing an excess of low-quality industrial products. SOEs in the

PRC also served a vital role as major providers of social welfare benefits (such as health insurance, pensions, and housing) in lieu of the government.<sup>46</sup>

Studies on Chinese businesses history have largely focused on private enterprises in Shanghai and other cities in the lower-Yangzi region.<sup>47</sup> Some historians have studied private enterprises and the legacies of capitalism in the early PRC.<sup>48</sup> While they have offered important insights by looking at the margins of the planned economy system, recent works of PRC history have yet to fully analyze the chief pillar of the PRC urban economy—large-scale SOEs.

My work offers the first comprehensive historical study of a major SOE during the Mao period and its pre-Communist origins, using multi-language archives in Chinese, Japanese, Russian, and English.<sup>49</sup> In addition to examining the internal workings of SOEs, I trace the wider political, economic, social, and cultural contexts in which they operated. Among the main issues I address are geopolitical concerns that drove state officials to

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<sup>46</sup> Andrew G. Walder, *China under Mao: A Revolution Derailed* (Cambridge, MA: Harvard University Press, 2015), 84–94.

<sup>47</sup> In many of these enterprises, the owners' family relationships and native-place ties played a significant role. For example, David Faure, *China and Capitalism: A History of Business Enterprise in Modern China* (Hong Kong: Hong Kong University Press, 2006); Cochran, *Encountering Chinese Networks*; Elisabeth Köll, *From Cotton Mill to Business Empire: The Emergence of Regional Enterprises in Modern China* (Cambridge, Mass.: Harvard University Asia Center, 2003).

<sup>48</sup> Sherman Cochran, *The Lius of Shanghai* (Cambridge, Mass.: Harvard University Press, 2013); Sherman Cochran (ed.) *The Capitalist Dilemma in China's Cultural Revolution* (Ithaca, NY: Cornell East Asia Program, 2014); Sheehan, *Industrial Eden*; Robert K. Cliver, "Surviving Socialism: Private Industry and the Transition to Socialism in China, 1945–1958," *Cross-Currents: East Asian History and Culture Review*, 16 (2015), 139–164.

<sup>49</sup> A major challenge in studying large-scale SOEs is that their archives are usually closed to researchers. To overcome this obstacle, I have supplemented Chinese-language materials with sources in other languages, which were produced mainly by the Japanese and Soviet personnel who worked in Angang in the late 1940s and the 1950s. Another way to deal with the problem of lack of archival access is to focus on regional SOEs. While major SOEs, such as Angang, were controlled by the PRC government in Beijing, many medium-sized or small SOEs were controlled by regional authorities. For a study of regional SOEs based on provincial archives, see Morris L. Bian, "Redefining the Chinese Revolution: The Transformation and Evolution of Guizhou's Regional State Enterprises, 1937–1957," *Modern China*, 41-3 (2015), 313–50.

develop SOEs; the social spaces in which Japanese and Soviet engineers interacted with their Chinese colleagues; the relationship between the SOEs and the local city government; and the political culture that SOEs created among its employees. By treating the economy, politics, and society as mutually inseparable, my work examines a single industrial enterprise as a microcosm of the larger system that created it.

### **Industrial City**

Along with the rise of Angang, the construction of Anshan as an industrial city manifested central tenets of hyper-industrialism. The city of Anshan was built from scratch by state bureaucrats and corporate managers for the express purpose of accommodating an industrial complex and its workforce. A close look at the transformation of Anshan's urban shape reveals how the Chinese construction of industrial cities in Manchuria not only learned from Soviet urban-planning methods but also built upon the foundations laid by the Japanese empire. As I will demonstrate, complex negotiations among local officials and ordinary residents also drove the process of urban construction policies under hyper-industrialism, in spite of the unprecedented concentration of power in the state.

The historical experiences of industrial cities like Anshan diverge from conventional narratives on Chinese cities. Drawing on Max Weber's study of European cities, some scholars have applied the concept of "public sphere" to late imperial Chinese cities by searching for traces of merchant self-rule and autonomy of cities from the state.<sup>50</sup> Meanwhile, much of the scholarship on modern Chinese cities has focused on

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<sup>50</sup> William T. Rowe, *Hankow: Commerce and Society in a Chinese City, 1796-1889* (Stanford, Calif.: Stanford University Press, 1984); William T. Rowe, *Hankow: Conflict and Community in a Chinese City, 1796-1895* (Stanford, Calif.: Stanford University Press, 1989).

Shanghai and other treaty ports,<sup>51</sup> where Chinese reformers explored new forms of business, popular culture, hygiene, and governance.<sup>52</sup> The development of Shanghai and other treaty ports also attracted domestic migrants from other parts of China, whose differing regional cultures shaped urban politics.<sup>53</sup>

Under Mao's leadership, however, the center of urban modernity was not commercial cities like Shanghai, but industrial cities like Anshan, whose development had been centered around industry. Industrial cities were, however, rather exceptional before the Communist Revolution, and many of the few pre-1949 precedents had their origins in either Japanese colonialism or China's war with Japan. As historian Joseph Esherick has noted, the industrial city was "scarcely seen in republican China," while "[a]fter 1949, any number of cities could be classified as industrial cities." Indeed,

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<sup>51</sup> Treaty ports were commercial centers that were opened to foreign trade by treaty with Western powers and Japan in the 19th century, and included concession areas governed by foreigners. Robert A. Bickers, *Britain in China: Community, Culture and Colonialism, 1900-1949* (Manchester, UK: Manchester University Press, 1999); Robert A. Bickers, *Empire Made Me: An Englishman adrift in Shanghai* (London: Allen Lane, 2003); Isabella Jackson, *Shaping Modern Shanghai: Colonialism in China's Global City* (Cambridge: Cambridge University Press, 2017). When the Communists took power in these treaty ports, the main issues facing them was how to end the dominance of foreign and Chinese capitalists smoothly there. See Jonathan J. Howlett, "Accelerated transition: British enterprises in Shanghai and the transition to socialism," *European Journal of East Asian Studies*, 13 (2014), 163–187.

<sup>52</sup> Cochran, *Encountering Chinese Networks*; Leo Ou-fan Lee, *Shanghai Modern: The Flowering of a New Urban Culture in China, 1930-1945* (Cambridge, MA: Harvard University Press, 1999); Ruth Rogaski, *Hygienic Modernity: Meanings of Health and Disease in Treaty-Port China* (Berkeley, CA: University of California Press, 2004); Frederic E. Wakeman, *Policing Shanghai: 1927-1937* (Berkeley, CA: University of California Press, 1995); Yeh, *Shanghai Splendor*. For the Republican-period legacies in Shanghai in the early PRC, see Zhang Jishun 張濟順, *Yuanqu de dushi: 1950 niandai de Shanghai* 遠去的都市：1950年代的上海 (Beijing: Shehui kexue wenxian chubanshe, 2015).

<sup>53</sup> Bryna Goodman, *Native Place, City, and Nation: Regional Networks and Identities in Shanghai, 1853-1937* (Berkeley: University of California Press, 1995); Emily Honig, *Creating Chinese Ethnicity: Subei People in Shanghai, 1850-1980* (New Haven: Yale University Press, 1992); Elizabeth J. Perry, *Shanghai on Strike: The Politics of Chinese Labor* (Stanford: Stanford University Press, 1993).

most of “more purely industrial centers” like Anshan, Luoyang, Taiyuan, and Lanzhou got their start under Manchukuo or the wartime Nationalist government.<sup>54</sup>

Industrial cities embodied many features of hyper-industrialism. First, urban planning was a fluid site of exchange of hyper-industrialist ideas across the boundaries between capitalism and socialism. The urban planning in the Soviet Union was strongly influenced by advanced industrial powers in the capitalist West.<sup>55</sup> For instance, the 1935 Moscow City Plan sought to achieve “greenery, air, light” and a zonal arrangement of the city into “work, dwelling, [and] leisure” areas—ideas not in *The Communist Manifesto*, but rather from the *Charter of Athens* adopted by the Congress of Modern Architecture in 1933.<sup>56</sup> Second, as recent works on Soviet cities demonstrate, the construction of industrial cities was a disorderly process plagued by disagreements among various government organs and population movements unforeseen by city planners.<sup>57</sup>

While recent scholarship on Mao-era cities has noted disagreements among the bureaucrats in charge of urban planning, it is mostly silent on how exactly their projects

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<sup>54</sup> Joseph W. Esherick, “Modernity and Nation in the Chinese City,” in *Remaking the Chinese City: Modernity and National Identity, 1900-1950*, edited by Joseph W. Esherick (Honolulu: University of Hawaii Press, 2000), 2-7 (quote from 6). Esherick lists 6 distinct urban types that emerged in modern China: the treaty posts, the capital city, the interior city, the tourist city, the railway city, the industrial city, and the frontier city.

<sup>55</sup> During the planning and construction of major Soviet cities in the 1920s and the 1930s, the Soviet Union hired many architects from advanced capitalist countries. The most notable of them was the so-called “May brigade,” the international team headed by the German architect and city planner, Ernst May (1886-1970). Koos Bosma, “New Socialist Cities: Foreign Architects in the USSR 1920–1940,” *Planning Perspectives*, 29-3 (2014), 301–28.

<sup>56</sup> Thomas M. Bohn, “Soviet History as a History of Urbanization,” *Kritika: Explorations in Russian and Eurasian History*, 16-2 (2015), 452.

<sup>57</sup> Stephen Kotkin, *Magnetic Mountain: Stalinism as a Civilization* (Berkeley: University of California Press, 1995); Paul Stronski, *Tashkent: Forging a Soviet City, 1930-1966* (Pittsburgh: University of Pittsburgh Press, 2010); Heather D. DeHaan, *Stalinist City Planning: Professionals, Performance, and Power* (Toronto, ON: University of Toronto Press, 2013).

of urban construction operated as a form of state power and labor mobilization.<sup>58</sup> The study of the role of local-level actors, such as rural migrants, in the making of Mao-era cities has only just begun.<sup>59</sup> Moreover, little has been written on the legacies of Japanese urban construction in the early PRC.<sup>60</sup>

By analyzing the planning and construction of Anshan in detail, I seek to show how the PRC vision of the hyper-industrialist city was challenged by discordance among state officials and complicated by non-state actors such as migrant workers. I also highlight similarities and continuities between the construction of cities in Mao-era China and Japanese urban planning in colonial Manchuria.

### **Ideology, Organization, and Everyday Forms of Power**

An examination of workplace organization and propaganda in Anshan shows how the hyper-industrialist state consistently sought to mold its workers' worldview, and how local residents responded to such efforts on a daily basis. In order to produce citizens dedicated to work and loyal to the nation, state officials endeavored to indoctrinate people through political education on the streets and in the workplace. Far from being submissive, people articulated their own interests and demands by appropriating the ideological and organizational rules of the game set by the state.

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<sup>58</sup> Chang-tai Hung, *Mao's New World: Political Culture in the Early People's Republic* (Ithaca, N.Y.: Cornell University Press, 2011), 25-50; Li Hao 李浩, *Bada zhongdian chengshi guihua: xin Zhongguo chengli chuqi de chengshi guihua lishi yanjiu* 八大重點城市規劃：新中國成立初期的城市規劃歷史研究, 2 vols (Beijing: Zhongguo jianzhu gongye chubanshe, 2016).

<sup>59</sup> Jeremy Brown, *City versus Countryside in Mao's China: Negotiating the Divide* (Cambridge: Cambridge University Press, 2012).

<sup>60</sup> Hess, "From Colonial Port to Socialist Metropolis: Imperialist Legacies and the Making of 'New Dalian'" Yishi Liu and Xinying Wang, "A Pictorial History of Changchun, 1898–1962," *Cross-Currents: East Asian History and Culture Review*, 5 (2012), 190–217.

The first generation of English-language scholarship on Mao-era China, conducted by social scientists, constrained itself within the so-called “totalitarian model” developed by scholars of Stalin’s Russia and Hitler’s Germany, and tended to emphasize the capacity of the state to control society in a top-down way.<sup>61</sup> To this generation of scholars, widespread political participation by ordinary people in the initial phase of the Cultural Revolution (1966-1976) thus came as a shock. When the champion of the first generation of US scholars on Mao-era China, Franz Schurmann, published the second edition of his *Ideology and Organization in Communist China* in 1968, he made a lengthy self-criticism on his previous framework: “[t]he forces of Chinese society are equally as important as those coming from the structure of state power... If I were to give the book a new title today, I would call it *Ideology, Organization, and Society in China*.<sup>62</sup> Thus, from around 1970, social scientists turned their attention to “society” rather than the “state” by extending analysis to groups and individuals outside the state bureaucracy.<sup>63</sup> Following Mao’s death in 1976, social scientists came to present even more nuanced pictures of Chinese society, with more access to archival and interview sources first in Hong Kong and later in China itself.<sup>64</sup> In a sense, then, recent scholarship by PRC historians can be seen as an extension of this “social turn” by social scientists.

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<sup>61</sup> As a result, in this line of analysis, the only possible form of political participation in Mao’s China was mass mobilization campaigns coordinated by the CCP. James R. Townsend, *Political Participation in Communist China* (Berkeley: University of California Press, 1967).

<sup>62</sup> Franz Schurmann, *Ideology and Organization in Communist China*, 2nd edn (Berkeley: University of California Press, 1968), 504. The first edition of this book was published in 1966.

<sup>63</sup> These society-oriented scholars, among others, found that Chinese citizens under Mao’s rule were divided into different social groups in a somewhat similar way to class distinction in capitalist societies. Among the social groups, students received much scholarly attention. Andrew Walder’s more recent work focuses on the Red Guard movement in Beijing in 1966 and 1967 to challenge such social-group-based analysis. Andrew G. Walder, *Fractured Rebellion: the Beijing Red Guard Movement* (Cambridge, Mass.: Harvard University Press, 2009).

<sup>64</sup> For example, see Jean Oi, *State and Peasant in Contemporary China: The Political Economy of Village Government* (Berkeley: University of California Press, 1989); Elizabeth J. Perry and Li

My research advances the concerns and methods of the social history approach by recent PRC historians by examining how Chinese people engaged with the state project of hyper-industrialism on the ground. Focusing on their workplace organization and language, I show how people articulated their own voices within the set of the rules imposed by the state in order to elucidate the dynamics of interpenetration between state and society.

In addition to imposing discipline and control, state power also operated by defining the language through which people viewed and interpreted the world. Unlike Marx, E. P. Thompson, the founding father of labor history, defined class in terms of people's consciousness, rather than in external, material entities: "class is a relationship, and not a thing."<sup>65</sup> Building on Thompson's idea of class as a relationship, labor historians have long stressed the power of language in shaping workers' class consciousness.<sup>66</sup> What distinguished hyper-industrialist states from liberal democracies was then the state's determination to be the *sole* creator of political language. For instance, Soviet citizens under Stalin expressed their interests and demands by appropriating, rather than challenging, the official ideology and discourse of the Communist Party, as "speaking Bolshevik" was the only means available to them.<sup>67</sup>

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Xun, *Proletarian Power: Shanghai in the Cultural Revolution* (Boulder, Colo.: Westview Press, 1997); Andrew G. Walder, *Communist Neo-Traditionalism: Work and Authority in Chinese Industry* (Berkeley: University of California Press, 1986).

<sup>65</sup> According to him, "class happens when some men, as a result of common experiences...feel and articulate the identity of their interests as between themselves, and as against other men whose interests are different from...theirs." E. P. Thompson, *The Making of the English Working Class* (New York: Vintage Books, 1966), pp. 9, 11.

<sup>66</sup> Gareth Stedman Jones, *Languages of Class: Studies in English Working Class History, 1832-1982* (Cambridge; New York: Cambridge University Press, 1983); Joan Scott, *Gender and the Politics of History* (New York: Columbia University Press, 1988); Anna Clark, *The Struggle for the Breeches: Gender and the Making of the British Working Class* (Berkeley: University of California Press, 1995).

<sup>67</sup> Kotkin, *Magnetic Mountain*, 198-237.

Similarly, Chinese citizens in the early PRC “spoke Maoist” not only to support the regime but also to articulate their grievances (Chapter 6).

## Sources and Organization

Benefitting from a selective combination of methodologies from PRC historians and Cold War historians, the following transnational history of the Manchurian industrial base makes use of both local history sources of Anshan and multi-lingual documents. Using the “Sinological garbology” methods pioneered by PRC historians, I acquired through secondhand bookstores sources such as discarded documents from the local government offices. I also conducted interviews with retired workers and engineers. Through these local historical sources and interviews, I amplify the voices of ordinary people and lower-level bureaucrats that are rarely included in official documents.<sup>68</sup> In addition to these local materials, sources like the *Neibu cankao*, a confidential periodical that was accessible only to very high-ranking CCP officials, convey stories about Angang that were too sensitive to be made public at the time of its writing.<sup>69</sup> Furthermore, I also extracted statistical data not only from published local and company histories, but also from confidential statistics printed in Anshan in the 1950s.<sup>70</sup>

In addition to these Chinese sources, my work also draws from writings by non-Chinese observers I discovered in my archival research and interviews in Russia, Japan, and the United States. Following the CCP conquest of Manchuria in 1948, the CCP forced

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<sup>68</sup> For example, my interviews with retired Chinese workers and engineers in Anshan granted me insight into the privileged life of Chinese Communist cadres during the Mao period.

<sup>69</sup> It is now accessible in a research library in Hong Kong.

<sup>70</sup> Anshan shi tongji ju 鞍山市統計局, *Anshan shi guomin jingji tongji ziliao huibian (jiben jianxue pian) 1950-1957 nian* 鞍山市國民經濟統計資料彙編（基本建設篇）1950-1957 年 (Anshan, 1959); Anshan shi tongji ju 鞍山市統計局, *Anshan shi guomin jingji tongji ziliao huibian (gongye pian) 1949-1958 nian* 鞍山市國民經濟統計資料彙編（工業篇）1949-1958 年 (Anshan, 1959).

Japanese experts who had remained there since the Japanese occupation to stay and continue to work under the CCP. Among these Japanese were approximately 100 engineers in Anshan (See Chapter 3). After their repatriation to Japan in 1953, a Japanese intelligence agency, backed by the CIA, conducted interviews with them about their experiences under the CCP. Records of these interviews were recently declassified in the Archives of the Japanese Ministry of Foreign Affairs in Tokyo.<sup>71</sup> I also interviewed some of the children of these Japanese engineers during my research in Japan, some of whom also shared unpublished memoirs by their fathers. I also use documents written by Soviet government officials and technological experts that I found in various Russian archives, especially the Russian State Archive of Economy (*Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki*) and the Archive of the Foreign Policy of the Russian Federation (*Arkhiv Vneshnei Politiki Rossiiskoi Federatsii*), among others. These non-Chinese sources not only reveal the transnational dimension of Anshan's history, but also provide a less-censored account of CCP rule through the perspectives of foreign observers.

This dissertation is organized chronologically in three parts. Part I, “Remaking Capitalism,” explores the origins of hyper-industrialism in Manchuria before the CCP takeover. Chapter 1 focuses on the development of the Anshan Ironworks and the Showa Steelworks, as well as the city of Anshan, under the Japanese control until 1945. Chapter 2 discusses how the legacies of the Japanese-period industrialization and urbanization in Anshan were destroyed, preserved, and reorganized under the Soviet occupation and Nationalist rule between 1945 and 1948.

Part II, “Building Socialism,” consists of four chapters on the crucial years of 1948-1957, including the period of the First Five-Year Plan. In reconstructing and

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<sup>71</sup> I thank Professor Iitsuka Yasushi for advice on this collection of documents.

expanding Japanese-built factories in Manchuria, the CCP made use of Japanese and Nationalist human resources, in addition to economic aid from the Soviet Union (Chapter 3). Chapter 4 discusses how Angang and other large-scale SOEs in Manchuria served as the experimental site of the SOE management system of the PRC. Far from being a monolithic organization, Angang's management was colored by tensions between two different types of cadres, who respectively represented two different lines of control from the national industrial ministry and the local CCP organization.

Chapter 5 discusses the planning and construction of the city of Anshan, and shows that the city officials' efforts to remake Anshan into a new socialist industrial city were faced with localized challenges from living people, practices, and spaces. Chapter 6 explores the socialist politics of everyday life among workers and engineers of Anshan. The Chinese citizens' variegated participation in the CCP's socialist project took form not only in obedience toward CCP authority but also in appropriation of the official political discourse of the state for the purpose of protecting their own interests.

Part III, "Remaking Socialism," discusses the PRC's self-conscious search for their own version of socialism distinguished from the Soviet model, and its complicated relations with the Stalinist system that they had explicitly learned during the previous period. After the First Five-Year Plan, Mao launched the devastating Great Leap Forward (1958-61). In it he promoted a local campaign of mass-based management in Angang, which he called the "Angang Constitution," as a model of China's own version of socialism. Nevertheless, those institutions and discourses that constituted Chinese socialism had its roots in the period prior to the Great Leap Forward.

Essentially, this is a study of the origins and reach of Chinese socialism at Eurasia's geopolitical crossroads. For this purpose, I chronicle the history of a single city that Chairman Mao himself never set foot in but that was nevertheless emerged out of the hyper-industrialist dreams of Mao, his comrades, and his enemies. How exactly this emergence unfolded in time is perhaps best represented in the everyday experiences of Chinese, Japanese, and Soviet people in the factories, streets, parks, and apartment complexes of Anshan. We now turn to their stories.

# Chapter 1

## Blood and Iron: The Japanese Empire and the Colonial Origins of Industrial Manchuria, 1916-1945

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In the summer of 1944, the US Army Air Force bombed the Japanese-run Shōwa Steelworks (昭和製鋼所) in the Manchurian city of Anshan. Amidst a series of attacks that lasted for three months, the XX Bomber Command of the Air Force produced a detailed report on its target, a “large well integrated plant” that “contains all the features of a large iron and steel works” with a sprawling complex of facilities including blast furnaces, open-hearth furnaces, rolling and bar mills, a large slag dump, scrap iron and coal storage areas, and a large coking plant.

According to the report, the Shōwa Steelworks had strategic significance not only for Manchuria, but for the entire Japanese empire. The plant accounted for approximately 15% of pig iron, 8% of steel ingots, 6% of rolled steel products, and 23% of metallurgical coke produced in all the Japanese-controlled territories including the metropole. Consequently, the destruction of its factories “would deprive JAPAN of the iron and steel products of the SHOWA STEEL WORKS,” and “JAPAN’s highly important shipbuilding, munitions, and railroad equipment industries will suffer from a growing shortage of steel.”

The US military report also elaborated upon the spatial layout of the city of Anshan. The city was visibly distinct from its rural surroundings, as its urban infrastructure crisscrossed with “numerous roads” was built in the middle of “mostly

open grass land.” The city itself was bisected by a railway line into a “Japanese” town and a “Chinese” town in the west of the track.<sup>1</sup>



**Reconnaissance Photo of Anshan**

Source: Appendix in Headquarters, XX Bomber Command, APO 493, “Damage Assessment Report No. 9 (Provisional),” September 30, 1944, Record Group 18, World War II Combat Operations Reports, 1941–1946, Box 5427, The U.S. National Archives and Records Administration (College Park, MD)

As the report rightly observed, Anshan in 1944 was an ethnically segregated industrial base of Japan’s war machine. Its transformation dated back to the mid-1910s, when the South Manchuria Railway Company (南滿洲鐵道株式會社, hereafter, SMR) acquired mining rights in the area. Established as a quasi-state-owned company in 1906, the SMR oversaw the operation of railways in Manchuria that Japan had acquired as a

<sup>1</sup> XX Bomber Command, “Target Data,” August 27, 1944, Record Group 18, World War II Combat Operations Reports, 1941–1946, Box 2757, The U.S. National Archives and Records Administration (College Park, MD).

result of the Russo-Japanese War (1904-1905). At times dubbed “Japan’s East India Company in China,” the SMR played a critical role in the Japanese pursuit of strategic, political, and economic interests in Manchuria, and managed a wide range of activities running hospitals to mining coal.

In 1918, the SMR then established the Anshan Ironworks (鞍山製鉄所) as a subsidiary that specialized in ironmaking. The major turning point for Anshan, however, came with the Japanese occupation of Manchuria in 1931. Soon after the creation of the puppet state of Manchukuo in 1932-1945, the Anshan Ironworks was reorganized and expanded into the Shōwa Steelworks. In order to house its factory workers, the Japanese developed Anshan as a modern city in what had been vast farmland at the intersection of multiple counties. In 1937, Anshan obtained a municipal status, becoming a new official administrative unit.<sup>2</sup> As a local Japanese business proudly noted in 1944, this “production city” was “the only major Manchukuo city that was built by the Japanese.”<sup>3</sup>

In what follows, I delve into the details of the Anshan Ironworks and the Shōwa Steelworks to demonstrate that the Japanese policy of industrialization in Manchuria was motivated by strategic rather than economic concerns from the very beginning. The primacy of geopolitics in economic policy making became even more apparent following the Japanese occupation of Manchuria. In the 1930s, the Shōwa Steelworks dramatically expanded its production as Japan moved toward war, when profitability of the enterprise was largely sidelined, if not totally ignored.

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<sup>2</sup> Surprisingly, the official website of the city of Anshan today also recognizes 1937 as the year of the establishment of the city (<http://www.anshan.gov.cn/zjas/indexs.jsp?oid=28782>) [accessed on April 25, 2018].

<sup>3</sup> Yamanouchi Suemori 山之内末盛, *Anzan Shōkō Yōran* 鞍山商工要覽 (Anshan: Anzan shōkō kōkai, 1944), 1.

In this period, the Japanese authorities in Manchuria focused their resources on heavy industry and created a system that anticipated state-owned enterprises (SOEs) in China. Given the importance of heavy industry for the imperial army, Japanese officials extended vast control over the Manchurian economy through a five-year plan and other methods. The state also owned a major portion of shares of in the Shōwa Steelworks and other key industrial enterprises.

Japan's industrial war machine in Manchuria drew its inspiration from a global flow of ideas, goods, and people, especially the Soviet Union and Nazi Germany. The building of the industrial complex in Anshan also relied on machines, technology, and know-hows imported from the advanced industrial economies of the United States and Germany.

Moreover, the making of the Japanese war economy in Manchuria was fundamentally shaped by the visions and activities of lower-level bureaucrats and non-state actors. It involved various segments of the Japanese society, from elite businessmen to lowly miners and eccentric economists. These Japanese were, in turn, engaged in complex negotiations with various groups of local Chinese, from officials to migrant workers.

For a long time, much of scholarship in English or Japanese has focused on the policies of the Japanese authorities in Manchuria,<sup>4</sup> while Chinese scholars have stressed

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<sup>4</sup> Yamamoto Yūzō 山本有造, “*Manshūkoku*” *keizaishi kenkyū* 「滿州國」經濟史研究 (Nagoya: Nagoya Daigaku Shuppankai, 2003); Hara Akira 原朗, “Sen kyū hyaku sanjū nendai no Manshū keizai tōsei seisaku 一九三〇年代の満洲經濟統制政策,” in *Manshū shi kenkyūkai* 滿洲史研究會(ed.), *Nihon Teikokusyugi ka no Manshū* 日本帝國主義下の満洲 (Tokyo: Ochanomizu shobō, 1972), 1-114; Hara Akira 原朗, ““Manshū niokeru keizai tōsei seisaku no tenkai: Mantetsu kaiso to Mangyō setsuritsu wo megutte 「滿洲」における經濟統制政策の展開: 滿鐵改組と滿業設立をめぐって,” in, Andō Yoshio 安藤良雄 (ed.), *Nihon keizai seisaku shi ron* 日本經濟政策

the brutality of Japanese rule and local resistance. Regardless of their differences, both camps of scholars have tended to portray Manchuria as a self-contained and monolithic entity controlled by a group of Japanese elites.<sup>5</sup> It is only in the last two decades that historians have begun to pay attention to the role of non-state actors such as Japanese settlers and Chinese collaborators in Manchuria.<sup>6</sup>

Building on this new social history of empire, this chapter examines the relationship among the state, business enterprise and society in the industrial site of Anshan. I begin by explaining how the Japanese obtained control over mineral resources and land in Anshan. Next, I analyze the operation of the Anshan Ironworks, and the early Japanese efforts to develop Anshan as a city. After analyzing Japan's policy of hyper-industrialism and the development of the Shōwa Steelworks, I discuss the intertwined processes of city construction and labor mobilization in Anshan. By way of conclusion, I expound upon the significance of Manchukuo within China's overall economy during World War II.

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史論 (Tokyo: Tōkyō daigaku shuppankai, 1976), 209-296; Ramon H. Myers, "Creating a Modern Enclave Economy: The Economic Integration of Japan, Manchuria, and North China, 1932-1945," in Peter Duus, Ramon H. Myers, and Mark R. Peattie (ed.), *The Japanese Wartime Empire, 1931-1945* (Princeton, N.J: Princeton University Press, 1996), 136-70; Janis Mimura, *Planning for Empire: Reform Bureaucrats and the Japanese Wartime State* (Ithaca, N.Y.: Cornell University Press, 2011).

<sup>5</sup> Xie Xueshi 解學詩 and Zhang Keliang 張克良, *Angang shi, 1909-1948 nian 鞍鋼史*, 1909-1948 年 (Beijing: Yezin gongye chubanshe, 1984); Xie Xueshi 解學詩, *Wei Manzhouguo shi xinbian 偽滿洲國史新論*, 2nd edn (Beijing: Renmin chubanshe, 2008).

<sup>6</sup> Louise Young, *Japan's Total Empire: Manchuria and the Culture of Wartime Imperialism* (Berkeley: University of California Press, 1999); Rana Mitter, *The Manchurian Myth: Nationalism, Resistance, and Collaboration in Modern China* (Berkeley: University of California Press, 2000); Emer O'Dwyer, *Significant Soil: Settler Colonialism and Japan's Urban Empire in Manchuria* (Cambridge, MA: Harvard University Asia Center, 2015).

## Gaining Mining Rights

On August 16, 1909, a Japanese geologist, Kido Chūtarō (木戸忠太郎, 1872-1959), who was the director of the geological department of the SMR, was surveying water veins around the Anshan area with a team of Japanese researchers. According to his own account, on the day he made a visit to a small local Daoist temple, to pray for the success of the survey. Upon leaving the temple, he noticed that there was a small hill near there, and asked a local Chinese passer-by for its name. The Chinese man answered “Tieshishan,” which literally means “iron stone mountain.” Thrilled by the name, Kido and his team climbed the hill. On the hilltop, Kido hit the earth with a hammer, took one of the scattered pieces of the earth, and shouted “It’s iron ore!” Feeling that it would turn out to be a major deposit, Kido went back to the Daoist temple to pray there again.<sup>7</sup> Indeed, it was a major “discovery,”<sup>8</sup> and soon after, Japanese researchers “found” eight iron deposits in the area and three more nearby.<sup>9</sup>

After “discovering” the iron ore deposits in Anshan, however, the SMR faced difficulties in acquiring the rights to mine in the area. The SMR spent 15,000 *yuan* to bribe local Chinese officials in the hope that they would agree to set up a Sino-Japanese joint company for mining ore in Anshan. Nevertheless, the Fengtian provincial government rejected the SMR’s application to set up a joint company.<sup>10</sup>

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<sup>7</sup> Kido Chūtarō 木戸忠太郎, *Shū* 集 (Kyoto: Daruma dō, 1928), 125-137 (quote from 128).

<sup>8</sup> The Japanese researchers were not the first to find the ore deposits, but they had not been used for 800 years by that time.

<sup>9</sup> Manshū seitetsu tetsuyūkai 滿洲製鐵鐵友會, *Tetsuto Anzan no kaiko* 鐵都鞍山の回顧 (Tokyo, 1957), 9-10.

<sup>10</sup> The provincial government’s policy was obviously influenced by the national government in Beijing, which was considering nationalizing iron industry on its soil. Kōshōbu shōgaika 交涉部涉外課, *Shinkō kōshi kōshō kiyō* 振興公司交涉紀要 (SMR, 1931), 3-20. This internal publication of the SMR was reprinted in Xie Xueshi 解學詩 and Song Yuyin 宋玉印 (eds.), *Mantie neiwu wenshu* 滿鐵內務文書 (Beijing: Shehui kexue wenxian chubanshe, 2015), Vol. 9.

However, the SMR's plan regarding the mining rights in Anshan was unexpectedly and suddenly realized due to the outbreak of World War I in 1914. The withdrawal of European military presence from East Asia provided the Japanese with the opportunity to advance its own interests in China without the worry of European interference. Shortly after the outbreak of the war, the Japanese quickly occupied the German concession in Qingdao in China's Shandong Province, and by December 1914, the Japanese government presented to Beijing the "Twenty-one Demands," a set of major demands about expanding Japan's interests in China, including the acquisition of mining rights in Anshan. Facing Japan's superior military presence, in May 1915, President Yuan Shikai (袁世凱) of China accepted major parts of the demands, including the one on Anshan.<sup>11</sup> And after further negotiations on the details, the Chinese government officially approved the mining of iron ore in Anshan by the Sino-Japanese joint venture in the April of 1916.<sup>12</sup>

In order to avoid explicitly violating the Chinese laws, in April 1916 the SMR set up Shinkō Company (中日合弁振興鐵礦無限公司), a paper company jointly owned by Japanese and Chinese nationals, rather than a solely-Japanese-owned company, for the mining of iron ore and other raw materials in the Anshan area. Shinkō Company's shares were owned by one Japanese man and one Chinese man—Kamata Yasuke (鎌田弥助), the director of the Fengtian office of the SMR , and Yu Chonghan (于冲漢 1871-1932), a

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<sup>11</sup> "Guanyu nan Manzhou kaikuang shixiang zhi huanwen 關於南滿洲開礦事項之換文," (May 25, 1915), Xie Xueshi 解學詩 (ed.), *Anshan Zhaohe zhigangsu shimo* 鞍山昭和製鋼所始末 (Beijing: Shehui kexue wenxian chubanshe, 2011), 33-34.

<sup>12</sup> Kōshōbu shōgaika, *Shinkō kōshi kōshō kiyō*, 21-46.

local from the nearby Liaoyang County.<sup>13</sup> While having long-term Japanese connections, including spying for Japan during the Russo-Japanese War, Yu served as *de-facto* foreign minister under Zhang Zuolin (張作霖, 1875-1928), a Chinese bandit-turned-warlord who had governed Manchuria since the fall of the Qing Dynasty in 1912.<sup>14</sup>

Shinkō Company was, in theory, an independent enterprise set up by Kamata and Yu, but in reality, it was controlled and operated by the SMR as a *de-facto* branch of the Anshan Ironworks, which was set up in May 1918 as a subsidiary enterprise of the SMR. Indeed, Kamata and Yu invested in Shinkō Company by borrowing from the SMR. In other words, the SMR financed Shinkō Company entirely from the very beginning. And after its founding, Shinkō Company continued to rely on loans provided by the SMR.<sup>15</sup> No interest was set on these loans, but Shinkō Company was obliged to sell to the SMR all of its iron ore and other metals in prices decided by the SMR. Shinkō Company nominally owned railways in the mines, but the SMR operated them as a part of the SMR lines without paying any fee.<sup>16</sup>

From 1917 to 1924, the SMR purchased 5,960,948 *tsubo* of land.<sup>17</sup> Of it, 2,057,003 *tsubo* was for factories, and 3,296,868 was for urban areas.<sup>18</sup> Aside from these

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<sup>13</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 10-11. For the activities of Yu Chonghan shortly before the establishment of Shinkō Company, see “Yu Chonghan riji zhaichao 于忠漢日記摘抄” (February 10-March 15, 1916), in Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 42-46.

<sup>14</sup> Mitter, *The Manchurian Myth*, 36. Yu later worked for the Japanese during the early phase of the Japanese occupation. See Mitter, *The Manchurian Myth*, 79-116.

<sup>15</sup> The SMR provided it with loans of 2.5 million yen, 2 million yen, and 1 million yen respectively in 1917, 1919, and in 1921. Between 1924 and 1931, Shinkō Company further borrowed 5.82 million yen from the SMR.

<sup>16</sup> Kōshōbu shōgaika, *Shinkō kōshi kōshō kiyō*, 171-175.

<sup>17</sup> *Tsubo* (坪) is a Japanese unit of areal measure, roughly equivalent to 35.5 ft<sup>2</sup>.

<sup>18</sup> Kōshōbu shōgaika, *Shinkō kōshi kōshō kiyō*, 89-92.

lands, Shinkō Company also purchased or leased 3,529 *mu* of land in mining areas.<sup>19</sup> It was mainly Yu Chonghan and his brothers that negotiated with village chiefs on land purchases for Shinkō Company.<sup>20</sup> To smoothen the transactions process, the SMR also presented gold watches to Zhang Zuolin and his subordinates.<sup>21</sup>

However, in spite of these efforts to woo the local officials, the SMR's land purchases were riddled with complications. In September 1919, Zhang Zuolin heard the news that "evil gentry" in Anshan had sold state-owned mountains to the Anshan Ironworks.<sup>22</sup> In replying to Zhang's question, the magistrate of Liaoyang County, wrote that it was misinformation, pointing out that the mountains had been owned privately, not by the state.<sup>23</sup> Zhang ordered officials to investigate the situation about the Anshan Ironworks' land purchase.<sup>24</sup> Moreover, according to Zhang, the "respectable people" in Anshan complained to the provincial government that Shinkō Company's "unlimited" purchases of private land disturbed people's lives.<sup>25</sup> Also in 1919, some local residents of Haicheng County wrote to the Fengtian provincial authority that the Anshan Ironworks occupied privately-owned fields in their villages without paying the price for it. Upon

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<sup>19</sup> Kōshōbu shōgaika, *Shinkō kōshi kōshō kiyō*, 103-105. *Mu* (畝) is a Chinese unit of areal measure.

<sup>20</sup> "Yu Chonghan yu Zhenxing gongsi sheli zhi chu kuozhan kuangqu de huodong riji 1916.6.1-10.29 于沖漢于振興公司設立之初擴展礦區的活動日記 1916.6.1-10.29," Xie (ed.), *Anshan Zhaohe zhigangsuo shimo*, 67-63

<sup>21</sup> "Mantie Fengtian gongsuozhang Liantian mizhu zhi zongwubuzhang, kuangye buzhang han 滿鐵奉天公所長鐸田弥助致總務部長、礦業部長函" (April 22, 1919), Xie (ed.), *Anshan Zhaohe zhigangsuo shimo*, 148-149.

<sup>22</sup> Zhang Zuolin's telegram to Magistrate Tian of Liaoyang County, September 27, 1919, Liaoning Provincial Archives 遼寧省檔案館 (Shenyang, China), JC010-01-005888, p.80.

<sup>23</sup> Magistrate Tian's telegram to Zhang Zuolin, September 28, 1919, Liaoning Provincial Archives, JC010-01-005888, p. 81.

<sup>24</sup> Order by Zhang Zuolin, October 3, 1919, Liaoning Provincial Archives, JC010-01-005888, pp.83-84.

<sup>25</sup> Zhang Zuolin's order, October 6, 1919, Liaoning Provincial Archives, JC010-01-005888, pp.84-85.

investigation, however, the Business Department of the Fengtian Province concluded that the villagers' claim was groundless.<sup>26</sup>

In some cases, the SMR's land purchase brought about disputes between villagers and the Fengtian Government. In 1919, a village chief sold land on the mountain in Liaoyang County to the Anshan Ironworks without the permission of the Fengtian government, despite the fact that the ownership of the land was unclear. On finding this transaction, the Fengtian government decided that the Anshan Ironworks should pay the price to the Fengtian government, not to the villagers.<sup>27</sup> The villagers petitioned to the Fengtian government so that they could receive the money from the Anshan Ironworks,<sup>28</sup> but their petition was denied.<sup>29</sup>

Moreover, the Anshan Ironworks' activities at times clashed with the local authority. In 1918, the magistrate of Liaoyang County tried to levy local taxes on the SMR-owned lands in Anshan. Rather than paying yearly taxes, the SMR paid 40,000 *yen* as a one-time permanent land tax to the county, as well as another 10,000 *yen* to the magistrate in person. Later, faced with the deficit, the Liaoyang county government yet again demanded the SMR pay yearly local taxes in 1928.<sup>30</sup>

These episodes concerning the mining rights and land purchases in Anshan provide evidence that even though the Japanese industrial policies in Manchuria before 1931 often took violent measures, they were still constrained by the fact that Manchuria

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<sup>26</sup> Report by the Business Department of the Fengtian Province, December 3, 1919, Liaoning Provincial Archives, JC010-01-005888, pp.161-164.

<sup>27</sup> Report by Wang Yong Jiang et al to Zhang Zuolin, November 1, 1919, Liaoning Provincial Archives, JC010-01-006432, p. 2-3.

<sup>28</sup> Petition by He Guansan et al to Zhang Zuolin, November 1919, Liaoning Provincial Archives, JC010-01-006432, pp. 5-6.

<sup>29</sup> Zhang Zhiliang's note to Zhang Zuoling, November 28, 1919, Liaoning Provincial Archives, JC010-01-006432, p. 7.

<sup>30</sup> Kōshōbu shōgaika, *Shinkō kōshi kōshō kiyō*, 94-96.

was under Chinese administration. Unlike the subsequent occupation period, the Japanese still recognized Chinese sovereignty in the region, and thus had to pursue their interests through various types of backdoor negotiations.

## Producing Iron

The Anshan Ironworks' original plan was an annual production capacity of 1 million tons of pig iron and 0.8 million tons of steel. Toward that end, it began its first-term construction plan that consisted of two blast furnaces, a coke oven, and other factories. The Anshan Ironworks' construction plan was then suddenly expanded, due to rising demand for iron and steel during World War I. To the first-term construction plan, they added the construction of another iron-making factory by 1920. Moreover, they also drew up a second-term construction plan, which included two more blast furnaces.<sup>31</sup>

To carry out these construction projects, the Anshan Ironworks built upon technological transfer from the Japanese steel industry. Shortly before the establishment of the ironworks, the SMR recruited 120 Japanese veterans and sent them to Yahata Ironworks in Japan for fifteen months of internship from the spring of 1917. Fifty-five of these recruits interned in blast furnaces, and sixty-five interned in cokes production. On top of this, the SMR also hired more than ten technicians and skilled workers of the Yahata Ironworks in September 1918.<sup>32</sup>

These construction projects, however, met unexpected challenges from the local environmental settings. According to a confidential company history, the Japanese experts from Yahata were “unaware of the local conditions of Anshan,” and they had an

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<sup>31</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 11-12.

<sup>32</sup> Shōwa seikōjo 昭和製鋼所, *Shōwa seikōjo nijūnenshi* 昭和製鋼所廿年誌 (Anshan: Shōwa seikōjo, 1940), 114.

especially hard time dealing with poor-quality mines. The construction of the first blast furnace was especially challenging. The use of unclean gas impaired its heating room. Later, damage in major parts brought about flood of water into the furnace, which led to a major explosion within the furnace and put it into a halt.<sup>33</sup>

Furthermore, with the end of World War I, the Anshan Ironworks also faced an abrupt decline of market demand for iron and steel. This radical market change forced the Anshan Ironworks to halt all construction projects with the exception of Blast Furnaces No. 1 and 2. Moreover, upon their completion, the Anshan Ironworks only operated the Blast Furnace No. 1.<sup>34</sup> The Anshan Ironworks operated at a yearly loss, so the SMR began to think their way out of this situation.

One possibility they considered to solve this situation was to introduce foreign investment, especially from the United States, even letting the American investors participate in the management of the Anshan Ironworks. In January 1921, the President of the SMR, Nomura Ryūtarō (野村龍太郎), wrote a letter to the Japanese prime minister, Hara Kei (原敬). According to Nomura, in order to make the Anshan Ironworks profitable, they had to build steel-making factories in Anshan, and for this purpose, they should think about selling shares of the Anshan Ironworks in the US, thereby allowing American investors to participate in its management. Furthermore, Nomura also wrote that they should work with American investors to merge the Anshan Ironworks and a

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<sup>33</sup> Shōwa seikōjo, *Shōwa seikōjo nijūnenshi*, 117.

<sup>34</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 12.

smaller Japanese-owned iron company in Beixihu into a larger steel enterprise as a “Japan-US joint venture.”<sup>35</sup>

A second consideration made was to introduce new technology. The main cause of the high cost was that ore of the iron deposits in Anshan was low-grade ore, which consisted of only 30-40% of iron. The SMR officials turned to Western experts for technical assistance and advice. In May 1921, the SMR engaged a commission of American engineers and geologists, mainly from the University of Minnesota, to investigate the iron ore deposits of Anshan as well as the coal deposits of Fushun. The commission, consisting of W. R. Appleby, W. H. Enmons, W. J. Mead, F. Hutchinson, L. D. Davenport, and W. H. Crego, carried out an extensive examination of the Anshan and Fushun deposits in June 1921.<sup>36</sup> The Anshan Ironworks also had German and Swedish companies investigate the problem, by sending a substantial amount of iron ore there for research.<sup>37</sup> The American technical commission carried out tests of the Anshan ores in Minneapolis as well as in Anshan, and submitted a report on the Anshan ores in 1922. According to the report, the ore from the Dagushan deposit was superior to other Anshan ores, being principally magnetic and therefore more adopted for concentration. Concentrating mining operation on the Dagushan deposit would enable the Anshan Ironworks to save considerably on mining costs. The Anshan Ironworks followed this advice and decided to mine ore from Dagushan exclusively.<sup>38</sup>

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<sup>35</sup> Nomura Ryūtarō 野村龍太郎, “Nichi-bei gōshi Manshū seiketsujo no ken 日米合資滿洲製鋼所ノ件,” to Hara Kei 原敬 (January 1921), National Institute for Defense Studies 防衛省防衛研究所 (Tokyo), Rikugun shō mitsu dai nikki 陸軍省密大日記, T10-6-11: Japan Center for Asian Historical Records (hereafter, JACAR) Ref. C03022579100.

<sup>36</sup> “New Steel Mill for Manchuria,” *The Far-Eastern Review*, vol. XXV, no. 2 (1929), p. 70; Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 14.

<sup>37</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 14.

<sup>38</sup> “New Steel Mill for Manchuria,” *The Far-Eastern Review*, vol. XXV, no. 2 (1929), p. 71.

In the end, though, it was the Japanese researchers who continued working within the local settings, rather than the foreign researchers, that brought about the needed technological breakthrough. In their 1922 report, the American experts stated that they should wait for another twenty years to see the development of new technology that would enable the economical concentration of low-grade non-magnetic ores. The Japanese experts of the Anshan Ironworks, however, decided to develop a new type of reduction furnaces by themselves, rather than wait for twenty years.<sup>39</sup> In August 1921, a team of the Anshan Ironworks researchers led by Umene Tsunesaburō (梅根常三郎) invented the ore-dressing process which could concentrate low-grade ores in Anshan using the reducing roasting process. Using this “Anshan-style reducing roasting process”, the Anshan Ironworks constructed a test plant, and after several tests, finished erecting the beneficiation plant with a reductive furnace in June 1926.<sup>40</sup> The plant that made use of Umene’s research consisted of machines made in the US, Japan, and the UK.<sup>41</sup>



Tube Mill Battery Made by the Kobe Steel Works (Left) / Dwight & Lloyd's Sintering Machines (Right)

Source: “New Steel Mill for Manchuria,” *The Far-Eastern Review*, vol. XXV, no. 2 (1929), p. 75.

<sup>39</sup> “New Steel Mill for Manchuria,” *The Far-Eastern Review*, vol. XXV, no. 2 (1929), pp. 70-71.

<sup>40</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 14-15.

<sup>41</sup> “New Steel Mill for Manchuria,” *The Far-Eastern Review*, vol. XXV, no. 2 (1929), pp. 74-75.

Around the same time, the SMR also carried out other forms of reform to lower the cost of the Anshan Ironworks. In 1927, the SMR lowered the prices of coal and railway transportation for the Anshan Ironworks, and also implemented drastic personnel reductions for the Anshan Ironworks. Altogether, these reforms had the cumulative effect of helping lower the costs of the ironmaking of the Anshan Ironworks.<sup>42</sup>

Even if Umene's research aimed at making the Anshan Ironworks profitable, the SMR's financing of that research was still not entirely driven by profit-making motives—it was also supported by the military forces. Indeed, the SMR management was at first reluctant to fund Umene's research, whose profitability then was unclear. Therefore, in 1921, Inoue Tadashirō (井上匡四郎), the director of the Anshan Ironworks, met officers of the Japanese Army to ask for support.<sup>43</sup> As a result, around April 1921, the Japanese Army Minister requested the president of the SMR to support Umene's research. According to the Army Minister, he had "high hopes" for the Anshan Ironworks "from the perspective of national defence." The processing of low-grade ore therefore "will bring about the growth of iron industry and the autarky in iron and steel." Therefore, "its success and failure is a deep concern for national defense."<sup>44</sup> In the eyes of Japanese policy makers, the development of iron and steel industry in Anshan was not necessarily profitable, but was important for its strategic value.

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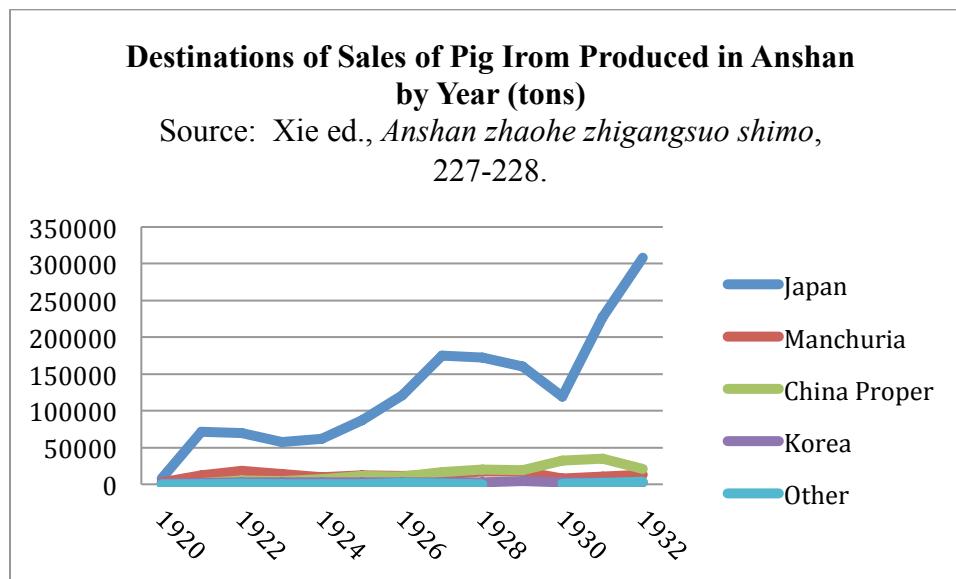
<sup>42</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 16-17.

<sup>43</sup> "Anzan seitetsu jo kankei hinkō shorihō shiken ni kanshi Inoue Tadashirō shi no kibō yōshi 鞍山製鐵所關係貧礦處理法試驗ニ關シ井上匡四郎氏ノ希望要旨" (no date), National Institute for Defense Studies (Tokyo), Rikugun shō mitsu dai nikki, T10-6-11: JACAR Ref. C03022579000.

<sup>44</sup> "Daijin yori mantetu sōsai he 大臣ヨリ満鐵總裁へ" (no date), 防衛省防衛研究所, 陸軍省-密大日記-T10-6-11: JACAR Ref. C03022579000.

From July 1926 onward, the Anshan Ironworks began operating both No. 1 and No. 2 blast furnaces and the concentration plant.<sup>45</sup> The application of the new technology in the production line in 1926 more than doubled Anshan's pig iron production from less than 100,000 tons in 1925 to more than 200,000 tons in 1927. As discussed in later chapters, Umene was to remain in Anshan after the collapse of the Japanese Empire and continued working under both the Chinese Nationalists and the Chinese Communists, and the methods he developed were to be transferred to the People's Republic of China.

The Anshan Ironworks and Shinkō Company constituted a part of the SMR's business empire. Shinkō Company extracted iron ore, which the Anshan Ironworks used as raw material for its production of pig iron, while cokes made from coal extracted in Fushun and Benxihu enabled the Anshan Ironworks' ironmaking.<sup>46</sup> The SMR line connected all these industrial sites, and sent pig iron made by the Anshan Ironworks to the port city of Dalian, from which it was sent to Japan by ship.



<sup>45</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 11-15

<sup>46</sup> Shōwa Seikōjō, *Shōwa seikōjō nijūnenshi*, 174.

As shown in this graph, the main role of the Anshan Ironworks before the Japanese occupation of Manchuria was to produce pig iron for steel mills within Japan.

The Anshan Ironworks further developed its plants by importing technology from the US. In January 1928, the Anshan Ironworks drew up a new plan for constructing a Blast Furnace No. 3 with a daily production capacity of 500 tons.<sup>47</sup> The new furnace was designed by Mr. Kohllhaas, consulting engineer for Perrin, Marshall and Company based in New York. Kohllhaas had had experience in designing a plant for the Tata Iron & Steel Works in India and the Longyan furnace in North China. While major machines were made in Japan, some were imported from the US. Following the eight months Kohllhaas spent in Anshan, investigating all the branches of the construction,<sup>48</sup> Blast Furnace No. 3 was completed in 1930, and the Anshan Ironworks thereafter produced 280,000 tons of pig iron, surpassing initial expectations laid out in the plan.<sup>49</sup>

Despite all these efforts, however, the Anshan Ironworks still failed to overcome the effects of the falling market price of iron and steel, and steadily lost money every year, which earned it the unfortunate nickname of “cancer of the SMR.” In 1928 and 1929, the company’s balance sheets at last showed net profits for the first time, but it was largely thanks to subsidies from the Japanese government.<sup>50</sup> After 1930, the Anshan Ironworks again went back to making losses, and never made net profits until it was reorganized into the Shōwa Steelworks.<sup>51</sup>

Moreover, the inconvenient fact that Manchuria resided within the borders of China restricted Japanese business enterprises. The Japanese position became further

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<sup>47</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 16.

<sup>48</sup> “New Steel Mill for Manchuria,” *The Far-Eastern Review*, vol. XXV, no. 2 (1929), pp. 75-76.

<sup>49</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 16.

<sup>50</sup> Shōwa Seikōjō, *Shōwa seikōjō nijūnenshi*, 328.

<sup>51</sup> Shōwa Seikōjō, *Shōwa seikōjō nijūnenshi*, 328.

unstable after 1928, when a group of ambitious Japanese military officers assassinated Zhang Zuolin, the Chinese ruler of Manchuria.<sup>52</sup> Zhang Zuolin's son, Zhang Xueliang (張學良), succeeded his father, and, not surprisingly, was more determined than his father to resist the Japanese presence.<sup>53</sup> For instance, in 1930, Zhang Xueliang's government inspected Shinkō Company's certificates on mining rights according to the mining laws of China, which posed a threat to the Anshan Ironworks and the SMR: Shinkō Company's mining operations often went beyond boundaries explicitly written in certificates; moreover, the boundaries in certificates were often ambiguous.<sup>54</sup> If Zhang Xueliang strictly enforced the Chinese law, there was a possibility that he could forcefully put Shinkō Company's operation into a halt or confiscated parts of its property. Another dispute between the SMR and Zhang Xueliang's government concerned an additional tax on iron ore.<sup>55</sup> In 1930, Liaoning provincial government requested that the company pay the additional tax on iron ore that it had mined since 1926,<sup>56</sup> and SC pleaded with Zhang Xueliang to spare the company this additional tax.<sup>57</sup>

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<sup>52</sup> Through the late 1920s, the official Japanese policy was to extend its strategic and economic interests in the region through collaboration with Zhang Zuolin, often including means such as threatening and bribery.

<sup>53</sup> For Zhang Xueliang's policies, see Mitter, *The Manchurian Myth*, 20-71.

<sup>54</sup> “Liaoning sheng nongkuang ting ling 遼寧省農礦廳令” (July 26, 1930), Xie (ed.), *Anshan Zhaohe zhigangsuo shimo*, 112; “Zhenxing gongsi zhi nongkuangting de bianmingshu 振興公司致農礦廳的辨明書” (August 1930), *ibid.*, 113; “Liaoning sheng nongkuang ting pi 遼寧省農礦廳批” (September 1, 1930), *ibid.*, 113-114; “Zhenxing gongsi zhi nongkuang ting de bianmingshu 振興公司致農礦廳的辨明書” (September 1, 1930), *ibid.*, 114-115; “Liaoning nongkuang ting zhiling 遼寧農礦廳指令” (October 2, 1930), *ibid.*, 115-116.

<sup>55</sup> According to Chinese law, mining companies were to pay additional tax on iron ore mines, in addition to regular tax on mining, but Shinkō Company never paid this tax, and the Chinese authorities usually turned a blind eye. Kōshōbu shōgaika, *Shinkō kōshi kōshō kiyō*, 294.

<sup>56</sup> Note from the Agricultural and Mining Department of Liaoning Province to Shinkō Company, September 1, 1930, cited in Kōshōbu shōgaika, *Shinkō kōshi kōshō kiyō*, 337-338.

<sup>57</sup> Kamata Yasuke's letter to Zhang Xueliang, February 1931, Kōshōbu shōgaika, *Shinkō kōshi kōshō kiyō*, 308-309.

What further concerned the SMR was what might happen to the Anshan Ironworks and Shinkō Company if Yu Chonghan, who was by then at an advanced age, were to die. If Yu were indeed to die, Zhang Xueliang might take the opportunity to dissolve Shinkō Company or nationalize Yu's shares in order to interfere with the company.<sup>58</sup> Moreover, around the same time, Yu informed SMR officials that he was willing to retire from his position in Shinkō Company, claiming that it was becoming increasingly difficult for him to continue working for the SMR due to his advanced age as well as the anti-Japanese sentiments among Chinese officials.<sup>59</sup> The SMR leaders, however, convinced him to remain in his position.<sup>60</sup>

Constraints such as these over the Japanese position in Manchuria before 1931 halted the SMR's plan to expand the Anshan Ironworks into an integrated steel enterprise capable of producing steel products, not just iron. In October 1928, the Anshan Ironworks drew up an ambitious plan to found an integrated iron and steel enterprise in Anshan, which was approved by the Japanese government in January 1929.<sup>61</sup> For this purpose, the Anshan Ironworks ordered major machines for steel factories from German companies, Krupp and Demag, and these machines arrived in the port of Dalian by the February of 1931.<sup>62</sup> However, worried about the insecure status of the Anshan Ironworks, the managers of the SMR decided to establish an entirely new integrated steel mill in the city

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<sup>58</sup> Kōshōbu shōgaika, *Shinkō kōshi kōshō kiyō*, 280-283.

<sup>59</sup> “Yu Chonghan zhi Liantian Mizhu han 于沖漢致鐸田弥助函” (July 28, 1930), Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 109-110; “Yu Chonghan de suowei ‘bitan’ 于沖漢的所謂‘筆談’” (August 3, 1930), *ibid.*, 110-111.

<sup>60</sup> Kōshōbu shōgaika, *Shinkō kōshi kōshō kiyō*, 284-293.

<sup>61</sup> “Dai ikkai Mantetsu seikō keikaku shinsa iinkai kaigiroku 第 1 回滿鐵製鋼計劃審查委員會會議錄,” National Archives of Japan 國立公文書館(Tokyo), Shōwa zaiseishi shiryō 昭和財政史資料, 3-76 (hei 15 zaimu 00327100): JACAR Ref. A08072206000.

<sup>62</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 17-18.

of Sinuiju in Korea – under Japanese colonial rule at the time – rather than enlarge the Anshan Ironworks. By setting up the steel enterprise in Japan’s official colony, the SMR attempted to evade tariffs on their products imported to Japan. Moreover, it was expected that building a steel industrial complex in Korea would create jobs for Korean workers and thus help them simultaneously solve the unemployment problem in Korea.<sup>63</sup> Perhaps for this reason, the officials of the colonial authority in Korea promised the SMR that they would give it a special treatment in tariffs on machines and construction materials exported from abroad.<sup>64</sup>

Another important motivation behind the selection of Sinuiju over Anshan was the strategic consideration. While Korea was then a part of the Japanese Empire, Manchuria remained a foreign land—even in spite of the multitude of economic and strategic privileges that Japan had there. As officials of the Japanese finance ministry wrote, “in military terms, this steel factory should immediately be used as a military-goods factory. There is no need to dwell on whether we should build it on the soil of China, which would become a neutral party, or on our own soil.” Partly for this reason, the authors of this document also supported the plan to build the Shōwa Steelworks in Sinuiju.<sup>65</sup>

However, the plan to set up a steel mill in Sinuiju also faced delays due to political turmoil in Japan. Thus, the Krupp and Demag machines that the Anshan

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<sup>63</sup> Shōwa Seikōjo, *Shōwa seikōjo nijūnenshi*, 10-11.

<sup>64</sup> “Dai ikkai Mantetsu seikō keikaku shinsa iinkai kaigiroku 第 1 回満鐵製鋼計劃審査委員會會議錄,” National Archives of Japan (Tokyo), Shōwa zaiseishi shiryō, 3-76 (hei 15 zaimu 00327100): JACAR Ref. A08072206000.

<sup>65</sup> Ōkura shō 大蔵省, “Shōwa seikō mondai ni kansuru ken 昭和製鋼問題に關する件” (no date), National Archives of Japan (Tokyo), Shōwa zaiseishi shiryō, 3-76 (hei 15 zaimu 00327100): JACAR Ref. A08072206500.

Ironworks had ordered remained in Dalian until they decided in 1932 to establish a steelworks in Anshan after the Japanese occupation of Manchuria.<sup>66</sup>

## A Colonial Factory Town

While constructing factories in Anshan, the SMR also built a new factory town of Anshan in the SMR Zone—an area adjacent to the SMR lines that the Japanese administered in a way similar to concessions.<sup>67</sup> The SMR designed and developed Anshan as a colonial factory town, and so built workers' dormitories, roads, parking lots, government offices, public facilities, Shintō shrines, parks, and ranches. Taking command of the construction of the modern city of Anshan, the SMR established an office for local affairs, which functioned as a *de-facto* colonial municipal authority. The Japanese police station was also first set up in Anshan in 1918, and it was developed into a full police station in 1925. Alongside the police, the Japanese Army also stationed a company from 1926 in Anshan.<sup>68</sup>

Unlike other SMR zones, however, there was no existing Chinese city in Anshan when the SMR began urban construction, and so the SMR had the opportunity to build Anshan according to their prioritization on mobility. In other words, it was easier to attain the level of mobility they desired for economic development when one could create a completely new city in the farmland, as opposed to constructing in traditional cities

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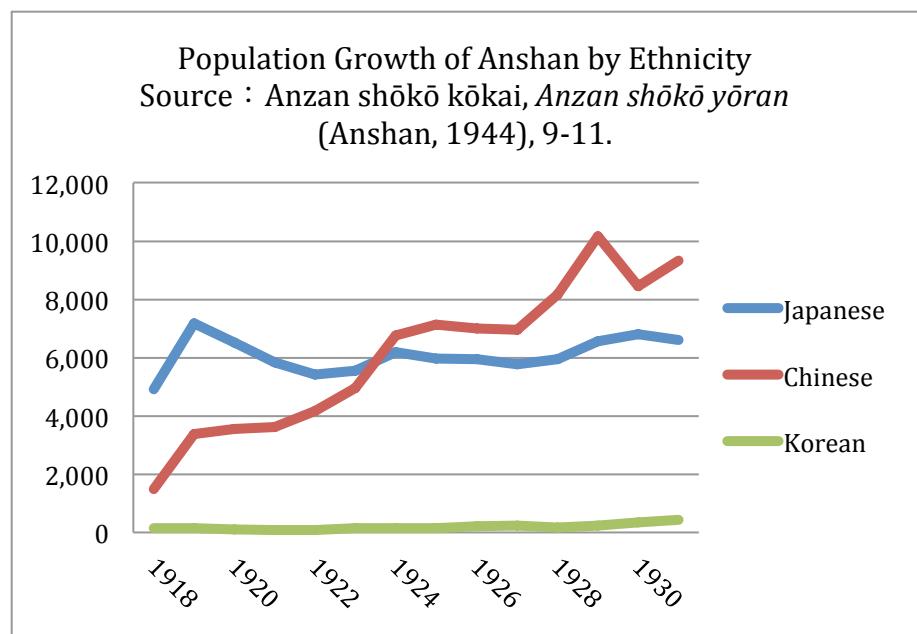
<sup>66</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 17-18.

<sup>67</sup> For the SMR zones, see Ōno Taikan 大野太幹 “1920 nendai Mantetsu fuzokuchi gyōsei to Chūgokujin shakai 1920 年代滿鐵附屬地行政と中國人社會,” *Gendai Chūgoku kenkyū*, 21 (2007), 92–121.

<sup>68</sup> The local office was first a part of the Anshan Ironworks as local affairs section (地方係), but later became a separate entity as the SMR Local Affairs Office (地方事務所) in Anshan. While the main source of funding of the SMR local office in Anshan was the budget of the SMR, the local office also began levying *de-facto* taxes (公費) on the Japanese residents there from 1923. Anzan chihō jimusho 鞍山地方事務所, *Anzan fuzokuchi enkaku shi* 鞍山附屬地沿革史 (1934), 43-44.

crowded by houses and traversed by winding roads. For Anshan, then, major roads radiated from the city center for the convenience of the flow of goods and people, and the iron factories were connected with iron ore mines around the city through special railway line. The SMR line then connected Anshan with Fushun and Benxi, the major providers of coal for the Anshan factories, as well as other cities such as the provincial capital of Fengtian (Shenyang) and the major port city of Dalian.

Despite its *de-facto* status as a colonial city, the SMR's urban construction of Anshan led to an increase in the Chinese



population who were attracted to Anshan by the new job opportunities created by the Anshan Ironworks and Shinkō Company. The population density in Anshan was originally very low, and when the Japanese first began to build the iron factories, there were more Japanese than the Chinese. By 1924, the Chinese population in Anshan surpassed the Japanese population, and the Chinese gradually overshadowed their Japanese counterparts. Working alongside the Chinese and Japanese were also migrants from Korea, granted that they were under Japanese colonial rule at the time.

As a colonial city, Anshan was designed and built according to the principle of ethnic segregation between the Japanese and Chinese, as the SMR divided the city into two parts across the railway line. The district east to the railway line, “Tetsutou” (*Tiedong* in Chinese, 鐵東, which literally means “East to the railway”), was allocated for the Japanese. To the west to the line, “Tetsusei” (*Tiexi* in Chinese, 鐵西, which literally means “West to the railway”), they decided to build factories and houses and shops for the Chinese. Schools for Japanese children and Chinese children were also separated from each other.<sup>69</sup> According to an unpublished local history of Anshan written by the Anshan local office, this policy of segregation was made out of a concern for “public health (*eisei hoken*)” on the part of the Japanese policy makers,<sup>70</sup>

However, in spite of the SMR’s plan to divide the Chinese and Japanese towns, a majority of Chinese residents in Anshan actually lived in a neighborhood called Baguagou in the Japanese district of Tetsutou (Tiedong). Baguagou was the only populated part of Anshan before the founding of the Anshan Ironworks, and after the establishment of the Anshan Ironworks, a vast majority of its Chinese workers were not provided housing from the company and thus moved to this neighborhood. The dramatic rise in the population of Baguagou that resulted posed a challenge to the Japanese city plan. According to a memoirs by Japanese employees of the Anshan Ironworks, “the proximity of the Baguagou Chinese neighborhood to the Japanese town was a source of headache to sensible Japanese people in terms of the issues of theft or public health.”<sup>71</sup>

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<sup>69</sup> Anzan chihō jimusho, *Anzan fuzokuchi enkaku shi*, 106.

<sup>70</sup> Anzan chihō jimusho, *Anzan fuzokuchi enkaku shi*, 11.

<sup>71</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 140.

The variances in treatment between the Japanese and Chinese also manifested itself in the use of land in the SMR's urban planning. In 1919, Anshan's city planners allocated much more land per person to Japanese than to Chinese. According to the plan, land surface necessary for housing of one Japanese unmarried employee and one Chinese unmarried employee were respectively 15 *tsubo* and 7.5 *tsubo*. Moreover, one shop in the Japanese commercial district was to occupy 75 *tsubo*, while one shop in the Chinese commercial district was to use only 50 *tsubo*.<sup>72</sup>

Moreover, people were segregated not just by their ethnicity, but also by socio-economic background. At the top of the hierarchy in the Japanese society in Anshan stood the managers of the SMR and the Anshan Ironworks. They resided in a neighborhood called Taimachi (台町), which literally means “hill town” because of its location near a hill. In 1919, the SMR built English-style two-story houses made of brick for top managers in the nicest part of Taimachi. By 1921, they built other two-story houses for middle-level managers in the other parts of Taimachi.<sup>73</sup> For its employees, the SMR also built “company houses,” a primary school, a clinic, and the local office.<sup>74</sup>

At the bottom of the hierarchy among the Japanese residents were about 100 Japanese households, none of whose members were employed by the SMR. Referred to as “townspeople (*machi no hito*)” by the SMR employees, they engaged in various small businesses, including a bike shop, a pawnshop, a public bath, a bookstore, a tofu shop, a flower shop, a doctor, a dentist, and a funeral home.<sup>75</sup>

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<sup>72</sup> Anzan chihō jimusho, *Anzan fuzokuchi enkaku shi*, 10.

<sup>73</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 128-129.

<sup>74</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 130.

<sup>75</sup> There was no Japanese-run meat shop, fish shop, and greengrocer simply because the Japanese were defeated by Chinese competitors in these businesses. There were, however, three Japanese-

The fraught relationship between the “townspeople” and the SMR occasionally led to conflicts. In March 1921, around 250 Japanese residents in Anshan held a meeting to call for the abolition of the consumers’ cooperative of the SMR employees, which caused a serious damage to their businesses in Anshan. Infuriated by the SMR’s uncompromising attitude, around 150 of these residents marched all over Anshan after the meeting and destroyed windows of the house of the Director of the Anshan Ironworks in Taimachi by throwing stones, before the Japanese police detained thirteen of them.<sup>76</sup>

Still, even with this stratification and hierarchy, the Japanese residents of all the social backgrounds in Anshan were unified in their shared interest in Japan’s continued presence in Manchuria. It thus came as a shock to them when the SMR decided in 1929 to establish the Shōwa Steelworks in Korea, rather than in Anshan. “[F]rom the perspective of the Greater Japan including Mongolia and Manchuria,” the Japanese residents in Anshan demanded the SMR to reconsider the decision and to establish the integrated steel mill in Anshan. They sent their representatives to the SMR president, held public meetings, and sent petitions to the prime minister and other officials in Japan.<sup>77</sup>

Unlike the Weberian model of commercial cities, ethnic and religious rituals in Anshan served as means of social control by the political authority rather than as a public space for free activities. The Japanese and the Chinese in Anshan promoted social ties

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run pharmacies since they were popular among Chinese customers as well. Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 136-137.

<sup>76</sup> “Zai Ryōyō dairi fuku ryōji Kijima Senzō ‘Sōjō hassei jijō’ 在遼陽領事代理副領事木嶋仙藏‘騷擾發生事情’” (March 7, 1921), Diplomatic Archives of the Ministry of Foreign Affairs of Japan 外務省外交史料館 (Tokyo), 5-3-2-0-1\_005: JACAR Ref. B08090155900.

<sup>77</sup> “Guanyu jianshe zhigangsuo qingyuan yundong de dongji he jingguo 關於建設製鋼所請願運動的動機和經過,” Xie (ed.), *Anshan Zhaohe zhigangsuo shimo*, 190-194.

within their own ethnic communities through religious ceremonies and social events. The Fuji Primary School, founded by the SMR, provided space for socialization of the Japanese residents in Anshan, and its lecture hall and ground hosted important events, such as the celebrations of the New Year and the Emperor's Birthday. Through these events, the members of the small Japanese community came to know each other rather well.<sup>78</sup> In 1924, with funding from both the SMR and the local Japanese residents, they built a Shintō shrine for the Japanese in Anshan on a hill in the south of Anshan.<sup>79</sup> Chinese residents were usually excluded from these events by the Japanese. For the Chinese residents, the SMR also built a Daoist temple in 1924. The funds for the construction of this temple came mainly from the SMR, but local Chinese and even some Japanese residents also contributed. The Anshan Temple held one big festival every spring, as well as minor festivals on the 1<sup>st</sup> and 15<sup>th</sup> of each month.<sup>80</sup>

### **Hyper-Industrialist Manchukuo**

The situation surrounding Anshan went through a major change after the Japanese occupation of the whole of Manchuria in 1931 and the founding of the puppet state of Manchukuo in the following year. When the officers of Japan's Kantō Army occupied Manchuria, one of their principal goals was to develop heavy industry there in order to prepare for a future war with the Soviet Union and the United States. Largely inspired by the Soviet Union and Nazi Germany, Manchukuo's industrial economy was hyper-industrialist in both ideas and practice. Major industrial enterprises like the Shōwa Steelworks behaved in a way similar to SOEs in socialist economies, prioritizing

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<sup>78</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 130-131.

<sup>79</sup> Anzan chihō jimusho, *Anzan fuzokuchi enkaku shi*, 117-118.

<sup>80</sup> Anzan chihō jimusho, *Anzan fuzokuchi enkaku shi*, 118-119.

quantitative growth over profitability. The development of hyper-industrialist enterprises also brought a major transformation to the cities where they were located.

Manchukuo's economic policies were influenced by Japanese researchers of the SMR, who were at least partly inspired by the Soviet Union and Nazi Germany as a development model. The chief of the Russia section of the SMR's Research Division was Miyazaki Masayoshi (宮崎正義, 1893-1954), a Russia expert who had studied at St. Petersburg University before the Bolshevik Revolution. In the interwar years, Miyazaki and his team published in Japan texts translated from Russian and their own writings on Soviet politics, economy, and society.<sup>81</sup>

Under the intellectual influence of Miyazaki and his team, the Manchukuo government began to introduce a system of strong bureaucratic control on the economy. In March 1933, the Manchukuo government published an Outline for Economic Construction in Manchukuo drafted by Miyazaki's team.<sup>82</sup> This policy guideline argued for strong state control over the economy, noting that "uncontrolled capitalism is riddled with problems. Therefore, in constructing the economy of our nation [Manchukuo], we should put it under the necessary state control, make use of capital and achieve the healthy and vigorous development of the entire national economy."<sup>83</sup> In March 1933, the Japanese cabinet approved an Outline for the Measure for Controlling Japanese and

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<sup>81</sup> Kobayashi Hideo 小林英夫, *Mantetu chōsabu no kiseki, 1907-1945* 満鐵調査部の軌跡: 1907-1945 (Tokyo: Fujiwara shoten, 2006), 64-70, 78-81. For Miyazaki's biography, see Kobayashi Hideo, "Nihon kabushiki gaisya" wo tsukutta otoko: Miyazaki Masayoshi no shōgai 「日本株式會社」を創った男: 宮崎正義の生涯 (Tokyo: Shōgakukan, 1995).

<sup>82</sup> Kobayashi, *Mantetu chōsabu no kiseki*, 108-149.

<sup>83</sup> Yamamoto, "Manshūkoku" keizaiishi kenkyū, 28.

Manchurian Economy, which introduced a monopoly system for strategically important industries such as iron and steel, coal, and communications in Manchukuo.<sup>84</sup>

Upon occupying Manchuria, the Japanese took over the region's Chinese public enterprises formerly controlled by Zhang Xueliang and turned them into Japanese-controlled enterprises.<sup>85</sup> Indeed, by 1936, eleven out of the twenty-five state-owned or semi-state-owned companies founded in Manchukuo made use of physical assets of these formerly Chinese enterprises.<sup>86</sup>

Moreover, the Japanese occupation eliminated the restrictions on the Japanese economic activities in the region, thus making it possible to expand the Anshan Ironworks into a vertically-integrated steel mill with the entire production line from iron-ore mining to steel-rolling. Now without the fear of interference from the Chinese authority, the SMR moved the Shōwa Steelworks to Anshan and merged the Anshan Ironworks and SC into the Shōwa Steelworks.<sup>87</sup> The Shōwa Steelworks further expanded itself by merging another major iron ore mine in the Gongzhangling area about 20 km to the east.<sup>88</sup>

Under the Shōwa Steelworks, the iron and steel industry in Anshan prospered with dramatic growth. The Steel Mill No. 1 and the Ingot Mill No. 1 began operations in April 1935, and June of the same year saw the launching of the operation of the large rail-

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<sup>84</sup> Yamamoto, “*Manshūkoku*” *keizaishi kenkyū*, 28.

<sup>85</sup> For the economic policies under Zhang Zuolin and Zhang Xueliang, see Kong Jingwei 孔經緯, *Xinban Zhongguo Dongbei diqu jingjishi* 新編中國東北地區經濟史 (Changchun: Jilin jiaoyu chubanshe, 1994), 263-325.

<sup>86</sup> Yamamoto, “*Manshūkoku*” *keizaishi kenkyū*, 32.

<sup>87</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 19-20.

<sup>88</sup> In 1918, a Japanese businessman, Iida Entarō 飯田延太郎 had purchased the right to mine iron ore in the area in a joint venture with the provincial government of Fengtian. While Iida had not began actually developing the mine, it was found out that the Gongzhangling Mine included high-grade iron ore (富礦). The Shōwa Steelworks purchased the rights to develop the mine from Iida in February of 1933. Shōwa Seikōjo, *Shōwa seikōjo nijūnenshi*, 20.

track factory and the small-sheet mill. Meanwhile, from 1935 onward, the Shōwa Steelworks operated all the three blast furnaces for ironmaking,<sup>89</sup> complemented by the completion of the Blast Furnace No. 4 in May 1937.<sup>90</sup>

As was the case in the original construction conducted under the Anshan Ironworks, the Shōwa Steelworks benefited from technology transfer from Japan and the West. For the construction of the steel-sheet factory, in 1933 the Shōwa Steelworks received employees who had trained in the Yahata Ironworks and hired technicians from Yahata. In the same year, the Shōwa Steelworks also, again, received experts from the German company of Krupp, who helped the installment of the new factory facilities.<sup>91</sup>

Meanwhile, Miyazaki Masayoshi further formulated new economic policies for Manchukuo, drawing inspiration from Soviet and Nazi economic policies. His sources for this were provided when he moved to Tokyo in 1933 to organize a study group there, funded by both the SMR and the Japanese Army. Miyazaki's group consisted mainly of recent graduates of the economics department of Tokyo Imperial University. The group, hiding in a two-story house owned by the Ministry of Foreign Affairs for the sake of secrecy, conducted surveys on the economies of Germany, the Soviet Union, the United States, Italy, and France.<sup>92</sup> Miyazaki's group was especially impressed by the economic policies of the Soviet Union under Stalin and Nazi Germany: of the twenty-seven reports

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<sup>89</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 20-21.

<sup>90</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 21.

<sup>91</sup> Shōwa Seikōjo, *Shōwa seikōjo nijūnenshi*, 152.

<sup>92</sup> Kobayashi, *Mantetu chōsabu no kiseki, 1907-1945*, 146-149; Kobayashi, “*Nihon kabushiki gaisya*” wo tsukutta otoko, 114-126; Commentary by Nakamura Takafusa 中村隆英 and Hara Akira 原朗, in Nihon kindai shiryō kenkyūkai 日本近代史料研究会 (ed.), *Nichi-Man zaisei keizai kenkyūkai shiryō: Izumiya Sanroku shi kyūzō* 日滿財政經濟研究會資料: 泉山三六氏舊藏 (Tokyo: Nihon kindai shiryō kenkyūkai, 1970), vol. 1, 1-18.

on foreign economies that the groups made, eight were on Germany and six were on the Soviet Union.<sup>93</sup>

In 1937, Miyazaki's group drafted the Plan on Revenues and Expenditures for the Five Years from 1937. The plan learned from the Soviet five-year plans to use the estimated increase of military expenditure as the basis of its planning, while its plan to set up ministries of aviation and social issues was inspired by Nazi Germany.<sup>94</sup> In September 1936, Miyazaki and his young staff further drew up the Plan of Construction and Expansion of Military-Related Industry in Manchuria, which set production targets for five years, obviously under the influence of the Soviet five-year plans. Building upon this later draft plan by Miyazaki, the Kantō Army, together with the SMR, made their draft of the Manchukuo five-year plan.<sup>95</sup>

Building upon Miyazaki's draft, the Manchukuo government completed its draft of the Five-Year Plan for Industrial Development of Manchuria, and launched it in 1937. Initially, the Japanese government disapproved of this plan, but changed their attitude after the outbreak of the Sino-Japanese War in the summer of 1937. The plan was revised and set higher goals for industrial products such that Manchukuo's industrial products could better support Japan's war in China Proper.<sup>96</sup>

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<sup>93</sup> “Chōsa hōkokusho mokuroku 調査報告書目録” (March 1940), Nihon kindai shiryō kenkyūkai (ed.), *Nichi-Man zaisei keizai kenkyūkai shiryō*, vol. 3, 406-419; Kobayashi, “Nihon kabushiki gaisya” wo tsukutta otoko, 118-122.

<sup>94</sup> Kobayashi, “Nihon kabushiki gaisya” wo tsukutta otoko, 128.

<sup>95</sup> Kobayashi Hideo, *Mantetu chōsabu no kiseki*, 133-152.

<sup>96</sup> Yamamoto, “Manshūkoku” keizaishi kenkyū, 37-41; Hara Akira, “Sen kyū hyaku sanjū nendai no Manshū keizai tōsei seisaku,” The plan was divided into four sections, namely (1) mining and industry; (2) agriculture and stockbreeding; (3) communications; (4) immigration. Of these, the mining and industry section was deemed the most important, and the investment plan and production targets were set for the industries such as iron and steel, iron ore, coal, liquid fuel, alcohol, aluminium, magnesium, lead, zinc, copper, salt, soda, chemical fertilizer, pulp, gold, machine tools, automobiles, airplanes, electricity, weapons, rolling stocks, and asbestos.

It is worth noting that among Japanese policy makers, there was difference in attitudes on the issue of how to industrialize Manchuria. As Matsumoto Toshirō's study has revealed, during the Manchukuo Five-Year Plan, the Shōwa Steelworks was constantly confused by differing voices within the Japanese government. The Ministry of Commerce and Industry envisioned making the Shōwa Steelworks and other Manchurian enterprises the suppliers of raw materials to industrial enterprises within Japan. Meanwhile, the Army and the Manchukuo government aimed at establishing within Manchuria an integrated production relatively autonomous from Japan.<sup>97</sup>

In 1938 the Kantō Army further pushed for establishing an integrated steel production system in Manchuria, rather than merely producing pig iron for export to Japan. The Kantō Army did not deny Manchukuo's role as a provider of raw materials for Japanese steel industry, but they intended to change Manchukuo from a provider of pig iron into a provider of steel sheet. The Japanese Ministry of Commerce and Industry reluctantly supported the ambitious plan of the Manchukuo government and the Japanese Army. However, from the fall of 1939, Manchukuo had no choice but to scale down its plans due to a shortage in materials. At a meeting in Tokyo in January and February in 1940, the Manchukuo government further downsized its plans in the face of pressures from the Japanese Ministry of Commerce and Industry, the Ministry of Finance, and the Navy. In May 1940, the Shōwa Steelworks decided to cancel entirely the sixth-term plan and postpone the fifth-term plan.<sup>98</sup>

In 1937, around the same time that the Manchukuo five-year plan was launched, the Shōwa Steelworks and other industrial enterprises in Manchukuo also went through a

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<sup>97</sup> Matsumoto, *Shinryaku to kaihatsu*, 89-96.

<sup>98</sup> Matsumoto, *Shinryaku to kaihatsu*, 103-115.

major organizational change. In order to take up its new function as the nerve-center of the new planned economy, the Nissan group moved its headquarters from Japan to Manchukuo and reorganized itself as the Manchurian Heavy Industry Development Company (滿洲重工業開發株式會社, hereafter MHID) in December 1937. Ayukawa Yoshisuke (鮎川義介), the founder of the Nissan conglomerate, served as the president until 1942.<sup>99</sup> The MHID soon took control of major business enterprises other than railways from the SMR, with the exception of the Fushun Colliery. Among the major industries put under the MHID control were the Shōwa Steelworks,<sup>100</sup> and by March 1938, the MHID controlled 55% of the shares of the Shōwa Steelworks.<sup>101</sup>

The relationship between the MHID and individual enterprises like the Shōwa Steelworks was not smooth at all. For instance, the Shōwa Steelworks suffered from difficulties in receiving one of the most important materials for its operation, coal, from the Fushun Colliery. Before the founding of the MHID, both the Shōwa Steelworks and the Fushun Colliery were subsidiary companies of the SMR. When the MHID was established in 1937, the ownership of the Shōwa Steelworks moved from the SMR to the MHID, but the Fushun Colliery remained under the SMR's ownership. Because the Shōwa Steelworks and the Fushun Colliery suddenly came to be owned and controlled by different parent companies, the communication between the two enterprises deteriorated considerably.<sup>102</sup>

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<sup>99</sup> Hara, “‘Manshū’ niokeru keizai tōsei seisaku no tenkai,”; Yamamoto, “*Manshūkoku*” *keizaishi kenkyū*, 45-51.

<sup>100</sup> Hara, “‘Manshū’ niokeru keizai tōsei seisaku no tenkai”; Yamamoto, “*Manshūkoku*” *keizaishi kenkyū*, 45-51.

<sup>101</sup> “Mantie jiang dui Zhaohe zhigangsu de zhipeiquan ranggei Man’ye 滿鐵將對昭和製鋼所的支配權轉讓給滿業,” Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 349.

<sup>102</sup> Hara, “‘Manshū’ niokeru keizai tōsei seisaku no tenkai,” 251-252.

The MHID also frequently disagreed with the Manchukuo government on specific policies.<sup>103</sup> One of the reasons was that some officers of the Kantō Army, which exerted strong influence on the Manchukuo government, controlled the management of a range of industrial enterprises, and these officers hindered the MHID from effectively controlling the enterprises that they dominated.<sup>104</sup> The relationship between the MHID and the Manchukuo government became further complicated after the Manchukuo government began implementing plans for materials mobilization beginning in 1938. Because the exporting of materials from Japan to Manchuria was restricted, the Manchukuo's plans for materials mobilization decreased the distribution of materials for the enterprises under the MHID, thereby damaging all the parts of the Manchukuo Five-Year Plan, except for the steel, coal, and power industries.<sup>105</sup> Moreover, even the transactions of materials between different subsidiary enterprises of the MHID needed the approval of the Manchukuo government.<sup>106</sup> Tired by and disappointed at his lack of managerial autonomy, Ayukawa Gisuke stepped down from the presidency of the MHID in December 1942. Takasaki Tatsunosuke (高崎達之助) then succeeded the post, and he later went on to work for Nationalist China's takeover of Manchurian industry between 1946 and 1948 (See Chapter 2).

The prolonged war with Nationalist China further prompted the bureaucratization of the economy. In the Japanese mainland, the government began to draw plans for materials mobilization from January 1938 to control the distribution of important materials. Because of the increased military needs of materials for the war, distribution of

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<sup>103</sup> Hara, “‘Manshū’ niokeru keizai tōsei seisaku no tenkai,” 252-256.

<sup>104</sup> Hara, “‘Manshū’ niokeru keizai tōsei seisaku no tenkai,” 252, 257-264.

<sup>105</sup> Hara, “Sen kyū hyaku sanjū nendai no Manshū keizai tōsei seisaku,” 102.

<sup>106</sup> Hara, “‘Manshū’ niokeru keizai tōsei seisaku no tenkai,” 252-256; Yamamoto, “*Manshūkoku*” *keizaishi kenkyū*, 57-58.

goods for the civilian economy was extremely constrained after June 1938.<sup>107</sup> The Manchukuo government also began implementing its own plans for materials mobilization, which led to further consolidation of power in the government. For the drafting of plans, the Manchukuo government set up the Committee of Planning in July 1938.<sup>108</sup> Starting from January 1939, the committee made annual plans for adjusting the demand and supply of important materials.<sup>109</sup> The planned distribution system extended not only to producer goods, but also to consumer goods such as grain.<sup>110</sup> From August 1941 onward, they introduced the ration system for life necessities.<sup>111</sup>

The legal status of the Shōwa Steelworks became highly close to that of the SOE in socialist economies in that the state controlled its management and ownership. In May 1939, the Manchukuo government issued the Shōwa Steelworks Corporation Law to reorganize the Shōwa Steelworks's legal status into a "special company." According to the law, the company needed the approval of the Manchukuo Ministry of Industry for the appointment of its board members, the change of its statutes, use of its profits, issuing of bonds, and the merge and closure of the company. Moreover, it could not buy or sell the shares of the Shōwa Steelworks without the consent of the company. To facilitate the issuing of bonds, the law also gave bond owners the first right to its property.<sup>112</sup> From September of 1938, the MHID owned 77.5% of the shares of the Shōwa Steelworks,

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<sup>107</sup> Hara, "Sen kyū hyaku sanjū nendai no Manshū keizai tōsei seisaku," 80-83.

<sup>108</sup> Yamamuro Shin'ichi 山室信一, "Manshūkoku tōchi katei ron 「滿洲國」統治過程論," in Yamamoto Yūzō 山本有造 (ed.), "Manshūkoku" no kenkyū [「滿洲國」の研究] (Tokyo: Ryokuin shobō, 1995), 96-97.

<sup>109</sup> Hara, "Sen kyū hyaku sanjū nendai no Manshū keizai tōsei seisaku," 86-102.

<sup>110</sup> Yamamoto, "Manshūkoku" keizaishi kenkyū, 59-62.

<sup>111</sup> Yamamoto, "Manshūkoku" keizaishi kenkyū, 60-63.

<sup>112</sup> Shōwa Seikōjo, *Shōwa seikōjo nijūnenshi*, 22-25.

while the SMR owned 22.5%.<sup>113</sup> In 1943, MHID's owned 89% of the shares of the Shōwa Steelworks, while the SMR's ownership was 11%.<sup>114</sup>

Moreover, the Shōwa Steelworks's sales of its products were also implemented in a way similar to SOEs in socialist economies. The Japan-Manchurian Trade Company (日滿商事) played a key role in sustaining unprofitable industrial production by major Manchukuo enterprises such as the Shōwa Steelworks.<sup>115</sup> According to Matsumoto Toshirō, the cost of the Shōwa Steelworks's ironmaking was higher than its counterparts in the Japan mainland. To sustain the operation of the Shōwa Steelworks, the Japan-Manchurian Trade Company paid compensations to it. When the Shōwa Steelworks products were exported to Japan, the Japanese government also paid compensations for these products so that their price would be equal to Japanese products. Meanwhile, when Japanese iron and steel products were imported to Manchukuo, the Japan-Manchurian Trade Company made profits by selling these Japanese products in the same price with the Shōwa Steelworks products, which were significantly higher than the original prices of the Japanese products, and the company then used the profits to subsidize the Shōwa Steelworks. As Matsumoto put it, “the iron and steel industry in Manchuria was

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<sup>113</sup> Shōwa Seikōjo, *Shōwa seikōjo nijūnenshi*, 22.

<sup>114</sup> “Zhaohe zhigangsu 1943 nian zengzi hou gudong mingbiao 昭和製鋼所 1943 年增資後股東名表,” Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 351.

<sup>115</sup> Shōwa Seikōjo, *Shōwa seikōjo nijūnenshi*, 318-319. In 1936, the Manchukuo government separated a part of the trade section of the SMR (満鉄商事部) to reorganize it into the Japan-Manchurian Trade Company. The company functioned as a channel of the state control on the distribution of major industrial products.

expanding its production by ignoring its price competitiveness, in a way that would be impossible with business enterprises in peacetime.”<sup>116</sup>

Just like SOEs in socialist economies, major Manchukuo enterprises such as the Shōwa Steelworks no longer considered the profitability as their major business goal, and they came to solely pursue quantitative growth. These enterprises had increasingly less incentive for maximizing profit, for the state forcefully allocated all the resources into strategically important businesses, no matter whether they were making profit or not. For instance, as a confidential official company history of the Shōwa Steelworks from 1940 notes:

At present, we have an iron famine triggered by the coercive policies of defense industry. Therefore it is necessary and beneficial to increase the amount of pig-iron production, even if it worsens business performance a little bit.

The author of this recognized the efforts that the Anshan Ironworks had made to lower the cost of ironmaking in the 1920s, but “[n]ow we are in a completely different age. In this age, a huge defense plan was established, and the iron industry came to be regarded extremely highly as a backbone of the planned industry.”<sup>117</sup> This marked a major transition from the interwar years when the Anshan Ironworks was driven to maximize the profitability – or, more precisely, minimize its losses – in spite of the backing from the Japanese government and its consideration of strategy for the iron industry.

Under this system, the Shōwa Steelworks’s industrial output grew rapidly at least in quantitative terms, even though its business was hardly profitable.<sup>118</sup>

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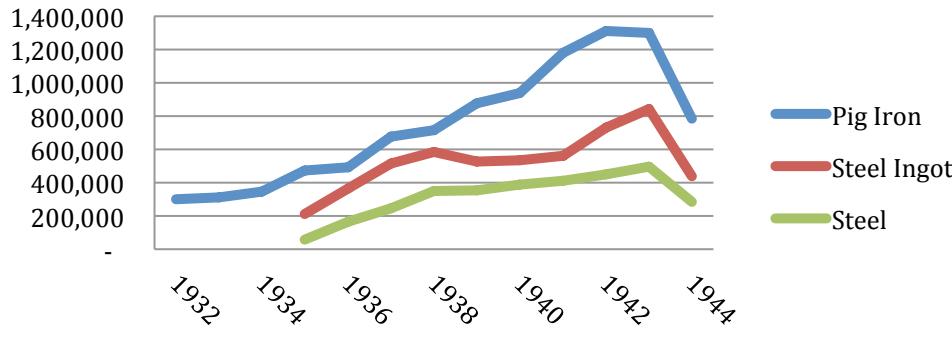
<sup>116</sup> Matsumoto Toshirō 松本俊郎, *Shinryaku to kaihatsu: Nihon shihonsyugi to Chūgoku shokuminchika* 侵略と開發：日本資本主義と中國殖民地化 (Tokyo: Ochanomizu shobō, 1988), 155-161 (quote from 158).

<sup>117</sup> Shōwa Seikōjo, *Shōwa seikōjo nijūnenshi*, 102.

<sup>118</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 21-22.

**Amount of the Major Products of the Shōwa Steelworks**  
**(tons)**

Source: Xie ed., *Anshan zhaohe zhigangsu shimo*, 494-495.



As shown in the graph above, the Shōwa Steelworks's production capacity continued to grow until 1944, when it became the target of strategic bombing by the US. In 1941, the Shōwa Steelworks produced 86.7% of pig iron in Manchuria, 96.7% of steel ingot, and 69.5% of steel.<sup>119</sup> Similar to SOEs in the “resource-constrained” socialist economy, the Shōwa Steelworks's production only stopped at the point at which it could no longer obtain more raw materials.<sup>120</sup>

To fuel its overambitious production plan, the Shōwa Steelworks came to rely on coal imported from North China from 1938.<sup>121</sup> However, even after importing from collieries in North China, the Shōwa Steelworks could not totally make up for the shortage of coal. In 1940, the Shōwa Steelworks could obtain less than 60% of the amount of coal it needed. Moreover, the quality of coal also deteriorated: from 1939, the coal that the Shōwa Steelworks used included more than 20% of ash. These conditions forced the Shōwa Steelworks to keep the operation rate of its furnace at 50%. Moreover,

<sup>119</sup> “Zhaohe zhigangsu zhuyao chanpin zai RiWei gangtie zongliang zhong suo zhan bilü 昭和製鋼所主要產品在日偽鋼鐵總量中所佔比率,” Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 498.

<sup>120</sup> It also suffered from the shortage of workforce, as discussed later.

<sup>121</sup> The Shōwa Steelworks suffered from the shortage of coal. The Manchuria Coal Company (滿州炭礦株式会社)’s plan to develop new collieries failed, due to labor shortage, power shortage, lack of new machines, hard rain, and the transportation problems.

coal imported from North China entailed much higher transportation costs than coal from other parts of Manchuria. This dramatically raised the cost of the ironmaking of the Shōwa Steelworks. The manufactured cost of pig iron produced by the Shōwa Steelworks in 1942 was 3.8 times higher than the cost in 1937. The Shōwa Steelworks also had to rely on exports from outside Manchuria for iron ore. Despite the processing of low-grade iron ore, the Shōwa Steelworks still needed high-grade ore for 30-50% of all the ore it used. The flood in 1941 made it impossible to access high-grade ore in the Shōwa Steelworks's Gongzhangling Mine in the Anshan area, and the Shōwa Steelworks began to import high-grade iron ore from North China and Korea.<sup>122</sup>

No matter how costly and inefficient, Manchurian industry was indispensable for the operation of the larger industrial system of the Japanese wartime empire. In the case of the Shōwa Steelworks, its production capacity was stronger in upstream industries such as pig iron and weaker in downstream industries such as finished steel, so that it would contribute to the upstream industries in Japan.<sup>123</sup> Between 1939 and 1942, approximately 30-40% of the pig iron produced by the Shōwa Steelworks went to Japan, to be used for steelmaking in Japanese factories.<sup>124</sup>

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<sup>122</sup> Matsumoto, *Shinryaku to kaihatsu*, 145-155.

<sup>123</sup> In 1937, the Shōwa Steelworks's annual production capacity was 700,000 tons in pig iron, 580,000 in steel ingot, and 280,000 in finished steel. This imbalance was further strengthened by 1943, when the Shōwa Steelworks's annual production capacity was 1,950,000 tons in pig iron, 1,300,000 in steel ingot, and 490,000 in finished steel. "Zhaohe zhigangsu shebei bupingheng zhuangkuang 昭和製鋼所設備不平衡狀況," Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 471.

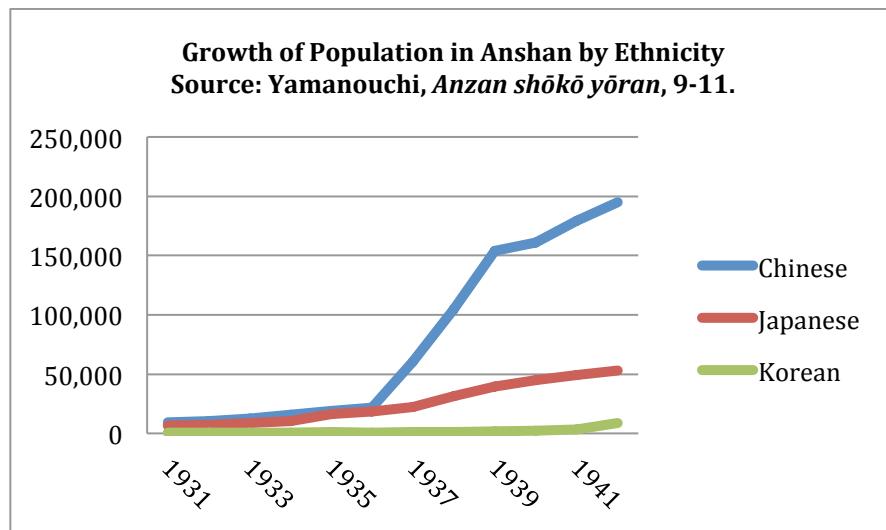
<sup>124</sup> "1938-1942 Zhaohe zhigangsu liantie shengyu shengtieliang ji xiang Riben shusong liang 1938-1942 昭和製鋼所煉鐵剩餘生鐵量及向日本輸送量," Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 471.

## Building a Colonial Industrial City

After the establishment of Manchukuo, Anshan was first designated officially as a city.<sup>125</sup>

To create a controlled urban space suitable for the purpose of state-led industrialization, the Manchukuo government attempted to implement experimental urban-planning policies in Anshan.<sup>126</sup>

With the rapid growth of industry, the population of Anshan grew dramatically. In 1931, the first year of Japanese occupation, the total population of Anshan was 16,384. By 1942, the number reached 262,715. Moreover, the vast majority of the residents of Anshan were Chinese. Indeed, the gap in number between the Chinese and the Japanese in Anshan continued to grow.



Though far smaller than the Japanese and Chinese in number, Koreans also moved to Anshan. Some Koreans started to cultivate rice by using water drained from factories.

<sup>125</sup> Yamanouchi, *Anzan shōkō yōran*, 11.

<sup>126</sup> Yamanouchi, *Anzan shōkō yōran*, 20.

And in the end, both the city government and Shōwa Steelworks actually encouraged their rice cultivation by providing them with a huge pond in Anshan's western suburb.<sup>127</sup>

As in the interwar years, the ethnic segregation of the Japanese from the Chinese continued to be a major principle of the Manchukuo urban planning of Anshan. A business handbook for Anshan published in 1944 notes that "because [Anshan] is the only Manchurian city built by the Japanese, the Japanese and Chinese districts are well divided by a well-organized zoning. Public health facilities are in good shape. Japanese and Chinese shops are well developed in their own positions."<sup>128</sup> As in the pre-1931 period, schools continued to be segregated. In 1943, there were six Japanese primary schools, five Chinese primary schools, and one Korean primary school.<sup>129</sup>

The importance of ethnic segregation in Manchukuo urban planning is well exemplified by the relocation of Baguagou, the Chinese neighborhood located in the Tetsutō Japanese district. In Manchukuo's early years, this neighborhood continued to grow, as more and more Chinese peasants moved there to work for the Shōwa Steelworks. By the end of 1934, Baguagou contained about 2,700 households.<sup>130</sup> In 1939 and 1940, however, as a part of urban planning, the Anshan city government forcefully moved the Chinese residents from Baguagou to Tetsusei District on the opposite side from the Japanese neighborhood. The city authority first constructed a new street in Tetsusei District, and then moved Baguagou's brothels to that street. They then built a Daoist temple there, and held a festival while implementing a propaganda campaign for a move to the new area. Therefore, not only Chinese residents of Baguagou but also residents

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<sup>127</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 144-145.

<sup>128</sup> Yamanouchi, *Anzan shōkō yōran*, 89.

<sup>129</sup> Yamanouchi, *Anzan shōkō yōran*, 14-16.

<sup>130</sup> Anzan chihō jimusho, *Anzan fuzokuchi enkaku shi*, 42.

from other places moved to the new neighborhood in Tetsusei.<sup>131</sup> As a result of this racist remaking of the urban space, the “Japanese town” and the “Chinese town” in Anshan again were clearly divided across the railway track, as shown in the 1944 US military map. Nevertheless, perhaps because of the lower cost of living, some lower-class Japanese began to live in Tetsusei district, thereby frustrating the official policy of ethnic segregation.<sup>132</sup>



**US Military Map of Anshan**

Source: Appendix to XX Bomber Command, “Target Data,” August 27, 1944, Record Group 18, World War II Combat Operations Reports, 1941–1946, Box 2757, The U.S. National Archives and Records Administration (College Park, MD)

Another major motif of the urban planning in Anshan during Manchukuo was the construction of squares. The Anshan city authority decided to make a major square in front of the Anshan Station, and they also planned to construct smaller squares in each

<sup>131</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 141-142; *Anshan shizhi: dashiji juan*, 64.

<sup>132</sup> Anzan chihō jimusho, *Anzan fuzokuchi enkaku shi*, 70.

district. Later, the Chinese Communists took over these square-construction projects and built major squares for the display of their political power (Chapter 5).<sup>133</sup>

Following the founding of the Shōwa Steelworks, Japanese investors also created various smaller enterprises in Anshan, many of which manufactured products by using the Shōwa Steelworks products.<sup>134</sup> Thus, Anshan saw the emergence of an industry cluster centered around the Shōwa Steelworks, which also led to the growth of commercial economy in Anshan. The construction boom of new factories led to the establishment of factories of cement and other construction materials.<sup>135</sup>

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<sup>133</sup> Yamanouchi, *Anzan shōkō yōran*, 22.

<sup>134</sup> Anzan chihō jimusho, *Anzan fuzokuchi enkaku shi*, 69.

<sup>135</sup> Yamanouchi, *Anzan shōkō yōran*, 31-32.



### US Military Map of Shōwa Steelworks

Headquarters, XX Bomber Command, APO 493, "Tactical Mission Report," July 29, 1944, Record Group 18, World War II Combat Operations Reports, 1941–1946, Box 5425, The U.S. National Archives and Records Administration (College Park, MD).

As shown in this US military map, the major privately-owned enterprises in Anshan – such as the Sumitomo factory – were located in close proximity to the Shōwa Steelworks plants at its northeast (No. 24 to 29 in the map). At least some of these privately-owned factories in Anshan were engaged in the production of shells and other military items.<sup>136</sup>

<sup>136</sup> “Manzhou Zhuyou gangguan zhushi huihe sheli zongzhishu 滿洲住友鋼管株式會社設立宗旨書,” Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 477-478.

These companies and the Shōwa Steelworks were later to be merged and reorganized into a single state-owned enterprise, as shown in Chapter 2.

While a vast majority of these satellite factories in Anshan were owned by Japanese businessmen, some of them were nevertheless owned and run by Chinese business people. According to a commercial handbook of Anshan, there were 107 companies in Anshan in 1943 besides the Shōwa Steelworks. Of them, seventy had Japanese company representatives, and thirty-seven had Chinese representatives.<sup>137</sup> However, the Chinese-managed enterprises tended to be small, as the largest twenty-one companies were all represented by Japanese.<sup>138</sup>

## Mobilizing the Labor Force

Like SOEs in socialist economies, the Shōwa Steelworks provided various kinds of social welfare programs to its Japanese employees, whom they called “industrial warriors.” In several places in the city apart from the factory site, the Shōwa Steelworks built workers’ dormitories with particular attention to their hygienic facilities. The Shōwa Steelworks had two hospitals in the city – one of them among the best in Manchukuo – and also major athletic and entertainment facilities. The Shōwa Steelworks employees also received special treatment in rationing of everyday commodities since the Shōwa Steelworks’s welfare department set up a special route for the acquisition and distribution of commodities among the “industrial warriors.”<sup>139</sup>

Among the Shōwa Steelworks employees, the ethnic hierarchy between the Japanese and Chinese was rather clear.

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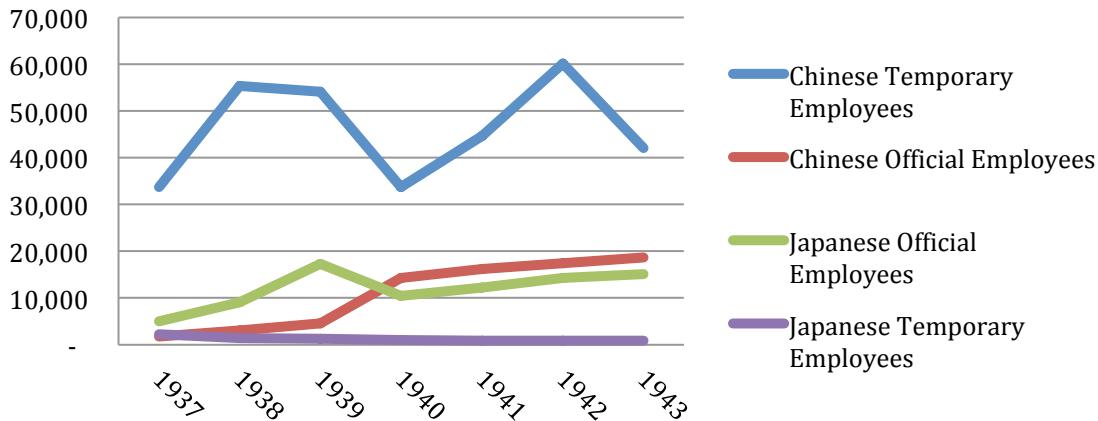
<sup>137</sup> The handbook does not list the ethnicity of individuals. My estimation is based on the names of the company representatives. Though some of these names also could be Korean names.

<sup>138</sup> Yamanouchi, *Anzan shōkō yōran*, 42-79.

<sup>139</sup> Yamanouchi, *Anzan shōkō yōran*, 37.

### Number of the Shōwa Steelworks Employees by Year

Source: Xie ed., *Anshan zhaohe zhigangsu shimo*, 553.



As shown in this graph, a vast majority of the Chinese employees were in the status of “temporary workers,” who were not entitled for life employment or full social welfare benefits. In contrast, a vast majority of the Japanese employees were “official employees,” who had more stable employment status and could enjoy full social welfare benefits.<sup>140</sup> Furthermore, the Japanese employees received about 1.5 to 3 times higher salaries than their Chinese counterparts of the equivalent ranks.<sup>141</sup>

The Shōwa Steelworks also provided Chinese employees with certain special welfare benefits, but in different ways. The company attempted to convince Chinese workers to settle down in Anshan by giving them the hope that they could own their own houses. The company gave them land for free, sold construction materials in subsidized prices, and let them build their own houses. And on top of this, the company also founded

<sup>140</sup> “Zhaohe zhigangsu zong renshu biao 昭和製鋼所總人數表,” Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 553.

<sup>141</sup> “Zhaohe zhigangsu ZhongRi zhiyuan yu gongren yueshou gongzi zhuangkuangbiao (1935-1938nian) 昭和製鋼所中日職員與工人月收工資狀況表 (1935-1938 年),” Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 559.

a public bath, small shops, and grocery markets in the same neighborhood with these houses built by Chinese workers.<sup>142</sup>

In order to control workers more tightly, the Shōwa Steelworks established the “academy for contribution to nation through labor” and implemented “collective work competition.”<sup>143</sup> For example, the Shōwa Steelworks rewarded the winners of “technical competition” with promotion, bonus, and other benefits.<sup>144</sup> Alongside these initiatives, they also organized workers into “neighborhood groups.”<sup>145</sup>

Even with Anshan’s rapid population growth, however, shortages in the labor force was the largest issue for its iron and steel industries. The development of industrial facilities far outpaced the development of the population, so the recruitment of Chinese workers became more difficult than it was previously.<sup>146</sup> In the Shōwa Steelworks, the size of the labor force was 74.9% of the plan in 1939 and 78.9% in 1940. In 1941, the Shōwa Steelworks temporarily halted the operation of a furnace due to the shortage of labor. The company’s business reports after 1940 continued to count labor shortage as the most serious hindrance to its plans for increasing production.<sup>147</sup>

Labor shortage was partly a result of the changing migration policies of Manchukuo. Between 1933 and 1937, the Kantō Army restricted migration from China proper to Manchuria for the sake of public security. In 1938-1940, Manchukuo was more eager to recruit seasonal migrant workers from China proper for the implementation of

<sup>142</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 143.

<sup>143</sup> “Kongzhi gongren de gezhong zuzhi yu huodong 控制工人的各種組織與活動”, Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 525-526.

<sup>144</sup> “Zhaohe zhigangsu jineng jingsai guicheng 昭和製鋼所技能競賽規程” (March 14, 1942), Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 526-527.

<sup>145</sup> “Kongzhi gongren de gezhong zuzhi yu huodong 控制工人的各種組織與活動”, Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 525-526.

<sup>146</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 142-143.

<sup>147</sup> Matsumoto, *Shinryaku to kaihatsu*, 136.

the Manchukuo Five-Year Plan. The Shōwa Steelworks set up a recruitment office in Tianjin to hire seasonal migrant workers from 1938. However, Chinese seasonal migrant workers' remittances of their salary back home to North China led to an imbalance in Manchukuo's balance of payments. Therefore, in July 1940, the Manchukuo government posed limits on migrant workers' remittances of money to China Proper, which resulted in a quick decline in the number of seasonal workers.<sup>148</sup>

A majority of the Chinese workers of the Shōwa Steelworks, however, came from its vicinity. In 1938, of all the 17,022 Chinese mining workers of the Shōwa Steelworks, 74.5% (12,676) came from the Fengtian Province, where Anshan belonged; 14% (2,384) and 9.7% (1,643) came respectively from Shandong Province and Hebei Province in North China.<sup>149</sup> In the same year, 24,219 Chinese workers worked for the factories of the Shōwa Steelworks. Of these, 72.4% (17,540) came from Fengtian Province, and 24.6% (5,958) from North China.<sup>150</sup>

To create workforces by drawing from the nearby villages, the Shōwa Steelworks decided in 1941 to construct what they called "care village bases," planning to establish twenty-one of them in the nearby countryside around Anshan. The Shōwa Steelworks expected to recruit 70% of its labor force from there within the next five years,<sup>151</sup> and between July and September 1941, the Shōwa Steelworks hired 2,703 people through these "care village bases."<sup>152</sup>

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<sup>148</sup> Matsumoto, *Shinryaku to kaihatsu*, 131-134.

<sup>149</sup> "Zhaohe zhigangsuo kuanggong yuanji tongjibiao 昭和製鋼所礦工原籍統計表" (August 1938), Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 542.

<sup>150</sup> "1938-1940 nian Zhaohe zhigangsuo gongchang gongren yuanji tongjibiao 1938-1940 年昭和製鋼所工廠工人原籍統計表", Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 542.

<sup>151</sup> Matsumoto, *Shinryaku to kaihatsu*, 134.

<sup>152</sup> "1941nian gongren zhuangkuang 1941 年工人狀況", Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 564.

In 1942, the Shōwa Steelworks decided to further strengthen these “care village bases” by establishing the system of labor recruitment based upon the existing village administration. Under the new system, the Shōwa Steelworks was to outsource the recruitment work to village administrators such as village chiefs. In the Shōwa Steelworks, they were to organize the recruited workers into village associations with people from the same villages so that these workers would feel comfortable while working for the Shōwa Steelworks. In the villages, the remaining family members of the recruited workers were to receive material benefits such as farm tools, fertilizers, grains, and other commodities. At the same time, the Shōwa Steelworks was to conduct propaganda work by distributing posters and pamphlets, giving textbooks to primary school pupils, and screening educational movies.<sup>153</sup>

The ultimate goal of this system was to mobilize the labor force by cultivating a sense of belonging to the company in somewhat similar way to SOEs in the PRC. According to an Shōwa Steelworks document, this method of recruitment “should not pose the pressure of forceful administrative actions: its basic line is to pacify public opinion, and it is importance to grasp and take care of popular feelings and to promote the sense of co-existence and co-prosperity between the company and the residents.”<sup>154</sup> From the sources available today, it is difficult to discern how much exactly these policies for “care village bases” were actually implemented. Even if they had been implemented, it remains questionable as to whether they could really influence the minds of the Chinese villagers as the Shōwa Steelworks managers expected. In any case, this

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<sup>153</sup> “Zuhucun jidi jianli jihua fang’an 愛護村基地建立計劃方案”, Xie (ed.), *Anshan Zhaohe zhigangsuo shimo*, 544-550.

<sup>154</sup> “Zuhucun jidi jianli jihua fang’an 愛護村基地建立計劃方案”, Xie (ed.), *Anshan Zhaohe zhigangsuo shimo*, 545.

policy document nevertheless demonstrates that the Japanese managers recognized the importance of convincing and incentivizing the workers to participate the company's hyper-industrialist project—the method that the CCP was to implement far more thoroughly in the early People's Republic, as discussed in Chapter 5.

Aside from mobilizing the local rural population, the Shōwa Steelworks's other method to solve their labor shortage was to resort to various forms of forced labor. For one, the Shōwa Steelworks, among other major Manchukuo enterprises, made use of Chinese prisoners of war.<sup>155</sup> Between August 1941 and December 1942, the Japanese Army sent 11,094 Chinese POWs – both Communist and Nationalist – to strategically important Japanese enterprises. Of these, 300 were sent to the Shōwa Steelworks. Between April and September 1941, the Shōwa Steelworks forced 1,456 prisoners to work in its mines, under the approval of the Manchukuo Ministry of Justice. Moreover, the Shōwa Steelworks also mobilized “special workers,” comprised of Chinese POWs and civilians captured by the Japanese Army. The Shōwa Steelworks received 3,748 “special workers” by the end of 1941, and 538 more in the first three months of 1942.<sup>156</sup>

Not surprisingly, the morale of these SOWs and the kidnapped was low. According to a 1940 Japanese research report, 99 out of the 150 POWs in the Shōwa Steelworks escaped.<sup>157</sup> On a day in April 1942, a Japanese guard of the Shōwa Steelworks saw some Chinese POWs smoking inside a factory, in violation of the company rule. Because the POWs ignored the guard's instruction to stop smoking, the

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<sup>155</sup> Many of these “POWs” were, however, actually those civilians who were simply kidnapped by the Japanese military units, often in violation of the Japanese government policy itself.

“Huabei laodong wenti gaishuo 華北勞動問題概說”, Xie (ed.), *Anshan Zhaohe zhigangshuo shimo*, 576.

<sup>156</sup> Matsumoto, *Shinryaku to kaihatsu*, 143.

<sup>157</sup> “Huabei laodong wenti gaishuo 華北勞動問題概說”, Xie (ed.), *Anshan Zhaohe zhigangshuo shimo*, 577.

guard punched one of them. Infuriated by the Japanese guard's action, 20 POWs surrounded and beat him in return.<sup>158</sup>

The Japanese treatment of the POWs was often violent and involved bloodshed. In October 1943, the Japanese military police in a mining area belonging to the Shōwa Steelworks publicly executed three POWs who made attempts to escape.<sup>159</sup> In the same month, the Japanese military police in Shanshenfu decided to send the 777 POWs to the Shōwa Steelworks. But they found out 177 of them were sick and kept them in the original place, sending out 600. Within ten days, 59 of the 177 who remained in Shanshenfu died due to malnutrition, pneumonia, and other causes.<sup>160</sup>

### **The Last Phase of the Japanese Empire**

Following the outbreak of the World War II in Europe in September 1939 and the creation of the Rome–Berlin–Tokyo Axis one year later, the Japanese government began to pursue the goal of establishing a “Japan-Manchuria-China Economic Bloc,” an autarchic economy covering Japan, Manchukuo, and the Japanese-occupied part of China proper.<sup>161</sup> As the war escalated and prolonged, the Manchukuo government finally abandoned the policy of establishing an autonomous system of heavy industry in Manchuria and came to solely pursue a policy to provide basic materials to Japan. From 1940 onward, the Manchukuo government focused its resources on the iron and steel

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<sup>158</sup> “Guandong xianbingdui baogao 關東憲兵隊報告” (May 7, 1942), Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 586-587.

<sup>159</sup> “Junshi fulu de tusha 軍事俘虜的虐殺,” Xie ed., *Anshan Zhaohe zhigangsu shimo*, 602.

<sup>160</sup> “Sun Wu xianbing duizhang zhi Guandong xianbingdui silingguan baogao 孫吳憲兵隊長致關東憲兵隊司令官報告” (October 26, 1943), Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 599-600; “Sun Wu xianbing duizhang zhi Guandong xianbingdui silingguan baogao 孫吳憲兵隊長致關東憲兵隊司令官報告” (November 9, 1943), *ibid.*, 604.

<sup>161</sup> Yamamoto, “Manshūkoku” keizaishi kenkyū, 51.

industry, coal industry, non-ferrous metal industry, power industry, and certain sections of agriculture, and cancelled or postponed construction plans in the other sectors of economy. Moreover, even in those selected sectors, the government focused more on increasing production by maximize the use of the existing facilities rather than building new ones.<sup>162</sup> As a result, beginning in 1940, Manchuria's iron and steel industry increasingly became a pure provider of raw materials for industry in Japan. In 1937, more than half of the pig iron produced in Manchuria (mostly by the Shōwa Steelworks) was used for steelmaking within Manchuria. But, after 1940, more pig iron was exported to Japan than used for steel making in Manchuria.<sup>163</sup>

The Manchukuo government began discussion on its second Five-Year Plan, but the plan was abandoned after the Pearl Harbor in December 1941.<sup>164</sup> After the outbreak of the Pacific War, especially after the Battle of Midway in June 1942, in the face of US attacks, even the maritime transport between Japan and Manchuria lost safety.<sup>165</sup> Because of the difficulty of access to important facilities and machines, the Shōwa Steelworks cancelled major construction projects, including the Blast Furnace No. 9.<sup>166</sup>

In April 1944 Manchukuo reorganized the entire Manchurian iron and steel industry under the management of the newly-founded Manchurian Ironworks (滿州製鐵株式會社). The Shōwa Steelworks, along with smaller iron and steel enterprises in Benxiuh and Dongbiandao, became a part of this new company. As the Shōwa

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<sup>162</sup> Hara, "Sen kyū hyaku sanjū nendai no Manshū keizai tōsei seisaku," 107, 108, 112.

<sup>163</sup> Xie (ed.), *Anshan Zhaohe zhigangsu shimo*, 471.

<sup>164</sup> Yamamoto, "Manshūkoku" keizaishi kenkyū, 42-45.

<sup>165</sup> Yamamoto, "Manshūkoku" keizaishi kenkyū, 51-54.

<sup>166</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 22.

Steelworks was by far the largest of the three, the headquarters of the Manchurian Ironworks were located in Anshan.<sup>167</sup>

Industrial production of Anshan again decreased in 1944 due to US bombing campaigns. Between July and September 1944, the US bombed Anshan five times, putting the factories into a halt temporarily. However, because of the reconstruction work, Anshan's production recovered to 80% of its peak by Japan's surrender in World War II. Moreover, the US bombing also hit a primary school and other facilities in the city of Anshan, killing more people in the city than in the factory area.<sup>168</sup>

### **Manchuria among the Chinese War Economies**

To sum up, the history of iron and steel industry in Anshan offers perhaps the clearest example of the violent origins of industrial Manchuria under the Japanese Empire. First of all, the development of industrial Manchuria was motivated primarily by strategic concerns, rather than profit-making. From its birth in 1916 until its end in 1945, the Japanese-controlled iron and steel industry constantly made loss as an enterprise. However, its operation was legitimated and motivated by the notion that steel was essential for the military strength of the Japanese nation. Therefore, Anshan's loss-making business was compensated ultimately by the Japanese state, especially during World War II. Moreover, the methods that the Japanese deployed for the construction of industrial Manchuria often made use of military measures, exemplified by the Japanese government's coercion of the Chinese government into conceding mining rights in 1915 and the use of forced labor by Chinese POWs during World War II.

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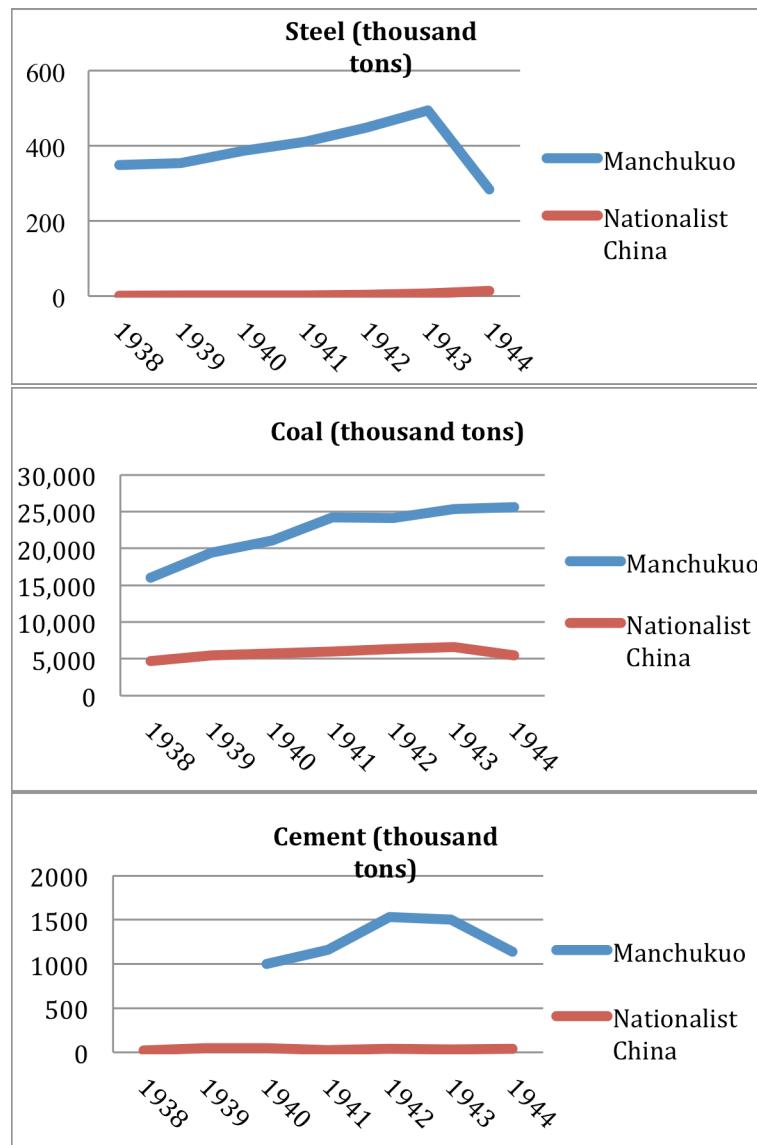
<sup>167</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 23-24.

<sup>168</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 23-24.

Second, the violent birth of the colonial industrial system was made possible by the continuous efforts by the Japanese to learn from abroad. Anshan's steel industrial complex was fueled by the state budget, in line with the policies of wartime economic mobilization learned from the Soviet Union and Nazi Germany. The industrial facilities there were also made up of machines imported from not only Japan but also Germany and the US, and were based upon designed produced in these countries.

Third, major Japanese enterprises in Manchuria, such as the SWW, increasingly came to operate in ways similar to

### Comparison of Output of Major Heavy Industry Products



Source: Dongbei wuzi diaozheng weiyuanhui yanjiuzu, *Dongbei jingji xiaocongshu*, 20 vols (Beiping and Shenyang: 1947-1948), vol. 8, p. 24; vol. 9, pp. 77-87; vol. 12, pp. 87-88; vol. 9, pp.13-16; Dongbei Caijing Weiyuanhui Diaochatongji chu (edited by Koba Shun), *Kyū Manshū keizai tōkei shiryō: "Giman jiki Tōhoku keizai tōkei, 1931-1945nen* (Tokyo: Kashiwa Shobō, 1991), 116-117; Wu Taichang, "kangzhan shiqi Guomindang guojia ziben zai gongkuangye de longduan diwei ji qi yu minying ziben bijiao," *Zhongguo jingji shi yanjiu* (March 1987), 145.

SOEs in the PRC. During Manchukuo, the state allocated raw materials for them and found buyers for them. This system prompted the Manchukuo enterprises to pursue quantitative growth almost in the neglect of market demands for their products. At least some of these enterprises provided social welfare benefits to their employees, and mobilized the employees through political education.

Fourth, Anshan's urban and industrial development shows how obsessed the Japanese Empire really was with the idea of ethnic segregation between the Japanese and the Chinese in practice, despite the rosy discourse on ethnic harmony inscribed into its official propaganda. The Japanese and the Chinese lived in the same city and worked in the same company. Nevertheless, they largely resided in different quarters, interacted within different social networks, and received different salaries and social welfare benefits.

Finally, the hyper-industrialist policy by the Japanese occupiers made Manchuria the single largest heavy-industry region on China proper. Manchukuo was not the only hyper-industrialist regime that appeared on Chinese soil during World War II. As will be discussed in the next chapter, the Chongqing-based Nationalist government also developed a war economy that focused on heavy industry. Between the two, however, Manchukuo was considerably larger than the Nationalist-controlled area in economic terms. These graphs compare Manchukuo and Nationalist China in their production of major heavy industries, namely steel, coal, and cement. In coal, in which the gap was the smallest, Manchukuo's production was three to five times bigger. While the Nationalist government developed steel industry in Dadukou and elsewhere, the amount of steel it produced was only 1/21 of the amount produced in Macnhukuo.

In short, Manchukuo's production in heavy industry was incomparably larger than Nationalist China's, and the gap grew even more during the war. Even if we include the Japanese-occupied areas in China proper, such as the Lower Yangzi besides the Nationalist-controlled area, Manchukuo's centrality in wartime China's heavy industry was still enormous. Manchukuo's lead is understandable given that the factories and enterprises in the Nationalist-controlled area operated under a Japanese blockade, military campaigns, and strategic bombings. The enterprises in the Japanese-occupied areas in China proper first experienced devastating battles and then, under Japanese occupation, experienced tension with both the Japanese occupiers and the Nationalist underground agents. On the other hand, major industries in Manchukuo had not experienced large-scale combat.<sup>169</sup>

In August 1945, the Soviet Union suddenly invaded Manchuria, and soon afterwards, Japan surrendered to the Allied Forces. Anshan and other parts of industrial Manchuria were soon occupied by the Soviet military forces, and then taken over in 1946 by the Nationalist Government. In spite of the sudden disappearance of the Japanese Empire from the map, the industrial complexes and human resources that it had left were to have complicated legacies in post-World War II China. The next chapter turns to Anshan's transition to the post-World War II world by tracing the Shōwa Steelworks's afterlife under the Soviet Union and Nationalist China—both of which shared commonalities with the Japanese Empire.

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<sup>169</sup> Zhou Dingxun 周定勳, “Zhanhou Zhongguo gangtie shichang yu gangtie zhongxin 戰後中國鋼鐵市場與鋼鐵中心,” *Zhongguo qingnian* (Chongqing edition), 9.6 (1943), 35–37.

# Chapter 2

## Nationalizing Manchuria: Soviet Occupation and Nationalist Takeover, 1945-1948

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On June 23, 1946, two men, Chinese and Japanese, met in the Manchurian city of Shenyang. From 2 until 10pm, they discussed the plans for Manchuria's economic reconstruction.<sup>1</sup> The Chinese man was named Zhang Gongquan (張公權, 1889-1979),<sup>2</sup> and the Japanese man was Takasaki Tatsunosuke (高崎達之助, 1885-1964). It was a strange meeting, given that the two men had only recently played key roles in the war economies in their respective countries, which had been in a fierce battle with each other until less than a year prior to the meeting. Zhang had studied finance in Keiō University in Tokyo, and had had a successful career as a leader of the Bank of China in Shanghai in the 1920s. He then had served as Minister of Railroads (later Minister of Transportation) of the Nationalist government between 1935 and 1943.<sup>3</sup> Meanwhile, Takasaki found his early career success in manufacturing cans in Japan. He ventured to Japanese-occupied Manchuria in 1941, where he served as the vice-chairman and then as the chairman of the

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<sup>1</sup> Takasaki Tatsunosuke 高崎達之助, *Manshū no shūen* 滿洲の終焉 (Tokyo: Jitsugyō no Nihonsha, 1953), 293.

<sup>2</sup> Zhang Gongquan was also called Zhang Jia'ao (張嘉璈), or Kia-ngau Chang.

<sup>3</sup> For the biography of Zhang Gongquan, see Yao Songling 姚崧齡, *Zhang Gongquan xiansheng nianpu chugao* 張公權先生年譜初稿 (Taipei: Zhuanji wenxue chubanshe, 1982). For his activity as the leader of the Bank of China in Shanghai, see Wen-Hsin Yeh, *Shanghai Splendor: Economic Sentiments and the Making of Modern China, 1843-1949* (Berkeley: University of California Press, 2007), 79-100.

Manchuria Heavy Industry Development Company, the hub of Manchukuo's industry (Chapter 1).<sup>4</sup>

The paths of the two men would converge in post-WWII Manchuria under the Nationalist regime. In September 1945, Zhang was appointed chief of the Economic Committee of the Northeastern Field Command of the Nationalist government,<sup>5</sup> and so took command of the Nationalist economic policy in Manchuria. Without a doubt, he earned this appointment partly due to his fluency in Japanese. Takasaki, in July and August 1946, also received an appointment from the Nationalists to serve as an adviser to the Northeast Field Command and the National Resources Commission (資源委員會, NRC). Takasaki thereby became Zhang's principal Japanese collaborator in post-World War II Manchuria.<sup>6</sup>

To help facilitate Zhang's aims for post-WWII Manchuria, Takasaki wrote a Japanese-language report titled "The significance and goals of the development of heavy industry in Northeast China." In it, Takasaki argued that the development of heavy industry would be the only way to enable China to stop importing production goods and to enlarge its overall industrial production capacity. He stressed that, for the time being, the Nationalists ought to focus first on rebuilding Manchuria, which then had "the most complete industrial system" in China.

Interestingly enough, Takasaki also stated that the main purpose of the economic reconstruction of Manchuria was to prepare for the next war that Nationalist China was to fight in the future:

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<sup>4</sup> Takasaki, *Manshū no shūen* is his autobiography with emphasis on his years in Manchuria.

<sup>5</sup> He served in this position until he was appointed president of the Central Bank in Nanjing in May 1947

<sup>6</sup> Takasaki, *Manshū no shūen*, 289-339.

If we assume that the interval between wars is ten years, the problem is whether to build up “one” in an inland region or to build up “ten” in the Northeast during these ten years. I want to stress again that during this period the power of “ten” in the Northeast would not be confined to the Northeast: its power would enable the construction of North China, and then would become the driving force of the construction of whole China.<sup>7</sup>

In other words, this Japanese businessman advised Chinese officials that Nationalist China should make use of the remnants of the Japanese war machine in Manchuria – which had been built up for a war against China – in order to strengthen China’s military strength and prepare for yet another major war.

In this chapter, I seek to demonstrate that Nationalist China’s war economy, which had been developed in the inland region during WWII, geographically transformed itself by integrating industrial Manchuria as its new core. The cooperation between Takasaki and Zhang symbolized the similarity and convergence between the Japanese and Nationalist hyper-industrialist visions despite their mutual hostility. During WWII, as shown in Chapter 1, Japanese wartime mobilization had rendered Manchuria into the largest heavy industry center on Chinese soil. At the same time, the Nationalists had developed a war economy powered by state-owned enterprises (SOEs) in heavy industry in a similar way to Manchukuo but on a much smaller scale.

Manchuria’s preeminence in the entire Chinese industrial economy sustained itself even after the Soviet “de-industrialization” of the fall of 1946. In 1946-1948, the Nationalists transplanted their SOE system onto formerly Japanese industrial enterprises in Manchuria. In order to reconstruct Manchurian enterprises, the Nationalist authorities continued to employ the Japanese staff, especially engineers, and sent for Nationalist

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<sup>7</sup> Takasaki Tasunozuke 高崎達之助, “Tōhoku kōgyō kaihatsu no jūyōsei to sono mokuhyō 東北重工業開発ノ重要性ト其目標” (no date), Box 2, the Kia-ngau Chang Papers, the Hoover Institution Archives, Stanford University.

Chinese managers and engineers from the inland region. The Nationalists thus re-integrated Manchuria into the Chinese nation state as its heavy-industry center, and it eventually provided the foundations for the Chinese Communist hyper-industrialist system after 1948.

My incorporation of Manchuria into the story of post-WWII Nationalist China complements existing narratives on the change and continuity across the 1949 revolution in China. Recent revisionist scholarship has intervened on the once-prevailing understanding of the Communist Revolution of 1949 as the turning point in modern Chinese history, by pointing out hitherto overlooked similarities and continuities between the Chinese Nationalists and the CCP regime.<sup>8</sup> Such continuities also prevailed in forms of economic mobilization: the wartime Nationalist government developed heavy industry, especially steel, in the Chongqing region through SOEs under the control of the strong economic bureaucracy, the NRC, thus paving the way for the planned economy in the PRC.<sup>9</sup> Such a determined focus on the wartime Nationalist-controlled region, however, risks writing off the most important heavy-industry center of Mao-era China: Manchuria.

This chapter begins with hitherto unknown Russian archival documents that allow for an examination of how the Soviet Union damaged Manchuria's industry during its occupation of the region between 1945 and 1946. Afterward, I move on to a discussion of the Chinese Communist activities during the Soviet occupation. I then detail the

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<sup>8</sup> Joseph W. Esherick, "Ten Theses on the Chinese Revolution." *Modern China*, 21-1 (1995), 45–76 (especially 47–50); Josheph W. Esherick, "War and Revolution: Chinese Society during the 1940s," *Twentieth-Century China*, 27-1 (2001), 1–37; and Kubo Tōru (ed.), *1949-nen zengo no Chūgoku* (Tokyo: Kyūko shoin, 2006).

<sup>9</sup> William C. Kirby, "Continuity and Change in Modern China: Economic Planning on the Mainland and on Taiwan, 1943 – 1958," *The Australian Journal of Chinese Affairs*, 24 (Spring 1990), 121–41; Morris L. Bian, *The Making of the State Enterprise System in Modern China: The Dynamics of Institutional Change* (Cambridge, MA: Harvard University Press, 2005).

Nationalist reconstruction of Anshan's industrial facilities as well as its efforts to reshape the city, before concluding with an exploration of industrial Manchuria's place in post-WWII China.

### **Soviet De-industrialization**

On August 8, 1945, the Soviet Union abandoned the neutrality pact and declared war against Japan. In the face of a full-scale Soviet campaign in Manchuria, the defenses prepared by Japan's Kantō Army were rendered ineffective. Japan's surrender on August 15 forced Manchukuo's Emperor Puyi (溥儀) to abdicate three days later. Manchukuo thus came to an end after fourteen years. By the end of August, the Red Army had occupied most parts of Manchuria, and in *de facto* cooperation with the Soviet occupation authorities, the Chinese Communist Party (CCP) temporarily took control over large parts of Manchuria.

During its occupation of Manchuria, the Soviet military force carried out "de-industrialization" by massively removing machinery from Japanese-built industrial plants all over the region between September and November 1945 so that they could send it to the Soviet Union for reuse. According to a 1946 US survey report, in each locale, the Soviet commander directed the Japanese head of the enterprise to produce detailed plans of the plant. The Soviets then selected certain machines to be removed, and ordered the Japanese to dismantle and load them within a given time. Throughout the process of de-industrialization, the Soviets made use of Chinese and Japanese labor, including prisoners of war. In most cases, the labor was paid in occupation notes, but in some others they

were only provided food.<sup>10</sup> According to a Japanese survey, Soviet de-industrialization was especially intensive on heavy-industry enterprises and was more or less unconcerned with light-industry enterprises.<sup>11</sup>

This period of Soviet de-industrialization in Manchuria was clearly modeled after their policy in Europe at the end of World War II. In their occupied regions in Europe, the Soviet forces had removed a massive amount of industrial equipment from the former German plants. The Soviet policies in Manchuria and Europe also served the same purpose—the industrial reconstruction of the Soviet Union after World War II.

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<sup>10</sup> Edwin Pauley, *Report on Japanese assets in Manchuria to the President of the United States, July 1946* (Washington, U. S. Govt. Print. Off., 1946), 23, 26.

<sup>11</sup> Man-Mō dōhō engokai 滿蒙同胞援護會 (ed.), *Man-Mō shūsen shi* 滿蒙終戰史 (Tokyo: Kawade shobō shinsha, 1962), 188-189.

УЧАСТ- СТВО ПО- ЗИЦИИ	Наименование оборудования	СВОДНАЯ ВЕДОМОСТЬ												Согласно запросу	
		на территории Германии				на территории Германии, отошедшей к Польше				в Австрии					
		по по- станов- лениям	по на- рицам	по от- четам	на 1/III	по по- станов- лениям	по че- тырем	по от- четам	на 1/III	по кар- точкам	по от- четам	по кар- точкам	по от- четам	на 1/III	
1.	Перовые котлы	43	-	43	41	21	-	21	28	-	2	14	14	78	85
2.	Перовые турбины	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	Парогенераторы	3	-	3	3	6	-	7	6	-	2	4	4	15	15
4.	Дизели	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	Дизельгенераторы	3	1	4%	7	2	-	2	2	-	2	4	4	16	16
6.	Джокомбины	-	-	-	-	-	-	-	-	-	-	-	-	10	10
7.	Прочие машины	4	-	4	3	3	-	-	-	-	-	-	-	6	6
8.	Прочие пилоты	2	-	2	2	2	-	-	-	-	-	-	-	5	5
9.	Пропавшие эл. станции	2	1	1	3	-	-	-	-	-	-	-	-	12	12
10.	Пропавшие эл. станции	2	1	1	3	-	-	-	-	-	-	-	-	1	1
11.	Электрогенераторы	29	-	29	20	2	-	2	41	6	-	-	-	78	78
12.	Электромоторы	7151	299	7450	2323	1653	351	202	216	733	918	928	1000	11148	6559
13.	Трансформаторы	231	6	237	120	91	6	57	56	53	49	50	130	747	690
14.	Металлорежущие станки в т.ч. токарные токарно-карусель.	4787	830	5617	5027	980	558	1538	1241	605	523	35	364	8114	7175
15.	Кузнечно-прессовое в т.ч. молоты	1375	244	1619	1393	305	123	430	285	165	146	147	232	1856	1856
16.	Револьверные автом. и полуавтом. фрезерные зубообтачки.	125	12	137	117	16	31	47	17	2	3	-	-	186	187
17.	Деревообделочное в т.ч. пилорамы	57	12	69	60	10	10	10	14	-	-	-	-	79	74
18.	Насосы	443	201	644	464	74	74	148	49	67	13	30	8	696	534
19.	Компрессоры в т.ч. турбокомпрессоры	454	49	503	298	555	45	600	158	230	280	280	10	31	714
20.	Помпажное оборудование в т.ч. краны	186	34	220	60	45	31	76	94	48	45	7	7	351	326
21.	Транспортное в т.ч. паровозы вагоны	164	13	174	40	65	10	46	79	20	107	107	10	521	237
22.	Оборудование строительного для пр-ва стройматериалов в т.ч. экскаваторы	143	1	144	222	48	7	55	57	29	3	1	1	202	271
23.	Приемное оборудование	220	20	240	110	55	19	58	57	2	1	1	1	31	169
24.	Буксировочные вагонки	15	1	16	15	-	-	-	-	-	-	-	-	17	19
25.	Горнодобывающее оборудование	388	-	388	85	277	277	207	24	25	345	251	1034	578	578
26.	Вращающиеся печи	81	16	97	41	71	6	77	33	27	27	71	62	272	163
27.	Газовые и газовые	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Soviet document on the removal of equipment from Germany, Austria, and Manchuria (April 2, 1948), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3090, 1-2.

In this document from an archive in Moscow, Soviet authorities were discussing how to use the machines that they had removed from Germany, Austria, and Manchuria.<sup>12</sup>

According to a report by Soviet troops stationed in Anshan, Soviet de-industrialization took place in the city from September 23 until November 6, 1945. Seventy experts sent from the People's Commissariat of Ferrous Metallurgy supervised the technological aspect of the removal and transportation of equipment, under the

<sup>12</sup> "Svodnaia vedomost' demontirovannogo i vyvezennogo oborudovaniia s predpriatii, nakhodiashchikhsia na territorii Germanii, Germanii otoshedshiei k Pol'she, Avstrii i Man'chzhurii" (April 2, 1948), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3090, 1-2.

leadership of Engineer-Colonel Gusalov. The actual physical removal was carried out by the Eighth Motorized Engineering Riga Brigade, led by Colonel Shemyakin. The Red Army's General Board for War Trophy sent Lieutenant Colonel Lobanov.<sup>13</sup>

According to the Soviet report, approximately 14,000 people in total participated in Soviet de-industrialization in Anshan. Of them, 714 were members of the Soviet Red Army, 4,215 were Japanese prisoners of war, and the rest were mostly employees of the Shōwa Steelworks.<sup>14</sup> According to a study by Matsumoto Toshirō, most of the Shōwa Steelworks employees mobilized for de-industrialization in Anshan were Japanese, and Chinese were often bystanders. Aside from the Shōwa Steelworks employees, other Japanese residents of Anshan, such as students, were also mobilized. The Japanese worked for twelve hours per day either in day or night shifts such that the removal missions could continue uninterrupted for twenty-four hours. Although the work was strenuous, the Japanese were not left unpaid in Anshan. They were classified into first-class construction workers, second-class construction workers, and general workers, and were paid accordingly in the Manchukuo currency and the Soviet military scrip.<sup>15</sup>

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<sup>13</sup> “Ob okonchanii demontazha i otgruzke oborudovaniia ob”ekta № 23—metallurgicheskogo kombinata Aktsionernogo obshchestva Manchzhu Seitetsu, nakhodiashegosia v raione g. An’shan’ provintsiia Mukden” (November 6, 1945), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3071, 24.

<sup>14</sup> “Ob okonchanii demontazha i otgruzke oborudovaniia ob”ekta № 23—metallurgicheskogo kombinata Aktsionernogo obshchestva Manchzhu Seitetsu, nakhodiashegosia v raione g. An’shan’ provintsiia Mukden” (November 6, 1945), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3071, 24.

<sup>15</sup> Matsumoto Toshirō (松本俊郎), “Manshūkoku” kara shin Chūgoku e: Anzan tekkōgyō kara mita Chūgoku Tōhoku no saihen katei, 1940-1954 「満洲國」から新中國へ：鞍山鐵鋼業からみた中國東北の再編過程・1940-1954 (Nagoya: Nagoya daigaku shuppankai, 2000), 263-265.

According to a Soviet report, the Red Army spent about 40 million *yuan* for de-industrialization in Anshan.<sup>16</sup>

The Soviet archival sources also offer a clue as to the issue of where and how the Soviet Red Army brought industrial equipment from Manchuria—an issue that was unresolved in previous literature on Soviet de-industrialization, which was solely based on Japanese and Chinese sources.<sup>17</sup> According to one Soviet report, industrial equipment removed from Anshan was sent to Soviet Union from the ports of Dalian in southern Manchuria and Hamhung in northern Korea, both under Soviet occupation at that time.<sup>18</sup>

After being sent to the Soviet Union from the ports of Dalian and Hamhung, industrial equipment from Manchuria reached their destinations mainly via railways. According to the director of the central planning-economic department of the People's Commissariat of Railways, the department had by December 1945 set up five warehouses for industrial equipment sent from Manchuria near railway stations, all of which were located in the Russian Far East.<sup>19</sup> Within the Soviet government, however, officials disagreed over the maintenance of these warehouses. On December 23, 1945, Ivan Kovalev (1901-1993), People's Commissar of Railways, requested the disbursement of state funds for the maintenance of these stores.<sup>20</sup> This request met opposition from the

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<sup>16</sup> “Ob okonchanii demontazha i otgruzke oborudovaniia ob”ekta № 23—metallurgicheskogo kombinata Aktsionernogo obshchestva Manchzhu Seitetsu, nakhodiashegosia v raione g. An’shan’ provintsiia Mukden” (November 6, 1945), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3071, 24.

<sup>17</sup> For example, Matsumoto, “*Manshūkoku*” kara shin Chūgoku e, 272.

<sup>18</sup> “Vedmost’: otgruzhennykh transportav s oborudovaniem ob”ekta № 23 za period s 30/IX--po 9/XI—45g.,” Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3071, 25-27.

<sup>19</sup> “Poisasneniia k raschetu potrebnosti sredstv na soderzhanie baz i na pererabotku trofeinogo oborudovaniia i imushchestva, vyvozimykh iz Man’chzhurii” (December 1945), Gosudarstvennyi Arkhiv Rossiiskoi Federatsii (Moscow), R5446-48a-359, 6.

<sup>20</sup> Request by Ministry of Railway Communication (December 23, 1945), Gosudarstvennyi Arkhiv Rossiiskoi Federatsii (Moscow), R5446-48a-359, 8.

People's Commissariat of Finance, which agreed to provide funds only for three out of the five warehouses.<sup>21</sup> Only after inter-organizational discussion on this issue, on February 16, 1946, the Soviet Council of People's Commissars, headed by Lavrentiy Beria (1899-1953), agreed to fund all five of the storages.<sup>22</sup>

Transported on railroads, machines removed from Anshan were sent to use in different parts of the Soviet Union, sometimes far away from Manchuria. In March 1947, the Soviet Ministry of Ferrous Metallurgy made up a list of war trophies related to steel rolling. The document listed fifty-three facilities, from which equipment was removed, as well as the current locations of the equipment in the Soviet Union and the recommended place for its use. Of these facilities from which the Soviets collected equipment, a majority was in Germany, but eight were in Anshan.

The Locations and Recommended Destination Places of Steel-rolling Facilities That the Soviet Union Removed from Anshan (March 1947).

Source: "Spravka o prokatnykh stanakh iz osobykh postavok" (March 17, 1947), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3089, 49-58.

Facility	Current Location	Recommended Place for Use
Blooming Mill 1	Chelyabinsk Factory	Chelyabinsk Factory
Blooming Mill 2	Orsk Factory	Chelyabinsk Factory
Crimping and Billet Mills 1	Chelyabinsk Factory	Chelyabinsk Factory
Crimping and Billet Mills 2	Chelyabinsk Factory	Chelyabinsk Factory
Heavy-section Mill and Rail-structure Mill	Chelyabinsk Factory	Chelyabinsk Factory
Small-section Mill	Chelyabinsk Factory	Chelyabinsk Factory
Thick-sheet and Medium-sheet Mills	Chelyabinsk Factory	Chelyabinsk Factory
Thin-sheet Mill	Amur Steel Factory	Amur Steel Factory

<sup>21</sup> Komarov's note for Beria (February 15, 1946), Gosudarstvennyi Arkhiv Rossiiskoi Federatsii (Moscow), R5446-48a-359, 10.

<sup>22</sup> Sovet Narodnykh Komissarov SSSR, "Rasoiriazhenie, No 2054rs." (February 16, 1946), Gosudarstvennyi Arkhiv Rossiiskoi Federatsii (Moscow), R5446-48a-359, 11.

As shown in this table, the Soviets sent most of the steel-rolling facilities that they had removed from Anshan to the industrial city of Chelyabinsk, just to the east of the Ural Mountains.<sup>23</sup>

Although Soviets took a massive amount of industrial equipment from Manchuria, it remains unclear as to how much the removed equipment actually contributed toward the reconstruction of the Soviet Union. Given the roughness with which they treated the machines during the process of removal, it is hardly surprising that many of these machines had become unusable by the time they were delivered to the Soviet Union.<sup>24</sup>

Meanwhile, the Nationalist government protested the Soviet Union's actions, claiming that industrial equipment from the former Japanese enterprises in Manchuria should belong to China.<sup>25</sup> According to the Soviet record, the Nationalist Chinese representative, Zhang Gongquan opined in his meeting with the Soviet ambassador to China:

Encroachment by imperialist powers to China, and later aggression by Japanese imperialism left a deep footprint in the consciousness of the Chinese people. We must...establish in Manchuria a genuine cooperation founded on equal bases, to show the Chinese people that the situation in Manchuria today is principally different from encroachment on China by Tsarist Russia, Britain, German and other imperialist nations.<sup>26</sup>

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<sup>23</sup> "Spravka o prokatnykh stanakh iz osobykh postavok" (March 17, 1947), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3089, 49-58.

<sup>24</sup> For instance, enterprises under the Soviet Ministry of Metallurgy had thirty-seven unnecessary industrial machines in April 1947. Eleven of these unusable trophies of war were from Manchuria, and most of the others were from Germany. Among them were six items from Anshan, including a winch and a trolley for a blast furnace. "edomost' izlishnego oborudovaniia osobykh postavok, nakhodiashchikhsia na predpriatiakh Ministerstva chernoi metallurgii po sostoianiiu na 1 apreliia 1947 goda," Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3089, 88-92.

<sup>25</sup> Yamamoto Yūzō 山本有造, "Kokumin seifu tōchi kani okeru tōhok keizaiko 國民政府統治下における東北經濟," in Enatsu Yoshiaki (ed.), *Kindai Chūgoku Tōhoku chiiki shi kenkyū no shinshikaku* (Tokyo: Yamakawa shuppansha, 2005), 243-273.

<sup>26</sup> Note of conversation between A. A. Petrov and Zhang Gongquan, 1 December 1945, A. M. Ledovskii et al. (ed.), *Russko-kitaiskie otnoshenia v XX veke: materialy i dokumenty* (Moscow: Pamiatniki istoricheskoi mysli, 2000-) , IV-2, 310-311.

Zhang did not prevail. In January 1946, Chiang Ching-kuo, Chiang Kai-shek's Soviet-educated son, visited Moscow to meet Stalin, who asserted that the industrial facilities in Manchuria should be treated as trophies of war for the Soviet Union, like those in Germany or Czech-Slovakia. According to Stalin, "the Soviet military...say that they shed blood and therefore [that] the Japanese enterprises, which were serving the Kantō must be recognized as trophies of the Red Army."<sup>27</sup> Meanwhile, it is unclear what attitudes the CCP took towards the Soviet de-industrialization.<sup>28</sup> In his conversation with Apollon Petrov, the Soviet Ambassador to China, on October 10, 1945, Mao Zedong did not touch upon the issue of the Soviet de-industrialization, according to the Soviet record. Mao mentioned Manchuria several times, but merely as a site of CCP-Nationalist friction.<sup>29</sup>

The exact scale of de-industrialization is difficult to discern. The most well-known survey on the topic was conducted by Edwin Pauley's Reparations Mission in June and July 1946.<sup>30</sup> Since northern Manchuria was under Communist control and Dalian was under Soviet control, the mission's survey was restricted in these areas. In

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<sup>27</sup> Record of conversation between Stalin and Chiang Ching-kuo, January 3, 1946, Ledovskii et al. (ed.), *Russko-kitaiskie otnosheniiia v XX veke*, IV-2, 553-561 (cquote from p. 553).

<sup>28</sup> Many CCP members were stationed in Anshan and other parts of Manchuria during the Soviet de-industrialization. But I have not found any source that the CCP opposed the Soviet de-industrialization of Manchuria. One Japanese post-war account claims that the CCP showed strong opposition to the Soviet de-industrialization, but cites no evidence. *Man-Mō dōhō engokai, Man-Mō shūsen shi*, 215.

<sup>29</sup> Record of the conversation between A. A. Petrov and Mao Zedong, 10 October 1945, Ledovskii et al. (ed.), *Russko-kitaiskie otnosheniiia v XX veke*, IV-2, 266-269.

<sup>30</sup> Because the Japanese industries both in Japan and the other parts of Asia were to be confiscated as war reparations, Edwin Pauley, Ambassador of the United States and Personal Representative of the President on Reparations, led the 23-member mission and did a survey in Japan, Korea, and Manchuria between November 1945 and July 1946. For the Pauley mission, see Imura Tetsuo 井村哲郎, "Pōrē chōsadan hōkokusho: Manshū hen ポーレ一調査團報告書: 滿洲篇," in Imura (ed.), *1940 nendai no Higashi Ajia: bunken kaidai* (Tokyo: Ajia keizai kenkyūjo, 1997), 223-240.

February 1947, the Nationalists organized a team of Japanese specialists for a more thorough assessment of the damage. While the Pauley Mission estimated the total loss at 895 million USD, the Japanese experts estimated it at more than 1.2 billion USD. This is mainly because the latter surveyed broader areas than the former. As this table below details, most of the industrial sectors lost 50% or more of its productive capacity, with the damage on the iron and steel industry particularly serious: its industrial capacity fell 60-00%.

<b>Reduction in Productive Capacity on Industries in Manchuria during the Soviet Occupation, Estimated by Japanese Specialists (1947)</b>			
<b>Source:</b> Dongbei Riqiao shanhoulianluochu 東北日僑善後聯絡處 and Dongbei gongye hui 東北工業會, “Sujun zhiliu qinei Dongbei chanye shebei sunshi diaochashu 蘇軍駐留期內東北產業設備損失調查書,” (June 1947), Academia Historica (Teipei), Records of the National Resources Commission, 003-010302-0344.			
Cement	54%	Metal Working	68%
Chemicals	33.5% - 50%	Non-Ferrous Mining (Coal excepted)	50 -100%
Coal	80%	Paper and Pulp	80%
Electric Power	60%	Radio, Telegraph and Telephone	30%
Iron and Steel	60-100%	Textiles	50%
Liquid Fuels and Lubricants	90%		

Anshan's iron and steel industry was among the most damaged during the Soviet de-industrialization of Manchuria. According to a Soviet report, the Soviet forces in Anshan originally planned to remove 50,000 tons of equipment, but ended up taking as much as 67,500.<sup>31</sup> Another Soviet report notes that they actually removed 76,600 tons

<sup>31</sup> “Ob okonchanii demontazha i otgruzke oborudovaniia ob'ekta № 23—metallurgicheskogo kombinata Aktsionernogo obshchestva Manchzhu Seitetsu, nakhodiashegosia v raione g. An'shan' provintsiia Mukden” (November 6, 1945), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3071, 24.

from Anshan.<sup>32</sup> A Nationalist survey estimated that the factories and mines in Anshan lost about 60-100% of annual production capacity.<sup>33</sup>

As the Soviet report reveals, de-industrialization in Anshan especially targeted the steel-making and steel-rolling plants, which further intensified the imbalance between the mining and ironmaking versus steelmaking and rolling in Anshan in the early PRC. Obviously for the sake of political stance, however, the CCP attributed the imbalance solely to the character of the Shōwa Steelworks as a colonial enterprise dependent on the Japanese mainland.

Amount of Equipment Moved from Anshan to the Soviet Union by Factories (Tons)			
Source : E. P. Volkov and S. D. Gusalov, "Otchet po demontazhu i otgruzke oborudovaniia An'shan'skogo Metallurgicheskogo Kombinata v Man'chzhurii" (November 1945), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3071, 12.			
Mines	8,447	Machine Reparing Factory	1,490
Ore-Processing Factory	4,191	Boiler Station	2,565
Ironmaking Factories	4,010	Rolling Plant	3,361
Coke Mill	5,450	Spare Equipment from Warehouses	9,600
Blast Furnaces	5,000	Other Equipment	1,500
Steel Mills	6,462	Factory No. 101	436
Rolling Mill	15,200	Institute and Laboratory	121
Power Station	2,233	Total	70,06 6

In spite of the heavy damage inflicted by Soviet de-industrialization, Manchuria nevertheless continued to be important in the entire Chinese industrial economy. First,

<sup>32</sup> E. P. Volkov and S. D. Gusalov, "Otchet po demontazhu i otgruzke oborudovaniia An'shan'skogo Metallurgicheskogo Kombinata v Man'chzhurii" (November 1945), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3071, 12.

<sup>33</sup> According to the survey, the annual production capacity fell from 1,250,000 tons to 400,000 tons (reduction of 68%) in the Gongzhangling Mine (弓長嶺採礦所); from 3,000,000 tons to 40,000 tons (84%) in the Dagushan Mine (大孤山採礦所); from 1,000,000 tons to 0 ton (100%) in the Sintering Mill (燒結工廠); from 1,950,000 tons to 0 ton (100%) in the ironworks (原鐵工廠); from 1330 tons to 580 tons (66%) in the steelworks (製鋼工廠); and from 73,500 KW to 30,500 KW (59%) in the power generator (發電設備). Dongbei wuzi tiaojie weiyuanhui yanjiuzu 東北物資調節委員會研究組, *Dongbei jingji xiaocongshu* 東北經濟小叢書, 20 vols. (Beiping and Shenyang: 1947-1948), vol. 9, 95-98.

because Manchuria's production capacity in heavy industry had outperformed the rest of China combined during WWII, reduction of production capacity by 60% or so still would not have rendered it unimportant.

Second, the numbers reported on the reduction of production capacity in Manchurian industries are often misleading because they neglect the continued availability of certain physical assets. Even in plants where production was put to a total halt, there was a considerable amount of leftover facilities that they could use after repair and installment of key parts. The Soviet Red Army officers wrote that, even after the de-industrialization, Anshan's industrial plants "can soon start producing in the amount of 500,000 tons of metallurgical cokes, up to 500,000 tons of iron, 500,000-550,000 tons steel, and 500,000 tons of billets."<sup>34</sup> The Pauley Report also notes:

The value of the properties removed by the Soviets is probably one-tenth of the amount of damage and economic collapse resulting from these same removals. Many of the items removed were key installations. The removal of one essential item often stopped production in an entire plant.<sup>35</sup>

In other words, even though many high-value machines were removed, physical infrastructure such as factory buildings or water pipe lines were left largely intact.

One last thing to note when evaluating the damage of Manchuria's "de-industrialization" is that the Soviets cannot be held solely responsible for the drop in Manchuria's industrial capacity. In the case of Anshan, its military capacity began falling in 1943, when Manchuria's industrial bases became the target of US strategic bombing in World War II. Also, in some parts of Manchuria, the Japanese destroyed industrial

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<sup>34</sup> E. P. Volkov and S. D. Gusarov, "Otchet po demontazhu i otgruzke oborudovaniia An'shan'skogo Metallurgicheskogo Kombinata v Man'chzhurii" (November 1945), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3071, 20.

<sup>35</sup> Pauley, *Report on Japanese Assets in Manchuria to the President of the United States, July, 1946*, 36.

facilities and burned documents shortly after the war—although it was not the case in Anshan. Moreover, industrial enterprises were damaged by the Chinese Civil War. In Anshan, the CCP bombed four blast furnaces in May 1946 so that they would not fall into the hands of the then-approaching Nationalist military forces.<sup>36</sup> Finally, in this period, local residents also robbed items from factories. My interviewee remembered stealing coal from a warehouse near Anshan’s airfield. To stop local people from robbing, Soviet soldiers shot gunfire to the air, which scared the people into running away.<sup>37</sup> In other words, Soviet de-industrialization accounted for a large part of the fall of industrial production in Manchuria, but not its entirety.

## **Life under the Soviet Occupation and the First CCP Rule**

Manchuria during the period following Japan’s surrender is well known for its violence and turmoil, especially for the vengeance carried out by the Chinese against the Japanese, in which the Chinese Communists played an important role.<sup>38</sup> For instance, the CCP military in Harbin forcefully captured a number of Japanese men and women for manual labor or medical work.<sup>39</sup> The case of Anshan, however, paints a somewhat different picture: there were cases of violence, but the CCP was also clearly seeking to reestablish a new system of governance by building upon Manchukuo-era institutions and soliciting collaboration from Japanese specialists and laborers.

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<sup>36</sup> Manshū seitetsu tetsuyūkai 滿洲製鐵鐵友會, *Tetsuto Anzan no kaiko 鐵都鞍山の回顧* (Tokyo, 1957), 52-53.

<sup>37</sup> Interview with C (Male, Chinese, b. 1938), June 26, 2017, Anshan.

<sup>38</sup> In many parts of Manchuria, the ethnically Han Chinese soldiers of the former Manchukuo Army attacked the Japanese soldiers they once considered colleagues. In several places Japanese and Korean residents were also murdered by the vengeful Chinese residents. Man-Mō dōhō engokai, *Man-Mō shūsen shi*, 44-46

<sup>39</sup> Man-Mō dōhō engokai, *Man-Mō shūsen shi*, 216-219

Anshan appears to have been one of the cases where the Soviet occupation proceeded relatively peacefully. In a proactive effort to protect the security of the Japanese residents in the city, the Japanese mayor retired voluntarily by the end of August and asked a Chinese man to take the post.<sup>40</sup> The Soviet Red Army barely harmed the Japanese residents, at least not until the very end of the occupation. Even after the initial arrival of the Soviet troops in August 23, about 2,000 Japanese soldiers continued the *de facto* governance in Anshan until they were dispersed by the Soviet Army on November 8.<sup>41</sup> During Soviet de-industrialization in Anshan, Soviet forces ordered the Japanese to guard the factories together with Soviet soldiers, and according to an account by one Japanese, “the relationship between the Japanese guards and the Soviet soldiers was very close and friendly without exception.”<sup>42</sup>

Unlike some other parts of Manchuria and China proper, Anshan witnessed much less vengeance by the local Chinese residents towards the Japanese. A 1957 Japanese memoir recalls:

[I]t was good for the maintenance of peace for the citizens after the war that many of the Chinese elite class in Anshan had originally been down-to-earth Shandong coolies and had been working for the Anshan Iron Works from its initial years. They understood Japanese feelings well and got along with the Japanese. They felt very happy that they had been given jobs by the Japanese, obtained techniques, got rich and lived a peaceful, stable life for many years.<sup>43</sup>

This is understandable given that the city had been developed by and around the Japanese industrial complex and that most of the Chinese residents had moved there for the job

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<sup>40</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 49-52.

<sup>41</sup> Man-Mō dōhō engokai, *Man-Mō shūsen shi*, 120.

<sup>42</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 64.

<sup>43</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 54. This account does not touch upon the roles of lower-class Chinese workers, though. It requires more research to produce a fuller account of the local “Chinese attitudes” during the Soviet occupation.

opportunities it promised to them, while in other places the Chinese residents legitimately felt that their land had been stolen by the Japanese invaders.

During the Soviet occupation, Anshan's civil administration was controlled by the CCP.<sup>44</sup> As is well known, the Soviet occupation army helped the CCP obtain access to the firearms left by the Japanese military in preparation for the foreseen struggle with the Nationalists in Manchuria. In October 1945, after negotiations with the Soviet army, the CCP forces opened the Japanese arsenal in Anshan and armed about 4,000 CCP soldiers from Shandong.<sup>45</sup> The local story of Anshan also tells us that the CCP during the Soviet occupation tried to do more than merely obtaining Japanese weapons.

The CCP in Anshan in 1945-46 was harsh against those it regarded as enemies, and mobilized the masses in political campaigns similar to the ones they were going to carry on at much greater scales later in the People's Republic. In November 1945, the CCP Anshan City Committee and the city government mobilized the masses for the "struggle for eliminating traitors and attacking tyrants." In it, they killed at least three. By the time the CCP authority retreated from Anshan in April 1946, they had "struggled" against twenty-three "traitors and tyrants" and thirty-six "local despots and gang masters."<sup>46</sup> Another campaign involved the persecution of officials with a previously bad record. For example, in February 1946, the CCP Anshan Committee arrested a military officer named Ren, who had served for the Nationalist forces, and a man named Li, the

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<sup>44</sup> After consulting with the Soviet occupation forces, the CCP forces entered Anshan on September 26, 1945, and officially established the CCP Anshan City Committee in mid-November. Anshan shi renmin zhengfu difangzhi bangongshi 鞍山市人民政府地方誌辦公室, *Anshan shi zhi: Dashiji juan, 1915-1985* 鞍山市誌: 大事記卷 1915-1985 (Shenyang: Shenyang chubanshe, 1989), 82 & 85.

<sup>45</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Dashiji juan, 1915-1985*, 83.

<sup>46</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Dashiji juan, 1915-1985*, 86. It is unclear how many of these 59 lost their life.

vice-director of the Manchukuo police department in the city, “in order to purify the inside and strengthen the back.”<sup>47</sup>

Given the recent history of colonialism in Anshan and Manchuria, the Japanese, especially those in power, were also enemies of the CCP. Director-General Kishimoto Ayao (岸本綾夫, 1879-1946?) of the Manchuria Iron Works and his wife were captured by the CCP: Kishimoto disappeared and his wife died in prison.<sup>48</sup> The major cause of the CCP’s harshness towards the Japanese was retribution for recent Japanese wartime violence. Some of the CCP soldiers in Anshan in 1945-1946 were actually the Chinese prisoners of war who had been brought there as forced laborers by the Japanese during World War II. Even a CCP cadre later admitted in his memoirs that these CCP soldiers in Anshan “used to be poorly-disciplined, and committed looting.”<sup>49</sup> The CCP forces also had lost some lives en route to Anshan in a battle with Nationalist soldiers and the Japanese soldiers who had joined the Nationalist forces.<sup>50</sup> It is possible that the vengeful emotions against the Japanese prevailed among the CCP soldiers in Anshan.

In its day-to-day work, the CCP still largely preserved the local bureaucracy of Manchukuo, although they changed it when necessary. In October 1945, the CCP mayor of Anshan, Cong Zhendong (叢振東), held a meeting with the staff of the city and district governments, and demanded that they continue working in their original post. But in the same month, CCP soldiers encircled the ex-Manchukuo police stations and disarmed four

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<sup>47</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Dashiji juan*, 1915-1985, 87-88.

<sup>48</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 52-53.

<sup>49</sup> Li Yaokui 李耀奎, “Guangfu hou jieshou Anshan de yiduan lishi huiyi 光復後接收鞍山的一段歷史回憶,” in *Anshan wenshi ziliao xuanji* 鞍山文史資料選輯, Vol. 3 (Anshan, 1984), 8.

<sup>50</sup> Xu Jie 徐杰, “Sijin gangcheng 四進鋼城,” in *Anshan wenshi ziliao xuanji* 鞍山文史資料選輯, Vol. 1 (Anshan, 1983), 8 & 10.

hundred policemen. In late November, the CCP authority gave schoolteachers a two-week training program on contemporary politics. The CCP also largely preserved the Manchukuo-era neighborhood governance system, Baojia system, renaming it Linlu system. In it, five families (*hu*) counted as a neighborhood (*lin*), and five neighborhoods constituted a village (*lu*).<sup>51</sup>

The CCP also began organizing workers into its police and military forces. In October 1945, the CCP in Anshan organized workers into a Workers' Militia. In early November, the Workers' Militia was reorganized into the Anshan City Security Headquarters. It had two thousand members in January 1946. After the Soviet and CCP retreat from Anshan in Spring 1946, the Anshan City Security Headquarters was to be reorganized as the Liaonan Second Independent Battalion and to fight with the Nationalist army first in areas around Anshan and, later in 1948, across China proper.<sup>52</sup>

Despite all these attempts to establish a new order with the backing by the Soviet military, the first CCP administration in Anshan suffered from instability. Local histories published in China in the 1990s, which are based largely on not-yet-declassified records in the city archives, tell us there were multiple revolts organized against the CCP authority during this period. For example, in January 1946, Manager Yamazawa of Ōmiya Hotel, teamed up with “reactionary elements among Japanese expats” and the Nationalist underground forces among the public security forces attempted a coup. The CCP’s public security bureau discovered their plot and executed five of them.<sup>53</sup>

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<sup>51</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Dashiji juan*, 1915-1985, 84-86.

<sup>52</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Dashiji juan*, 1915-1985, 84-85.

<sup>53</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Dashiji juan*, 1915-1985, 87.

The largest challenge to the CCP forces in Anshan came from Deng Guoqing (鄧國慶), a Chinese military officer of the Manchukuo Army. Deng, who had started his career in the Chinese military forces, had initially resisted the Japanese invasion of Manchuria in 1931, but had then changed the camp and joined the military forces of Manchukuo. On the day after Japan's surrender, Deng reorganized the Manchukuo forces in Anshan as the Anshan Security Forces, later the Anshan Security Headquarters, and became its commander. His battalion took fifty rifles, two light machine-guns, and a 60-mm canon from a Japanese factory. On October 13, the Soviet army in Anshan tried to take over military forces in the city. Deng refused, and fled to the nearby mountainous areas. There he set up a Nationalist Northeast Restoration Army comprised of 3,000 soldiers – including 700 Japanese veterans – with himself as its commander. In mid-November, Deng Guoqing's forces attacked the CCP forces, captured soldiers, and buried five of them alive in front of a temple. By the end of November 1945, CCP military forces carried on an encircling campaign against Deng's forces, killing, injuring, or capturing about 3,000 soldiers, some of whom were Japanese. Deng escaped, disguising himself as a Daoist monk.<sup>54</sup>

Anshan under the Soviet existed in a transitional state. The CCP's mass mobilization campaigns and persecution of some of the "bad elements" demonstrated that it aimed at establishing a new political and social order in the city, but its administration was too weak and short-lived to do so. After the industrial removal was finished, the Soviet forces demilitarized the Japanese soldiers in Anshan and sent them to the Soviet Union as forced labor forces, as they did elsewhere in Manchuria.

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<sup>54</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Dashiji juan*, 1915-1985, 81-86.

The Soviet military retreated from Anshan in March 1946,<sup>55</sup> and by May 1946, the Soviet army had retreated from Manchuria, all except for the city of Dalian.<sup>56</sup> Following the Soviet occupation, Anshan and the other major industrial bases in Manchuria would soon be taken by the Chinese Nationalist government, which had gone through a significant transformation during World War II. The Nationalists took Anshan on April 2, and the CCP forces fled to the nearby areas in Liaoyang.<sup>57</sup>

### Nationalist Hyper-Industrialism during World War II

By the end of World War II, the Nationalist regime based out of Chongqing had transformed into something different from a typical capitalist market economy: many sectors of its economy, especially heavy industry, had been put under direct state control. Following the Japanese occupation of Manchuria in 1931, the Nationalist government under Chiang Kai-shek launched a series of policies for state-led development of heavy industry in anticipation of a full-scale war with Japan. The powerful National Resources Commission was set up to coordinate government economic policy, and in 1936 the government drew up a Five-Year Construction Plan for Heavy Industry. Upon the outbreak of the Sino-Japanese War in 1937, the Nationalists moved a great deal of Chinese factories and their staff from the coastal areas such as Shanghai to the inland areas such as Sichuan, in order to establish a military-industrial base for resistance. Under the leadership of Weng Wenhao (翁文灝), a renowned geologist who had taught at Peking and Tsinghua Universities, the NRC came to control the majority of heavy-

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<sup>55</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, pp. 64-65, 76.

<sup>56</sup> Yamamoto, “Kokumin seifu tōchi kaniokeru tōhoku keizai.”

<sup>57</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Dashiji juan*, 1915-1985, 88.

industry enterprises in the Nationalist-controlled “Free China.”<sup>58</sup> In 1942, the state-led plants occupied 42.3 % of the total industrial power, and 32.0 % of the total labor force in Free China.<sup>59</sup>

The hardship of the War of Resistance convinced the Nationalist economic policy makers that heavy industry, especially steel industry, was a key factor in the strength of a nation. The leader of the NRC, Weng Wenhao, stressed the centrality of steel in the industrial system that China must build up after the war. To him, steel industry was a major parameter of a nation’s power: “Production of iron and steel is the best indicator of a nation’s industrialization. It is also the best measure for judging whether a nation is strong or weak.” And in this regard, Nationalist China accomplished far less than it should have: “The War of Resistance made us keenly aware of the importance of iron and steel industry.<sup>60</sup> According to another official of the Nationalist government, the majority of weapons such as guns, cannons, bullets, and planes were made of iron and steel. Therefore, “the camp that can endure heavy consumption of iron and steel and can keep production constantly...can have the hope of the decisive victory.” And the lesson that China should learn from the war with Japan was urgency to develop its industrial capacity:

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<sup>58</sup> William Kirby, “The Chinese war economy: mobilization, control, and planning in Nationalist China,” in *China’s Bitter Victory: The War With Japan, 1937-1945*, Edited by Steven I. Levine and James C. Hsiung, (New York: M.E. Sharpe, 1992), 185–213; Morris L. Bian, *The Making of the State Enterprise System in Modern China: The Dynamics of Institutional Change* (Cambridge, MA: Harvard University Press, 2005); Zhang Zhongmin 張忠民 and Zhu Ting 朱婷, *Nanjing Guomin zhengfu shiqi de guoyou qiye, 1927-1949* 南京國民政府時期的國有企業 (1927-1949) [State enterprises during the period of the Nanjing Nationalist government] (Shanghai: Shanghai caijing daxue chubanshe, 2007), 149-218.

<sup>59</sup> Yu-kwei Cheng, *Foreign Trade and Industrial Development of China: An Historical and Integrated Analysis through 1948* (Washington, D.C.: University Press of Washington, D.C., 1956), 109.

<sup>60</sup> Weng Wenhao 翁文灝, “Fazhan Zhongguo gangtie gongye 發展中國鋼鐵工業,” *Shiye zhi you*, 1.1 (1943), 9.

Because the foundations of [our] heavy industry were weak and we lacked weapons made of high-quality iron and steel, [we] had to resist planes and cannons with flesh and blood...From now on, it is urgent to do our best to catch up and to make efforts to develop the iron and steel industry...<sup>61</sup>

The experience of the war thus convinced Nationalist China's officials of the importance of iron and steel industry as a source of national strength.

As shown in Chapter 1, the Nationalist Chinese war economy was similar to that of Manchukuo, although the former was much smaller than the latter. It was thus crucial for Nationalist China to take over industrial enterprises in Manchuria for its post-WWII economic reconstruction. In an article published in 1943, Weng Wenhao criticized "some people in the United States and Europe" for assuming that Manchukuo's industry was to be run by the Japanese even after its territory was returned to China after the war. Weng stressed how important it was for China to seize Manchukuo's enterprises:

The Fushun Colliery in Liaoning can produce 1,500 tons. It is the biggest colliery in the world...Also, the Japanese manage an ironworks by using the iron ore of Anshan, but this has never been approved by us. If such important enterprises could continue to be occupied by Enemy Japan, it would...fundamentally rob China proper of the chance of completing industrialization.<sup>62</sup>

The takeover of the Japanese heavy industrial enterprises in Manchuria was thus a prerequisite in the Nationalist plan for the postwar economic recovery and development. Following Japan's surrender, the Nationalist government proclaimed the Outline for the Procedure of the Takeover of the Northeastern Provinces, and set up the Northeastern Field Command on August 30, 1945. The Field Command consisted of the Political and Economic Committees. In September, Xiong Shihui (熊式輝), a Japanese-educated

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<sup>61</sup> Hu Boyuan 胡博淵, "Gangtie yu guofang gongye 鋼鐵與國防工業," *Jingji jianshe jikan*, 3-1 (1944), 147–151 (Quote from 148 & 150).

<sup>62</sup> Wen Wenhao 翁文灝, "Zhanhou Zhongguo gongyehua wenti 戰後中國工業化問題" in *Ziyuan weiyuanhui gongbao*, 4-4 (1943), 53-56 (citation from 54-55).

Chinese general, was appointed as the chief of the Northeastern Field Command and the chairperson of its Political Committee.<sup>63</sup> The person in command of economic policy was a Japan-educated Chinese banker-statesman, Zhang Gongquan, who appeared at the beginning of this chapter. Upon entering Manchuria in October 1945, they had to begin negotiations for takeover not with the Japanese, but with the Soviet Union. Only after May 1946, when the Soviet troops retreated from Manchuria – with the exception of Dalian – did the Nationalist authorities finally launch their takeover of the region.

### Nationalist-Japanese Hyper-Industrialism in Post-WWII Manchuria

The initial arrangement for Manchuria's industrial reconstruction was made under the leadership of Zhang Gongquan. The very fact that both Zhang and Xiong Shihui had been educated in Japan reveals the nature of their job. To takeover Manchuria's administration and industry, it was crucial to work together with the Japanese who remained in the region. Zhang's Japanese language skills obviously helped him to deal with the Japanese business elite.<sup>64</sup> His principal Japanese associate in Manchuria was Takasaki Tatsunosuke, one of the major figures of the Manchukuo war economy. Takasaki and his men participated in the Nationalist investigation into Manchukuo's industry.<sup>65</sup> Some of

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<sup>63</sup> Yamamoto, "Kokumin seifu tōchi kani okeru tōhok keizai."

<sup>64</sup> His private paper collection now held by Stanford University's Hoover Institution includes numerous Japanese-language documents that Zhang gathered.

<sup>65</sup> Thus, a great portion of the statistics that we have today on Manchurian industry and its destruction by the Soviet troops were created by these Japanese staff who worked under the Nationalist authorities. Dongbei wuzi tiaojie weiyuanhui yanjiuzu, *Dongbei jingji xiaocongshu*, 20 vols. For the making of this series of materials, see Imura Tetsurō 井村哲郎, "Tōhoku keizai shōsōsho 東北經濟小叢書," in Imura (ed.), *1940 nendai no Higashi Ajia*, 241-254.

the documents written by the Nationalist authorities on industry in Manchuria were thus first written in Japanese and then translated into Chinese.<sup>66</sup>

In a Japanese-language report, Takasaki explained to Zhang the significance of Manchuria's heavy industry to China's future. According to Takasaki, what China needed now was the development of heavy industry. For without the development of heavy industry, Chinese economy must continue to import production goods and could not enlarge its overall production facilities. As discussed in the introduction to this chapter, Takasaki drove the reconstruction of Manchuria's industry with a conviction that it was necessary to prepare for the next war that Nationalist China was to fight rather than out of a concern for the improvement of living standards. Perhaps, this should not come as a surprise, given that the improvement of military strength had operated as the ultimate goal of industrialization both in the Japanese Empire and Nationalist China during WWII.<sup>67</sup>

Takasaki argued that the Soviet deindustrialization did not actually reduce the importance of the Manchurian industrial base to China as much as it seemed to have. In Manchuria, the Japanese had already built industrial foundations, by which he meant intellectual and physical infrastructures such as detailed research on resources, study of geography, factory buildings, water and railway transportation, and housing for employees. In the construction of heavy industry, 60-70% of the funding was usually

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<sup>66</sup> For example, “Dongbei zhonggongye zhi jianglai 東北重工業之將來,” September 13, 1947, Academia Historica 國史館 (Taipei), Records of the National Resources Commission 資源委員會檔案, 003-010301-1276; Yamamoto Yoshizō 山本義三 and Watanabe Yasumasa 渡邊安政, translated into Chinese by Zheng Bobin 鄭伯彬, “Ziliao: diwei shiqi Dongbei chanye jianshe gaiguan 資料：敵偽時期東北產業建設概觀,” *Ziyuan weiyuanhui jikan*, 7-1&2 (1947), 286-300.

<sup>67</sup> Takasaki Tasunozuke, “Tōhoku kōgyō kaihatsu no jūyōsei to sono mokuhyō” (no date), Box 2, the Kia-ngau Chang Papers, the Hoover Institution Archives, Stanford University.

spent on these preliminary foundations, while only 30-40% was spent on machines and materials. Thus, it was not a fatal problem that certain machines had been removed by the Soviets: most of the basic foundation remained intact.<sup>68</sup>

Furthermore, toward the restoration and development of heavy industry in Manchuria, Takasaki suggested that the Nationalists make use of Japanese engineers who stayed in the region, comparing it with the employment of German engineers in the Soviet Five-Year plans.<sup>69</sup> To the Nationalists, Takasaki's proposition on the use of Japanese experts was in no way a strange idea. They had done so in other parts of China. In Shanghai, the Nationalist government merged several Japanese textile enterprises into a gigantic China Textile Construction Company after World War II, managed by a former manager of the Toyota textile factory there.<sup>70</sup> Out of fear for a potential resurgence in Japanese influence across China through Japanese technicians, the US government demanded that the Nationalist authorities repatriate the Japanese from China. Although the Nationalist government in the end agreed to retain only 12,000 Japanese in China proper, this limitation was not extended to Taiwan and Manchuria.<sup>71</sup>

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<sup>68</sup> Takasaki Tasunozuke, “Tōhoku kōgyō kaihatsu no jūyōsei to sono mokuhyō” (no date), Box 2, the Kia-ngau Chang Papers, the Hoover Institution Archives, Stanford University.

<sup>69</sup> Takasaki Tasunozuke, “Tōhoku kōgyō kaihatsu no jūyōsei to sono mokuhyō” (no date), Box 2, the Kia-ngau Chang Papers, the Hoover Institution Archives, Stanford University.

<sup>70</sup> Daqing Yang, “Resurrecting the Empire?”; Ō Eirin (Wang Yinglin) 王穎琳, *Chūgoku bōshoku kikai seisōgyō no kiban keisei: gjutsu iten to Nishikawa Akitsugu* 中國紡織機械製造業の基盤形成：技術移轉と西川秋次 (Tokyo: Gakujutsu shuppankai, 2009). For the Nationalist government's policy on foreign trade after the World War II, see Kubo Tōru 久保亨, “Taigai keizai seisaku no rinen to kettei katei 對外經濟政策の理念と決定過程,” in Himeda Mitsuyoshi 姫田光義 (ed.), *Sengo Chūgoku kokumin seifu shi no kenkyū 戰後中國國民政府史的研究* (Tokyo: Chūō daigaku shuppanbu, 2001), 235-261.

<sup>71</sup> Daqing Yang, “Resurrecting the Empire?”; Matsumoto, “*Manshūkoku*” kara shin *Chūgoku e*, 282-283.

In Manchuria, Takasaki played an important role in Nationalist China's recruitment of Japanese experts in industry.<sup>72</sup> According to his memoirs, he persuaded the Japanese experts to continue their work in their original workplaces, by saying:

We are not politicians. We are not soldiers either. We came to Manchuria as business people and developed industry here. But as a result of the end of the war, the Soviet occupying forces removed most of the facilities. It is as if we had our children's limbs removed. We cannot return by abandoning Manchurian industry....This is our responsibility as technicians.<sup>73</sup>

Many of them were persuaded, Takasaki believed. Many Japanese engineers and scientists submitted reports to Zhang Gongquan: topics varied from the founding of an engineering college to the prevention of venereal diseases.<sup>74</sup> In December 1946, as many as 9,654 Japanese technicians were working in the Nationalist-managed enterprises in Manchuria: 1,928 of whom were in Fushun, and 1,517 in Anshan.<sup>75</sup>

Although high-ranking officials like Zhang and Takasaki thought that the Nationalist recruitment of the Japanese was implemented on a voluntary basis, at least some of the Japanese were forced to stay.<sup>76</sup> Anshan is a clear example of how the cooperation between the Nationalists and the Japanese was more difficult and complex on the ground than in the official policy plans. When the Nationalist authorities in Anshan

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<sup>72</sup> Between July 1946 and March 1947, he served as the chairman of the General Communications Office for the Resettlement of the Japanese Expatriates in the Northeast, which the Japanese expatriates established in coordination with the Nationalist authorities. *Man-Mō dōhō engokai*, *Man-Mō shūsen shi*, pp. 296-298.

<sup>73</sup> Takasaki, *Manshū no shūen*, 305.

<sup>74</sup> Chijima Kikuo 千島喜久男, "Kagaku gjutsu shinkō chōsa iinkai setsuritu shian 科學技術振興調査委員會設立私案"; Hashimoto Manji 橋本満次, "Seibyō (karyūbyō) yobō bokumetsu taisaku 性病(花柳病)預防撲滅對策"; Tsukamoto Gento 塚元玄門, "Gijutsu kyōiku 技術教育," Box 1, the Kia-ngau Chang Papers, the Hoover Institution Archives, Stanford University.

<sup>75</sup> Takasaki, *Manshū no shūen*, 305-307.

<sup>76</sup> Rowena Ward argues that some of them certainly did so voluntarily, either for survival, for a sense of responsibility for Japan's aggression of China or for loyalty to their colleagues or superiors. Rowena Ward, "Delaying repatriation: Japanese technicians in early postwar China", *Japan Forum*, 23-4 (2011), 471-483.

called for voluntary applications from Japanese experts there, only a few of them replied positively. According to Japanese memoirs, the Japanese were reluctant to remain in Anshan because they still remembered how cruelly the CCP forces had treated them during the Soviet occupation. Naturally, they remained afraid that the CCP would come back to Anshan. Another reason was that the Nationalist soldiers were also badly disciplined. Faced with the Japanese reluctance for cooperation, the Nationalist authorities made a notification that “*on the condition that* those Japanese technicians who are necessary for the reconstruction of the iron plant remain, it is assured that the rest of the Japanese in Anshan shall be allowed to repatriate safely.”<sup>77</sup> They also demanded that the Japanese former managers select enough Japanese employees for the reconstruction and submit their name lists. Altogether, about 1,600 Japanese led by Director Seo Kiyozō (瀬尾喜代三) were recruited by the Nationalist authorities in Anshan.<sup>78</sup>

Aside from recruiting the Japanese, the Nationalists also sent to Manchuria a vast number of Chinese technological and managerial talents, many of whom had developed their careers in the war with Japan. Shortly after Japan’s surrender, the Nationalists had divided the former occupied areas into seven regions, Manchuria being one of them. In each of these regions, a “special commissioner” from the Ministry of Economy took charge of taking over Japanese and collaborationist factories and a special commissioner’s office was established.<sup>79</sup>

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<sup>77</sup> Italics added.

<sup>78</sup> Manshū Seitetsu Tetsuyūkai, *Tetsuto Anzan no Kaiko*, 78-79.

<sup>79</sup> “Jingjibu, zhanshi shengchan ju ge shoufuqu tepaiyuan bangongchu zuzhi guicheng (經濟部、戰時生產局各收復區特派員辦公處組織規程” (August 1945), *Zhongguo di’er lishi dang’anguan, Zhonghua Minguo shi dangan ziliao huibian* (Nanjing: Jiangsu renmin chubanshe, 1979-), 5-3-4, 486-488.

In Manchuria, the special commissioners' office was dominated by members of the NRC.<sup>80</sup> The special commissioner for Manchuria was Sun Yueqi (孫越崎), one of the highest-ranking officials of the NRC who had managed the Gansu Oilfield during the war.<sup>81</sup> Of the nine high-ranking staff (one deputy commissioner, two secretaries, five division heads, and the chief inspector) of the commissioner's office, five were from the Gansu Oilfield, Sun's power base.<sup>82</sup> But Sun, being one of the NRC leaders, did not physically move to Manchuria. Instead, actual administration of the NRC in Manchuria was directed by Shao Yizhou (邵逸周).<sup>83</sup>

Among the staff of the Special Commissioner's Office in Anshan was engineer Jin Dejun (晉德峻). Jin had been working in a privately-owned coal mine in Sichuan during the war. After the war, he wrote to his former classmate, Tang Zhisu (唐之肅), to ask whether he had a chance to get a job in the North. Tang introduced Jin to Shao Yizhou, and before long, Shao, Jin and Tang, along with dozens of other NRC members, left Chongqing by ship and arrived in Manchuria. Arriving in Anshan in April 1946, they set up the Anshan office of the Northeast Special Commissioner's Office on the second floor of the building of Manchukuo-era tax bureau. At least two members of the staff,

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<sup>80</sup> Soon after the Soviet occupation ended, the Manchurian special commissioners' office, whose headquarters were located in Changchun, began its activities in May 1946. Page 685 of “Jingjibu tongjichu bian jieshou chuli diwei chanye chubu baogao 經濟部統計處編接收處理敵偽產業初步統計報告” (November 1946), Zhongguo di'er lishi dang'anguan, *Zhonghua Minguo shi dangan ziliao huibian*, 5-3-4, 682-706.

<sup>81</sup> “Jingjibu Dongbei tepaiyuan bangongchu zuzhi guicheng 經濟部東北特派員辦公處組織規程,” Archives of the Institute of Modern History 中央研究院近代史研究所檔案館 (Taipei), Records of the National Resources Commission 資源委員會檔案, 18-36-08-003-01.

<sup>82</sup> Sun Yueqi's 孫越崎 letter to Jingjibu 經濟部, Archives of the Institute of Modern History (Taipei), Records of the National Resources Commission, 18-36-08-003-01.

<sup>83</sup> Xie Xueshi 解學詩 and Zhang Keliang 張克良, *Angang shi, 1909-1948 nian* 鞍鋼史, 1909-1948 年 (Beijing: Yezin gongye chubanshe, 1984), 389.

Zhang Xihe (張璽和) and Li Shusen (李樹森), had worked in the Shōwa Steelworks under Manchukuo.<sup>84</sup>

In November 1946, 660 people were working for the Special Commissioner's Office in Manchuria. Among the fifty-two staff working in Anshan, at least ten had been educated in Japan or in Japanese schools in Manchuria, and thirty-two had had experience of working in the wartime Nationalist industry.<sup>85</sup> Since the Special Commissioner's Office was abolished at the end of 1946, the NRC carried out the real work of the takeover.<sup>86</sup> In spite of this organizational change, there was much continuity in personnel because many of the members of the Special Commissioner's Office were also members of the NRC.<sup>87</sup>

On October 1, 1946, the Nationalist government merged the former Japanese factories in Anshan and established the National Resources Commission Anshan Steel and Iron, Ltd (資源委員會鞍山鋼鐵有限公司) (hereafter, NRC-Angang).<sup>88</sup> Besides the Manchuria Iron Works, the Nationalists also took over twenty-two other Japanese enterprises in Anshan, most of which were private steel enterprises, such as Manchuria Ōtani Heavy Industry, Inc., Anshan Steel Material, Inc. and the Anshan factory of

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<sup>84</sup> Jin Dejun 晉德峻, edited by Jiang Yanshi 蒋岩石, "Jieshou Anshan Zhaohe zhigangsu de huiyi 接收鞍山昭和製鋼所的回憶," *Anshan wenshi ziliao xuanji*, Vol. 1, 140-149.

<sup>85</sup> "Jingjibu Dongbei tepaiyuan bangongchu chunei bangong, changkuang jieshou renyuan mingce 經濟部東北特派員辦公處處內辦公、廠礦接收人員名冊" (November 1946), Archives of the Institute of Modern History (Taipei), Records of the National Resources Commission, 18-36-08-003-02.

<sup>86</sup> Xie and Zhang, *An'gang shi*, 390.

<sup>87</sup> For the organization of the NRC-Angang, see Ziyuan weiyuanhui Anshan gangtie youxian gongsi 資源委員會鞍山鋼鐵有限公司, *Ziyuan weiyuanhui Anshan gangtie youxian gongsi gaikuang* 資源委員會鞍山鋼鐵有限公司概況 (Anshan, 1947), 19.

<sup>88</sup> Xie and Zhang, *An'gang shi*, 393. For the organization of the company, see *ibid.*, p. 439.

Manchuria Sumitomo Metal Works.<sup>89</sup> Shao Yizhou served as the general director of NRC-Angang.<sup>90</sup>

The merging of the formerly Japanese enterprises into large-scale Chinese SOEs was a widespread pattern in Manchuria under Nationalist rule. Private entrepreneurs, especially those who had been exiled from Manchuria to China proper after the Japanese occupation of 1931, petitioned the Nationalist Government to be allowed to manage former Manchukuo enterprises. But their voices were seldom heard.<sup>91</sup> By November 1946, the Nationalists had assumed control over 293 factories, enterprises and government offices in Manchuria, 216 of which were put under the NRC's control. In the process of reorganization, the NRC merged these workplaces into only 20 enterprises.<sup>92</sup>

To reconstruct formerly-Japanese enterprises in Manchuria under its control, the NRC sent its best and brightest to the region. Li Songtang (李松堂) was one of the NRC engineers who moved to Manchuria. A decade prior, in 1935, after graduating from the engineering department of Tongji University in Shanghai, Li began working in an arsenal in Nanjing and in August 1936 started his internship in the Central Iron and Steel Works in Hunan. And at the beginning of 1937, Li was sent to Germany for internships in Berlin

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<sup>89</sup> Naikaku sōri daijin kanbō chōsashitsu 内閣總理大臣官房調查室, *Chūkyō tekkōgyō chōsa hōkokusho: kigyō hen* 中共鐵鋼業調查報告書: 企業編 (Tokyo, 1955), 9. This is a detailed report on Communist China's iron and steel industries compiled by the Japanese cabinet office. It is based on the interviews with numerous Japanese engineers who worked in these enterprises under the Communists. Among all the enterprises covered, the Anshan industry occupies the biggest space (about 200 page). Also see Xie and Zhang, *An'gang shi*, p.390

<sup>90</sup> Xie and Zhang, *An'gang shi*, 1909-1948 nian, 389.

<sup>91</sup> For example, see Xue Mingjiu's 薛鳴九 petition to the Ministry of Economy 經濟部 (October 16, 1945); Wang Yunlong's 汪雲龍 petition to the Ministry of Economy (October 27, 1945), Archives of the Institute of Modern History (Taipei), Records of the National Resources Commission, 18-36-08-002-02.

<sup>92</sup> Jingjibu dongbeiqu tepaiyuan bangongchu 經濟部東北區特派員辦公處, “Diwei shiye jieshou chuli baogao 敵偽事業接收處理報告” (November 1946), Academia Historica (Taipei), Records of the National Resources Commission, 003-010700-0103.

University and Krupp factories. However, Li's fate was dramatically changed by the outbreak of the Second Sino-Japanese War. After two years of training in Germany, Li returned to the Nationalist-controlled area and worked first in the Dadukou Steel and Iron Company and then in the Chongqing No. 24 Arsenal, both of which were under the direction of the NRC. After the end of World War II, Li moved to Anshan in August 1946 to work there. When NRC-Angang was established, Li was appointed as one of its vice-directors. Several of his fellow Chinese interns in Germany also found a post in NRC-Angang, such as Jin Shuliang (靳樹梁), Shao Xianghua (邵象華) and Wang Zhier (王之璽).<sup>93</sup>

Anshan and other ex-Japanese industrial enterprises in Manchuria were transformed into Nationalist China's major SOEs, packed with both Chinese and Japanese staff who had worked in the opposing camps during WWII. These enterprises would realize Zhang's and Takasaki's collaborative vision of transforming Japan's former colonial heavy industry into Nationalist China's heavy industry base serving the Nationalist wars.

### **Reconstructing Industrial Manchuria**

In cooperation with the Japanese staff who stayed on, the Nationalist managers and engineers surveyed the damage on the Anshan industry during the Soviet occupation. While the damage was indeed serious, Anshan's industrial plants were still highly valuable to China then. A Japanese report addressed to Zhang Gongquan claimed that

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<sup>93</sup> Li Songtang 李松堂, "Congshi gangtie gongye sishinian de huiyi 從事鋼鐵工業四十年的回憶," in *Anshan wenshi ziliao xuanji*, Vol. 3, (Anshan, 1984), 114-119.

NRC-Angang still “has the only full-scale steelmaking equipment in the whole China.”<sup>94</sup>

The NRC in Anshan also wrote that NRC-Angang still had the best equipment for iron and steel industry in China. According to them, “although much work had to be done before the steel industry in Anshan could resume its full activity, nowhere else in this country could such a complete series of existing steelworks equipments [sic] be found.”<sup>95</sup>

As Takasaki suggested to Zhang Gongquan, the Nationalists ought to reconstruct Manchuria’s iron and steel industry by repairing and reusing the existing facilities, rather than build new ones. A Nationalist report on Manchuria’s industry suggests that:

The production facilities of iron and steel in the Northeast may be rated as perfect... places like Anshan and Benxihu already have appropriate basic facilities. Therefore, the best option is to make use of the existing facilities and to reconstruct it. When it comes to the equipment in want, we can make up for it by using the heavy industry facilities that Japan is going to give as reparations.

Based on this idea, the Nationalist authorities in Manchuria drew up the four reconstruction plans of the iron and steel industry in the region.<sup>96</sup>

In December 1946, the NRC in Anshan crafted a reconstruction plan of NRC-Angang for the year of 1947, possibly with the help of Japanese experts. The plan included monthly reconstruction and production plans for each factory of the Anshan industrial complex, and also listed machinery which was to be removed from specific industrial plants in Japan: for example, NRC-Angang should receive one turbo generator, four steam boilers, and three turbo blowers from the Yahata Iron Works in Japan. The

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<sup>94</sup> “Tohoku jūkōgyō, kagaku kōgyōō oyobi denryoku jigyō kizoku no ken 東北重工業, 化學工業及電力事業歸屬ノ件” (no date), Box 2, the Kia-ngau Chang Papers, the Hoover Institution Archives, Stanford University.

<sup>95</sup> “Production Survey of Iron and Steel Products in North East China,” December 1946, Box 1, the Kia-ngau Chang Papers, the Hoover Institution Archives, Stanford University.

<sup>96</sup> Dongbei wuzi tiaojie weiyuanhui yanjiuzu, *Dongbei jingji xiaocongshu*, vol.9, 102-112 (citation from p. 102).

plan also listed the items for the NRC's purchasing agent to buy, such as conveyer belts and motors, all with specific instruction on the sizes and types of the items.<sup>97</sup>

Nationalist reconstruction was, however, less than satisfactory and short-lived. Due to the on-going Chinese Civil War, Anshan could not build up a distribution network with other parts of Manchuria, which was necessary for obtaining industrial materials. According to the Japanese memoirs, the communication between Anshan and the provincial capital, Fengtian, was disturbed by the CCP soldiers, which made it even dangerous even to work in the nearby iron mine. The quality of the coal sent from the Fushun Colliery was too low to use effectively in steel industry, and soon even the low-quality coal was cut off. Furthermore, the destruction of the railway network in Manchuria also served as a fatal blow. Given the difficulty in reconstructing industry and the intensity of the civil war, the Nationalists in Anshan prioritized preparation for the CCP attack over industrial reconstruction. As a result, the Japanese experts, together with the local Chinese, were forced to perform manual labor digging trenches and building watchtowers.<sup>98</sup> The situation was similar in other parts of Manchuria.<sup>99</sup>

Another problem that obstructed reconstruction work was the ethnic tension between the Japanese and the Chinese in the workplace. Japanese experts in Anshan later claimed that the Nationalist authorities had treated them poorly. Violating their original promise, the Nationalist authorities in Anshan paid the Japanese much less than they paid their Chinese colleagues. In addition, "it was especially unpleasant that some staff openly treated the Japanese as prisoners of war and intentionally expressed humiliating

<sup>97</sup> "Ziyuan weiyuanhui Anshan gangtie youxian gongsi Minguo sanshiliu niandu xiufu gongcheng jihu 資源委員會鞍山鋼鐵有限公司民國三十六年度修復工程計劃," December 29, 1946, Box 1, the Kia-ngau Chang Papers, the Hoover Institution Archives, Stanford University.

<sup>98</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 83-84.

<sup>99</sup> Takasaki, *Manshū no shūen*, 330-331.

words.”<sup>100</sup> The Nationalist authorities did little to sooth the Sino-Japanese ethnic tension in the workplace. In this regard, the CCP authorities eventually did better, as we will see in the next chapter.

Feeling humiliated and unable to make use of their expertise, the Japanese experts began to long for an opportunity to leave Anshan and return home, continually requesting the Nationalist authorities for repatriation.<sup>101</sup> Meanwhile, upon the request from Japan, the US government expressed to the Nationalist government its hope that those Japanese who wished to leave would be repatriated.<sup>102</sup> As a result, most of the Japanese experts left China between June and September 1947, and after this round of repatriation, only 1,361 Japanese experts and their families remained in the Nationalist-controlled part of Manchuria.<sup>103</sup>

On top of the intensity of the Civil War and the difficulties among Japanese and Chinese colleagues, Nationalist China also failed to obtain war reparations from Japan. The Nationalists originally planned to take industrial facilities from Japan as reparations and make use of them for the reconstruction of Manchuria’s industry. Thus, in October 1947, the Nationalist authorities sent Takasaki Tatsunosuke to Japan as their representative on the reparations issue. Takasaki visited Japan and began negotiating with

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<sup>100</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 84-85 (quote from 85).

<sup>101</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 85-86. It was not only in Anshan that the Nationalists failed to make use of the expertise of the Japanese who stayed on the *liuyong* policy. At the same time, a similar situation was happening in Fushun Colliery as well. Yamazaki Motomiki (山崎元幹), ex-chairman of Mantetsu and then adviser to the Economic Committee of the Northeast Field Marshal, claimed that about half of the four thousands Japanese who were on *liuyong* engaged in simple manual labor. He then asked the GMD authorities to permit these Japanese to go back, given that their work could be done by Chinese workers. Yamazaki Motomiki, “Bujun mōtan shucchō hōkokusho 撫順煤炭出張報告書,” September 6, 1946, Box 2, the Kia-ngau Chang Papers, the Hoover Institution Archives, Stanford University.

<sup>102</sup> Matsumoto, “Manshūkoku” kara shin Chūgoku e, 283.

<sup>103</sup> Takasaki, *Manshū no shūen*, 331. There were other Japanese experts who were employed in the Communist-controlled areas and the Soviet-controlled Dalian.

the US occupation authorities in Tokyo.<sup>104</sup> But before industrial facilities could be transferred to China, the US occupation policy changed. In the face of the beginning of the Cold War, the US came to regard Japan as a potential major ally against Communism in Asia. Within this new context, the US did not allow Nationalist China to obtain these industrial facilities from Japan. But soon after, the geopolitical situation would radically shift again, as the CCP occupied Manchuria and then all of China during Takasaki's visit to Japan as Nationalist China's representative. As a result, Takasaki ended up returning home for good.<sup>105</sup>

### **Manchuria in Post-WWII Nationalist Chinese State Capitalism**

Overall, the story of Nationalist reconstruction of Anshan, and whole industrial Manchuria, is a mixed one. To be sure, the Nationalist reconstruction did not work as well as Zhang and Takasaki had planned. But reconstruction nevertheless did make some progress. By December 1946, the Anshan plant had already started production of small bars, sheets, wire rope, iron and steel castings and forgings.<sup>106</sup>

Because of the inflow of its managerial and technological personnel to Manchuria, the NRC, which had previously been based in the inland region around Chongqing, moved its regional focus to Manchuria. In all the enterprises under the NRC control in December 1947, 37% of the entire employees (82,158 out of 223,775), 29% of the engineers (3,931 of 13,343) and 24% of the managers (4,756 out of 19,574) were working in Manchuria. With 19,913 employees including 383 engineers and 660 managers, NRC-Angang was the fourth biggest of all the NRC enterprises in terms of the

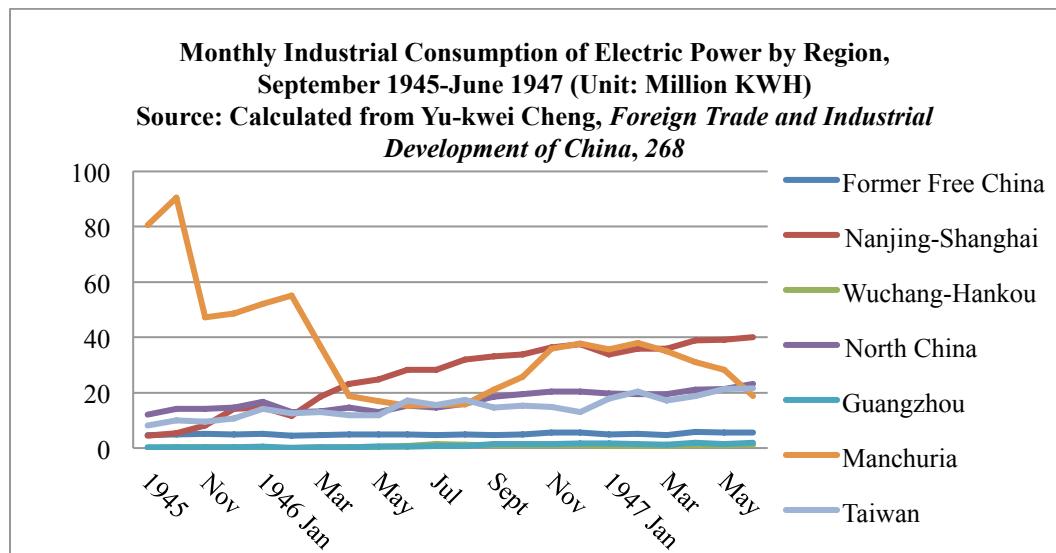
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<sup>104</sup> Japan was under the US occupation since the end of WWII until September 1951.

<sup>105</sup> Takasaki, *Manshū no shūen*, 332-336.

<sup>106</sup> "Production Survey of Iron and Steel Products in North East China," December 1946, Box 1, the Kia-ngau Chang Papers, the Hoover Institution Archives, Stanford University.

number of employees.<sup>107</sup> The regional consumption of industrial electric power also serves as an index of this shift in regional focus is.



In the month of Japan's surrender, Manchuria consumed 79% of industrial electrical power in China (excluding Taiwan). Soviet de-industrialization led to a dramatic decline in Manchuria's industrial electric consumption, to almost one-sixth of the time of Japan's surrender. But even at its lowest, Manchuria was consuming more than half of the then-richest Nanjing-Shanghai region, roughly the same as North China and Taiwan. Once Manchuria's electricity consumption quickly recovered, it surpassed the Shanghai-Nanjing region as China's largest consumer of industrial electricity in late 1946 and early 1947. Meanwhile, the amount of consumption in former Free China was constantly marginal, compared to Manchuria and the other formerly Japan-occupied regions.

The Nationalist takeover of Manchuria integrated the region, which had previously been a part of Japan's wartime imperial economy, into China's national

<sup>107</sup> Calculated from “Ziyuan weiyuanhui fuyuan yilai gongzuo shuyao 資源委員會復員以來工作要” (January 1948), Zhongguo di’er lishi dang’anguan, *Zhonghua Minguo shi dangan ziliaohuibian*, 5-3-3, 52-63.

economy. During Manchukuo, Manchuria's heavy industry bought and sold items to Japanese military and industry in Manchuria, Japan, and other parts of the Japanese wartime empire. Japan's surrender and Nationalist China's takeover changed this pattern and connected Manchuria's heavy industry with other parts of Chinese economy, especially with Shanghai's consumer industry. During the Nationalist rule of Manchuria, most of the iron and steel goods produced by NRC-Angang was distributed through the NRC Steel Committee's Shanghai office.

However, the sales of NRC-Angang goods in Shanghai was not without problems. First, the ongoing civil war made the distribution route unsafe and halted major engineering projects such as a bridge construction on the Yellow River, which would have consumed a great amount of steel. Second, NRC-Angang goods cost more than imported steel goods from Germany and the former Japanese- and puppet-owned items that found their ways to the market.<sup>108</sup>

The Nationalist state between 1946 and 1948 therefore significantly changed China's regional economic focus by integrating Manchuria's industry into the national economy. Manchuria, which had been controlled by the Japanese enemies, now emerged as the new heavy-industry center of Nationalist China. The change was not only in economy, but also in society. With this, we now turn to how Nationalist economic policy reshaped Manchuria's urban landscape.

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<sup>108</sup> In Shanghai, the market prices of first-rate pig iron and second-rate pig iron were respectively 3.8 million yuan (*fabi*) per ton and 3 million yuan per ton, while the same items from NRC-Angang cost 4 million and 3.4 million. “Zai kunanzhong zhengzha de, Ziweihui Anshan gangtie gongsi, mingnian chanliang da shishi'er wan dun 在苦難中掙扎的，資委會鞍山鋼鐵公司，明年產量達四十二萬噸,” Jingji tongxun, October 6, 1947.

## Nationalizing Urban Manchuria

Under the new Nationalist rulers, the city of Anshan, like other Manchurian urban centers, went through a major demographic and social change. For Manchuria, the arrival of the Nationalist forces spelled the end of the period of foreign occupation—fourteen years under the Japanese and half a year under the Soviets.<sup>109</sup> The change was especially profound in Anshan, which had been planned and built from scratch by the Japanese from the 1910s, as shown in Chapter 1. With its segregated residential districts for the Chinese and the Japanese, Anshan's physical landscape represented the ethnic and social hierarchy under Japanese colonialism in a highly visible way.

Although the Nationalists in Anshan recruited Japanese experts for industrial reconstruction as shown in previous section, they kept their word that the rest of the Japanese would be repatriated. On May 19, 1946, an Anshan City Branch of the Administration Office of Japanese Expatriates and Prisoners was set up for the purpose of repatriation. Their work was delayed due to the temporary CCP seizure of Anshan from 19-30 May. The repatriation of the Japanese took place between July 10 and September 6, and 61,012 Japanese, including about 1,500 soldiers, left Anshan for Japan. Given that the Japanese population of Anshan at the end of World War II was around 64,000, about nine-tenths of the Japanese in Anshan left in the fall of 1946.<sup>110</sup> Speedy repatriation of the Japanese also went on in the other parts of the Nationalist-controlled Manchuria.<sup>111</sup>

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<sup>109</sup> A major exception was Dalian, which was under the Soviet occupation until the mid-1950s.

<sup>110</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 80-82.

<sup>111</sup> According to the Nationalist provincial government's report, there were originally 516,788 Japanese residing in Liaoning Province, where Anshan was located. Of them, 481,672 were repatriated by the end of the 1946 fiscal year. By the end of June 1947, 495,216 had been repatriated, and there were only 21,688 Japanese remaining in the province. Liaoning sheng zhengfu mishuchu 遼寧省政府秘書處, “Liaoning sheng zhengfu gongzuo baogao 遼寧省政府工作報告” (August, 1947, Shenyang), pp. 222-225, KMT Party Archives (Taipei), yiban 一般 553/91.3.

Many of the Japanese who remained in Anshan under the Nationalist rule were engineers, but some others were doctors, nurses, and teachers who educated the Japanese engineers' children. Furthermore, the families to whom these Japanese belonged also remained. In total, about 6,500 Japanese lived in Anshan during the period of the Nationalist control.<sup>112</sup> As the CCP's victory in the Civil War's Manchurian theatre became more and more inevitable, the Nationalists began repatriating remaining Japanese experts and their family. After the repatriation in the autumn of 1947, approximately one hundred Japanese experts and their family remained in Anshan.<sup>113</sup>

After establishing their rule in Anshan and other major Manchurian cities, the Nationalist regime attempted to organize the local Chinese population in a way similar to their wartime mobilization in the Chongqing region, obviously for the purpose of its ongoing civil war with the CCP. The Nationalist authorities in Manchuria organized Popular Self-defence Force under each level of local government. In Anshan, the force had 3,608 members in mid-1947.<sup>114</sup>

In day-to-day governance, the Nationalist authorities largely relied upon the institutional infrastructure from the Manchukuo period. However, education was the field in which the Nationalists tried to change the most. Under Manchukuo, education for Chinese children had been specialized for training low-status workers and thus shorter than for Japanese children. The Nationalist authorities attempted to introduce longer and more comprehensive education. But they had to continue employing Chinese teachers

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<sup>112</sup> Manshū Seitetsu Tetsuyūkai, *Tetsuto Anzan no kaiko*, 79.

<sup>113</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 85-86 & 89.

<sup>114</sup> Liaoning sheng zhengfu mishuchu, “Liaoning sheng zhengfu gongzuo baogao” (August, 1947, Shenyang), pp. 39-40, KMT Party Archives (Taipei), yiban 553/91.3.

from the Manchukuo period, although they required the latter to take training sessions.<sup>115</sup>

The police were another example of continuity between the Manchukuo period and the Nationalist period. In Liaoning Province, the Nationalists decided to employ former soldiers of the Manchukuo Army as police officers,<sup>116</sup> and they also made use of the Manchukuo-era land registration records.<sup>117</sup>

At the same time as the Japanese repatriation, the Nationalists also brought a new Chinese population to Anshan, mainly government officials, soldiers, and engineers as well as their family members. A journal article by a middle school teacher who came to Anshan with the Nationalist forces gives us some impressions of the Anshan society seen through the eyes of the Chinese newcomer from the other parts of the country. The anonymous author, shortly after graduating from the National Southwestern Associated University, found a job at a middle school in Anshan, teaching the children of Angang's employees.<sup>118</sup>

The urban infrastructure of Anshan was impressive to this young man, who had spent years in the underdeveloped Free China. This raised an ambivalent emotion in him, given that the city's infrastructures had been constructed by the Japanese occupiers:

Anshan went through 14 years of the Japanese occupation. No matter how much people's hearts ached, how much thoughts were oppressed, its urban construction can certainly be called the Pittsburg of the East. The west of the railroad is a commercial district. Towering buildings are arranged closely with each other like fish scales. The scenery of sparse willows and locusts is like a picture. The east of the railroad is a former Japanese residential district. This vast area is occupied

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<sup>115</sup> Liaoning sheng zhengfu mishuchu, “Liaoning sheng zhengfu gongzuo baogao” (Augist, 1947, Shenyang), pp. 93-95, KMT Party Archives (Taipei), yiban 553/91.3.

<sup>116</sup> Liaoning sheng zhengfu mishuchu, “Liaoning sheng zhengfu gongzuo baogao” (Augist, 1947, Shenyang), p. 173, KMT Party Archives (Taipei), yiban 553/91.3.

<sup>117</sup> Liaoning sheng zhengfu mishuchu, “Liaoning sheng zhengfu gongzuo baogao” (Augist, 1947, Shenyang), p. 232, KMT Party Archives (Taipei), yiban 553/91.3.

<sup>118</sup> “Dongbei tongxun: women zai Anshan 東北通訊：我們在鞍山,” *Zhou lun*, vol. 1.21 (1948), 8-9.

only by the City Government XX Middle School and the dormitories of Angang. Around the scattered buildings, trees serve as a foil, making the place look particularly quiet and harmonious.

The author came to Anshan with six other new teachers, and they were all “extraordinarily happy (*zhenshi xichu wangwai*)” to move to this new place.<sup>119</sup> The gap in industrial development between Manchukuo and Free China represented itself not only in production of steel or coal, but also in urban infrastructure.

What disappointed this young man, however, was the corruption in his workplace. The school’s administration was controlled by a group of more senior-ranked individuals. They had also studied at the Southwestern Associated University but had been sent to work as interpreters in India and Myanmar during the war before graduation. This group monopolized the school’s important posts such as principal and vice-principal. According to the journal article, these same people who controlled the school “concentrated on dinner fetes with distinguished officials of Shenyang City and did not care much about education of the students and welfare of the teachers.” The author of this article and his fellow teachers complained, which put them in tension with the leaders of the school.<sup>120</sup>

## A Farewell to Chongqing

Manchuria was the place where two hyper-industrialist regimes met and merged. During the War of Resistance with Japan, Nationalist China constructed a hyper-industrialist system that aimed at state-led development of heavy industry, in a way similar to Manchukuo but at a much smaller scale. Even after the victory over the Japanese, the Nationalists’ war was essentially still continuing, but now with the Chinese Communists. As a result, integrating Manchuria’s Japanese industry became an urgent task for the

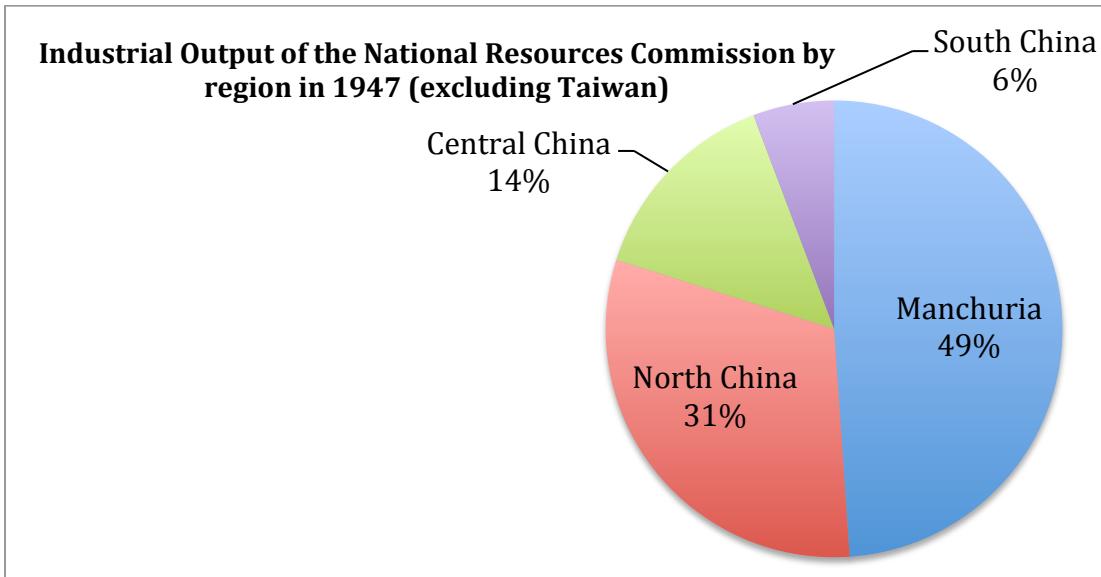
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<sup>119</sup> “Dongbei tongxun: women zai Anshan,” *Zhoulun*, vol. 1.21 (1948), 8–9.

<sup>120</sup>

Nationalists. And although its goal was obstructed by Soviet occupation and the civil war with the CCP, the Nationalist effort to reconstruct industrial Manchuria still restored the region's industrial capacity to a significant and valuable degree. The Nationalists also re-integrated the region into China economically, as well as providing the region with talents from the Chongqing region. The Nationalists also changed the city's landscape by repatriating a majority of the Japanese from Manchuria, although it more or less maintained the urban administrative system of Manchukuo.

The impact of the Nationalist reconstruction of industrial Manchuria becomes further apparent when we place it within the context of China's national political economy, not just within the history of the region. Even though Nationalist Manchuria never restored the level of industrial production under Manchukuo, it was still large enough to become the new industrial center of Nationalist China's industrial economy, especially its state sector. The entire industrial output of the NRC enterprises in 1947 was 52,442 *yuan*. Of this, Manchuria produced 20,342 *yuan*, North China 12,890 *yuan*, Taiwan 10,847 *yuan*, Central China 5,973 *yuan*, and South China 2,389 *yuan*. This means that former Japanese factories produced 49% of the industrial output of the NRC in 1947 in the regions that were to be a part of the PRC.



Importantly, the supremacy of Manchuria was clearer in some sectors than in others.<sup>121</sup>

Percentage of Manchuria in the Major Industrial Outputs under the National Resources Commission in 1947 (%)			
Source: calculated from <i>Zhonghua Minguo shi dangan ziliaozhuan bian</i> , 5-3-3, 65.			
Power	36.1	Electronics	29.6
Coal	68.3	Chemicals	11.2
Oil	12.9	Sugar	0
Metal mining	7.5	Cement	29.4
Iron and Steel	64.8	Paper	11
Machine	62.9		

Manchuria produced more than half of the NRC's coal, iron and steel, and machine industries. It produced about 30% in the power, electronics, and cement. That said, it produced only about 10% of chemicals and paper, and it produced no sugar, either.

<sup>121</sup> “Ziyuan weiyuanhui fuyuan yilai gongzuo shuyao” (January 1948), Zhongguo di'er lishi dang'anguan, *Zhonghua Minguo shi dangan ziliaozhuan bian*, 5-3-3, 65.

One important consequence of the Nationalist government's Manchuria-centered economic reconstruction policy was the rapid and painful decline of industry in the former Free China around Chongqing. Many of the Nationalist wartime SOEs were privatized, given to the local government, or simply stopped operations at the end of the war, so that the NRC could focus its human and financial resources on Manchuria and the other recovered territories.<sup>122</sup> The sudden disappearance of the government demands for industrial goods also put private industries into hardship. In the steel industry, for example, all the wartime-Nationalist factories stopped operations—with the exception of the Dadukou steelworks, which was producing military materials.<sup>123</sup> Private business owners in former Free China's steel industry petitioned for the government relief policy, saying:

During the War of Resistance [against Japan]..., the government ordered our business to increase production as much as possible. But the officially fixed price was lower than the cost, and it was barely adjusted. Thus, many ran business on a loss, and relied on loans to order items and continue operation...Now that the victory has arrived, the government has decreased purchase and cut the price for 10%...Factories have no other choice than stopping production (many have already stopped). But how should they disband the workers? How should they make arrangement for the technicians who have shared joy and sorrow? If we can't do anything about it, it will definitely bring bad consequences.<sup>124</sup>

As they predicted, the economic downturn inevitably led to a massive amount of layoffs, making the government concerned that jobless workers would cause social unrest in the

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<sup>122</sup> “Ziyuan weiyuanhui fuyuan yilai gongzuo shuyao” (January 1948), Zhongguo di'er lishi dang'anguan, *Zhonghua Minguo shi dangan ziliaoj huibian*, 5-3-3, 69-71.

<sup>123</sup> “Ziyuan weiyuanhui fuyuan yilai gongzuo shuyao” (January 1948), Zhongguo di'er lishi dang'anguan, *Zhonghua Minguo shi dangan ziliaoj huibian*, 5-3-3, 36.

<sup>124</sup> “Hu Yuang deng chenshu gangtieye zhuangkuang xiwang zhengfu nachu banfa jiuji de yijianshu 胡予昂等陳述鋼鐵業狀況希望政府拿出辦法救濟的意見書,” (September 1945), Zhongguo di'er lishi dang'anguan, *Zhonghua Minguo shi dangan ziliaoj huibian*, 5-3-3, 512.

Chongqing area.<sup>125</sup> Newspapers and periodicals at that time often published stories about former Free China's enterprises suffering from their motherland's victory that they had been struggling so hard for.<sup>126</sup>

The Nationalists' neglect toward the Chongqing region is proof of a major shift in the geographical focus of the Nationalist war economy after 1946. By reintegrating the legacy of Manchukuo's developmental policy into China's national economy, Nationalist reconstruction policy in Manchuria changed the economic geography not only of Manchuria but of nearly all of China. The China that the Communists took from the Nationalists in the Civil War was therefore a country whose industrial center was in Manchuria.

In Anshan, about 100 Japanese experts and their family members remained under Nationalist rule after the major repatriation of Japanese in the autumn of 1947. On the morning of 28 February 1947, the CCP force occupied Anshan, and captured the remaining Japanese.<sup>127</sup> In the following chapter, we turn to this bizarre story of the Chinese Communists and their relationship with the Japanese, Nationalists, and Soviets in Anshan and Manchuria.

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<sup>125</sup> “Shehuibu laodongju zhaoji youguan buhui shangtao Chongqing qu minying gongchang beicai gongren yisong wenti de huiyi jilu 社會部勞動局召集有關部會商討重慶區民營工廠被裁工人遣送問題的會議記錄,” (January 9-15, 1946), Zhongguo di'er lishi dang'anguan, *Zhonghua Minguo shi dangan ziliaozhuan*, 5-3-3, 538-542.

<sup>126</sup> For example, Yu Mingyu 余名钰, “Zhanhou Zhongguo gongyehua wenti 戰後中國工業化問題,” *Xinan shiye tongxun*, 12.1/2 (1945), 1-3.

<sup>127</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 85-86, 89.

# Chapter 3

## Red China's Ruhr: Soviet and Non-Soviet Foundations of Socialist Industrialization, 1948-1957

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In May 1952, as Chinese and American soldiers engaged in a fierce battle in the Korean War (1950-1953), *Time* magazine published an article titled “North of the Great Wall.” The article opened with a discussion of “a stolid, square-faced Communist” named Gao Gang, “one of the most powerful men in Asia.” Gao’s status stemmed from his power-base in “one of the richest areas in Asia—Manchuria.” In the two and a half years following the founding of the People’s Republic of China (PRC, 1949-present), Manchuria had become “Red China’s breadbasket, industrial heart and political bellwether.” And when it came to war, Manchuria also served as the arsenal, supply depot, and staging area for Chinese forces in Korea. According to the article, this productive and strategic value of Manchuria found its roots primarily in a particularly important area, a small triangle formed by Shenyang, Anshan, and Fushun, which the article brands as “Red China’s Ruhr” after the major industrial area of Germany.<sup>1</sup>

Industrial Manchuria was also a forerunner in China’s adoption of the Soviet technology. As the *Time* article made clear, “Manchuria has the Russians.” The region was “the marriage couch of Soviet and Chinese Communism.” By 1952, thousands of Soviets scattered through cities and factories as technical advisers. Blissfully unaware of the connotation that George Orwell gave the phrase, the Chinese Communist Party (CCP)

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<sup>1</sup> “North of the Great Wall,” *Time*, 59-20 (May 19, 1952), 42-43.

propagandists called the Soviet Union their “Soviet Big Brother (*Sulian laodage*),” from whom the Chinese should learn all the things modern, ranging from popular songs to missiles.<sup>2</sup>

Industrial Manchuria was especially important for the early PRC because of its central role in “socialist industrialization (*shehui zhuyi gongyehua*),” a Soviet-modeled development strategy that provided a model antithetical to capitalist industrialization, which was centered around private enterprises in consumer industry. A loan word from the Soviet Union,<sup>3</sup> socialist industrialization meant a development strategy through heavy industry and the state-owned enterprises (SOEs). According to a 1954 *People’s Daily* essay, developing heavy industry, especially such sectors as steel, coal, power, and oil, was “the central link for industrialization of a nation,” which would enable China to strengthen its national defence, produce tools and fertilizers for agriculture, and manufacture equipment for consumer industry. Moreover, socialist industrialization required developing SOEs, whose ownership was more “socialist” than private businesses.<sup>4</sup> In the early PRC, Manchuria was by far the largest center of heavy industry in China, and heavy industry in the region was managed in the form of SOEs, as exemplified by Angang.

As opposed to the PRC’s characteristic silence over industrial Manchuria’s Japanese colonial origins, the *Time* article stated clearly: “[u]nder Japanese occupation (1931-45) it [the Shenyang-Anshan-Fushun triangle] became perhaps the greatest

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<sup>2</sup> “North of the Great Wall,” *Time*, 59-20 (May 19, 1952), 42–43.

<sup>3</sup> This term (социалистическая индустриализация) was widely used under Stalin.

<sup>4</sup> Wang Sihua 王思華 “Guanyu guojia de shehuizhuyi gongyehua de jige wenti 關於國家的社會主義工業化的幾個問題,” *Renmin ribao* 人民日報, no. 2067 (March 15, 1954), 3.

industrial complex Asia had ever known.”<sup>5</sup> What even the author of the *Time* article was not aware was that the Chinese Communists were then widely deploying Japanese in industrial bases in China, especially in Manchuria. As Matsumoto Toshirō and Amy King have shown, during the Chinese Civil War (1945-1949) and the first years of the PRC, the CCP employed more than 10,000 Japanese, most of whom had come to Manchuria during the Japanese occupation but had not yet been repatriated after WWII.<sup>6</sup> In factories, mines, hospitals, film studios, and military units, these Japanese worked for the CCP’s project of building socialism in China.

This chapter draws from Japanese and Russian archives and interviews, and Chinese memoirs and company histories, to narrate Angang’s reconstruction and expansion under the CCP between 1948 and 1957. In particular, I disclose how exactly the early PRC’s industrialization strategy built upon pre-existing physical assets, human resources, and political-economic institutions in Manchuria developed under the Japanese empire (1905-1945) and China’s Nationalist government (1946-1948), thereby dispelling the myth of the early PRC’s socialist industrialization constructed purely out of the

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<sup>5</sup> “North of the Great Wall,” *Time*, 59-20 (May 19, 1952), 42–43.

<sup>6</sup> Matsumoto Toshirō (松本俊郎), “*Manshūkoku* e: Anzan tekkōgyō kara mita Chūgoku Tōhoku no saihen katei, 1940-1954 「滿洲國」から新中國へ：鞍山鐵鋼業からみた中國東北の再編過程・1940-1954 (Nagoya: Nagoya daigaku shuppankai, 2000); Amy King, *China-Japan Relations after World War Two: Empire, Industry and War, 1949-1971* (Cambridge: Cambridge University Press, 2016), 58-65. Matsumoto’s research is based on, among other sources, the interviews that he conducted with the Japanese engineers who had worked for the CCP reconstruction of Angang. Most of these engineers have passed away by today (interview with Matsumoto in Okayama, Japan, February 21, 2016). Meanwhile, King’s research is based on the Chinese documents that she found in the PRC Foreign Ministry Archives in Beijing. Unfortunately, these archives have closed down after she did her research there, but Professor King kindly shared with me the notes she took in the archives. I wholeheartedly appreciate her generous help. For Nationalist China’s employment of Japanese soldiers after WWII, see Barak Kushner, *Men to Devils, Devils to Men: Japanese War Crimes and Chinese Justice* (Cambridge, Massachusetts: Harvard University Press, 2015), 104-107, 185-209.

Soviet model.<sup>7</sup> The history of Angang in the early years of the CCP rule reveals that Manchuria became the center of the PRC's Stalin-style industrial economy *because of* the persisting influence of the two previous anti-Communist regimes of the Japanese and the Nationalists—not in spite of it. The Soviet economic and technological cooperation in the 1950s was highly important, but it built upon the existing foundations that had been inherited from the Japanese and Nationalist regimes.

Such continuous development of industrial Manchuria under different regimes demonstrates that there were in fact considerable commonalities between Soviet and Chinese state socialism and Japanese and Nationalist state capitalisms in spite of political oppositions. The central ideological thread that runs through each of these regimes is what I refer to as “hyper-industrialism”: the strong aspiration to state-led industrialization through the bureaucratic ordering of economy and society, mainly for the military buildup. My findings support similar efforts to dispute the conventional assumption of radical discontinuity across 1949 by historians such as William Kirby and Morris Bian, who highlight important continuities between the early PRC and China’s Nationalist government.<sup>8</sup> However, while they limit their respective studies to the Nationalist

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<sup>7</sup> This reductionist view was shared, either implicitly or explicitly, by many works on Maoist China by social scientists during or shortly after Mao’s lifetime. For example, see Carl Riskin, *China’s Political Economy: The Quest for Development since 1949* (Oxford: Oxford University Press, 1987), 38-52.

<sup>8</sup> William C. Kirby, “Continuity and Change in Modern China: Economic Planning on the Mainland and on Taiwan, 1943-1958,” *The Australian Journal of Chinese Affairs* 24 (1990), 121–41; Morris L. Bian, *The Making of the State Enterprise System in Modern China: The Dynamics of Institutional Change* (Cambridge, MA: Harvard University Press, 2005); Bian, “Explaining the Dynamics of Change: Transformation and Evolution of China’s Public Economy through War, Revolution, and Peace, 1928-2008,” in Barry Naughton and Kellee S Tsai (eds.) *State Capitalism, Institutional Adaptation, and the Chinese Miracle* (Cambridge: Cambridge University Press, 2015), 201-222.

government, I wish to broaden their approach by incorporating the Japanese industrial inheritance in Manchuria, as well.

Finally, this chapter also provides insight into the on-going debate on the socialist regimes' engagement with the global economy, which some scholars call "red globalization,"<sup>9</sup> through examining how the Soviet aid projects worked in China at the ground level. As Lorenz Luthi put it, the Soviet aid program to China in the 1950s was "the largest foreign development venture in the socialist camp ever,"<sup>10</sup> even though the PRC later became a rival of the USSR as both nations searched for influences among other Asian and African societies through provision of economic aid in the 1960s.<sup>11</sup> Much of the existing scholarship on the Sino-Soviet partnership in the 1950s focused on diplomacy and statecraft.<sup>12</sup> My enterprise-level analysis allows me to move beyond the diplomatic-history framework of the Sino-Soviet relations and thus enables a microscopic study of how the Soviet technological aid overseas actually worked.<sup>13</sup>

In what follows, I begin by showing that Manchuria became the largest center of heavy industry in the early PRC due to the productivity of Angang and other former

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<sup>9</sup> Oscar Sanchez-Sibony, *Red Globalization: The Political Economy of the Soviet Cold War from Stalin to Khrushchev* (Cambridge: Cambridge University Press, 2014).

<sup>10</sup> Lorenz M. Luthi, *The Sino-Soviet Split: Cold War in the Communist World* (Princeton: Princeton University Press, 2008), 39.

<sup>11</sup> Jeremy Friedman, *Shadow Cold War: The Sino-Soviet Competition for the Third World* (Chapel Hill: The University of North Carolina Press, 2015).

<sup>12</sup> For example, William C. Kirby, "China's Internationalization in the Early People's Republic: Dreams of a Socialist World Economy," *The China Quarterly*, 188-01 (2006), 870-890; Luthi, *The Sino-Soviet Split*; Luthi, "Sino-Soviet Relations during the Mao Years, 1949-1969," *China Learns from the Soviet Union, 1949-Present*, edited by Thomas P. Bernstein and Hua-Yu Li (Lexington Books, 2010), 27-59; Zhihua Shen and Yafeng Xia, *Mao and the Sino-Soviet Partnership, 1945-1959: A New History* (Lanham: Lexington Books, 2015).

<sup>13</sup> I build on recent work on the Soviet experts in the PRC: Deborah A. Kaple, "Soviet Advisors in China in the 1950s," in Odd Arne Westad (ed.), *Brothers in Arms: The Rise and Fall of the Sino-Soviet Alliance, 1945-1963* (Stanford: Stanford University Press, 1998), 117-140; Shen Zhihua 沈志華, *Sulian zhuanjia zai Zhongguo, 1948-1960* 蘇聯專家在中國 (1948-1960) (Beijing: Xinhua chubanshe, 2009); Deborah Kaple, "Agents of Change: Soviet Advisers and High Stalinist Management in China, 1949-1960," *Journal of Cold War Studies*, 18.1 (2016), 5-30.

Japanese enterprises. Next, I explore how, in reconstructing Angang and other major enterprises in Manchuria, the CCP benefited from Japanese and Chinese engineers, managers, and skilled workers who had gained experience under the Japanese and Nationalist regimes. Despite their importance, the very fact that the CCP had to rely on the human resources and technology from the previous regimes, particularly the Japanese ones, threatened the CCP's political legitimacy—vividly shown in the ways the CCP treated the Japanese well but separately from the local Chinese community. I then proceed to explore the Sino-Soviet economic cooperation during the PRC First Five-Year Plan through both national and local perspectives.

### **War, Industrial Reconstruction, and Economic Planning**

The Second Sino-Japanese War (1937-1945) forced the CCP to move away from the tradition of rural revolution and towards the direction of hyper-industrialism. During the war, Mao Zedong indicted China's lack of modern industry as the culprit of its backwardness and therefore helplessness at the hands of foreign aggression: “Japanese imperialism bullies China in this way because China does not have strong industry. They bully us because of our backwardness [*luohou*].”<sup>14</sup> A prolonged and difficult war with Japan, China's more industrialized neighbor, thus convinced Mao of the importance of industry as the ultimate source of national strength.

When it came to heavy industry, the most important region was Manchuria, which had developed into China's largest heavy industry region under the Japanese occupation.

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<sup>14</sup> Mao Zedong 毛澤東, “Mao Zedong tongzhi haozhao fazhan gongye dadao Rikou m 毛澤東同志號召發展工業打到日寇”(May 22, 1944), Takeuchi Minoru (ed.), *Mō Takutō shū* (second edition), 10 vols. (Tokyo: Sōsō sha, 1983) vol. 9, 98.

Two months before the end of the Sino-Japanese War, Mao stressed the importance of Manchurian industry for the future Communist Revolution:

The Northeast [Manchuria] is very important...even if we lose all the current liberated areas, the foundations for the Chinese revolution would be firm as long as we keep the Northeast.....For now, our foundations are not firm. Why they are not firm? Because the economy of our current liberated areas is still handicraft economy, and there is no large-scale industry, nor heavy industry...<sup>15</sup>

During the subsequent Civil War, the CCP's experience in Manchuria proved to be absolutely pivotal to the party's transformation from rural guerrilla forces into a bureaucratic organization committed to heavy industrialization.<sup>16</sup>

The CCP authority in Manchuria during the Civil War was led by Gao Gang, a Shaanxi man with peasant background and without much education. After joining the CCP in 1926, Gao had first distinguished himself as a cadre in his native province of Shaanxi. After 1945, he was sent to Manchuria, and there consolidated his superior position among his colleagues by 1947. Earning the trust of Chairman Mao, Gao came to dominate Manchuria almost as an autonomous region, thus earning the nickname of "the King of the Northeast (*dongbei wang*)."<sup>17</sup>

Between 1946 and 1948, the Nationalists controlled much of southern Manchuria, where Anshan and other major industrial sites were located. However, the CCP gradually expanded its influence, and by late 1948, effectively controlled most of Manchuria after successive military campaigns against the Nationalists. As territorial conquest in southern

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<sup>15</sup> Mao Zedong 毛澤東, "Guanyu diqijie houbu zhongyang weiyuan xuanju wenti 關於第七屆候補中央委員選舉問題" (June 10, 1945), in Zhonggong zhongyang wenxian yanjiushi (ed.), *Mao Zedong wenji*, 8 vols. (Beijing: Renmin chubanshe, 1993-1999) vol. 3, 426.

<sup>16</sup> Past scholarship has stressed Manchuria's strategic position and agricultural output during the Chinese Civil War. See Steven I. Levine, *Anvil of Victory: The Communist Revolution in Manchuria, 1945-1948* (New York: Columbia University Press, 1987), 175-196.

<sup>17</sup> Frederick C. Teiwes, *Politics at Mao's Court: Gao Gang and Party Factionalism in the Early 1950s* (Armonk, N.Y.: M.E. Sharpe, 1990).

Manchuria progressed, the CCP forces occupied the city of Anshan on February 19, 1948, and then endured eight harsh months of war before decisively recapturing Anshan on October 31.<sup>18</sup> In capturing southern Manchuria in 1948, the CCP inherited former-Japanese industrial enterprises that had already been reorganized as large-scale SOEs by the Nationalists, as discussed in Chapter 2.

Faced with the radically new task of managing large heavy industry enterprises like Angang, the CCP Manchurian regional authority developed a new centralized planning bureaucracy. The CCP controlled these former Nationalist SOEs, most of which originally had been Japanese enterprises, through ten units under the Northeastern Ministry of Industry. These units included eight industrial bureaus, such the General Bureau of Coal Mining and the Bureau of Machinery, each of which commanded enterprises in one field of industry. The iron and steel industry, however, was managed separately by two large SOEs with Japanese origins – Angang and the Benxihu Coal and Iron Company – because of its size and importance.<sup>19</sup>

Moreover, the CCP's bureaucratic reorganization in Manchuria occurred alongside institutional innovations necessary for the Soviet-style bureaucratic planning of industrial economy. To mobilize economic resources for the on-going civil war with the Nationalists, the CCP also experimented with new economic-planning institutions in Manchuria. In September 1947, the CCP authorities in northern Manchuria composed an

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<sup>18</sup> Angang shizhi bangongshi 鞍鋼史誌辦公室, “Angang gongren jieji wei huifu gangtie shengchan zuochu de zhongda gongxian 鞍鋼工人階級為恢復鋼鐵生產做出的重大貢獻,” in Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui bangongshi, *Anshan shuguang: Anshan diqu jiefang zhazheng shiqi dangshi ziliao huibian* (Anshan: Zhonggong Anshan shiwei dangshi bangongshi, 1992), 70-72.

<sup>19</sup> Dongbei gongyebu 東北工業部, “Dongbei gongye gaikuang 東北工業概況” (February 22, 1944), in Dongbei jiefangqu caizheng jingji shi bianxiezuet al (eds.), *Dongbei jiefang qu caizheng jingji shi ziliao xuanbian*, vol. 2, 118-132.

“Outline of the Plan for Economic Construction of 1948.”<sup>20</sup> This marked the first economic plan for the industrial economy created by the CCP, even though this plan only stipulated an outline of industrial construction.<sup>21</sup> In July 1948, they established the Northeastern Financial and Economic Commission (NFEC) with Chen Yun (陳雲) as its director and Li Fuchun (李富春), Ye Jizhuang (葉季壯), and Zhang Wentian (張聞天) as vice-directors.<sup>22</sup> In September 1948, Chen Yun called for a fuller introduction of an economic planning system, modeled after the Soviet Union, in the region.<sup>23</sup> Meanwhile, the NFEC completed the fiscal unification of Manchuria.<sup>24</sup> As the primary bureaucratic organ responsible for economic planning in Manchuria, the CCP regional authorities set up within the NFEC the Northeastern Economic Planning Committee with Chen Yun as its chief in January 1949.<sup>25</sup>

The CCP retrieved the basic information necessary for this model by contacting the Soviet consulate-general in Harbin to request that the Soviets provide materials and

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<sup>20</sup> Zhu Jianhua 朱建華 (ed.), *Dongbei jiefangqu caizheng jingjishi gao* 東北解放區財政經濟史稿 (Ha'erbin, Heilongjiang renmin chubanshe, 1987) 42.

<sup>21</sup> Dongbei gongyebu 東北工業部, “1948nian Dongbei xingzheng weiyuanhui gongye suoshu guoying gongye shengchan jianshe de jiben zongjie 1948 年東北行政委員會工業部所屬國營工業生產建設的基本總結” (April 20, 1949), in *Dongbei jiefangqu caizheng jingji shi bianxiezu*, Liaoning sheng dang'anguan, Jilin sheng dang'an guan and Heilongjiang sheng dang'an guan (eds.), *Dongbei jiefang qu caizheng jingji shi ziliaoxuanbian*, 4 vols. (Ha'erbin: Heilongjiang renmin chubanshe, 1988), vol. 2, 144.

<sup>22</sup> At the same time, they also established the Northeastern Ministry of Finance with Ye Jizhuang as its director. Zhu Jianhua (ed.). *Dongbei jiefangqu caizheng jingji shi gao*, 494.

<sup>23</sup> Chen Yun 陳雲, “Xuexi zouxiang jihua shengchan 學習走向計劃生產” (September 1, 1948), in Zhonggong zhongyang wenxian yanjiushi (ed.), *Chen Yun wenji*, 3vols. (Beijing: Zhongyang wenxian chubanshe, 2005), vol. 1, 633-634.

<sup>24</sup> Zhu Jianhua (ed.). *Dongbei jiefangqu caizheng jingji shi gao*, 434-435.

<sup>25</sup> “Dongbeiju, Dongbei xingzheng weiyuanhui guanyu chengli Dongbei jingji jihua weiyuanhui jigeji jihua jiguan de jueding 東北局、東北行政委員會關於成立東北經濟計劃委員會及各級計劃機關的決定” (January 18, 1949), *Dongbei jiefangqu caizheng jingji shi bianxiezu* et al (eds.), *Dongbei jiefang qu caizheng jingji shi ziliaoxuanbian*, vol. 1, 109-110; “Dongbei gongye suoshu guanyu jianli geji jihua jiguan de zhishi 東北工業部關於建立各級計劃機關的指示” (January 12, 1949), *ibid*, vol. 2, 104-106.

books on their five-year plans.<sup>26</sup> A few months later, in December 1948, Chen Yun further escalated the level of assistance needed and asked the Soviet Union to send five or six experts on planning for assistance in Manchuria.<sup>27</sup>

The primary motivator at the heart of these bureaucratic rearrangements and institutional renovations was the CCP leaders' hyper-industrialist conviction that centralized economic planning functioned as the most effective method of modern industrial management. In a speech presented before CCP cadres in Manchuria in October 1948, Chen Yun stressed the absolute necessity and value of top-down economic planning. According to Chen, a severe lack of cogent, centralized planning for the entire Manchurian region held back the entire industrial sector at that time: "The most serious question regarding industry today is that of planning. For now, we may have plans in workplaces at the bottom, but there is no plan at the top. If there only exist partial plans and no unified plan, and if there only exist plans at the bottom and no plan at the top, then plans in individual workplaces will all end up in failure." To him, decentralized management at the hands of localities, which constituted the CCP's traditional strategy in the countryside, was wholly inappropriate for the management of Manchuria's modern, complicated industrial enterprises now under CCP control. Chen believed that the solution lay in the firm command of top-down economic planning covering all the quarters of industry: "It is unreasonable for individual units to take control. In terms of planning, there must be plans for the entire economy. Now we need industrial and agricultural production plans, fiscal plans, trade plans, transportation plans, and financial

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<sup>26</sup> V. Zorin to A. D. Panov (September 20, 1948), Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-41-277-48.

<sup>27</sup> Memorandum by N. Fedorenko for A. Gromyko (December 22, 1948) in Andrei Ledovskii et al (eds.), *Russko-kitaiskie otnosheniya v XX veke: materialy i dokumenty* (Moscow: Pamyatniki istoricheskoi mysli, 2000-), V-1, 491-492.

plans.”<sup>28</sup> In the minds of Chen and other CCP cadres of Manchuria, the future of China rested in the development of a centralized planning bureaucracy designed to seamlessly control all aspects of economy at all the levels.

Under the leadership of men like Chen and Gao, the CCP’s Manchurian regional authority carried on the reconstruction of the damaged industrial enterprises at an impressive pace. By April 1949, they reopened 234 out of the 323 mines and factories (72.5%), and 58 (18%) were under reconstruction.<sup>29</sup>

The on-going civil war made the reconstruction of Manchuria’s industry all the more urgent. CCP leaders informed the Soviets of their intention to transform the region into a “crucible of national defensive capacity,” which could produce automobiles, planes, tanks, and weapons.<sup>30</sup> In November of 1947, the CCP Northeastern Bureau decided to expand production of military-related items in Manchuria, motivated by the conviction that Manchuria “has industrial foundations and better conditions for the construction of military-industry production facilities.”<sup>31</sup> In 1949 alone, factories of the CCP military forces in Manchuria produced 2,295,862 shells, 116,519 grenades, 21,770,000 bullets, 20 mountain guns, and more.<sup>32</sup>

While Angang in particular did not specialize in military industry, a part of its output channelled into military supplies for the CCP forces. According to the memoirs of

<sup>28</sup> Chen Yun, “Dongbei caijing wenti 東北財經問題” (October 8 & 11, 1948), *Chen Yun wenji*, vol. 1, 645-646.

<sup>29</sup> Dongbei caijing weiyuanhui 東北財經委員會, “Chang kuang kaigong zhuangkuang tongji zongbiao 廠礦開工狀況統計總表” (April 1949), *Dongbei jiefangqu caizheng jingji shi bianxiezuet al* (eds.), *Dongbei jiefang qu caizheng jingji shi ziliao xuanbian*, vol. 2, 162-163.

<sup>30</sup> Record of conversation between A. I. Mikoyan, Ren Bishi and Zhu De (February 2, 1949), Ledovskii et al. (ed.), *Russko-kitaiskie otnosheniya v XX veke*, V-2, 55.

<sup>31</sup> “Dongbei ju guanyu jungong shengchan de jueding 東北局關於軍工生產的決定” (November 1, 1947), *Dongbei jiefangqu caizheng jingji shi bianxiezuet al* (eds.), *Dongbei jiefang qu caizheng jingji shi ziliao xuanbian*, vol. 2, 38.

<sup>32</sup> Zhu Jianhua (ed.). *Dongbei jiefangqu caizheng jingji shi gao*, 70.

a CCP cadre in Anshan, Angang produced 3,000 shells between February and October 1948.<sup>33</sup> Between December 1948 and September 1949, Angang's first sheet-metal factory produced 333,918 military spades under the slogan of "Conquer Nanjing [the capital of the Nationalist government], liberate the whole China!"<sup>34</sup>

Fuelled by industrial products, manpower, and grains from Manchuria, the CCP forces successfully defeated the Nationalists in China proper.<sup>35</sup> On October 1, 1949, Chairman Mao proclaimed the founding of the People's Republic of China from atop Tian'anmen. The unquestioned priority of industrial reconstruction of Manchuria in Mao's hyper-industrialist vision also rings clearly in the records of his meeting with the Soviet minister of foreign trade, Anastas Mikoyan, at around this time: "industry occupies 10% of the entire economy of China, with the exception of Manchuria, where [industry] occupies 53%."<sup>36</sup>

In the early PRC, economic-planning institutions in Manchuria – largely dominated by Chen Yun, Gao Gang, and other cadres – set an example for the entire nation. Chen Yun set up in Beijing the Financial and Economic Commission in May 1949. The Commission had a number of bureaus under its control, including the Central Planning Board, which later evolved into the State Planning Commission (SPC). The first

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<sup>33</sup> Wang Qun 王群, "Huiyi Angang 'qi jiu' kaigong 回憶鞍鋼 '七·九'開工," in Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui bangongshi, *Anshan shuguang*, 274-283 (especially 278).

<sup>34</sup> Long Chunman 龍春滿 (ed.), *Angang yejin jungong shi* 鞍鋼冶金軍工史 (Beijing, Xinhua chubanshe, 1990), 7.

<sup>35</sup> Foreseeing that the end of the Civil War was soon to decrease the demand for military-related items, in July 1949, Manchurian regional authority decided to convert a part of military industry into non-military industry enterprises, in accordance with the policy of the CCP central authority. "Dongbeiju guanyu jungong shengchan de jueding 東北局關於軍工生產的決定" (July 11, 1949), Dongbei jiefangqu caizheng jingji shi bianxiezuet al (eds.), *Dongbei jiefang qu caizheng jingji shi ziliaoxuanbian*, vol. 2, 191-192.

<sup>36</sup> "Zapis' besedy A. I. Mikoiana s Mao Tsze-dunom po voprosam vnutrennei politiki KPK" (February 5, 1949), Ledovskii et al. (ed.), *Russko-kitaiskie otnosheniya v XX veke*, V-2, 72-78.

director of the SPC was the leader of Manchuria: Gao.<sup>37</sup> In November 1952, seven of the seventeen members of the SPC had experience in Manchuria.<sup>38</sup>

Moreover, Manchuria's convenient geographic location led to its function as an important channel for the CCP's foreign trade with the Soviet Union as well as North Korea during the Civil War and the early PRC. Through Manchuria, the CCP exported grains, meat, eggs, and other products. 64% of the CCP's imports were military-related goods, and 8% was on the items related for railways and industry.<sup>39</sup> The CCP also engaged in trade with Hong Kong through Manchuria to purchase items that the Soviet Union could not provide.<sup>40</sup> Answering Gao's request, the Soviet government decided in March 1949 to provide a credit of one million *roubles* to the CCP's Manchurian regional authority meant to be refunded by Manchurian grains.<sup>41</sup>

Manchuria's connection with the Soviet Union was also an important factor in the rapid reconstruction of the region's industry. The CCP's Manchurian regional authority during the Civil War and the early PRC regularly sought out the Soviet Union's assistance in repairing factories and mines in the region. In October 1948, Gao

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<sup>37</sup> Bian, "Explaining the Dynamic of Change," 211.

<sup>38</sup> Kokubun Ryōsei 國分良成, *Gendai Chūgoku no seiji to kanryōsei* 現代中國の政治と官僚制 (Tokyo: Keiō gijuku daigaku shuppankai, 2004), 31-36, 69-75.

<sup>39</sup> "Zapis' besedy A. I. Mikoiana s chlenami politbiuro TsK KPK Zhen' Bishi i Chzhu De po voprosam ekonomiki" (February 2, 1949), in Ledovskii et al. (ed.), *Russko-kitaiskie otnosheniya v XX veke*, V-2, 52-56.

<sup>40</sup> "Shifrtelegramma predstavitelia TsK VPK(b) pri TsK KPK N.V. Kovaleva ministru inostrannykh del SSSR V. M. Molotovu s izlozhaniem voprosov, postavlennykh pered nim chlenom Politbiuro TsK KPK Chen' Iunem o torgovykh operatsiakh s Gonkongom i o vozmozhnosti vvedeniia edinogo denezhnogo znaka v Severo-Vostochnykh provintsiakh Kitaia, vkluchaia Dal'nii" (March 13, 1949), Ledovskii et al. (ed.), *Russko-kitaiskie otnosheniya v XX veke*, V-2, 104. These items included rubber products, electrodes, penicillin, streptomycin, and tanning and artificial leather.

<sup>41</sup> "Rasporiazhenie Soveta Ministrov SSSR po voprosu o razreshenii ministerstvu finansov SSSR vydelen' demokraticeskim vlastiam Man'chzhurii 1 mln. rublei na raskhody predstaviteliam kитаиским демократическим организациям, проездом в СССР" (March 30, 1949), Ledovskii et al. (ed.), *Russko-kitaiskie otnosheniya v XX veke*, V-2, 109.

telegraphed Stalin, asking him to export cotton to Manchuria such that they could restore the region's textile industry.<sup>42</sup> In December 1949, Gao sent another telegram to the Soviet Union to request the export of equipment and materials necessary for the industrial reconstruction of Manchuria and, more specifically, for the restoration of Angang.<sup>43</sup> The CCP authority in Manchuria also asked the Soviet Union to provide Angang with electricity from the power station in Dalian, a Manchurian port city that was still under Soviet occupation.<sup>44</sup>

Sino-Soviet economic cooperation in Manchuria during the Civil War laid the foundations for the continuation of Sino-Soviet joint economic projects in the early PRC. In February 1950, the Soviet Union and the PRC concluded the Sino-Soviet Treaty of Friendship and Alliance and the Sino-Soviet Agreement on the Provision of Loans to the PRC. Based on this loan agreement, they reached an agreement on Soviet technological aid toward the reconstruction of Angang and contracts for designs. To handle the design of Angang factories, thirty-five (later increased to forty-two) Soviet experts arrived in Angang on July 1950, and the Soviets managed to complete a 120-volume "Preliminary Design" for Angang by October.<sup>45</sup>

Aside from Soviet economic cooperation, the other crucial factor to Manchuria's status as the early PRC's heavy industry center was the physical assets inherited from the

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<sup>42</sup> Gao Gang's telegram to Stalin (copy) (October 16, 1948), Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-41-277-48, p.11.

<sup>43</sup> Gao Gang's telegram (Russian translation) (December 13, 1949), Rossiiskii Gosudarstvennyi Arkhiv Sotsial'no-Politicheskoi Istorii (Moscow), A. I. Mikoyan papers, 84-1-44, pp. 83-84.

<sup>44</sup> Memorandum from B. Poldtserov to V. N. Merkulov (January 7, 1950), Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-43-307-65, 2; Memorandum from the Ministry of Foreign Affairs to Stalin (January 25, 1950), Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-43-307-65, 6.

<sup>45</sup> Angang shizhi bianzuan weiyuanhui 鞍鋼史誌編纂委員會, *Angang zhi, 1916-1985* 鞍鋼誌, 1916-1985 (Beijing: Renmin chubanshe, 1991-1994), vol. 1, 116.

Japanese period. Indeed, until 1952, the focus of industrial reconstruction in Manchuria had been the restoration of the factories left untouched by Soviet “deindustrialization” (removal of industrial equipment from the region) in the autumn of 1945 (Chapter 2), rather than the construction of new factories.<sup>46</sup> For example, in Angang’s iron-making section, the Soviet army in 1945 had destroyed six (Nos. 3, 5, 6, 7, 8, 9) out of the nine blast furnaces built by the Japanese. To make matters worse, the CCP military units had destroyed Blast Furnace No. 1 and a part of No. 2 when they retreated in May 1946. The Nationalists had repaired Blast Furnace No. 2 between July and December 1947. After taking Anshan, the CCP began repairing Blast Furnace No. 2 at the beginning of 1949 and began operating it in June. They also finished repairing Blast Furnace No. 1 by September 1949 and No. 4 by January 1950. From 1950 on, the CCP began to fully operate the three remaining blast furnaces unscathed by the Soviets in 1945.<sup>47</sup> Meanwhile, the reconstruction of those factories that had been major targets of Soviet deindustrialization in 1945 had to be postponed until fuller technological cooperation with the Soviet Union was initiated in 1952.<sup>48</sup>

The policymakers of the early PRC were well aware that Manchuria’s status as the nation’s heavy-industry center arose from the legacies of the region’s industrialization under Japanese occupation. According to a 1950 internal report by the PRC government, “most of our industry is concentrated in the Northeast [Manchuria] and Shanghai. The former is a heavy-industry region, and the latter is a light-industry region.” Such an

<sup>46</sup> Even if these factories had also been damaged by CCP forces and by the looting of locals during the Civil War, their condition was still considerably better than that of factories that had been utterly destroyed during Soviet deindustrialization.

<sup>47</sup> Naikaku sōri daijin kanbō chōsashitsu, *Chūkyō tekkōgyō chōsa hōkokusho*, 39.

<sup>48</sup> The reconstruction efforts went on in steel-making, and the CCP repaired six open-hearth furnaces in No. 1 steel-making factory by 1950. Naikaku sōri daijin kanbō chōsashitsu, *Chūkyō tekkōgyō chōsa hōkokusho*, 54.

unbalanced regional allocation owed itself to “the influence of imperialism. For instance, industry in the Northeast is a leftover from construction during occupation by Japanese imperialism; much of the industry in Shanghai relies upon raw materials from imperialism.”<sup>49</sup> The plain, undisputed fact that Manchuria’s status as Communist China’s industrial center largely relied upon the legacy of industrialization under the Japanese empire had been common knowledge among CCP leaders—though hidden from the public.

All these efforts went on in spite of the fact that the CCP did not possess cadres with knowledge of and background in industry before conquering Manchuria. Initially, CCP cadres were primarily labor movement organizers, experts of rural land reform, and fighters of guerrilla warfare, but certainly not factory managers or industrial engineers. Recollections by the CCP cadres who took over Anshan in 1948 reveal how intimidated they felt at the prospect of managing the gigantic steel plants before them. Liu Kegang (劉克剛, 1912-?), originally from Liaoning Province, joined the CCP in 1938, and worked for the Party’s newspaper, the military forces, financial bureau in central China, and then became a Party secretary in some rural counties. He went back to Manchuria in 1945, to serve as the Party secretary in some small cities.<sup>50</sup> When he took up a post in Angang in December 1948, he had had little experience in working in industry. Liu later recalled:

Back then, most of our cadres entered the city from the countryside. We did not know how to manage the city and did not have knowledge about industry.

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<sup>49</sup> Kang Yan 康岩, “Gongye quwei de peizhi wenti 工業區位的配置問題” (September 1950), *Zhonghua renmin gongheguo guojia jingji maoyi weiyuanhui, Zhongguo gongye wushinian* (Beijing: Zhongguo jingji chubanshe, 2000), Pt. 1, Vol. 1, 1821-1824 (quote from 1823 & 1824).

<sup>50</sup> Anshan shi difangzhi bianzuan weiyuanhui 鞍山市地方誌編纂委員會, *Anshan shi zhi: renwu juan* 鞍山市誌: 人物卷 (Baishan chubanshe, 1999), 303.

Looking at such a large steel and iron industrial complex [Angang], everyone thought it was gigantic, complicated, novel, cumbersome and desolate.<sup>51</sup>

Yang Chunmao (楊春茂, 1914–2009), a CCP cadre from Shaanxi who became the secretary of the CCP Anshan City Committee in 1949,<sup>52</sup> similarly recalled:

Before the liberation of Anshan, I was just like many comrades—we had not been to Anshan, but we all knew that the largest iron and steel factory of our country was in Anshan.....Although we had no experience in managing industry, we knew that iron and steel were necessary for warfare and that iron and steel were also necessary for many of the national construction projects in the future...<sup>53</sup>

Anshan's colossal industrial complex therefore generated both hope and anxiety for the new cadres: hope because of its potential as a major driving force of China's industrial developments; anxiety because of the enigma of how its plants worked. To fill in the gaps in their knowledge and expertise, the CCP cadres in Manchuria turned to their former enemies: the Japanese and the Chinese who had been associated with the Nationalist government.

### **From Enemies to Comrades—The Japanese and the Nationalists Engineers in Communist Manchuria**

As for the former Nationalist-affiliated managers in Manchuria, the CCP Northeastern Department resolved in late 1948 that “even if these managers have problems in thought and behavior, their skills and knowledge of management are needed for economic

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<sup>51</sup> Liu Kegang 劉克剛, “Yipian xiangxin zai Anshan 一片鄉心在鞍山,” in Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui bangongshi, *Anshan shuguang*, 261-264 (quote from 261). For Liu's profile, see Anshan shi difangzhi bianzuan weiyuanhui, *Anshan shi zhi: renwu juan*, 303.

<sup>52</sup> For Yang's profile, see Anshan shi difangzhi bianzuan weiyuanhui, *Anshan shi zhi: renwu juan*, 312.

<sup>53</sup> Yang Chunmao 楊春茂, “Angang huifu shiqi de ririyeye 鞍鋼恢復時期的日日夜夜,” in Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui bangongshi, *Anshan shuguang*, 220-230 (quote from 220-221).

construction and people's enterprises.”<sup>54</sup> The CCP's use of the Nationalist human resources in Manchuria set a precedent for the subsequent CCP “liberation” of other regions. All over China, the CCP recruited a variety of experts who had worked for the Nationalists, including economic bureaucrats, private entrepreneurs, and police officers.<sup>55</sup>

What distinguished the CCP takeover of Manchuria from that of the other parts of China was the CCP's recruitment of a large number of Japanese experts who remained in the region. As discussed in Chapter 2, the Nationalists recruited Japanese engineers remaining in Manchuria for reconstruction of the region's industrial enterprises after World War II. Thus, many Japanese experts continued to work at the very same workplaces as in Manchukuo.<sup>56</sup> Even though the Nationalists allowed a majority of the Japanese to repatriate in late 1947 and early 1948, many of them still remained.<sup>57</sup> Moreover, there were some Japanese who had been recruited by the CCP shortly after the end of World War II in northern Manchuria.

When the CCP conquered the entirety of Manchuria in 1948, they were fully aware of the significance of the remaining Japanese engineers for their goal of industrial reconstruction in the region.<sup>58</sup> In order to deal with the issues related to the Japanese who

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<sup>54</sup> “Dongbeiqu guanyu qiye zhong zhiyuan wenti de jueding 東北局關於企業中職員問題的決定” (August 1, 1948), Dongbei jiefangqu caizheng jingji shi bianxiezu et al (eds.), *Dongbei jiefangqu caizheng jingjishi ziliaoxuanbian*, vol. 2, 63-69 (quote from 67).

<sup>55</sup> Kirby, “Continuity and Change in Modern China”; Sherman Cochran, “Capitalist Choosing Communist China: The Liu Family of Shanghai, 1948-56,” in Jeremy Brown and Paul Pickowicz (eds.), *Dilemmas of Victory: the Early Years of the People's Republic of China* (Cambridge, Mass: Harvard University Press, 2007), 359–385; Frederic E. Wakeman, “‘Clean-up’: The New Order in Shanghai,” in *Dilemmas of Victory*, 21–58.

<sup>56</sup> Takasaki Tatsunosuke 高崎達之助, *Manshū no shūen* 滿洲の終焉 (Tokyo: Jitsugyō no Nihonsha, 1953), 305-307.

<sup>57</sup> Takasaki, *Manshū no shūen*, 331.

<sup>58</sup> Chao Zhuohua 趙濯華, “NanMan gongye shicha baogao 南滿工業視察報告” (June 18, 1948), Dongbei jiefangqu caizheng jingji shi bianxiezu et al (eds.), *Dongbei jiefang qu caizheng jingji shi ziliaoxuanbian*, vol. 2, 56-62 (quote from 59).

remained in Manchuria, the CCP created a Committee for the Management of Japanese in October 1948.<sup>59</sup> In a report in 1949, the Committee admitted: "...today our economic construction of the Northeast still partly requires the help of Japanese technicians."<sup>60</sup> In October 1950, the Committee estimated the number of Japanese nationals in Manchuria at 20,575. Of these, 14,026 worked for various enterprises and government offices.<sup>61</sup> Among them were roughly 2,500 Japanese technicians and 4,800 skilled workers in Manchuria,<sup>62</sup> which is by no means a small number given that the number of Soviet experts working in China in the peak year of 1956 is estimated to be about 4,000.<sup>63</sup>

Upon occupying Anshan in February 1948, the CCP forces captured 104 Japanese engineers, about thirty Nationalist engineers, and six Nationalist managers.<sup>64</sup> The CCP

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<sup>59</sup> It was later renamed to the Committee for the Management of Japanese in the Northeast (*Dongbei Ribenren guanli weiyuanhui*). "Dui Dongbei Riben gongren gongzuo zongjie baogao 對東北日本工人工作總結報告" (August 11, 1949), PRC Foreign Ministry Archives 中華人民共和國外交部檔案館 (Beijing), 105-00224-02 (1), p. 10, note taken by Amy King; Report by the Committee for the Management of Japanese in the Northeast, June 15, 1950, PRC Foreign Ministry Archives, 118-00086-01 (1), note taken by Amy King.

<sup>60</sup> "Dui Dongbei Riben gongren gongzuo zongjie baogao 對東北日本工人工作總結報告" (August 11, 1949), PRC Foreign Ministry Archives 中華人民共和國外交部檔案館 (Beijing), 105-00224-02 (1), pp. 3-4, note taken by Amy King.

<sup>61</sup> "Dongbei Ribenren qingkuang he chuli yijian 東北日本人情況和處理意見" (October 15, 1950), PRC Foreign Ministry Archives, 118-00118-02 (1), p. 5, note taken by Amy King. Meanwhile, a report by Japan's foreign ministry estimated that about 37,000 Japanese were staying in Manchuria in November 1951 (a report by Japan Ministry of Foreign Affairs, November 5, 1951, Diplomatic Archives of the Ministry of Foreign Affairs of Japan 外務省外交史料館 (Tokyo), Post-WWII record 戰後期外務省記錄, K.7.1.2.2-3-1). It seems that the Japanese Foreign Ministry's estimates included the number of the Japanese people employed by the CCP military forces, not just in the civilian sector.

<sup>62</sup> According to the committee's categorization, 12% of the Japanese in Manchuria were "technicians," 23% were "skilled workers," 23% were "ordinary [unskilled] workers," 4% were "office workers," and the remaining 38% were "family members." "Dui Dongbei Riben gongren gongzuo zongjie baogao 對東北日本工人工作總結報告" (August 11, 1949), PRC Foreign Ministry Archives, 105-00224-02 (1), p. 20, note taken by Amy King.

<sup>63</sup> Shen, *Sulian zhuanjia zai Zhongguo, 1948-1960*, 144.

<sup>64</sup> Chai Shufan 柴樹藩, "Jieshou Anshan de jingguo 接收鞍山的經過," (draft telegram at the end of April 1948), in Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui bangongshi, *Anshan shuguang*, 358-359.

cadres made every effort to woo the Japanese and Nationalist experts. In a telegram to their superiors in April 1948, the CCP cadres in command of Anshan wrote that they “do not regard them [Japanese and Nationalist technicians] as prisoners of war.”<sup>65</sup> The cadres in Anshan, as elsewhere, sought the assistance of Nationalist expertise. On February 27, 1948, Liu Yunhe (劉雲鶴), a CCP cadre who later became the mayor of Anshan, held a banquet for the six Nationalist managers of Angang and asked them to continue to work for the reconstruction of the enterprise.<sup>66</sup> According to one of the Nationalist managers, during the banquet, Liu went so far as to apologize for the damages incurred by the military campaigns during the Civil War.<sup>67</sup>

According to the handwritten memoirs of the Japanese engineer Shimazaki Kazuhiko (島崎和彦), three days after their occupation of Anshan, the CCP forces summoned several Japanese managers and engineers, including Shimazaki. The Japanese worried that the CCP might execute them; instead, to their surprise, the CCP cadre who received them politely requested their assistance in the reconstruction of the steel enterprise, and gave them rice, vegetables, and military notes.<sup>68</sup>

In order to protect them from the on-going Civil War, the CCP first brought the Japanese and former-Nationalist experts to its base in Andong (now Dandong) near the

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<sup>65</sup> Chai Shufan, “Jieshou Anshan de jingguo.”

<sup>66</sup> Liu Yunhe 劉雲鶴, “Zhanhou Anshan chengshi de huifu he jianshe 戰後鞍山城市的恢復和建設,” in, Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui bangongshi, *Anshan shuguang*, 231-236 (esp. 234).

<sup>67</sup> Li Songtang 李松堂, “Congshi gangtie gongye sishinian de huiyi 從事鋼鐵工業四十年的回憶,” in *Anshan wenshi ziliao xuanji*, vol. 3 (Anshan, 1984), 114-155.

<sup>68</sup> Shimazaki Kazuhiko 島崎和彦, *Sukuwareta hi no omoide 救はれた日の思ひ出* (manuscript, March 1976), 3-8. I thank SN for sharing this and other handwritten memoirs by his father. In some other parts of Manchuria, Japanese experts voluntarily chose to stay to work under the CCP for various reasons, such as sense of duty or fear of poverty in Japan. Rowena Ward, “Delaying Repatriation: Japanese Technicians in Early Postwar China,” *Japan Forum*, 23.4 (2011), 471–483.

North Korean border.<sup>69</sup> The retreat from Anshan to Andong, in three cars and multiple carriages, journeyed through harsh terrain for a week.<sup>70</sup> Between the Japanese and the Nationalist Chinese, the CCP's preference and favoritism tended to lean toward the former: a Chinese engineer recalls that the Japanese engineers were served better food than were the Nationalist Chinese experts.<sup>71</sup>

After decisively taking Anshan in November 1948, the CCP brought the Japanese and Nationalist experts back there from Andong to work for the reconstruction of Angang. In December, Angang and the city government organized a welcome party for the Japanese engineers and decorated the event with slogans such as “Learn from Japanese engineers!” or “Welcome back to Anshan!” A cadre of the city government gave a welcome speech, in which he said, “China is now preoccupied with new economic construction and often needs the cooperation of the Japanese technicians. We want you to work with us until the time of repatriation, and you can go back to your country comfortably when the time comes.”<sup>72</sup>

The CCP appointed the Japanese experts to various advisory posts in Angang. Seo Kiyozō (瀬尾喜代三), the most senior Japanese engineer who remained in Anshan after WWII, became the general adviser to Angang, and often freely expressed his opinions in meetings. Watanabe (渡辺) and Aikō (愛甲) became the advisers of the Steel-Rolling

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<sup>69</sup> Liu Yunhe, “Zhanhou Anshan chengshi de huifu he jianshe,” 235.

<sup>70</sup> The most vivid description of the retreat is Shimazaki Kazuhiko 島崎和彦, *Matenrei wo koete Antō sokai* 摩天嶺を越へて安東疎開 (manuscript, 1975 October), 1-14. Also see Hara Kazusada 原一貞, *Omoide no ki* 思い出の記 (n.p., n.d.), 99-101. Hara was one of the Japanese engineers who remained in the CCP-controlled Anshan. This unpublished memoirs is held in the National Diet Library in Tokyo.

<sup>71</sup> Li Songtang, “Congshi gangtie gongye sishinian de huiyi,” 132.

<sup>72</sup> Record of an interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record, A'-4-1-1-4.

Department and the Small-size Steel-rolling Factory, respectively. Another engineer, Kishikawa (岸川), specialized in design and advised the roller workshop.<sup>73</sup> The CCP also requested the presence of Japanese chemist Umene Tsunesaburō (梅根常三郎), who had played a major role in the development of Angang's new ore-processing methods in the 1920s, to work out of Angang. Umene, however, refused to work in Anshan, and chose to live in nearby Shenyang and occasionally consult by visiting Angang.<sup>74</sup>

In an internal report from 1949, one of the few documents accessible in the Anshan Municipal Archives, CCP cadres of Angang wrote:

[T]he main force [of the technological staff] are Japanese technicians, coupled with a small number of Chinese technicians. Because the number of the staff is not enough, they [each technician] did a wider range of reconstruction work. It somehow discouraged them. For example, [Japanese] Engineer Shimazaki said, “it really gives me a headache that I am the only person in charge of construction plan.” [Japanese] Engineer Furuno (古野) said, “I’m afraid it is extremely difficult for just a few of us to deal with such a big mine, even if we work as hard as possible.”<sup>75</sup>

While working under the Communists, the formerly Nationalist Chinese engineers sometimes disagreed with Japanese engineers regarding plans for reconstructing Angang. One example is Wang Zhixi (王之璽, 1906-2001), who had studied engineering at the Beiyang Engineering Institute in Tianjin, and then at the University of Shffield in England. After coming back from Britain, he first worked for an iron factory in Shanghai,

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<sup>73</sup> Cui Feng 崔峰, “Huiyi toushen geming de zhengrong suiyue 回憶投身革命的崢嶸歲月,” Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui bangongshi, *Anshan shuguang*, 298-306 (quote from 305).

<sup>74</sup> Record of an interview with “I-O-J-H” (male, 58), November 2, 1953, *Chūkyō jijō*, riku 95 (November 10, 1953), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record, A'-4-1-1-4. The interviewee served as Umene’s secretary.

<sup>75</sup> Anshan gangtie gongsi 鞍山鋼鐵公司, “Yijiusiji nian shangbannian gongzuo baogao 一九四九年上半年工作報告” (August 17, 1949), Anshan City Archives 鞍山市檔案館 (Anshan), Records of the Chinese Communist Party Anshan City Committee 中國共產黨鞍山市委員會檔案, 3-1-13.

and then worked in another iron factory in the inland province of Yunnan for the Nationalist government during the Second Sino-Japanese War. During Nationalist rule of Anshan, Wang had served as a vice-director of Angang before he was captured by the CCP in 1948. The Japanese engineers found Wang's plan too ambitious to realize. Seo Kiyozo, the highest-ranking Japanese engineer, complained that this plan would cause "indigestion (*xiaohua buliang*)" in Angang. Another Japanese engineer, Shimazaki, also expressed: "I'm afraid that it would take more than five years to complete this reconstruction plan made by armchair strategists (*zhishang tanbing de xiufu jihua*)."<sup>76</sup> However, once it was started, reconstruction actually progressed more quickly than the Japanese engineers had expected, and in April of 1949, Communist Angang set goals even more ambitious than those originally set up by formerly Nationalist experts.<sup>76</sup>

The reconstruction of Angang and other Manchurian enterprises also served as an important channel of technology transfer from the previous regimes. Beginning in November 1948, Japanese engineers in Angang provided young Chinese staff members with technical training.<sup>77</sup> In addition to in-person training sessions, the Japanese industrial expertise also diffused through books, articles, and manuals. Between 1950 and 1952, Angang ordered the Japanese staff to write manuals on machine operations in each division of the company. These manuals were written in a straightforward and detailed fashion such that workers without scientific background could still operate the machines by following them. Cadres at Angang then printed the manuals and circulated them to

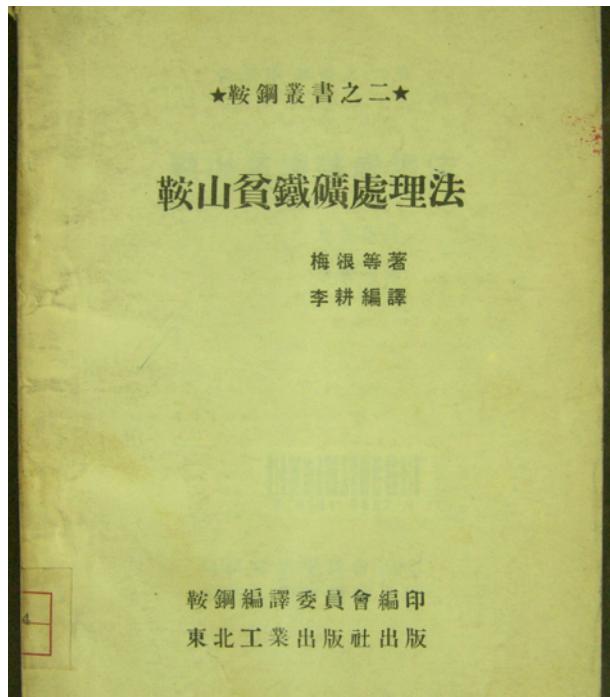
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<sup>76</sup> "Anshan gangtie gongsi yijiusiju nian gongzuo chubu zongjie 鞍山鋼鐵公司一九四九年工作初步總結," (March 25, 1950), Anshan City Archives, Records of the Chinese Communist Party Anshan Municipal Committee, 3-1-13.

<sup>77</sup> Manshū seitetsu tetsuyūkai 滿洲製鐵鐵友會, *Tetsuto Anzan no kaiko* 鐵都鞍山の回顧 (Tokyo, 1957), 101. This book was written by a group of former Japanese employees of the Anshan iron and steel industry, including those who stayed under the CCP rule.

various workplaces, where they also conducted lectures and examinations on them to ensure that the workers would master the content.<sup>78</sup> According to a Japanese engineer, Japanese-language books on technology were more popular than translated Soviet books in the early PRC because the former were easier for the Chinese to understand.<sup>79</sup> Furthermore, in 1951, the CCP translated and published a book by Japanese chemist Umene on the processing method of Anshan's low-grade iron ore.<sup>80</sup> When a group of Soviet engineers visited Angang in 1952, they discovered that Chinese engineers there used British, American, German, and Japanese literature on industrial technology much more than they referred to Soviet books.<sup>81</sup>

The CCP also made use of Japanese data and materials on industry and mining in Manchuria. In 1946 and 1947, the Nationalist engineers had collected and



Umene Tsunesaburō (Meigen), translated by Li Geng, *Anshan pintiekuang chulifa* (NA: Dongbei gongye chubanshe, 1951).

<sup>78</sup> Record of an interview with “S-485” (male, 56), February 25-27, 1955, *Chūkyō jijō*, riku 541 (March 6, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>79</sup> Record of an interview with “S-485” (male, 56), February 25-27, 1955, *Chūkyō jijō*, riku 541 (March 6, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>80</sup> Umene Tsunesaburō (Meigen), translated by Li Geng, *Anshan pintiekuang chulifa* (NA: Dongbei gongye chubanshe, 1951).

<sup>81</sup> “Otchet komissii pabolavshei v Kitaiskoi Narodnoi Respublike s 16 ianvaria po 24 marta 1952 G.,” Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3300, 26.

organized the documents of each factory and office of Angang with the Japanese engineers' assistance. Following the advice of a Japanese adviser, they sent a complete copy to Tianjin in July 1947. After the CCP takeover, the Tianjin copy of the documents was sent back to Anshan in 1949 and 1950. The copy not only helped the CCP reconstruction of Angang but also laid the foundations of the Soviet-made 120-volume development plan of Angang in 1951.<sup>82</sup>

Aside from scientists and engineers, ordinary workers also took part in this process of technology transfer from the previous regimes by orally and manually sharing their know-how. Even if they lacked formal scientific education, a great number of workers had accumulated enough experience after handling machines on the sites for years since the Japanese period. Lin Weisen (林蔚森, 1908–2005), a CCP cadre with long experience in rural Northwest China, recalls how, after starting to work in Angang in 1948, he learned from working with a Japanese skilled worker:

Funaki (船木), a Japanese person who stayed in China, had once been a worker manipulating (machinery) for steel rolling in the steel-sheet factory. He was well experienced and knew some theory and knowledge. After entering the factory, we cared for him well, and he was touched and became positive [about work]...He frankly discussed the problems of how to improve equipment and how to improve the workers' skills for manipulating machines. We accepted his advice and asked him to teach his technical knowledge to workers. He accepted this task, actively gave lessons to workers, and earned a good reputation among everyone.<sup>83</sup>

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<sup>82</sup> Li Songtang, “Congshi gangtie gongye shishinian de huiyi,” 122, 129-130, 136. Li Dazhang also refers to this episode. See Li Dazhang 李大璋, “Angang huifu shengchan suoyi 鞍鋼恢復生產瑣憶,” in Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui bangongshi, *Anshan shuguang*, 270.

<sup>83</sup> Lin Weisen 林蔚森 , “Yi Lishan gongchang huifu shengchan 憶立山工廠恢復生產,” in Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui bangongshi, *Anshan shuguang*, 310. For Lin's biographical data, see Anshan shi difangzhi bianzuan weiyuanhui, *Anshan shi zhi: renwu juan*, 320.

Lin Weisen also recalls making use of the skills of illiterate Chinese workers who had work experience under the Japanese toward reconstructing the small-sheet mill:

In repairing a crushing roll and converting it into a sheet-rolling mill, we had many difficulties. In particular, we did not have designs or data. Under this circumstance, we invited comrades that had worked in the sheet-rolling factory during the puppet Manchukuo period, and asked them to explain the problems. Many of them were uneducated, and could speak but could not write. Therefore, we asked them to thoroughly describe the shapes, structure, and size of parts of the machines that they had seen or used in the past. Based on their description, machine-repairing workers drew up designs.<sup>84</sup>

Technology and know-how were thus transferred from Manchukuo to Communist China on the floor of the factory.

### **An Insulated Community—The Japanese in Communist Anshan**

But how was such an intensive cooperation possible after all the bloodshed and humiliation the Chinese had suffered at the hands of the Japanese during the recent war? In an internal discussion, the CCP found the politically correct answer to be: the ideological transformation of the Japanese under their guidance. In a confidential report in 1950, the Committee for the Management of Japanese in the Northeast speculated, “our work experience has proved that transforming their [Japanese] thoughts is not only possible, but also in reality very fruitful.” According to this report, many Japanese learned to consider the Chinese people’s victory as their own victory and came to share a hatred for US imperialism.<sup>85</sup> Although high-ranking officials of the CCP authority in Manchuria perhaps genuinely believed in the power of ideological education and socialist

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<sup>84</sup> Lin Weisen 林蔚森, “Junchou shenchan de yidian huiyi 軍鍊生產的一點回憶,” Long (ed.), *Angang yejin jungong shi*, 404.

<sup>85</sup> “Dongbei Ribenren qingkuang he chuli yijian 東北日本人情況和處理意見” (October 15, 1950), PRC Foreign Ministry Archives, 118-00118-02 (1), 8-16 (quotes from 8, 9, and 16), note taken by Amy King.

internationalism, the picture becomes much more complex if we look at localized experiences at the level of individual factories and towns.<sup>86</sup>

The relationship between the Japanese and the Chinese in Manchuria under the Communist rule was based upon the spatial separation of the two ethnic groups. In order to uphold and maintain social order, the cadres in Anshan segregated the Japanese and the Chinese by having the Japanese reside in a single neighbourhood that had only limited contact with the local Chinese in everyday life. In a twist of fate, the CCP actually reproduced the Japanese system of segregation in place before 1945. Moreover, most of the Japanese engineers did not understand the Chinese language at all and relied upon interpreters (usually Chinese people who had learned Japanese) at work.<sup>87</sup> In Communist Anshan, the Japanese engineers and their family members lived as a community insulated from the local Chinese population.

Rather than place the Japanese population under their direct control, the CCP instead controlled them indirectly through an intermediary group of loyal Japanese cadres (*Ribenren ganbu*). Some of these converted cadres were former Japanese soldiers who had been captured and re-educated in the CCP base area of Yan'an during the Sino-Japanese War, and others were members of the Japanese Communist Party (JCP) who had been in Manchuria before 1945. Still others were recruited and trained by the CCP after 1945.<sup>88</sup> In Anshan, the highest-ranking Japanese cadre was Ōtsuka Yūshō (大塚有章, 1897-1976), who was later to become the leader of the Maoist faction of the JCP.

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<sup>86</sup> In the late 1950s, the CCP even believed that they could transform Japanese war criminals through political education and thought reform. See Kushner, *Men to Devils, Devils to Men*, 248-299.

<sup>87</sup> Interview with SN and FS, February 29, 2016, Tokyo.

<sup>88</sup> “Dongbei Ribenren de qingkuang baogao 東北日本人的情況報告” (June 1950), PRC Foreign Ministry Archives, 118-00086-02 (1), pp. 16-17, note taken by Amy King.

Ōtsuka was later purged from the JCP, and he then set up the Mao Zedong Thought Academy in the city of Takarazuka in western Japan in 1968.<sup>89</sup>

Existing sources convey varying perspectives on how strictly these Japanese cadres regulated the behaviour of their fellow Japanese. Children of the Japanese engineers recall their fathers sometimes criticizing the CCP while drunk but ceasing their criticism as soon as any Japanese cadres showed up.<sup>90</sup> When interviewed by a Japanese intelligence agency after repatriation, a Japanese engineer confessed that the Japanese cadres actually “bullied the retained Japanese more than anyone.”<sup>91</sup> However, there also exist competing testimonies from Japanese residents who did not testify to being subject to any harsh treatment.<sup>92</sup>

For the Japanese children in Anshan, the CCP authority set up a small school taught by Japanese teachers. Professional teachers taught children of primary school age. Japanese engineers and their wives taught children of junior high school age, usually during the evening. For the most part, they wrote their own textbooks based on old copies of Japanese books purchased in a local market in the city. Otherwise, every so often the CCP would provide as textbooks *Akahata*, the official newspaper of the Japanese Communist Party, as well as a few books imported from Japan.<sup>93</sup> In line with the political

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<sup>89</sup> In Anshan, Ōtsuka assumed the false name of Mr. Mōri. Asakura Kiyū 朝倉喜祐, *Shirarezaru yokuryū hachinen no ki: zokuhen* 知られざる抑留 8 年の記: 続篇 (Tokyo: Taimu rain puran'ningu, 1994), 117-118, 147. Asakura was one of those Japanese cadres in Anshan.

<sup>90</sup> Interview with SN and FS, February 29, 2016, Tokyo.

<sup>91</sup> Record of an interview with “S-444,” November 21 & 22, 1954, *Chūkyō jijō*, riku 492 (February 3, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>92</sup> Record of an interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>93</sup> Shimazaki Kazuhiko 島崎和彦, *Rhūyōsha shitei no kyōiku* 留用者子弟の教育 (manuscript, 1975 December), 15-18.

sympathies of the regime they lived under, the main foreign languages taught in their school were Chinese and Russian, rather than English.<sup>94</sup> There was, however, no Japanese high school in Anshan, and one of the Japanese children went to a local Chinese high school for one year before repatriation. At first, he barely understood what the Chinese teachers were saying, but he gradually came to understand the classes because his Chinese classmates – most of whom had learned Japanese under Manchukuo – came to help him during every break they had.<sup>95</sup>

Although the Japanese community experienced segregation, the CCP authorities in Anshan still made efforts to ensure a comfortable life for them. In the Chinese New Year of 1949, the mayor of Anshan invited all the Japanese employees and their families to a lavish dinner party in the city hall. When a Japanese engineer died of illness, Angang assured support for his family, and the factory manager appeared at his funeral and cried “in a performative way.”<sup>96</sup> The Japanese also experienced some privileged treatment. For example, Japanese experts were, along with Angang’s Chinese managers, allowed on the only bus that Angang owned, while Chinese workers had to commute to workplace by bicycle.<sup>97</sup>

Segregation could not be effectively enforced in the workplace, but nationalistic sentiments between the Japanese and the Chinese nevertheless also resulted in increasing morale of the them by putting the two groups in competition toward reaching production

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<sup>94</sup> According to my interview with these children (SN and FS, February 29, 2016, Tokyo), they did not learn English in the Anshan school. Therefore, these children later found it difficult to adapt themselves to Japanese school life after repatriation in 1953. However, in his unpublished memoirs, Shimazaki Kazuhiko writes that they also taught English. See Shimazaki Kazuhiko, *Rhūyōsha shitei no kyōiku*, 19.

<sup>95</sup> Interview with SN and FS, February 29, 2016, Tokyo.

<sup>96</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 96.

<sup>97</sup> Koike Motoji 小池元二, “Shūsen chokuzen yori konnichi madeno kaisō 終戦直後より今日迄の回想.”

goals. Yang Shutang (楊樹棠, 1907-2002), a Chinese engineer who had served as a vice-director of Angang under the Nationalists,<sup>98</sup> recalls a disagreement that he and a Japanese engineer had over the cause of a technical problem in the steel ingot factory. After Yang proved himself to be correct, the Chinese workers were “extremely happy to find that a Chinese engineer had knowledge and opinion, and dared to maintain his own opinion.” Yang himself felt “enormously touched because I had the support of the [Communist] Party organization and I was proud and elated in front of the foreigners.”<sup>99</sup> For Nationalist engineers, reconstructing Angang with their own hands was the means to prove that the Chinese were capable of competing with foreigners, especially the Japanese.

This spirit also motivated the Japanese engineers, or at least some of them, who sought to work as effectively as possible in order to prove just how capable the Japanese were. In his unpublished memoirs, engineer Shimazaki writes: “I wanted to be praised by the CCP.”<sup>100</sup> Koike Motoji, another Japanese engineer, oversaw the reconstruction of the coke oven, and enjoyed the attention of several Soviet engineers who came to watch his work. In an excited tone, Koike later recalled the moment of the reopening:

Because the reopening of the coke oven was the first step of reconstruction [of Angang], the managers of the company, the Soviets and many others came to watch it on the day of its reopening. I was so nervous because it would affect the honor of the Japanese whether we could reopen it smoothly. I had Mr. Watanabe (渡辺) drive the extruding machine. When crimson cokes were extruded and fell to the fire-extinguishing car, I was really happy, shouted *banzai* alone and could not help tears from running from my eyes. Mr. Watanabe also came up onto the oven, and we went into each other’s arms and cried together...It was the first time that I felt such a moving emotion. Why? Probably I was thinking that, in front of

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<sup>98</sup> Anshan shi difangzhi bianzuan weiyuanhui, *Anshan shi zhi: renwu juan*, 312-313.

<sup>99</sup> Yang Shutang 楊樹棠, “Zhongguo gangtie gongye fazhan qinli ji 中國鋼鐵工業發展親歷記,” *Anshan wenshi ziliao*, vol. 6 (1986), 1-27 (quote from 21).

<sup>100</sup> Shimazaki Kazuhiko, *Matenrei wo koete Antō sokai*, 25.

the Soviets and the company managers, we must do it for the pride of the Japanese [*Nihonjin no iji*].<sup>101</sup>

Koike found his patriotism in his achievement as a Japanese engineer in service of the Chinese Communists. Chinese and Japanese memoirs therefore suggest that both formerly Nationalist and Japanese engineers came to take pride in the reconstruction of Angang under the CCP in spite of their fierce opposition to each other. That is, although there did not exist a single collective identity across ethnic differences, Angang's overall production benefitted from separate collectives vying for pre-eminence in the workplace.

The contribution by the Japanese and formerly Nationalist Chinese experts, however, did not change the political incorrectness of their presence in Red China's most important industrial region. The CCP leaders regarded the cooperation with the Japanese, and to some extent the Nationalists as well, as only a temporary arrangement that should be eventually replaced by Soviet experts and CCP-educated Chinese experts. In October of 1949, Chen Yun told the Soviet ambassador in Beijing:

From the Kuomintang [Nationalists], the new government inherited a total of 20,000 engineers and experts, the majority of whom are reactionary and pro-American in their political beliefs...[I]n the largest steel industrial complex in Anshan (Manchuria) 62 out of 70 engineers [*sic*] are Japanese, who have hostile attitudes [*vrazhdebno nastroenyye*] towards the Chinese in general and towards the Chinese Communists particularly.<sup>102</sup>

Around the time of the 1949 Revolution, CCP leaders often confided to Soviet diplomats that they were only reluctantly making use of the Japanese and formerly Nationalist engineers in Anshan and that they would much prefer Soviet experts when available.<sup>103</sup>

Contemporary CCP media reports on the reconstruction of Angang and other industrial

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<sup>101</sup> Koike Motoji, “Shūsen chokuzen yori konnichi madeno kaisō.”

<sup>102</sup> Record of conversation between N. V. Roshin and Chen Yun, October 28, 1949, Ledovskii et al. (ed.), *Russko-kitaiskie otnosheniia v XX veke*, V-2, 204-206.

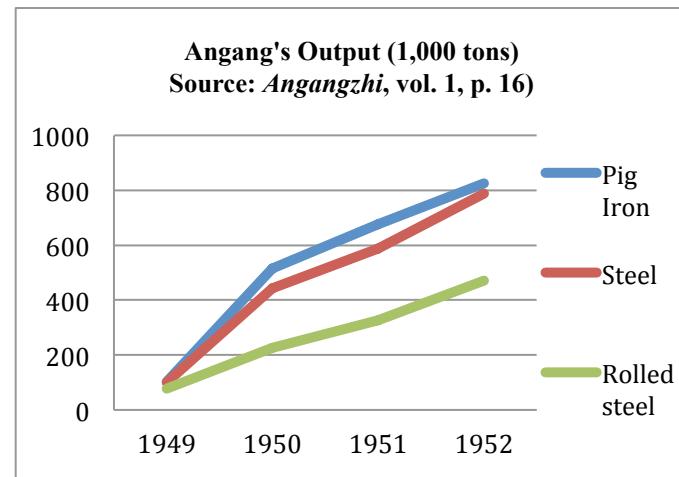
<sup>103</sup> Record of conversation between A. Y. Mikoyan and Ren Bishi and Zhu De, February 2, 1949, Ledovskii et al. (ed.), *Russko-kitaiskie otnosheniia v XX veke*, V-2, 52-56.

enterprises also never shied from heaping praise onto Soviet experts and aid. But they failed to acknowledge the Japanese and formerly Nationalist engineers, especially the former.<sup>104</sup> The CCP gradually phased out Japanese engineers and, to some extent, formerly Nationalist ones into less important posts, while inserting more Soviet experts into factories and mines—a trend further accelerated and intensified by the outbreak of the Korean War.

### The Korean Impact

Just nine months after the founding of the PRC, the Korean War outbreaked in June 1950. Four months later, the PRC began sending its troops in support of North Korea against the South Koreans and the Americans. Mao's decision to enter the Korean War dramatically increased Manchuria's significance in PRC industry, as the Korean War made it necessary for the PRC to continue to prioritize investment on heavy industry over light industry—a pattern that had begun during the Civil War.<sup>105</sup>

By the end of 1952, Angang had begun production in



<sup>104</sup> Record of an interview with “I-O-J-H” (male, 58), November 2, 1953, *Chūkyō jijō*, riku 95 (November 10, 1953), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>105</sup> Consequently, the participants of the First National Industrial Meeting in February and March 1951 allocated 52.2% of state investment in industry to heavy industry more specifically, with 32.9% of investment allocated to iron and steel industry. Li Fuchun 李富春, “diyici quanguo gongye huiyi jielun 第一次全國工業會議結論” (March 6, 1951), *Zhonghua Renmin Gongheguo guojia jingji maoyi weiyuanhui*, *Zhongguo gongye wushinian*, pt. 1, vol. 2, 1167-1173 (quote from 1169).

all the remaining facilities, including three mines, three blast furnaces, eight open-hearth furnaces, two mineral-processing plants, and one ore-sintering plant.<sup>106</sup> In 1952, Angang produced about eight times more than in 1949—overshadowing even the output in 1943, the peak year under Manchukuo. In a 1952 survey on iron and steel industry in China, a Soviet expert wrote that “[t]he most powerful metallurgical enterprise of the country is Angang, which produces more than half of all the cast iron, all the steel, and all the rolled metal in the PRC.”<sup>107</sup>

During the Korean War, Angang also produced 45,000 military picks. To meet the demand with such short notice, engineer Yang Shutang drew upon his experience in casting picks in the Nationalist base area during the Sino-Japanese War, and wrote a report on production of picks by casting.<sup>108</sup> Aside from picks, the techniques used to produce the shells for the People’s Liberation Army were also inherited from a former regime. In August 1951, Angang’s First Steel Mill produced steel materials for shells after analyzing the chemical components of shells left by the Japanese forces in Manchuria.<sup>109</sup> In September 1950, at the onset of the Korean War, Marshal Zhu De (朱德), the top leader of the People’s Liberation Army, visited Angang and publicly thanked its workers for their contribution to China’s war efforts.<sup>110</sup>

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<sup>106</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 15.

<sup>107</sup> “Vypiska iz otcheta o rabote sovetskikh spetsialistov, komandirovannykh v Kitaiskuiu Narodnuiu Respubliku za pervoe polugodie 1952 goda” (August 28), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3308, 63-64.

<sup>108</sup> By then, pick production in China was mainly by forging rather than by casting, but due to the shortage of facilities for forging, they needed to introduce production by casting. Long (ed.), *Angang yejin jungong shi*, 7-8.

<sup>109</sup> Long (ed.), *Angang yejin jungong shi*, 8-9

<sup>110</sup> Long (ed.), *Angang yejin jungong shi*, 7.

Meanwhile, the negative political implications of employing Japanese and formerly Nationalist engineers became even more pronounced during the Korean War. As Chapter 6 will discuss, the CCP-coordinated campaigns of public humiliation and mass violence against Chinese experts with previous Nationalist connections became considerably harsher during the war. Meanwhile, the CCP also intensified its propaganda campaigns towards workers by focusing on Japanese war crimes during WWII even more than previously. Around September 1951, the CCP placed large sequential posters at the main gate of Angang depicting CCP and Soviet soldiers killing a Japanese soldier backed up by an American soldier. In the office, they placed a picture of a Japanese soldier decapitating a Chinese person with a foreboding caption professing that Japan planned to invade East Asia yet again if they ever successfully remilitarized. According to a Japanese office worker, as a direct result of this propaganda campaign, Chinese workers caught interacting with Japanese were condemned as reactionary. As a result, Chinese workers began to avoid speaking with the Japanese when they met on the streets of Anshan.<sup>111</sup>

As Soviet experts continued to arrive, CCP cadres quickly abandoned the very same Japanese engineers they depended on for the earliest stages of industrial reconstruction. In 1951 and 1952, Angang denied the Japanese engineers access to the most important information of the company,<sup>112</sup> and the Japanese engineers were also

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<sup>111</sup> Record of an interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>112</sup> Record of an interview with “S-240” (male, 52), May 11, 1954, *Chūkyō jijō*, riku 299 (June 17, 1954), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

demoted to insignificant posts within Angang, and sometimes even outside it.<sup>113</sup>

Subsequently, many other Japanese engineers in Angang were also relocated to other cities such as Shenyang, Dalian, and Changchun.<sup>114</sup>

Around the same time, there was also a widespread campaign within Japan for the repatriation of those Japanese still remaining in China. Some Japanese politicians, such as parliamentarist Kōra Tomi (高良とみ), visited the PRC to discuss Japanese repatriation. Drawn by this prospect during her visit, the Japanese in Anshan drafted a petition to Kōra pleading her to negotiate with the CCP such that the Japanese in Anshan could return to Japan.<sup>115</sup>

In 1953, the PRC government repatriated the Japanese remaining in China, including those in Anshan.<sup>116</sup> After 1953, only two Japanese nationals continued to work for Angang. One of them, Yamamoto, was a civil engineer who had started working during Manchukuo. In the 1950s and early 1960s, the Yamamoto family made a decent living. As I discovered in my interview with his daughter, his salary remained as high as that of the provincial governor. Eventually, the Yamamoto family left China in 1966 due to the beginning of the Cultural Revolution. With surprising generosity, Angang included his work years before 1945 in calculating his severance pay. The total sum was too high for Angang to pay at once, since the company did not have enough foreign currency, but

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<sup>113</sup> Record of an interview with “S-330” (male, 63) August 26, 1954, *Chūkyō jijō*, riku (September 15, 1954), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>114</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 104; Hara Kazusada, *Omoide no ki*, 109.

<sup>115</sup> Doctor Kawakami of the Angang hospital, who was a relative of Kōra, was to deliver the petition to her. However, Kawakami failed to meet Kōra due to a miscommunication, and obviously the petition never got to her. Record of an interview with “S-677” (male, 35), November 6, 1955, *Chūkyō jijō*, riku 774 (December 20, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>116</sup> Manshū seitetsu tetsuyūkai, *Tetsuto Anzan no kaiko*, 111.

Angang sent Yamamoto's severance pay to him in Japan by installments over three years during the Cultural Revolution.<sup>117</sup> The other Japanese employee of Angang, Sakamoto, along with his family, stayed in Anshan even longer – until after the Cultural Revolution – and returned to Japan in the late 1970s or the 1980s.<sup>118</sup> Aside from these two families, about ten Japanese women who were married to Chinese men also stayed in Anshan.<sup>119</sup>

Unlike their Japanese colleagues, former Nationalist experts had no other option than to remain in China and suffer through the continuously deteriorating political atmosphere. As I will discuss in more detail in Chapter 6, some of these former-Nationalist engineers aired their grievances during the One Hundred Flowers Campaign of 1957, and went on to suffer in subsequent political campaigns such as the Anti-Rightist Campaign and the Cultural Revolution.<sup>120</sup>

## The Five-Year Plan and the Soviet Aid Projects

The Korean War decisively split the world into the capitalist and socialist blocs. In this Cold War setting, Mao and other PRC leaders naturally sought advice and assistance from the Soviet Union. However, Sino-Soviet cooperation was frustrated by the

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<sup>117</sup> Interview with YC, March 3, 2016, Chiba. The interviewee is the first daughter of Yamamoto. She finished high school in Anshan, studied geology at a college in Changchun, and then became a lecturer at a college in Sichuan. Engineer Yamamoto's two sons became middle school teachers in Anshan, and his younger daughter went to school in Anshan.

<sup>118</sup> Interview with SN, February 29, 2016, Tokyo. After being repatriated to Japan, the interviewee himself became an engineer, and began travelling to China for business from the 1970s. When he returned to Anshan for the first time for more than three decades, he went to see his old home. While watching the apartment, an elderly woman suddenly spoke to him in Japanese, and he soon found that she was the mother of his childhood friend Sakamoto.

<sup>119</sup> Interview with YC, March 3, 2016, Chiba.

<sup>120</sup> Li Songtang, "Congshi gangtie gongye shishinian de huiyi," 120.

gap between ambitious goals of the PRC leaders, especially Mao, and more cautious attitudes of the Soviet leaders.<sup>121</sup>

In February 1951, an extended meeting of the CCP Politburo decided to implement China's First Five-Year Plan starting in 1953. In August 1952, Premier Zhou Enlai (周恩來) finished a draft, and in that same month he visited Moscow armed with a Russian translation of the draft, together with Chen Yun and Li Fuchun (李富春).<sup>122</sup> In Moscow, Zhou Enlai provided Stalin with two documents on the planned Five-Year Plan of the PRC.<sup>123</sup> In his meeting with the Chinese delegates, however, Stalin told them that their draft was too ambitious and recommended that they lower the average annual industrial growth from 20% to 15% or 14%.<sup>124</sup> Echoing Stalin's opinion, the officials of Gosplan recommended that the Chinese lower their unrealistic goals.<sup>125</sup>

The process of implementation of Sino-Soviet collaboration projects involved serious discussion between Soviet and Chinese bureaucrats and experts, and the difference between the ambitious Chinese approach and the cautious Soviet approach

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<sup>121</sup> Mao's ambitious plan followed the pattern of Soviet industrialization of the late 1920s and early 1930s as he had understood it, mainly through his reading of *Stalin's Short Course of the History of the All-Russian Communist Party* (1938). However, Stalin and other Soviet leaders had by then moved on toward a more moderate policy in terms of industrial development. Hua-yu Li, *Mao and the Economic Stalinization of China, 1948-1953* (Lanham: Rowman & Littlefield, 2006).

<sup>122</sup> Dong Zhikai 董志凱 and Wu Li 武力 (eds.), *Zhonghua Renmin Gongheguo jingjishi: 1953-1957* 中華人民共和國經濟史：1953—1957, 2 vols. (Beijing: Shehui kexue wenxian chubanshe, 2011), vol. 1, 65.

<sup>123</sup> Zhou Enlai's letter to Stalin, August 29, 1952, cited in E. R. Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody: sbornik dokumentov v dvukh tomakh* (Moscow, Pamiatniki istoricheskoi mysli, 2009-2010), vol. 2, 496; “Doklad Chzhou En'laia ‘Ekonomicheskoe polozhenie v Kitae i zadachi piatiletnegostroitel'stva’” (August 29, 1952), in *ibid*, vol. 2, 158-180.

<sup>124</sup> Dong and Wu (eds.), *Zhonghua Renmin Gongheguo jingjishi (1953-1957)*, vol. 1, 65. Also see Shen Zhihua 沈志華, *ZhongSu tongmeng de jingji Beijing: 1948-1953* 中蘇同盟的經濟背景：1948-1953 (Hong Kong: Hong Kong Institute of Asia-Pacific Studies, 2000), 89-94.

<sup>125</sup> The Soviet Union's reply (Spring 1953), cited in Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody*, vol. 2, 496-497.

emerged at this level as well. In early 1952, a group of Soviet experts visited Beijing, Shenyang, and Anshan, to discuss the plan of reconstructing Angang with Chinese officials and experts.<sup>126</sup> Disagreements quickly emerged over the schedule for restoration and reconstruction. In the Soviet plan, Angang's reconstruction was scheduled to be completed in 1958—that is, in seven years. Gao Gang, however, insisted that Mao Zedong envisioned the reconstruction of Angang in only five years. The Soviet experts dismissed it as unrealistic, especially given the lack of experience on the Chinese side.<sup>127</sup>

Despite such a disagreement, the PRC still could turn to the Soviet Union as an economic partner and model, which the CCP then called “the Soviet Big Brother.” The major projects of Soviet technological aid during the Five-Year Plan, including those in Angang, were called “156 Projects.”<sup>128</sup> In 1952, Zhou Enlai told the Soviet leaders that the PRC needed the Soviet assistance in four ways: making designs, providing industrial equipment, sending experts, and providing technological documents.<sup>129</sup> According to the USSR Gosplan, at the time of September 1954, the Soviet assistance to China was going on in the construction and reconstruction of seven enterprises of ferrous metallurgy, eleven enterprises of non-ferrous metallurgy and mining, twenty-one mines and processing factories of coal, one oil refinery plant, seven enterprises of chemical industry,

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<sup>126</sup> “Kratkii otchet o rabote komissii naznachennoi rasporiazheniem Soveta Ministrov SSSR ot 14. P. 51 g., za period s 9.1.52g. po 27. II. 52g.,” Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3302, 8-22.

<sup>127</sup> “Otchet komissii pabolavshei v Kitaiskoi Narodnoi Respublike s 16 ianvaria po marta 1952 g.,” Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3300, 1-267.

<sup>128</sup> “The 156 Projects” actually consisted of 150, not 156, major industrial construction projects. See Dong and Wu (eds.), *Zhonghua Renmin Gongheguo jingjishi: 1953-1957*, vol. 1, 125-126.

<sup>129</sup> “Doklad Chzhou En’laia ‘Ekonomicheskoe polozhenie v Kitae i zadachi piatiletnegostroitel’stva’” (August 29, 1952), in Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody*, vol. 2, 177-179.

twenty-six factories of machine-building, twenty-four power stations, forty-two enterprises of military industry, and fifty enterprises of other industrial sectors.<sup>130</sup>

The 156 Projects and other major industrial construction projects in the PRC were funded by Soviet loans: in 1950, the Soviets agreed to provide the Chinese with low-interest loans worth 1,200 million rubles (300 million USD) for the purchasing equipment and machines from the Soviet Union.<sup>131</sup> According to a recent estimate by Shen Zhihua and Xia Yafeng, the Soviet economic loans to China between 1950 and 1955 amounted to 3.2 billion rubles. On top of the economic loans, the Soviets also provided 62.9 billion rubles, much of which was used for the construction of industrial facilities useful for the military purposes.<sup>132</sup> The PRC's access to major foreign loans for industrial development represented a different pattern from the Soviet Union of the late 1920s and early 1930s, which used rural surpluses to purchase technology from overseas, and moved rural labor force to new industrial projects.<sup>133</sup>

In the 1950s, the Soviet Union was also the largest provider of machines for Chinese industries. Between 1950 and 1959, China invested nearly 16 billion yuan in purchasing 304 full plants and sixty-five smaller sets of equipment from the Soviet Union. During that same period, China purchased only 3.21 billion yuan of equipment from all

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<sup>130</sup> “Spravka Gosplana SSSR ob okazanii SSSR pomoshchi KNR v razvitiu narodnogokhoziaistva” (September 25, 1954), in Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody*, vol. 2, 250.

<sup>131</sup> Dong and Wu (eds.), *Zhonghua Renmin Gongheguo jingjishi*, 1953-1957, vol. 1, 124-125.

<sup>132</sup> Shen and Xia, *Mao and the Sino-Soviet Partnership*, 109-111. Neither the Soviet nor the PRC governments published the total amount of the Soviet loans to China in the 1950s, and historians have presented different estimates. About half of the “military loans” were provided during the Korean War. In 1964, China paid off all the Soviet loans and interests from the 1950s.

<sup>133</sup> The Soviet Union then could benefit from mechanization and the availability of some arable land reserves to realize agricultural growth. On contrary, unlike the Soviet Union, the PRC did not have arable land reserves. Realiance on Soviet loans created in China a bifurcated economy, in which the industrial sector heavily depended on foreign investment and the low-level agricultural sector could not support the industrial expansion. Luthi, “Sino-Soviet Relations during the Mao Years,” 35.

the other countries of the socialist bloc and 49 million yuan from countries of the capitalist bloc (Switzerland, Sweden, Belgium, Denmark, and the UK).<sup>134</sup>

Import of technology from the Soviet Union during the First Five-Year Plan often took form of the wholesale transfer of industrial plants, including facilities, technology, and know-hows, which would enable China to have its own complete production line of an industrial sector, rather than become dependent on of the Soviet-centered industrial system. The Soviet generosity in transferring technology to China and China's quick mastery of the Soviet technology impressed Prime Minister Nehru of India, who visited Angang in 1954. Shortly after his visit to Angang, Nehru met an Indian military physician in Beijing, who then told the Soviet ambassador in Beijing about Nehru's admiration of Angang. According to the Soviet ambassador's report on his meeting with the Indian physician, Nehru told the physician, "the entire process of production in the enterprise is being operated by Chinese experts...[and] a small number of Soviet experts merely serve as instructors." Nehru then compared the Soviet assistance to China favourably to the attitudes of British and American capitalists towards Indian experts: when building enterprises in India, the British and Americans "never allow Indians to manage the most important mechanism of the enterprises."<sup>135</sup>

Arguably the most important component of Sino-Soviet collaboration during the Five-Year Plan was the "Three Major Projects" of Angang: the Seamless-pipe Factory, the Large Steel-rolling Factory, and the Blast Furnace No. 7. These projects actually started well ahead of the official first year of the Five-Year Plan. In May 1951, the PRC

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<sup>134</sup> Dong and Wu (eds.), *Zhonghua Renmin Gongheguo jingjishi, 1953-1957*, vol. 1, 130-131.

<sup>135</sup> "Zapis' besedy s Indiiskim uchenym, laureatom mezhdunarodnoi Stalinskoi premii Sakhibom Sing Sokkheem. 30 oktiabria 1954 god," Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-47-379-7, 87-88.

and the Soviet Union signed a contract for the Soviet designing of Angang factories. Based on this contract, the Soviet institutes, led by the Leningrad Institute for Designs of Metallurgy Factories, submitted a 120-volume “Preliminary Design for the Overall Planning of Restoration and Reorganization of Angang” in October 1951.<sup>136</sup> Based on this Soviet-made preliminary design, Angang drew up the “First Five-Year Plan of the Capital Construction of the Anshan Steel and Iron Works” in April and May 1952.<sup>137</sup> Meanwhile, the Northeastern Ministry of Industry in Manchuria also crafted Sino-Soviet protocols on the reconstruction of Angang in February 1952.<sup>138</sup> Around this time, the Soviet Union was also investigating the kinds and amount of equipment that they had removed from Anshan in 1945.<sup>139</sup>

Angang’s Three Major Projects were among the most celebrated of what was then called “capital construction (Cn: *jiben jianshe*/ Ru: *kapital’noe stroitel’stvo*),” a Soviet term that meant investment for the purpose of increasing fixed asset. Typically, capital construction took the form of the construction of factories, mines, and urban infrastructure. Indeed, capital construction was so important that it separated a new company from Angang.<sup>140</sup> In January 1955, the PRC Ministry of Heavy Industry

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<sup>136</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 59-60 & 116-117.

<sup>137</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 131-132.

<sup>138</sup> The protocols were signed in the Manchurian regional capital of Shenyang, and the Chinese signatory was Gao Gang himself. “Protokol rassmotreniya predvaritel’nogo raspredeleniya mezhdu Sovetskoi i Kitaiskoi Stronami postavok oborudovaniia, neobkhodimogo dlia vosstanovleniia i rekonstruktsii An’shan’skogo metallurgicheskogo kombinata v Kitae” (February 26, 1952), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3298, 1-7.

<sup>139</sup> M. Saburov, “Po An’shan’skomu metallurgicheskому kombinatu” (received on 25 January 1950), Rossiiskii Gosudarstvennyi Arkhiv Sotsial’no-Politicheskoi Istorii (Moscow), 82-2-1246, 12-15.

<sup>140</sup> In March 1952, the CCP authority split Angang into two “lines” (戰線)—production and capital construction. Although the two lines were ostensibly under one company, they had their own departments of planning, financial, and labor departments, and operated like two different enterprises. See Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 60.

followed advice given by a Soviet expert, and reorganized Angang's capital-construction line into a separate SOE named the Anshan Steel and Iron Construction Company (鞍山鋼鐵建設公司) (hereafter, Angang-Construction).<sup>141</sup>

Meanwhile, implementation of major aid projects such as Angang necessitated complicated bureaucratic coordination within the Soviet government.<sup>142</sup> In July 1952, the Soviet Council of Ministers passed a resolution regarding Soviet assistance for the "restoration and reconstruction" of Angang in 1953-55, which was signed by Stalin. The resolution stipulated that the Ministry of Ferrous Metallurgy should play a principal role in offering technological assistance to Angang—for example, by manufacturing machines to be installed in Angang's factories. Under its coordination, the Ministry of Construction of Heavy Industry Enterprises and other relevant ministries would also send experts to Anshan for the design, construction, and installation of equipment, in addition to accepting up to 600 Chinese technicians and workers for training in the Soviet Union. Furthermore, the ministries were to provide the Chinese with plans and data so that the Chinese could learn to produce new machines in China. China would pay for the Soviet equipment and designs by credit until 1954 and in kind by Chinese-made products

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<sup>141</sup> At the same time, the Anshan Institute for Designing of Non-Ferrous Metallurgy (鞍山黑色冶金設計院) was also established. See *Angang shizhi bianzuan weiyuanhui, Angang zhi, 1916-1985*, vol. 1, 64, 174-175. The Angang-Construction was renamed the Anshan General Company for Metallurgy and Chemical Construction (鞍山冶金化學建築總公司) in March 1956. For clarity, I refer to the company as Angang-Construction after renaming.

<sup>142</sup> In June 1952, several Soviet ministries discussed the plan for technological assistance to Angang. I. Tevoshan, K. Koval, and N. Peschany's note to A. N. Mikoyan (June 21, 1952), Gosudarstvennyi Arkhiv Rossiiskoi Federatsii (Moscow), R5446-86a-1387, p. 149; Note by Mikoyan, L. Kaganovich, M. Saourov, and P. Kumykin (June 27, 1952), Gosudarstvennyi Arkhiv Rossiiskoi Federatsii (Moscow), R5446-86a-1387, 152-151.

thereafter.<sup>143</sup> In August 1952, the two countries went on to sign an agreement regarding the detailed conditions of Soviet technological assistance to Angang.<sup>144</sup>

The importance of the Sino-Soviet collaboration projects, many of which were located in Manchuria, empowered Gao Gang. With his power base in Manchuria and close connections with the Soviet Union, Gao emerged as the fourth most powerful man in the first years of the PRC, behind only Mao Zedong, Zhou Enlai, and Liu Shaoqi. Among Gao's many roles was the Chairman of the PRC State Planning Commission (SPC), a central economic-planning organ established in 1952 and modeled after the State Planning Commission (Gosplan) of the Soviet Union. Indeed, a great number of Soviet-PRC collaborative projects in the First Five-Year Plan were simply continuations of the projects Gao had already launched in Manchuria. As a result, a significant number of the protocols on Soviet assistance in the reconstruction of Angang and other major industrial enterprises were made in Gao's name.<sup>145</sup> As Gao told the Soviet ambassador, "in the Northeast [Manchuria],...the practice of work with the Soviet experts has been successful."<sup>146</sup>

While individual projects of the Five-Year Plan were quickly launched by men like Gao, the drafting of the overall Five-Year Plan did not proceed smoothly, partly

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<sup>143</sup> Sovet Ministrov SSSR, "Postanovlenie," (July 7, 1952/ no. 3065-1191s), Gosudarstvennyi Arkhiv Rossiiskoi Federatsii (Moscow), R5446-86a-1387, 343-337.

<sup>144</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 61.

<sup>145</sup> "Protokol rassmotreniya predvaritel'nogo raspredeleniya mezhdunarodnogo sovetskogo i Kitaiskogo Stronami postavok oborudovaniia, neobkhodimogo dlja vosstanovleniya i rekonstruktsii An'shan'skogo metallurgicheskogo kombinata v Kitae" (February 26, 1952), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3298, 1-7.

<sup>146</sup> "Zapis' besedy Posla Soiuza SSR v KNR A.S.Paniushkina s Zamestitelem Predsedatelja Tsentral'nogo narodnogo pravitel'stva KNR i Predsedatelem Planovogo komiteta pri Tsentral'nom narodnom pravitel'stvennom sovete Gao Ganom ot 30 ianvaria 1953 goda," Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-46-362-12, 29-31. In this meeting, Gao also informed the Soviets of Mao Zedong's hope that "the [PRC State] Planning Commission will be allocated a necessary number of Soviet experts, who will help Gao Gang establish the apparatus of the Planning Commission and economic planning."

because of the persistent disagreement in the Chinese and Soviet approaches. In 1953, the PRC government rather hastily launched the Plan without a comprehensive vision with an aim to fine-tune it by making annual plans every year.<sup>147</sup> Mao, in his meeting with the Soviet ambassador, admitted that “the Chinese government does not yet have a five-year plan,” and “only now, with the help of the Soviet comrades, ...can [the PRC government] start crafting the plan.”<sup>148</sup>

Despite Stalin’s death in 1953, Sino-Soviet collaboration continued, and even deepened. The new Soviet leader, Nikita Khrushchev, even reversed some of Stalin’s policies to correct conditions of trade unfavorable to China. In 1954-1955, the PRC brought about the first Taiwan Strait Crisis through a surprise attack to a small Nationalist-controlled island of Jinmen, located in the middle between the Chinese mainland and Taiwan. The PRC launched the attack without even notifying the Soviet Union. Still, after the crisis, the Soviets began to assist the PRC in developing its own nuclear capabilities.<sup>149</sup>

The drafting of the Five-Year Plan was often plagued by disagreement and rivalry among PRC policy makers, which also led to Gao Gang’s fall from power. In June 1953 the SPC wrote up another draft of the Five-Year Plan, lowering the annual rate of industrial growth from 20% to 14-15% in accordance with the Soviet advice. However, the CCP leadership rejected this new draft for unclear reasons, and established a separate

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<sup>147</sup> Dong and Wu (eds.), *Zhonghua Renmin Gongheguo jingjishi*, 1953-1957, vol. 1, 82.

<sup>148</sup> “Zapis’ besedy posla Soiuza SSR v KNR Kuznetsova V .V. s Predsedatelem Tsentral’nogo Narodnogo Pravitel’stva KNR Mao Tsze-dunom 7 maia 1953 goda.,” Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-46-362-12, 71-73.

<sup>149</sup> Luthi, “Sino-Soviet Relations during the Mao Years,” 29.

working group responsible for drafting the plan.<sup>150</sup> However, as soon as the working group had been formed, it was hit by the biggest political scandal of the 1950s. Gao was accused of trying to overtake Zhou Enlai and Liu Shaoqi, and ended up losing to them in the Beijing court politics. Gao stepped down from his office in February 1954, and then committed suicide that summer.<sup>151</sup>

In spite of Gao Gang's disgraced death, the drafting of the Five-Year Plan continued apace, as Mao pressured the working group and the SPC to speed up the process. The entire text of the Five-Year Plan was finally approved at the meeting of the People's Congress in July 1955—two and half years after the official start date of the Plan period.<sup>152</sup> Soviet assistance with the PRC's economic planning also continued after Gao Gang's fall. In 1956, seven Soviet experts who worked at the SPC specialized in different parts of economic planning such as finance and agriculture.<sup>153</sup> They met with Chinese experts frequently to answer various questions. As a 1959 Soviet report later extolled, “with the direct participation of numerous Soviet experts and consultants (in

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<sup>150</sup> Dong and Wu (eds.), *Zhonghua Renmin Gongheguo jingjishi, 1953-1957*, vol. 1, 67-67. The members were Chen Yun, Gao Gang, Li Fuchun, Deng Xiaoping (鄧小平), Deng Zihui (鄧子恢), Xi Zhongxun (習仲勳), Jia Tuofu (賈拓夫), and Chen Boda (陳伯達).

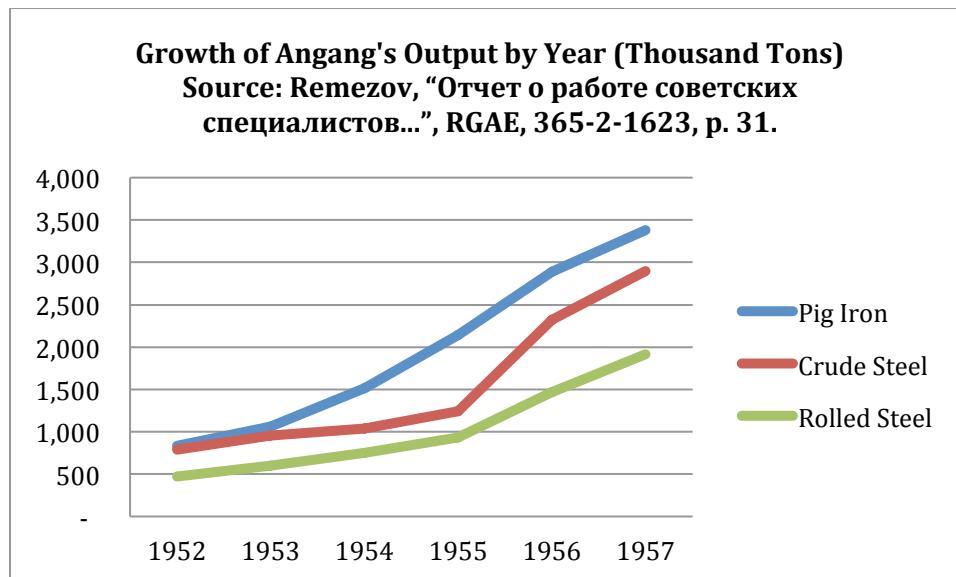
<sup>151</sup> Around the time of Gao Gang's fall, Zhou Enlai and Liu Shaoqi had at least two meetings with the Soviet ambassador in Beijing to explain Gao's wrongdoings. P. F. Yudin, “Zapis’ besedy s sekretarem TsK KPK Liu Shao-Tsi i predsedatelem Gosudarstvennogo Administrativnogo Soveta i ministrom inostrannykh del KNR Chzhou En’-laem, 2 fevralia 1954 g.” Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-47-379-7, 25-35; P. F. Yudin, “Zapis’ besedy s sekretarem TsK KPK Liu Shao-Tsi i Predsedatelem Gosudarstvennogo administrativnogo soveta i Ministrom Inostrannykh del KNR Chzhou En’-laem, 13 fevralia 1954 goda.” Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-47-379-7, 36-40.

<sup>152</sup> Dong and Wu (eds.), *Zhonghua Renmin Gongheguo jingjishi, 1953-1957*, vol. 1, 67-68.

<sup>153</sup> Report by P. Karpov, the leader of the Soviet experts at the PRC State Planning Commission, June 1956, Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 365-2-1673, 1-7.

almost all the ministeries and departments), our Chinese friends gained experience in state planning and management of the national economy.”<sup>154</sup>

Few things testify to the benefits of Sino-Soviet economic partnership during the PRC First Five-Year Plan more than the dramatic growth of production in Angang.



Compared to 1952, Angang produced 4.1 times more pig iron, 3.7 times more crude steel, and 4.1 times more rolled steel in the last year of the Five-Year Plan.

The policy-making process detailed in this section reveals that the Five-Year Plan and Sino-Soviet partnership actually emerged from the haphazard patching together of short-term plans, individual construction projects, and political skirmishes, rather than from a single well-coordinated, long-term grand strategy based on a firm partnership with the Soviet Union. The Five-Year Plan initially launched without a clear path to its goals and relied largely on its smaller parts: annual plans and individual projects. Soviet assistance undoubtedly played a large part in the carrying of the Plan, but the two

<sup>154</sup> D. Bagrov, “Spravka (k desiatoi godovshchine obrazovaniia KNR)” (September 16, 1959), Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-52-446-39, 17-25.

countries still suffered from recurring disagreements partly due to Mao's ambitious goals. Moreover, the following section reveals that aside from being less organized than often considered, the Five-Year Plan also relied heavily upon inherited infrastructure inherited from the past, contrary to its promissory aim to build an entire economy anew.

### **Manchuria and Socialist Industrialization**

The pattern of state investment during the Five-Year Plan shows that “socialist industrialization” was not at all a vague political slogan: it effectively served as the guiding principle of the PRC’s development strategy. First, the policy on prioritizing heavy industry over consumer industry manifested itself in the amount of state investment and the pace of growth. In a 1952 Russian-language report, Zhou Enlai wrote that heavy industry would “transform the shape of the country’s economy, strengthen national defense, and create a material base for the collectivization of agriculture.”<sup>155</sup> In 1952, 76% of industrial investment was toward heavy industry, escalating during the Five-Year Plan to 85%.<sup>156</sup> Naturally, then, the growth of heavy industry outpaced that of consumer industry.

Only in the late 1950s did SOEs and semi-public (*gongsi heying*) enterprises become a dominant form in other parts of China outside of Manchuria. In 1953, Mao established a new policy guideline, “the General Line of the Transitional Period (*guodu shiqi de zongluxian*),” which was also modeled after the Soviet policy.<sup>157</sup> With the adoption of the General Line, the CCP abandoned the earlier promise of New Democracy

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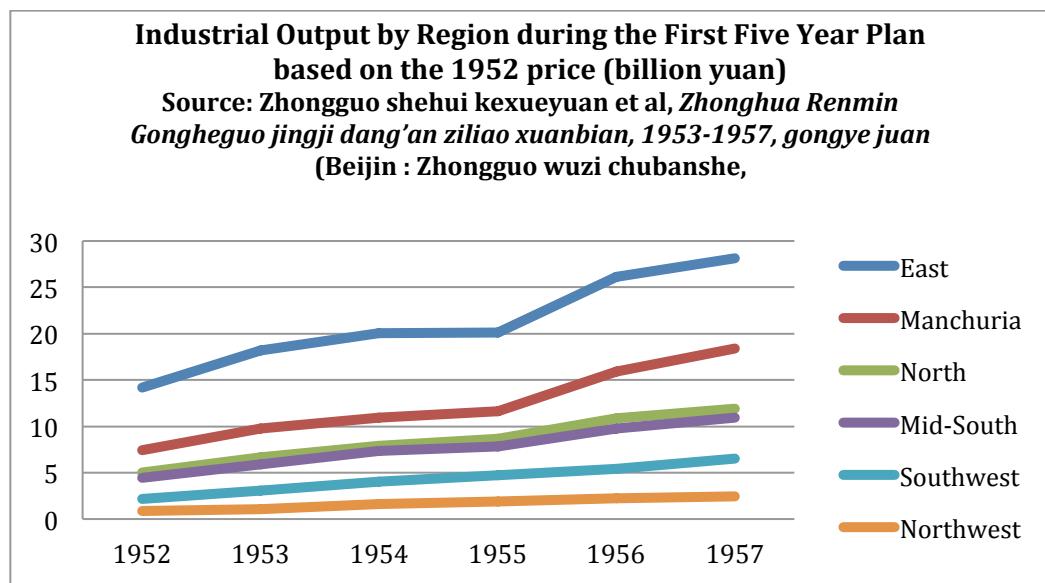
<sup>155</sup> “Doklad Chzhou En’laia ‘Ekonomicheskoe polozhenie v Kitae i zadachi piatiletnego stroitel’stva’” (August 29, 1952), in Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody*, vol. 2, 162-163.

<sup>156</sup> Dong and Wu (eds.), *Zhonghua Renmin Gongheguo jingjishi, 1953-1957*, vol. 1, 25.

<sup>157</sup> Li, *Mao and the Economic Stalinization of China*.

(*xin minzhu zhuyi*),<sup>158</sup> and decided to pursue “socialist transformation (*shehui zhuyi gaizao*),” or abrupt change of ownership of private industry. Once the General Line became an official policy, socialization of private capital went on at breakneck speed. In 1952, roughly half of the Chinese industrial workers were employed by private enterprises. In 1957, about 5 million people worked in SOEs, 2.6 million in semi-public sector (cooperative or joint state-private), and only 13,000 in private enterprises.<sup>159</sup>

While the development of heavy industry and SOEs is already well known, what is often missed in the existing scholarship on the Five-Year Plan is its regional variance, especially the important status of Manchuria. Among regions of China, Manchuria stands as the part of the country that the Five-Year Plan nourished the most.



In 1952, Manchuria produced 21.8 % of China’s industrial output, eventually rising to 23.4% by 1957. In terms of industrial output Manchuria as a region still produced less than East China, which derived its productivity mainly from Shanghai. But the gap

<sup>158</sup> Prior to the adoption of the Generl Line, the official PRC policy had been “New Democracy,” in which the CCP allowed those “national capitalists (民族資本家)” collaborative to the new regime to continue operating their factories.

<sup>159</sup> Dong and Wu (eds.), *Zhonghua Renmin Gongheguo jingjishi, 1953-1957*, vol. 1, 310.

between the two regions steadily decreased, as the East's share fell from 48.8% in 1952 to 42.3% in 1957.

The PRC's investment focus on Manchuria during the First Five-Year Plan is understandable, given that the region had the strongest foundations for "socialist industrialization," because of the Japanese and Nationalist legacies prior to 1948. First, Manchuria was the largest center of heavy industry in China. In 1952, the region produced for China 40.6% of its electricity, 33.2% of its coal, 39.4% of its cement, 69.9% of its steel, 55.1% of its petroleum.<sup>160</sup> In December 1951, in a report to Mao, the Central Financial and Economic Committee noted: "in the present, the heavy-industry center of our country is the Northeast [Manchuria], while the light-industry center is in Shanghai."<sup>161</sup> According to a 1952 Soviet survey, Manchuria was "the region of the most developed machine-construction industry in China."<sup>162</sup>

Second, Manchuria's industrial economy was already dominated by large-scale SOEs at the time the CCP took the region. In 1949, the public sector produced 87.5% of all industrial output in Manchuria, while the private sector produced only 12.5%.<sup>163</sup> One important consequence of the high rate of state-ownership in industry in the region was that a significant share of the SOEs of entire China was located in Manchuria. In 1950,

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<sup>160</sup> Gongye jiaotong wuzi tongji si 工業交通物資統計司, *Zhongguo gongye jingji tongji ziliao 1949-1984* 中國工業經濟統計資料, 1949-1984 (Beijing: Zhongguo tongji chubanshe, 1984), 166-168, 170, & 172.

<sup>161</sup> Zhongcawei 中財委, "Guanyu zhaokai quanguo jihua gongzuo huiyi suo taolun wenti xiang Mao zhuxi zhongyang de baogao 關於召開全國計劃工作會議所討論問題向毛主席並中央的報告" (December 19, 1951), *Zhonghua renmin gongheguo guojia jingji maoyi weiyuanhui, Zhongguo gongye wushinian*, Pt. 1, Vol. 1, 1073-1081 (quote from 1075).

<sup>162</sup> "Otchet komissii pabotavshei v Kitaiskoi Narodnoi Respublike s 16 ianvaria po 24 marta 1952 G.," Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3300, 35.

<sup>163</sup> Dongbei gongyebu 東北工業部, "Dongbei siying gongye ziben bizhong wenti 東北私營工業資本比重問題" (1950), Dongbei jiefangqu caizheng jingji shi bianxiezu et al (eds.), *Dongbei jiefang qu caizheng jingji shi ziliao xuanbian*, vol. 2, 339-341.

41.1% (18,878.3 billion *yuan* out of 45,972.9 billion) of the total industrial output by China's public and semi-public enterprises was produced in Manchuria. In the same year, 44.2% of workers (526,581 out of 1,189,569) in China's public or semi-public sectors were working in Manchuria.<sup>164</sup> In places like Shanghai, where a large share of industry was privately owned, New Democracy aimed at securing the political loyalty of the private business community by assuring it that the PRC state would not nationalize its assets for the time being. Meanwhile, such concerns were nonexistent in Manchuria, as there was no such private business community from which the local authority sought loyalty.

The PRC leaders were well aware of this pre-revolutionary legacy in Manchuria. In 1952, Chen Yun and Li Fuchun advised Chairman Mao that focusing investment on the Manchurian enterprises that they had inherited from Japan would prove to be most fruitful:

[E]ven though these factories [in Manchuria] lost important equipment [after Japan's surrender], the foundations of the factories still exist. If we purchase equipment and restore or expand these factories, rather than opening new factories elsewhere, we can reduce the cost of our investment considerably, obtain the return much more quickly, and speed up our pace significantly.<sup>165</sup>

The regional allocation of investment demonstrates that the idea expressed by Chen and Li was indeed incorporated into the Five-Year Plan. Out of the total investment of 10.7

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<sup>164</sup> Guojia tongji ju 國家統計局, "Yijiuwuling nian quanguo guogongying ji gongsiheng gongye shengchan fazhan gaikuang 一九五〇年全國國公營及公私合營工業生產發展概況," Zhongguo shehui kexueyuan and Zhongyang dang'anguan, *Zhonghua Renmin Gongheguo jingji dang'an ziliao xuanbian, 1949-1952: Gongshang tizhi juan* (Beijing: Zhongguo shehui kexue chubanshe, 1993), 276-277.

<sup>165</sup> Chen Yun 陳雲 and Li Fuchun 李富春, "Guanyu huifu, gaijian, xinjian gongchang de sheji qingkuang he yijian 關於恢復、改建、新建工廠的設計情況和意見," February 9, 1952, Zhonggong zhongyang wenxian yanjiushi (ed.), *Chen Yun wenji*, 3vols. (Beijing: Zhongyang wenxian chubanshe, 2005), vol. 2, 356.

billion yuan made for the Sino-Soviet “156 Projects,” 58.5% (6.28 billion yuan) had been devoted to Manchuria.<sup>166</sup> In early 1954, more than two-thirds of the Soviet experts based in other parts of China than Beijing were in Manchuria.<sup>167</sup> This made Angang one of the most important projects of the Five-Year Plan, receiving as much as 16.4% (1.76 billion yuan) of the total investment of the “156 projects.”<sup>168</sup>

A look at the types of projects in Angang further reveals how much “socialist industrialization” in Manchuria built upon the infrastructures left by the Japanese.

Types of the Construction Projects Completed in the Angang between 1953 and 1957						
	Restoration ( <i>huifu</i> )		Reconstruction ( <i>gaijian</i> )		New Construction ( <i>xinjian</i> )	
Section	No. of Projects	Investment (Million Yuan)	No. of Projects	Investment (Million Yuan)	No. of Projects	Investment (Million Yuan)
Mining	1	4.1	7	75.3	1	17.8
Beneficiation and Sintering	0	0	2	19	8	132.7
Coking	2	11.6	6	45.9	6	95.5
Refractory	1	0.9	2	22.1	2	2.2
Iron-making	0	0	8	73	1	2.3
Steel-making	0	0	1	32.1	2	82.4
Rolling	0	0	3	2.5	3	56
Machine-making	0	0	4	31.8	1	1
Power	1	1	19	35.9	36	106.1
Telecommunications	0	0	1	0.6	3	4.3
Transport	0	0	7	20.3	3	9.7
Other	0	0	2	4.6	8	13.2
Total	5	17.5	62	363.1	74	523

<sup>166</sup> Dong and Wu (eds.), *Zhonghua Renmin Gongheguo jingjishi*, 1953-1957, vol. 1, 128-130.

<sup>167</sup> I. Arkhipov, “Osnovnye dannye o razvitiu narodnogo khoziaistva KNR v 1-om kvartale 1954 g.” (June 12, 1954), Rossiiskii Gosudarstvennyi Arkhiv Noveishei Istorii (Moscow), 5-28-187, 93. Of the 403 Soviet experts, 313 were based in Beijing, 43 in Harbin, 8 in Shenyang, 7 in Anshan, 3 in Dalian, 4 in Tianjin, 3 in Shanghai, 9 in other parts of southern China, and 8 in Urumuqi.

<sup>168</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi*, 1916-1985, vol. 1, 160.

As shown here, even during the Five-Year Plan, about 40% of investment on Angang had been for either “restoration” or “reconstruction” – especially the latter – of the factories and mines that had been created by the Japanese. Many of the old factories and mines were “reconstructed”: it typically meant installing a whole new set of equipment to an old factory building whose major equipment had been removed by the Soviets or damaged during the Civil War.

In building upon the Japanese-period foundations, the First Five-Year Plan in Manchuria also tried to redress the imbalance of the industrial system that arose from the region’s dependent status as Japan’s *de facto* colony. Among them was an imbalance among different industries. For one thing, Angang and other former Japanese steel enterprises had a larger capacity to produce pig iron than steel. During the colonial period, the Japanese had designed and built these enterprises for an empire-wide division of labor in which Manchuria produced pig iron and exported it to Japan, where it would in turn be used to produce steel.<sup>169</sup> This imbalance was further intensified after the end of World War II, as Soviet “de-industrialization” in the fall of 1946 mainly targeted the steel-rolling facilities of Angang (Ch. 2). One of the main goals of Angang’s construction plan in 1952 was to eliminate this imbalance in production capacity.<sup>170</sup>

During the Five-Year Plan, the PRC’s investment strategy focused primarily upon Manchuria, which had already developed SOEs and heavy industry – the two pillars of socialist industrialization – even before the Communist Revolution. There, the hyper-industrialist policies of imperial Japan and Nationalist China had essentially begun to

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<sup>169</sup> “Zapis’ besedy posla Soiuza SSR v KNR V. V. Kuznetsova s ministrom tiazheloi promyshlennosti KNR Van Khe-Shou ot 17/IV-53 g.” Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-46-362-12, p. 63.

<sup>170</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi*, 1916-1985, vol. 1, 16.

build what Mao and other CCP leaders were seeking to build for Chinese socialism. In order to build upon and expand the Japanese and Nationalist legacies, the Chinese introduced Soviet technology in Manchuria.

### Soviets and Chinese

A major part of the Soviet technological assistance to the PRC was the sending of Soviet experts, who assisted the assembling, arranging, and starting of new industrial facilities of for Chinese SOEs.<sup>171</sup> Among the 398 Soviet experts working in China in September 1954 were 148 experts on installment and adjustment of machines, forty-three construction engineers, and twenty-nine designers of industrial enterprises.<sup>172</sup>

According to historian T. G. Zazerskaia, the number of Soviet experts in China continued to increase during the 1950s, with the peak year being 1957, when more than 2,000 Soviet technological experts were in China.<sup>173</sup>



積極學習蘇聯先進經驗，  
為祖國工業化打下堅固基礎！

Image of Soviet experts helping Angang's construction (*Gongren shenghuo*, February 14, 1952, p. 4)

<sup>171</sup> Report by D. Bagrov, September 16, 1959, Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-52-446-39, pp. 17-25.

<sup>172</sup> "Spravka Gosplana SSSR ob okazanii SSSR pomoshchi KNR v razvitiu narodnogokhoziaistva" (September 25, 1954), in E. R. Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody*, Vol. 2, 255.

<sup>173</sup> According to Zazerskaia, the numbers of Soviet technological specialists in China on January 1 in each years between 1952 and 1960 were as follows: 294 (1952); 428 (1953); 541 (1954); 790 (1955); 1,422 (1956); 2,298 (1957); 1,231 (1958); 1,153 (1959); 1,156 (1960). See T. G. Zazerskaia, *Sovetskie spetsialisty i formirovanie voenno-promyshlennogo kompleksa Kitaia, 1949-1960 goda* (Saint Petersburg: Niih Spbgu, 2000), 60.

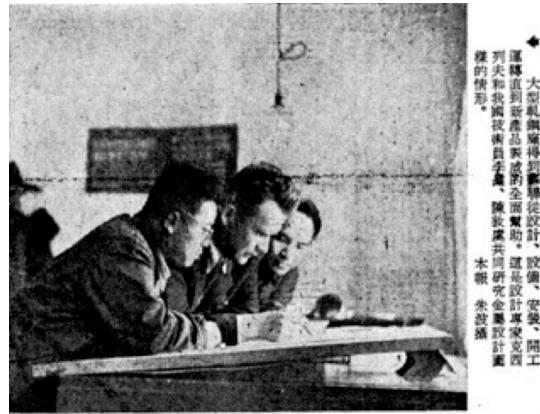
During the Five-Year Plan, Soviet experts in Chinese factories, mines, hospitals, and schools were regarded as the front lines of China's "socialist industrialization," deeply symbolic of the "great friendship" between the two socialist nations.

Nevertheless, a closer look at the role

Soviet experts played in Angang reveals that technology transfer from the Soviet Union still suffered from troublesome misunderstandings.

In receiving Soviet experts, Manchurian SOEs such as Angang set an example for the rest of China. Angang was among the first CCP industrial enterprises to receive Soviet experts.<sup>174</sup> According to a report by the Soviet Ministry of the Ferrous Metallurgy Industry, fifteen Soviet specialists were working in China's ferrous metallurgy industry in mid-1952, and nine of them were in Anshan.<sup>175</sup> A total of 340 Soviet experts were eventually deployed to Angang between 1949 and 1960.<sup>176</sup>

The leader of the Soviet experts in Angang was Georgii S. Belyi-Tkach (1909–1989), who also served as the leader of all the experts sent to China by the Soviet Ministry of Ferrous Metallurgy. A steelmaking specialist who graduated from the Leningrad Industrial Institute, Belyi-Tkach had had experience working for the



A Soviet expert with two Chinese technicians in Angang (*Renmin ribao*, December 27, 1953, p.5)

<sup>174</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi*, 1916-1985, vol. 1, 57.

<sup>175</sup> Memorandum, 24 December 1952, Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3308, 63-75.

<sup>176</sup> Long Chunman 龍春滿 et al, *Angang kezhi zhi* 鞍鋼科技誌 (Shenyang: Liaoning daxue chubanshe, 1991), 60-61.

Leningrad Institute for Designs of Metallurgy Factories, which designed new plants for Angang in the 1950s.<sup>177</sup>

As the epicenter of Sino-Soviet collaboration, Angang hosted numerous Soviet experts with a wide range in expertise. In December 1953, twenty-six Soviet experts worked in Angang's Designing Department; ten worked in construction organs; fifteen design experts worked in Pipe-rolling, Rail-structure, and Small-plate Mills; sixteen Soviet experts worked for supervision of equipment in various mills; eighteen worked for the launch of the Pipe-rolling Mill; and ten worked for the launch of the Rail-structure Mill.<sup>178</sup> Soviet experts in Angang provided assistance in erecting equipment of the new workshops of rails, pipes and coke ovens and in improving the quality of the products of these workshops.<sup>179</sup>

A 1954 report written by engineer S. Z. Shabashov, who worked in Angang, provides a glimpse into how Soviet experts conducted their work in Chinese SOEs in a flexible, ad-hoc ways, adapting to the on-the-ground conditions of the workplace. Shavashov arrived in China in April 1952 to provide assistance for the assembling and launching of two Soviet-made blast turboconductors in Angang. He soon discovered that there still existed the foundation of old turboconductors in the installation site of the new turboconductors. While the Chinese were demolishing the old foundation and

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<sup>177</sup> After returning to Russia, he served as the director of the Leningrad Institute between 1969 and 1979. For the biographical data of Belyi-Tkach, see [<http://www.lengipromez.ru/page-50.html>]

<sup>178</sup> Report by I. N. Ronanko (December 1, 1953), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3359, 76-77.

<sup>179</sup> They also played an important role in developing new types of rolled metals in the rail-structure shops; in smelting and casting high-quality steel for the use in the rail-structure and pipe-rolling shops; and in improving the maintenance of equipment. The Soviet experts also participated in developing measures to implement Angang's production plan in 1954 I. Arkhipov, "Osnovnye dannye o razvitiu narodnogo khoziaistva KNR v 1-om kvartale 1954 g." (June 12, 1954), Rossiiskii Gosudarstvennyi Arkhiv Noveishei Istorii (Moscow), 5-28-187, 107.

constructing the new one, Shabashov provided technological training to Chinese staff on assembly and operations. Meanwhile, he also helped the Chinese staff complete designs of the turboconductors. The assembling of the first turboconductor began at the end of August 1952, and was finished in February 1953. After this first assembling, however, they could not proceed to the assembling of the second one until the Chinese could finish the cleanup of the old foundations and the construction of new ones. As a result, Shabashov spent considerable time helping in the adjustment of the first assembled unit and the preparatory work for the assembling of the other turboconductor. The assembling of the other conductor at last began in July 1953, and finished in November of that year, starting its operations in December.<sup>180</sup>

As shown in Shabashov's case, a good part of the work by Soviet experts concerned the technological education of Chinese experts. This often took the form of lectures by Soviet experts. During the first half of 1955, Soviet experts on steel industry delivered fifty lectures and presentations in places such as Shanghai, Dalian, Fushun, Beijing, and Anshan. The theme of one lecture in Anshan was "On production increase and quality improvement of metal in Angang." Lectures by Soviet experts had large audiences, attracting various types of Chinese experts and workers, and through these lectures, Chinese engineers, technicians, and other workers could learn the latest Soviet organizational, technological, and planning methods.<sup>181</sup> Technical education also took place through the training of Chinese engineers and workers in the Soviet Union (Chapter 4).

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<sup>180</sup> Report by Engineer S. Z. Shabashov on work in Angang (May 8, 1954), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3359, 59-61.

<sup>181</sup> "Otchet o rabote gruppy sovetskikh spetsialistov, rabotaiushchikh pri Ministerstve tiazheloi promyshlennosti Kitaiskoi Narodnoi Respubliki po chernoi metallurgii" (Beijing, June 1955), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3398, 75-122.

The role of Soviet technology and Soviet experts was absolutely crucial for the PRC Five-Year Plan. However, if we look more closely to everyday operations in construction sites of Angang, we also find serious difficulties in the Sino-Soviet technological cooperation. For one thing, equipment ordered from the Soviet Union often arrived later than the planned dates.<sup>182</sup> According to a Japanese engineer, the completion of two of the “Three Major Projects” was postponed due to delay in delivery of machines from the Soviet Union.<sup>183</sup>

One cause for the delay in delivery of equipment was the difficulty of long-distance, bilingual communication between China and the Soviet Union. When they began construction of the Second Magnetic-separation Factory in Dagushan in Anshan with a design made in the Soviet Union, they soon learned that their Soviet-made design did not fit well with the actual geological conditions of Dagushan. Upon investigation, it turned out that the design institute in Anshan had failed to provide the Soviets with proper information on Dagushan’s topography.<sup>184</sup> The Soviets were also occasionally unresponsive to requests and enquiries from Anshan: thus, on more than one occasion, the Chinese embassy in Moscow had to send letters to the Soviet Ministry of Ferrous Metallurgy to make requests on behalf of Angang.<sup>185</sup>

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<sup>182</sup> In late 1954, the Soviet Ministry of Ferrous Metallurgy drew up a long list of projects in Angang for which the Soviets could not provide designs by the originally agreed date. Report by the Soviet Ministry of Metallurgy Industry, enclosed in a document dated 28 December 1954, Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3359, 277-279.

<sup>183</sup> Record of an interview with “B-177” (male, 48), April 1 & 2, 1954, Chiba, Japan, *Chūkyō jijō*, riku 243 (April 8, 1954), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record, A'-4-1-1-4.

<sup>184</sup> *Neibu cankao* [hereafter, NBCK], December 7, 1955.

<sup>185</sup> For example, see the letter from the Chinese embassy in Moscow to the Soviet Ministry of Ferrous Metallurgy (August 15, 1955), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-45-46, 469.

A letter by Belyi-Tkach, the chief Soviet expert in Angang, to the Soviet Ministry of Ferrous Metallurgy perfectly illustrates a difficulty typical of communication between China and the Soviet Union. According to the letter, Angang should have received from the Soviet Union the data for the equipment of three pumping stations and the designs of water system in Angang's Blast Furnace No. 6 by June 1 of 1954. However, Angang had not received these materials by those dates, and therefore Angang's Design Department could not work out the working drafts of reconstruction of water system necessary for the launch and operation of the blast furnace. Belyi-Tkach then went on to blame a Soviet institute in Leningrad for making excuses for the delay:

From your letter on the question of the drawing of the technological designs of water supply and sewerage of Angang, it seems that the Leningrad Designing Institute of Water Channel (Л.О.Водоканалпроект) is looking for formal reasons to justify its delay in producing design materials and is trying to get rid of its responsibility about the quality of the finished designs in advance, referring to alleged lack of basic data necessary for designing.

The Leningrad Designing Institute argued that they broke with the dates of the issue of technological documents because they had not yet received data necessary for the compilation of technological designs. According to Belyi-Tkach, however, Angang had provided the data long ago, and thus the claims made by the Institute "should be considered as groundless."<sup>186</sup>

To be fair, it is not altogether clear whether Belyi-Tkach's criticism of the Leningrad institute was indeed legitimate or not. It might be possible that his letter was based on misunderstanding on his part, and that Angang actually had failed to send the requisite data. Or, the truth of the matter might have been that Angang did send the data but these data were lost during delivery from Anshan to Leningrad for some reason. What

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<sup>186</sup> Letter from G. S. Belyi-Tkach to N. N. Kaporulin (August 3, 1954), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-45-36, 352-355.

is certain, though, is that the communication between Anshan and Leningrad was difficult to such an extent that it hindered the effectiveness of technological cooperation between the two countries.<sup>187</sup>

The difficulty in Sino-Soviet communications also manifested itself in diplomatic relations between the two countries. In December 1955, the PRC Ministry of Foreign Affairs gave a memorandum to their Soviet counterpart, explaining that there were serious delays in the delivery of machines and designs for some of “the 156 Projects.”<sup>188</sup> In the appendix to this memorandum, the PRC government listed the cooperation projects with which they found serious problems. One of the projects listed was Angang’s Gongchangling (弓長嶺) Iron Mine.<sup>189</sup>

To make matters worse, the distance between the Russians and the Chinese was not just geographical: they were living in the two different worlds even though they were physically within the same city—in somewhat similar way to the relationship between the Japanese and the Chinese in Anshan before the Soviets arrived. Even though Angang’s development certainly benefited much from the managers, scientists, and engineers sent by the Soviet Union, their relationship with the Chinese colleagues at times turned

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<sup>187</sup> The severe miscommunication between Anshan and Soviet cities also manifested itself in the record of a meeting among the Soviet experts and officials in the Soviet consulate-general in Shenyang. According to the Soviet experts in Angang, the drafts of cable designs for Angang’s Blooming Mill No. 2 should have arrived by November 1954, but they actually arrived only in March 1955. The measuring instrument of the No. 5 Boiler should have arrived in the third quarter of that year, but failed to. If it still did not arrive by the mid-November, there would be shortage of steam in Angang, which would limit operation of turbine air blowers, in turn reducing the production of cast iron. “Zapis’ vystuplenii na soveshchanii v Genkonsul’stve SSSR v g. Shen’iane ot 5.X.55g.,” Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-48-398-61, 83-94.

<sup>188</sup> “Beiwanglu (yi) 備忘錄（一）” (December 9, 1955), Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-48-398-61, 144-145.

<sup>189</sup> “Beiwanglu (yi) fujian 備忘錄（一）附件” (December 9, 1955), Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-48-398-61, 138-143.

tumultuous. Not surprisingly, the Russian language was difficult for the Chinese to master, and vice versa. In 1953, Gao Gang informed the Soviet minister of metallurgy industry that they had to cancel the visit of 1,000 Chinese trainees to the Soviet Union because the trainees failed to master Russian.<sup>190</sup>

As in the case of the Japanese experts discussed in Chapter 3, the Soviet experts and their family members lived in a quarter of the city separated from the local Chinese population. Soviet experts first lived and worked in former Angang-owned apartments for Japanese employees. As the number of Soviet experts in Angang grew, the Chinese built a new four-story building to serve as the office and residence of Soviet experts. According to a Japanese witness, beneath this building was an underground air-raid shelter that “could even endure an atomic bomb of Hiroshima,” so that the Soviet engineers could take flight to it directly from their residence.<sup>191</sup> According to my interview with a retired Chinese worker of Angang, the Soviets barely had contact with the local Chinese residents in everyday life, living in a separate residence and purchasing goods in a separate shop. All the knowledge my interviewee had about them came from his uncle, who was a chauffeur for a Soviet expert.<sup>192</sup>

Given a number of small but frustrating episodes of trivial conflicts recorded in confidential reports of the CCP, it is not difficult to understand why the CCP tried to limit everyday contact between the Chinese and the Soviets. For one thing, Soviet experts were

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<sup>190</sup> “Zapis’ Besedy Zamestitelia Predsedatel’ia Soveta Ministrov SSSR tovarishcha I. F. Tevosiania i posla SSSR v KNR P. F. Iudina s zamestitelem Predsedatel’ia Tsentral’nogo narodnogo pravitel’stva KNR Gao Ganom, 30 dekabria 1953 goda,” Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-47-379-7, 51-58.

<sup>191</sup> Record of an interview with “S-402” (Japanese, male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record, A'-4-1-1-4.

<sup>192</sup> Interview with L (b. 1949, male, Chinese), 23 June 23, 2017, Anshan.

far better treated in material terms than their Chinese colleagues, and thus became easy targets of jealous and petty crimes. Mr. Kong, who worked for the residence for Soviet experts, stole belongings from Soviet experts more than twenty times between 1953 and July 1954, usually doing so while supposedly shopping for them. Another employee, Ms. Wu, stole items and money three times in just one month while working in the residence for Soviet experts in Anshan. On top of this, the Caucasian appearance of Soviets intrigued the local people, especially children, and many primary school pupils and even some workers threw stones at the cars of Soviet experts.<sup>193</sup>

As in the case with the Japanese engineers, nationalism also played a role in workplace relationships. In particular, the Soviets were very sensitive about maintaining their prestige as senior partners in front of the Chinese, and were thus sensitive to their image before their Chinese colleagues. In a meeting among the Soviet experts in China, it was argued as follows:

[S]ometimes people who increase work are sent. Such occasions are very rare, but individual cases leak out [in rumors]. Expert Savchenko, who turned out to be incapable of doing work, was sent back to the Soviet Union. Some people do not meet up the moral requirement for work abroad.<sup>194</sup>

As this meeting suggested, Soviet experts should not disappoint Chinese colleagues with lower moral standards and technical expertise than the Chinese expected of them. Those who did not meet these requirements threatened the respect that the Soviets hoped to receive from the Chinese.<sup>195</sup>

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<sup>193</sup> According to a CCP internal report, twenty-four incidents of this kind occurred in Anshan between January and August 5 of 1954. *NBCK*, August 23, 1954.

<sup>194</sup> “Zapis’ vystuplenii na soveshchanii v Genkonsul’stve SSSR v g. Shen’iane ot 5.X.55g.,” Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-48-398-61, 83-94.

<sup>195</sup> When it came to the Soviet experts in Manchuria, Gao Gang offered praise, “the authority of Soviet experts among Chinese engineers and technicians, and especially among Chinese workers, are very high. Chinese workers...came to realize that Soviet experts not only give

To be sure, the importing of Soviet technology and expertise to China played a fundamental role in the PRC First Five-Year Plan. But on the ground, the Sino-Soviet collaboration also suffered periodically from small episodes of miscommunication and confusion, contrary to the rosy picture of the “Great Friendship” promulgated by the CCP’s official media organs. The CCP authority provided comfortable life to the Soviet experts but at the same time, made sure that they would not interact with local Chinese people on a daily basis, surprisingly echoing the way they had treated Japanese experts in the late 1940s and the early 1950s.

### **Socialist Industrialization in One Country?**

As the Five-Year Plan entered its latter phase, the PRC gradually decreased its reliance on the Soviet technology: the Chinese became increasingly capable of producing for themselves the machines and equipment necessary in their factories—at least partly thanks to technology transfer from the Soviet Union. As a result, from the mid-1950s onward, the PRC and the Soviet Union began to cancel some of the previously agreed upon projects of Soviet technological assistance. For example, Angang decided to independently design several projects such as a dolomite mine, and so cancelled the original agreements on Soviet design.<sup>196</sup> Following her visit to Angang in 1954, Soviet historian Anna Pankratova (1897–1957) wrote, “We saw and came to know Soviet

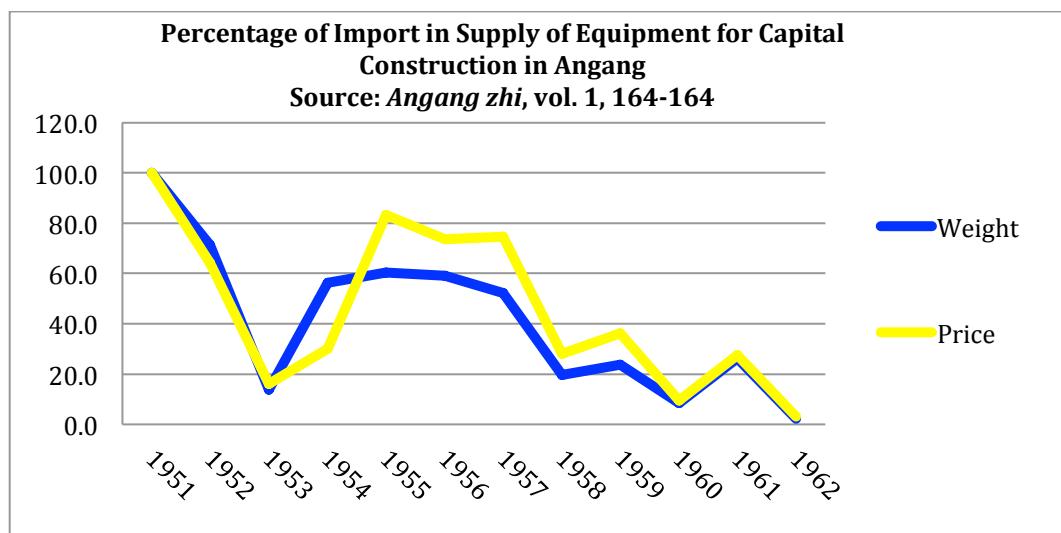
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recommendations and advice but also really practice them in life.” “Zapis’ besedy posla Soiuza SSR v KNR A. S. Paniushkina s Zamestitelem Predsedatelja Tsentral’nogo narodnogo pravitel’stva KNR i Predsedatelem Planovogo komiteta pri Tsentral’nom narodnom pravitel’stvennom sovete Gao Ganom ot 30 ianvaria 1953 goda,” Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-46-362-12, 29-31.

<sup>196</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi*, 1916-1985, vol. 1, 69 & 149.

experts in Angang. Now fewer and fewer of them stay. Many of them are now leaving, and the remaining ones are waiting for their turn to return to the homeland.”<sup>197</sup>

The declining importance of Soviet technology can also be tracked in the supply of industrial equipment to Angang. In 1952, imported equipment occupied 71% in weight and 64% in price of equipment supplied to Angang. Although the percentage fluctuated, the overall trend is clearly downward after 1955. After the Five-Year Plan, imported equipment occupied less than half of the equipment delivered to Angang.



Moreover, the problem of the PRC’s reliance on Soviet loans also emerged by the mid-1950s. Soviet loan disbursements were scheduled to end by the second half of the 1950s, but it was highly unlikely that Moscow would continue to provide major loans to China. Moreover, China had to begin to repay the Soviet loans, mainly through raw materials and agricultural products. Therefore, China was going to have to support both

<sup>197</sup> A. M. Pankratova, “Doklad o poezdke v Kitaiskuiu Narodnuiu Respubliku” (November 9, 1954), Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody*, Vol. 1, 74.

industrialization and loan repayment only through agricultural products, which led the PRC leaders to discuss policy alternatives.<sup>198</sup>

Meanwhile, Angang also performed an important role for technology transfer within China. As early as March 1954, Angang sent 326 skilled workers to Benxi, Fushun, Taiyuan, Changchun, and Shenyang to support the construction of factories there.<sup>199</sup> Between 1956 and 1958, Angang and Angang-Construction sent 4,510 cadres to support other steel enterprises, as well as training 11,903 skilled workers in Anshan for factories elsewhere.<sup>200</sup> In 1958, two subsidiary companies of Angang-Construction were transferred to Beijing and Hunan Province to become parts of steel companies there. Later in that same year, the remaining part of Angang-Construction moved to Gansu Province and was reorganized as a new SOE, the Jiuquan Steel and Iron Works.<sup>201</sup> As Zhou Enlai explained to the Soviets, the PRC policy found it necessary to build second and third steel bases in Daye (Central China) and Shijingshan (North China) and to begin to construct the forth and fifth ones in Benxi (Manchuria) and Baotou (Inner Mongolia).<sup>202</sup>

## **Building Socialism in Manchuria**

In many ways, the early PRC's "socialist industrialization" not only benefited from the policy ideas and technology imported from the Soviet Union, but also built upon the

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<sup>198</sup> Zhou Enlai argued that China should follow the example of Yugoslavia by establishing a limited socialist market economy. Liu Shaoqi recommended economic reforms modeled after Lenin's NEP, including the introduction of independent peasant markets. Chen Yun advocated for a mixture of both. Luthi, "Sino-Soviet Relations during the Mao Years," 35-36.

<sup>199</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 64.

<sup>200</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 69.

<sup>201</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 174-175.

<sup>202</sup> "Doklad Chzhou En'laia 'Ekonomicheskoe polozhenie v Kitae i zadachi piatiletnego stroitel'stva'" (August 29, 1952), in Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody*, vol. 2, 167.

legacies of the two previous anti-Communist regimes in Manchuria. A large portion of the early PRC's heavy industry consisted of former Japanese factories and mines that the CCP reconstructed by making use of Japanese and former Nationalist human resources that remained in the region. It was also in Manchuria, during the Civil War, that the CCP began implementing economic planning and other policies and institutions related to the SOE system. In short, the hyper-industrialist legacies of the Japanese and Nationalist state-capitalist regimes facilitated Manchuria's transition to Soviet-style state socialism under the CCP.

The story of Angang further expands our understanding of continuities across the 1949 Revolution in China's industrial economy. Through localized research on Angang and industrial Manchuria, this chapter has revealed multiple ways in which Japanese and Nationalist legacies contributed to the making of the pillar of the early PRC's industrial economy—SOEs in Manchuria. The most noticeable continuity is to be found in the inheritance of physical infrastructures such as machines, factory buildings, and mines left by the Japanese in Manchuria. It is here, rather than in Nationalist-developed Chongqing, that the boom of Communist China's heavy industry first found its foothold.

The second continuity brought out by the Manchurian local history is in human resources. The CCP's rapid reconstruction of Manchuria's heavy industry was made possible by its recruitment of the managers, engineers, scientists, and workers who had worked under the Japanese and the Nationalists—whom they meticulously tried to hide from public attention. The mentality of these experts, especially the Japanese, seemed to be somewhat similar to that of the British soldiers in the movie *The Bridge on the River Kwai* (1957). In the movie, the Japanese military in Burma during World War II forces

British prisoners of war to do manual labor on the construction of a bridge, and the British POWs come to work hard, regarding the completion of the bridge as a proof of the ingenuity of the British Army. Similarly, for both Japanese and formerly Nationalist Chinese engineers in Angang, working hard for the Chinese Communist Party was a way to prove the capability of their own nations.

The Japanese and Nationalist legacies in Manchuria also played an important role in China's adaptation of the Soviet model. The CCP began its economic planning system in SOEs in Manchuria during the Civil War by learning from materials and experts provided by the Soviet Union. The CCP bureaucratic organs in Manchuria provided the prototypes for the PRC's national-level economic-planning organs, which were often directed by those cadres with experience in working in Manchuria. Moreover, the dominant position of SOEs in Manchuria's industrial economy cannot be explained without reference to the fact that between 1946 and 1948, the Nationalist government reorganized the former Japanese factories there into large-scale SOEs.

Although Soviet assistance proved to be absolutely critical to China's industrialization, Sino-Soviet collaboration in Angang and other SOEs suffered from many conflicts and miscalculations on the ground—more than one would be led to imagine from the official narrative of the “great friendship” between the two countries. Miscommunications between Manchuria and Russia often obstructed efficient technological cooperation. Further conflicts erupted when Soviet experts began living and working among their Chinese colleagues. The successes and failures of Soviet technological aid prompted China to gradually seek autonomy and independence from the “Soviet Big Brother,” designing its own factories and manufacturing its own

equipment. Recent scholarship on the Cold War has also shown that fragility and weakness always existed in the bilateral relationship even before the Sino-Soviet split around 1960.<sup>203</sup> As this chapter has sought to emphasize, such fragility and weakness existed not only within the circle of policy makers in Beijing and Moscow, but also among managers, engineers, and workers in factories and mines.

In Angang and other industrial bases in Manchuria in the early PRC, the Japanese, Nationalist, and Soviet influences often overlapped and were indistinguishable from each other. The continuities and similarities between these regimes become apparent only when they are examined within a transnational context over a longer time frame. Despite major political differences between the Soviet Union, the CCP, the Japanese empire, and Nationalist China, all four regimes shared a certain vision of economic development that I refer to as hyper-industrialism. Beginning in the 1920s, political leaders, civil servants, business leaders, scientists, and intellectuals in both China and Japan had enthusiastically studied political-economic models abroad, especially Stalin's Communism and Hitler's National Socialism, both of which stressed the state's positive role in regulating economy and society. And these Soviet and German models were more or less the products of their common experience of World War I and the Great Depression. The factories and mines of Angang, in which Japanese and formerly Nationalist Chinese worked for the Chinese Communists, are a perfect site for studying the CCP's transition to hyper-industrialism and its localized consequences. The CCP began this transition not only by learning from the Soviet Union, but also by building upon the remnants of the Japanese empire and Nationalist China.

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<sup>203</sup> For example, Luthi, *The Sino-Soviet Split*.

# Chapter 4

## Factory Managers and Party Secretaries: The State-Owned Enterprise System, 1948-1957

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In September 1952, the Soviet Ministry of Ferrous Metallurgy gave permission for a Chinese man to undergo technological training in its factories. The man was Ma Bin (馬賓, 1913-2017), who was then the vice-director of Angang.<sup>1</sup> Originally from Anhui Province, Ma joined the Chinese Communist Party (CCP) in 1935, and then engaged in underground activities in Shanghai. During the Second Sino-Japanese War, he pursued a career in the CCP military force, and afterward in 1945, Ma was deployed to Manchuria, and worked for Angang from 1949 onward. Ma soon came to regard his own lack of education in science and technology as a major obstacle in his work as a leader of this major state-owned enterprise (SOE), and thus applied to study metallurgy in the Soviet Union. After finishing his study in the Soviet Union in 1956, Ma returned to his original post as the vice-director of Angang and sought to introduce centralized management methods to the enterprise.<sup>2</sup>

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<sup>1</sup> A. N. Kuzmin to G. M. Pushkin (September 29, 1952), Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-45-352-86, 22.

<sup>2</sup> Later, Ma's Soviet-influenced vision of technocratic, centrally-managed large corporation collided with the Maoist vision of steel production through mass campaigns during the Great Leap Forward (1959–1961), which led to Ma being forced to step down from Angang's leadership. It was after Mao's death that the CCP restored his status, and Ma served as the vice-minister for metallurgy industry under Deng Xiaoping's leadership. Later in the last phase of his life, however, Ma became a vocal critic of the excessive marketization of the economy, which he saw as betrayal to socialism. *Anshan shi difangzhi bianzuan weiyuanhui* 鞍山市地方誌編纂委員會, *Anshan shi zhi: renwu juan* 鞍山市誌: 人物卷 (Baishan chubanshe, 1999), 292; Yu Zhiwei

By studying in the Soviet Union, Ma converted from a local CCP cadre into a technocratic manager of a major SOE of the new socialist state. Moreover, Ma's story represented a larger shift in the CCP. To manage major SOEs like Angang, the CCP needed "SOE cadres," who were specialists of management of industrial enterprises and thus thought and behaved differently from "local cadres," who were generalists dealing with virtually all matters in one locality. During the revolution, virtually all the CCP cadres were generalists. After the revolution, the CCP cadres were divided into specialists like SOE cadres and generalists like local cadres. The relationship between these two types of ground-level agents of the state was one of the keys to understanding how SOEs were operated in the early PRC.

Before the nationalization drive of private business beginning in 1953, the guiding ethic of PRC economic policy was qualified cooperation with capitalists under the slogan of "New Democracy (*xin minzhuzhuyi*)."<sup>3</sup> In a meeting with the Soviets in February of 1949, Chairman Mao stated that "we will not confiscate the private industrial capital and its enterprises. We explain that Russia had a socialist revolution, but our revolution is a new-democratic one (nasha revoliutsia – novo-demokraticheskai)."<sup>3</sup> Therefore, in the first few years of the PRC, those private capitalists who pledged loyalty to the CCP still controlled much of China's industrial sector and SOEs played a relatively marginal role.<sup>4</sup>

However, in contrast to other industrial centers like Shanghai, Manchuria already relied on SOEs even during the "New Democracy" period because of its localized

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于之偉, "Ma Bin yu 'Angang Xianfa' 馬賓與‘鞍鋼憲法,’” *Jianghai Wanbao* (April 10, 2017), 15.

<sup>3</sup> "Zapis' besedy A. I. Mikoiana s Mao Tsze-dunom po aktual'nym voprosam politiki KPK" (February 6, 1949), in Andrei Ledovskii et al (eds.), *Russko-kitaiskie otnosheniya v XX veke: materialy i dokumenty* (Moscow: Pamyatniki istoricheskoi mysli, 2000-), V-2, 84.

<sup>4</sup> Carl Riskin, *China's Political Economy: The Quest for Development since 1949* (Oxford: Oxford University Press, 1987), 39-40.

inheritance of Nationalist corporate organization. A 1949 Soviet diplomatic record rightly traces this concentration of Manchurian industrial output in the state sector back to the Japanese and Nationalists through Mao's own remarks: "Mao Zedong said that [in Manchuria] the Japanese and the KMT [Nationalists] promoted concentration of capital at the hands of the state."<sup>5</sup>

Under Manchukuo, Japanese bureaucrats and researchers used Manchuria as an experimental "laboratory" for new economic policies such as five-year plans—learning from the Soviet Union and Nazi Germany, among others.<sup>6</sup> Similarly, Manchuria served as a laboratory for the pillar of Communist China's high industrialism: the SOE system. Many of the PRC policies on SOEs were implemented first in Manchuria before they spread throughout China. Moreover, certain difficulties and side effects such as inefficient management or sectionalism within the Manchurian SOEs were to be duplicated by those in the other regions that followed.<sup>7</sup>

As is well exemplified in Angang, the SOEs in the early PRC were essentially a bricolage of different local-level political actors—far from a mere arm of the centralized Party-State. Different organs of the Party-State, especially the industrial ministries and local Party committees, competed with one another over the control of the SOEs. Within

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<sup>5</sup> "Zapis' besedy A. I. Mikojana s Mao Tsze-dunom po voprosam vnutrennei politiki KPK" (February 5, 1949), Ledovskii et al. (ed.), *Russko-kitaiskie otnosheniia v XX veke*, V-2, 72-78.

<sup>6</sup> These economic experiments strengthened the state's control on the economy and served as a model for wartime economic mobilization in the Japanese mainland during WWII, thereby providing the foundations of the post-war Japanese "developmental state." Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975* (Stanford: Stanford University Press, 1982); Janis Mimura, *Planning for Empire: Reform Bureaucrats and the Japanese Wartime State* (Ithaca, N.Y.: Cornell University Press, 2011).

<sup>7</sup> "Wei zhengqu guojia caizheng zhuangkuang de jiben haozhuan er douzheng 為爭取國家財政經濟狀況的基本好轉而鬥爭," June 6, 1950, *Zhonggong zhongyang wenxian yanjiushi, Jianguo yilai Mao Zedong wengao*, 13 vols. (Beijing: Zhongyang wenxian chubanshe, 1987-1998), vol. 1, 391.

the SOEs, managers and workers also engaged with nuanced negotiation with their superiors. Moreover, access to state funds and the lack of fear in losing customers incentivized SOEs to pursue quantitative production growth without much consideration for the demand for their products, which resulted in considerable operational inefficiency. In spite of these problems, however, the SOEs were deemed critical not only for the developmental of China's heavy industry, but also because of their role in the maintenance of social order through providing job security and social welfare programs for their employees.

My case study of a major SOE elucidates the ground-level realities of the Chinese socialist planned economy. Early social-scientific scholarship stressed rapid economic transformation caused by the Five-Year Plan by analyzing national policies and their macro-economic outcomes mainly through sources published by the PRC authority.<sup>8</sup> The recent wave of scholarship on PRC history, however, has made use of local-level archives and other newly available sources to shift the research focus away from national policies and towards individual enterprises, especially private enterprises owned by capitalists who survived the 1949 Revolution.<sup>9</sup> While I build upon the enterprise-level analysis pioneered by recent scholarship on PRC history, I draw attention to a large-scale

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<sup>8</sup> For example, Nicholas R. Lardy, "Economic recovery and the 1st Five-Year Plan," in *The Cambridge History of China*, vol. 14, edited by John King Fairbank and Roderick MacFarquhar (Cambridge: Cambridge University Press, 1987), 144-183; Riskin, *China's Political Economy*.

<sup>9</sup> The currently dominant focus on individual enterprises has enabled historians to raise important questions regarding the legacies of capitalism in Communist China, thus challenging the past scholarship that stressed the rupture caused by the revolution. See Sherman Cochran, *The Lius of Shanghai* (Cambridge, Mass.: Harvard University Press, 2013); Sherman Cochran (ed.) *The Capitalist Dilemma in China's Cultural Revolution* (Ithaca, NY: Cornell East Asia Program, 2014); Brett Sheehan, *Industrial Eden: A Chinese Capitalist Vision* (Cambridge, Mass.: Harvard University Press, 2015); Robert K. Cliver, "Surviving Socialism: Private Industry and the Transition to Socialism in China, 1945–1958," *Cross-Currents: East Asian History and Culture Review*, 16 (2015), 139–164.

SOE – and not a smaller private enterprise – in order to elucidate issues that lay at the very core of China’s planned economy, rather than at its margins.<sup>10</sup>

### **Vertical and Horizontal Lines of Control—SOE Cadres and Local Cadres**

Despite the image of the cohesiveness of the socialist bureaucracy held by both the regime and its critics, major SOEs like Angang were under two major systems of bureaucratic control, which often competed with each other. One system of supervision was a vertical, technocratic line of command from the PRC national government, which was imported from the Soviet Union. This line of command originated from industrial ministries and the State Planning Commission (SPC) in Beijing, went downward through the director of SOEs, and then to different levels of departments and factories within the SOEs. The other system of control was horizontal, political leadership from the local Communist Party organizations, which was rooted in the CCP’s own tradition prior to 1949. Even though major SOEs like Angang belonged to the central government, CCP committees of localities wherein the SOEs were located exerted political supervision through Party committees within the SOEs.

These two systems were staffed by different types of bureaucrats and represented different methods of control—often referred to as “reds and experts.” On the one hand, the Soviet-style vertical line of command was a technocratic and top-down system of organization controlled by managerial experts whom I call “SOE cadres,” such as factory managers. In this system, the factory manager tightly controlled the operations of the factory through a highly specific division of labor and responsibility, in which people

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<sup>10</sup> By focusing on a major SOE, I complement Morris Bian’s study of regional SOEs. Morris L. Bian, “Redefining the Chinese Revolution: The Transformation and Evolution of Guizhou’s Regional State Enterprises, 1937–1957,” *Modern China*, 41-3 (2015) 313–350.

were given their work positions according to their skills. On the other hand, the traditional CCP-style horizontal leadership stressed the bottom-up political mobilization by “local cadres,” such as secretaries of CCP committees within factories. Under this system, the secretary of the CCP committee of the factory mobilized workers for higher goals through ideology and popular campaigns.<sup>11</sup> Ideally, these two systems should complement each other. In reality, however, they more often clashed.

In the early PRC, the CCP had no shortage in local cadres, but there was a shortage of personnel who could competently serve as SOE cadres. For that reason, the CCP recruited as SOE cadres many Chinese engineers and managers who had previously worked for the Nationalist and even Japanese colonial regimes. According to the Japanese chemist Umene Tsunesaburō (梅根常三郎), even though the CCP appointed “uneducated, illiterate [Communist] Party cadres” as directors of the departments of Angang in 1949 and 1950, the vice-directors of the departments were often experts who had worked under Manchukuo or the Nationalist government. From 1951 onward, the CCP even came to assign Nationalist-era experts to department directors of Angang: under the new system, the directors were either CCP cadres who had had at least two years of experience in factory management or Nationalist-era experts who had no ideological problems and had joined the ranks of the CCP.<sup>12</sup>

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<sup>11</sup> My classification of the two systems builds upon Franz Schurmann, *Ideology and Organization in Communist China* (2nd ed., Berkeley: University of California Press, 1968), 231-239. For the question of vertical and horizontal controls in post-Mao China, see Murray Scott Tanner and Eric Green, “Principals and secret agents: central versus local control over policing and obstacles to ‘rule of law’ in China,” *The China Quarterly* 191 (2007), 644–670.

<sup>12</sup> Record of an interview with “U-N-T-S-R” (male), October 18, 1953, *Chūkyō jijō*, sono 21 (February 24, 1954), Diplomatic Archives of the Ministry of Foreign Affairs of Japan 外務省外交史料館 (Tokyo), Post-WWII record 戰後期外務省記錄, A'-4-1-1-4.

Along with relying on nationalist-era experts, the CCP also produced new SOE cadres through education. As shown in the example of Angang's vice-director, Ma Bin, one major channel for expert education was to study abroad in the Soviet Union. In August 1951, Mao wrote to Stalin, explaining that "to train cadres for Chinese industry and satisfy needs of economic construction of China, we plan to send students and workers to the Soviet Union for study and practice, despite the financial difficulties caused by war."<sup>13</sup> At the time of September 1951, twenty-nine Chinese technicians, including one from Angang, practiced in iron and steel enterprises in the Soviet Union.<sup>14</sup> In April 1952, the PRC government asked the Soviet Union to accept another seventy-seven Chinese technicians and workers of Angang for training in the Soviet Union for ten months to one year.<sup>15</sup> By March 1955, 146 Chinese technicians and workers from Angang were receiving technological training in the Soviet Union. About a half of them were in factories in the Ural city of Magnitogorsk<sup>16</sup>—a steel city that was built from scratch during the Soviet First Five-Year Plan, which historian Stephen Kotkin refers to as "a microcosm of the Soviet Union during the building of socialism."<sup>17</sup> In many cases, technological training in the Soviet Union focused on on-the-job training in factories, in

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<sup>13</sup> Pis'mo Mao Tszeduna I. V. Stalinu s pros'boi razreshit' napravit' Kitaiskikh studentov i spetsialistov v SSSR na uchebu i praktiku" (August 2, 1951), in E. R. Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody: sbornik dokumentov v dvukh tomakh* (Moscow, Pamiatniki istoricheskoi mysli, 2009-2010), Vol. 2, 97. In this letter, Mao also wrote that all of the 88 industrial employees had had experience of working in industrial enterprises in Manchuria before studying Russian for half a year.

<sup>14</sup> Report of the Soviet Ministry of Ferrous Metallurgy (September 27, 1951), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3262, 106-108.

<sup>15</sup> A. Gromyko to A. N. Kuzmin (April 30, 1952), Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-45-352-86, 8.

<sup>16</sup> Report by N. Kaporulin (March 29, 1955), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3403, 67.

<sup>17</sup> Stephen Kotkin, *Magnetic Mountain: Stalinism as a Civilization* (Berkeley: University of California Press, 1995), 144.

which Chinese interns experienced the work of Soviet staff of various ranks, step by step.<sup>18</sup>

Initially, the relationship between SOE cadres and local cadres was unclear. According to a 1953 report by the Ministry of Heavy Industry, the management of Angang's iron mill was very complicated in 1949 and 1950, and the leadership within the mill was decentralized.<sup>19</sup> According to a Japanese engineer who had worked in a research institute in Angang, the orders from the upper level to his workplace first went to the CCP secretary of the institute. The secretary then held secret meetings with CCP members from each department of the institute. In this process, "if they did not have a Party membership, even the department heads had to absolutely obey the orders of the Party secretary and could not participate in the secret meetings."<sup>20</sup>

After the CCP forces took Anshan in February 1948 during the Civil War, they put the factories there under the control of CCP provincial authority of Liaodong Province (the eastern part of what became Liaoning Province later). After the CCP forces controlled the entirety of Manchuria in November 1948, Angang was affiliated with the CCP Manchurian regional authority headed by Gao Gang.<sup>21</sup> It was in January 1953 that

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<sup>18</sup> For example, a six-month training program for Chinese experts in a Soviet metal factory consisted of one month of work as an assistant welder, two months of work as a welder, two months as a foreman, and one month as a master. Report by Liberman, no date (1954 or 1955), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-45-49, 491-495.

<sup>19</sup> Zhonggongye bu yanjiushi gongzuozu 重工業部研究室工作組, "Anshan gangtie gongsi liantiechang jianli xingzheng zerenzhi de jingyan 鞍山鋼鐵公司煉鐵廠建立行政責任制的經驗," *Zhonggongye tongxun*, 31 (1953), 3.

<sup>20</sup> Record of an interview with "S-330" (male, 63), August 26, 1954, *Chūkyō jijō*, riku 379 (September 15, 1954), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record, A'-4-1-1-4.

<sup>21</sup> It was first affiliated with the Ministry of Industry of the Northeastern Admininitive Committee (東北行政委員會工業部), and later with the Minsitry of Industry of the Northeastern People's Government (東北人民政府工業部).

Angang became a central SOE that directly belonged to the PRC government: first under the Ministry of Heavy Industry, and then the Ministry of Metallurgy from June 1956.<sup>22</sup>

In the early 1950s, the CCP Manchurian authority strengthened the SOE cadres' power in relation to local cadres by introducing a system called "one-chief system (*yizhangzhi*)" from the Soviet Union. This system essentially meant strict one-man control by SOE cadres, rather than local cadres, at all levels of the system. Within one factory, the factory managers took control of the entire work, including personnel matters: every employee in the factory was to obey the command of the manager, and was individually responsible for the fulfillment of his or her task; meanwhile, the Party secretary was to support the manager by organizing ideological education within the factory. The one-chief system was also combined with the "responsibility system (*zerenzhi*)," in which work was partitioned and delegated, and each worker was individually responsible for his or her assigned part. Essentially, the one-chief system meant, at least in theory, a system of absolute control by the SOE cadres over atomized individual employees within the workplace.<sup>23</sup>

Following the promotion of the one-chief system in Manchuria, the SOE cadres came to exert more power than local cadres within factories of Angang. According to a 1953 report by the Ministry of Heavy Industry, Angang's Iron Mill established a responsibility system for the group leader of the blast furnaces. In it, they appointed a single technical expert from each blast furnace as the blast furnace chief who took

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<sup>22</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 2, 6.

<sup>23</sup> Schurmann, *Ideology and Organization in Communist China*, 253-262.

command of the whole of the operation of the furnace, and one of his main tasks was to coordinate among different shift groups.<sup>24</sup>

If implemented widely, the one-chief system would have greatly strengthened the power of its chief advocate, Gao Gang, whose power at the time stretched from Manchuria to the major economic ministries in Beijing. In the early 1950s, Gao took command of the PRC's industrialization program as the head of the SPC, and the chief leader of the PRC First Five-Year Plan. His political associates dominated major posts in industrial ministries, which sent command and funds to Angang and other major SOEs in Manchuria, Gao's regional power base. It was a time when Gao would have a meeting with the Soviet ambassador on the train from Anshan to Beijing.<sup>25</sup> In short, widespread adoption of the one-chief system would empower the vertical, centralized control by industrial ministries in Beijing, which constituted Gao's institutional power base.<sup>26</sup>

Gao Gang's promotion of the one-chief system was also a part of his larger vision of introducing Soviet-style technocratic industrial system in China. According to a Soviet intelligence report, Gao's policy in the early PRC was based on his "experience of the enterprises of the Northeast [Manchuria]."<sup>27</sup> According to a 1954 Soviet report, Soviet experts took part in Angang's introduction of the one-chief system at the factory level.<sup>28</sup>

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<sup>24</sup> Zhonggongye bu yanjiushi gongzuozu, "Anshan gangtie gongsi liantiechang jianli xingzheng zerenzhi de jingyan," 4.

<sup>25</sup> "Zapis' besedy zamestitelia predsedatelia soveta ministrov SSSR tovarishcha I. F. Tevosiania i posla SSSR v KNR P. F. Iudina s zamestitelem predsedatelia Tsentral'nogo narodnogo pravitel'stva KNR Gao Ganom, 30 dekabria 1953 goda" (February 22, 1954), Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-47-379-7, ll. 3-7.

<sup>26</sup> Schurmann, *Ideology and Organization in Communist China*, 267-271

<sup>27</sup> "Dokladnaia zapiska" (June 13, 1951), Rossiiskii Gosudarstvennyi Arkhiv Sotsial'no-Politicheskoi Istorii (Moscow), 17-137-723, 131-132. This is a part of the comment that Li Lisan (李立三) made to a Soviet agent.

<sup>28</sup> I. Arkhipov, "Osnovnye dannye o razvitiu narodnogo khoziaistva KNR v 1-om kvartale 1954 g." (June 12, 1954) Rossiiskii Gosudarstvennyi Arkhiv Noveishei Istorii (Moscow), 5-28-187, ll. 107.

The one-chief system was, however, not implemented all over China, except for Manchuria and East China around Shanghai. For one, the system was opposed by local cadres, who would lose their authority if the system had been introduced. Furthermore, there was a serious lack in technological and managerial experts who could serve as the kind of the SOE cadres expected in that system.<sup>29</sup> Moreover, technological and managerial experts who were to play a central role as SOE cadres in the one-chief system were in a shortage even in Manchuria or East China. For example, Angang's second small-sheet mill could not follow a Soviet expert's advice that all the posts of the shift managers be filled in by engineers, due to the scarcity of experienced engineers.<sup>30</sup>

Even though the one-chief system strengthened vertical control from Beijing in Manchuria in the early and mid-1950s, horizontal leadership by the local CCP organizations was also being increasingly institutionalized. First, the CCP Anshan City Committee organizationally controlled the smaller party committees within Angang.<sup>31</sup> In the 1950s, they set up a number of grassroots organizations of the CCP in individual functional departments, factories, mines, schools, and clinics. At the end of 1957, Angang had thirty-seven Party committees, forty-three general Party branches, and 487 party branches.<sup>32</sup> In 1952, the City Committee set up the Department of Industry and Mining,

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<sup>29</sup> Schurmann, *Ideology and Organization in Communist China*, 263-267.

<sup>30</sup> *Neibu cankao* [hereafter, NBCK], 149 (July 6, 1954), 89-90.

<sup>31</sup> A single Party committee that covered the whole of Angang existed only briefly (October 1954-November 1955) before 1958. Angang shizhi bianzuan weiyuanhui, *Angang zhi*, 1916-1985, vol. 2, 286-287.

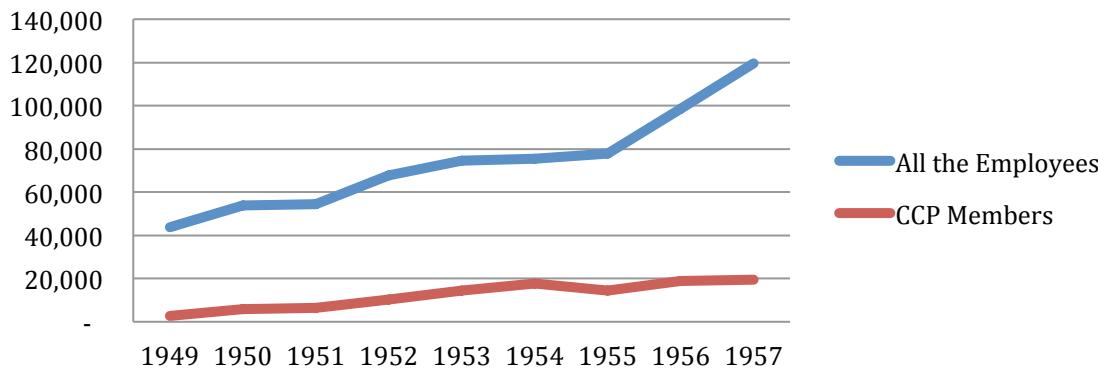
<sup>32</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi*, 1916-1985, vol. 2, 289-290.

which was stationed in the main office of Angang and took command of Party affairs in Angang.<sup>33</sup>

The City Committee also exerted influence over Angang through the system of Party membership. All the leaders of Angang were CCP members, and many of them also had their seats within the City Committee, as well.<sup>34</sup> Furthermore, Party membership gradually spread among the Angang employees. In accordance with the instructions of the CCP Manchurian regional authority and the City Committee, Angang first recruited eleven workers as new CCP members in June 1949, and at the end of 1954, more than 70% of the CCP members in Angang were workers.

### The Number of the Employees of Angang and the CCP Members among Them

Source: *Angang zhi, 1916-1985*, vol. 2, 44, 307



As shown above, the number of CCP members grew along with the number of the entire workforce of Angang. The ratio of the Party members grew until 1954, when 23.6% of

<sup>33</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 2, 287-288. The Department was later renamed the Department of Industry (工業部) in 1954, and then the First Department of Industry (第一工業部) in the following year.

<sup>34</sup> In the early 1950s, the secretary of the City Committee, Yang Chunmao (楊春茂), also served as the supervisor (監委), or the official number two, of Angang. Angang's top managers, such as Director (經理) Li Dazhang (李大璋) and Vice-Director (副經理) Hao Xiying (郝希英), also had posts in the CCP Anshan Committee. Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 2, 286.

the Angang employees were CCP members. The ratio then declined slightly, partly because of expulsion of some members from the Party, and in 1957, 16.2% of the Angang employees were CCP members.

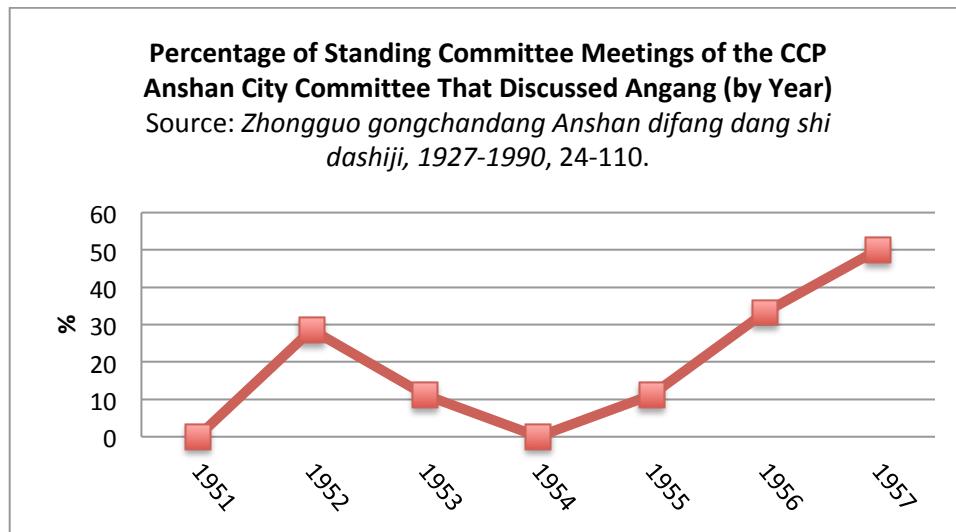
While the local CCP organizations institutionalized the network of factory committees at all the levels of SOEs, the one-chief system hindered the committees and their secretaries from exerting strong leadership within factories, which resulted in growing discontent among local cadres. According to the inspection report of the Organization Department of the CCP Liaoning Provincial Committee, one Angang SOE cadre said, “even though there was no [Communist] Party in the past, they could still construct buildings.” Another SOE cadre of Angang did not invite a CCP member in discussing the organization of his workplace. Instead, he let three formerly Nationalist Party members, one formerly Nationalist agent, and one person with a landlord family background participate in the meeting. Some factory managers didn’t consult with Party secretaries in making decisions. According to a 1954 CCP internal report, a manager of Angang’s steel mill criticized the Party committee in front of workers, saying “I am already done with the planning and technological aspects of work. The only thing lacking is the guarantee of the Party.” Of the thirty-eight high-level SOE cadres, only twelve frequently joined the Party activities, ten joined sometimes, and sixteen never joined. Of the ten managers of Angang, six never joined Party Committee meetings between December 1953 and September 1954. Many managers of factories and mines joined small group meetings, but they only made instructions and reports without examining their own shortcomings.<sup>35</sup>

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<sup>35</sup> NBCK, No. 272 (November 29, 1954), 384-387.

Not surprisingly, Gao Gang's fall from power and death in 1954 triggered growingly open criticism against the one-chief system, and much of criticism came from the local CCP organizations. In 1954 and 1955, more and more articles in CCP-sponsored newspapers in various parts of China criticized the dictatorial rule by SOE cadres under the one-chief system, and called for collective leadership by local cadres belonging to Party committees.<sup>36</sup>

Gao Gang's fall from power and open criticism of the one-chief system provided local CCP committees with opportunities to assert stronger leadership over SOEs, even in Manchuria. In Anshan, the CCP Anshan City Committee began to interfere more frequently with the operation of Angang. One indication of the rising influence of the local CCP organization is higher frequency of discussion on Angang in the meetings of the City Committee's highest governing body: the Standing Committee.



The graph above shows the percentage of meetings on Angang among all the Standing Committee meetings in each year from 1951 to 1966, based on the data extracted from

<sup>36</sup> Schurmann, *Ideology and Organization in Communist China*, 272-278.

the City Committee's official historical chronology (*dashiji*) published in 1991.<sup>37</sup> Between 1951 and 1954, the Standing Committee meetings each year discussed Angang only once or twice, or sometimes never. Even in the rare occasions in which the Standing Committee discussed Angang, it usually just meant that the Standing Committee members heard a report by the director of Angang, who also had a seat in the Standing Committee. From 1955, the Standing Committee began to discuss Angang's operation as a major topic—a trend that was to continue until the Great Leap Forward, as we will discuss in Chapter 7.

The CCP's internal reports also reported episodes that testify to the rising influence that the local CCP organizations and the local cadres exerted over SOEs. In October 1955, the vice-secretary of the CCP Liaoning Provincial Committee seriously criticized the SOE cadres of Angang-Construction for its bad performance and sectionalism. Upon being criticized, after some discussion, the SOE cadres of Angang-Construction agreed that the recent failure to achieve construction targets could be traced back to a lack in ideological training, not technological problems. These SOE cadres then held meetings in their own workplace and criticized the lack of proper political ideology.<sup>38</sup>

Another episode that shows the rising influence of the Party in comparison to the State was a debate on the production planning of Angang in 1956. Due to a serious shortage of steel and cement in the country in 1956, the Ministry of Metallurgy Industry proposed to put off several major capital-construction projects of Angang, including the Second Rolling Mill, Half-Consequent Rolling Mill, and the Coke Ovens No. 3 and 4.

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<sup>37</sup> The chronology records important events about the Municipal Committee day by day.

<sup>38</sup> NBCK, no. 227 (November 1, 1955), 2-6.

Angang and Angang-Construction, however, in alliance with the local CCP organization, chose to resist the decision by the Ministry. At the meeting held on July 28, the CCP Anshan City Committee, Angang, and Angang-Construction decided to oppose the decision by the Ministry of Metallurgy Industry. From Angang's point of view, reducing or delaying the construction projects would damage the growth of the entire national economy. In particular, the cancellation of major capital-construction projects would reduce output by several hundred thousand tons of steel, 0.35 million tons of coal, and 0.1 million tons of pig iron. In order to deal with the shortage in steel, the CCP Anshan City Committee established an Anshan City Committee for Conserving Steel, which went on to propose several strategies, including mass-based production and mass mobilization for recycling old and discarded materials.<sup>39</sup>

In the Eighth Party Congress of September 1956, the CCP officially abandoned the one-chief system, and introduced a new system that emphasized decentralized control through Party committee. This new system would be called “factory-manager (director) responsibility system under the leadership of the Party Committee.” Under this system, the SOE cadres were required to present their draft of work plans for discussion by the mass organizations, which were led by local cadres. In this way, SOE cadres had to accept criticism from the workers, from below.<sup>40</sup>

### **The Planned and Unplanned in the Planned Economy**

SOEs' production operated according to plans at different levels and for different time spans. In the case of Angang, the general director made “long-term plans,” multi-year plans for all of Angang, in accordance to the policies of the central, provincial, and city

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<sup>39</sup> NBCK, no. 1951 (August 7, 1956), 58-61.

<sup>40</sup> Schurmann, *Ideology and Organization in Communist China*, 284-287.

governments.<sup>41</sup> However, this did not mean that SOEs only produced items specified in economic plans and operated as mere arms of the government. The specific goals within the long-term plans were allocated to each year by annual plans. As for the procedure for the making of the annual plans between 1952 and 1978, Angang's official company history reads: "in the procedure for the making of these plans,...control numbers and drafts were made level by level from the bottom to the top, and then they were approved level by level from the top to the bottom."<sup>42</sup> In other words, the drafting of the annual plans began from individual workplaces at the bottom level, and these lower-level drafts were then reviewed and assembled into a larger draft plan by the upper-level.

Managers of Angang-Construction at construction sites often behaved in a way that would maximize their own interests at the expense of the overall capital construction of Angang. According to an internal report of the CCP, some managers intentionally set lower construction targets than possible, such that their achievement would surpass the quota in the plans and would secure them a bonus. For example, one chief hid the part of construction that had surpassed the quotas of one month and reported it as a part of construction of the following month in order to earn a bonus for the increase of production.<sup>43</sup> Another cadre stressed the difficulties in meeting the construction quota set by the state planning authorities and tried to negotiate with the authorities so that the latter could give them as little work as possible.<sup>44</sup>

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<sup>41</sup> This category of plans included the 1949 "Five-Year Plan for the Restoration of Anshan Steel and Iron Works (鞍山鋼鐵公司修復工程五年計劃)" and the 1956 "Plan for Construction of Factories of Anshan Steel and Iron Works (鞍山鋼鐵公司建廠規劃)." *Angang shizhi bianzuan weiyuanhui, Angang zhi, 1916-1985*, vol. 2, 19-20.

<sup>42</sup> *Angang shizhi bianzuan weiyuanhui, Angang zhi, 1916-1985*, vol. 2, 21.

<sup>43</sup> NBCK, no. 43 (February 24, 1955), 313-315.

<sup>44</sup> NBCK, no. 2054 (November 17, 1956), 423-424.

SOE managers pursued their interests not only vis-à-vis their superiors, but also with their colleagues working in different, competing construction sites. The CCP's internal reports tell stories about different workplaces of Angang-Construction going into "small disputes (*chepi*)" with each other, during which these workplaces tried to appear more productive, even if it incurred losses for the overall productivity of Angang-Construction. For example, in the construction site of the Dagushan Ore-Dressing Plant, the metal-structure installation team had been ordered to set up three spans of crane beam, so that the machine installation team could install 500 tons of machines there. However, a cadre of the former team left it undone for 104 days. In the end, the team leader of the latter team decided to *kowtow* to the cadre of the former team. After receiving *kowtow*, the cadre of the metal structure installation team finished setting up the crane beam with three workers only in three hours. In another instance, one company within Angang-Construction had a machine but did not use it. Angang-Construction ordered it to be lent to other companies that needed it, but the company lied that it did not have the machine, and instead destroyed and hid the machine when a cadre of Angang-Construction came for inspection.<sup>45</sup>

Some employees were even deemed experts on "small disputes," as it became an instrumental part of being a successful employee of Angang-Construction. This truth of pervading work culture led engineer Yang to politely advise his recently appointed boss: "To do management work, you need to learn to do 'small disputes.' If you cannot do 'small disputes,' you will lose." A popular saying at the time also went: "in working for Angang, you have to be stubborn to get along well." The author of a CCP internal report concluded that:

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<sup>45</sup> NBCK, no. 103 (May 6, 1955), 62-66.

Those individuals and workplaces who are strong in “small disputes” certainly often take advantage...The leaders have not yet dealt with this phenomenon of “small disputes” seriously...the leaders became aware that the current reward system does not make sense and that, as a matter of fact, it has encouraged individual workplaces, especially engineering teams, to develop sectionalist thoughts. But they have not been able to make fundamental improvement, therefore the problem of “small disputes” has not been stopped or overcome.<sup>46</sup>

As this article explains, sectionalist behavior such as “small disputes” in fact functioned as a rather rational strategy from the point of view of individual managers, given the incentive mechanism of SOEs at that time.

In the planned economy system, produced goods were to be sold at prices set by the state to customers designated in state plans. But a closer look at Angang’s sales of its products reveals that considerable room for negotiations existed under this system. Even with those items whose distribution was decided by the state, the SOEs’ voice was not entirely excluded from the process of decision-making. During the Five-Year Plan, the state held a “national sales meeting,” to which Angang sent its representatives. Angang also drew up a resource plan before a meeting and sent it to the Ministry of Metallurgy Industry.<sup>47</sup>

Moreover, many products were not even included in state economic plans, and were thus transacted through negotiations between different enterprises. When it came to purchasing of raw materials, the materials provided by the Manchurian regional government only covered about 78% of all the materials needed for Angang’s operation, therefore Angang had to purchase the rest through the market. In order to manage, Angang in 1950 sent its staff to the cities of Shenyang, Changchun, Jilin, Harbin, Andong

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<sup>46</sup> NBCK, no. 103 (May 6, 1955), 62-66.

<sup>47</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 2, 143-144. With the sources I have, it is still unclear how much weight Angang’s presence in the meeting had, and where these steel products were consumed.

(Dandong), and Dalian to procure raw materials from the markets there.<sup>48</sup> For the sale of its products, Angang sold a large proportion of its products to other SOEs in Manchuria – as the Northeastern Ministry of Industry ordered – but Angang also sold some of its products directly to private businesses at market price.<sup>49</sup>

Even though the range of the goods whose distribution is controlled by state planning widened considerably during the Five-Year Plan,<sup>50</sup> the PRC government was still far from exerting total control over all the products of Angang. First, the distribution of products was controlled not only by the central state but also by various levels of local governments. Sale of those products categorized as “locally-controlled items” was either decided by the enterprise or by the local government, rather than by the SPC or other government ministries. While the range of this category of items shrank during the Five-Year Plan, it did not go extinct.<sup>51</sup> Second, Angang’s rapid expansion in this period led to a growing number of chemical byproducts and non-standard products, for whose sale Angang’s Sales Department tried to find buyers in various ways. To sell the byproducts, Angang sent its staff to different cities, entrusted the commercial companies for agency

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<sup>48</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, Vol. 2, 125.

<sup>49</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, Vol. 2, 143.

<sup>50</sup> In 1953, the central state controlled 227 items (112 by the SPC and 115 by specialized ministries); in 1957 it controlled as many as 532 items (231 by the SPC and 301 by ministries). In terms of steel products, the ratio of the products distributed through commercial means fell from 35.9% in 1953 to 8.2% in 1956. Dong Zhikai 董志凱 and Wu Li 武力 (eds.), *Zhonghua Renmin Gongheguo jingjishi: 1953-1957* 中華人民共和國經濟史：1953—1957, 2 vols. (Beijing: Shehui kexue wenxian chubanshe, 2011), vol. 1, 435.

<sup>51</sup> From 1950, the products of Angang were divided into three categories. Besides the locally-controlled items, the “unified-allocation items (統配物資)” such as pig iron or steel were sold according to the plans by the SPC; the “ministry-controlled items (部管物資)” such as cokes were distributed by government ministries. Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 2, 143.

sales, and made efforts to establish a long-term business relationship with some customers.<sup>52</sup>

The premise of this system was the principle of “unified purchase, unified sale.” Under this principle, only the Angang headquarters did the selling and buying of all the major raw materials and finished products with other enterprises. Individual production units that belonged to Angang could not engage in transactions related to industrial production with enterprises other than Angang. These units only could do transactions with other production units within the Angang system.<sup>53</sup>

In trades between SOEs, promises were broken with very high frequency: SOEs did not have much incentive to fulfill their promises, given that the PRC had virtually no contract law, and given that SOEs had no fear of losing customers. In 1954, Angang ordered a machine from the Dalian Motor Factory, which agreed to deliver the product by June, and Angang paid for the machine and its transportation in advance. The Dalian factory, however, delivered the product only in August.<sup>54</sup> Moreover, SOEs often failed to fulfill the specific needs of customers, such as the sizes, shapes, and types of products. The Shenyang Heavy-Machine Factory manufactured a roasting machine for Angang in 1955, but the machine did not meet the needs of Angang.<sup>55</sup>

On top of this, some employees also engaged in corruption. For example, Kong, a purchasing officer of Angang-Construction’s Machine-Repair Factory, and several other staff bought old car parts for 4 million *yuan* from a private business. They then sold these parts to the company for 12 million *yuan*. By similar means, they earned more than 90

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<sup>52</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 2, 143.

<sup>53</sup> He Guiqian 何貴謙, *Angang de yinhang xindai jiesuan gongzuo* 鞍鋼的銀行信貸結算工作 (Beijing: Jinrong chubanshe, 1958), 11-13.

<sup>54</sup> NBCK, no. 45 (February 26, 1955), 371-373.

<sup>55</sup> NBCK, no. 85 (April 14, 1955), 215-216.

million *yuan* from the company within a year. Before long, they were arrested, and the CCP sentenced Kong to life imprisonment.<sup>56</sup>

The data on production and sales of Angang reveal that the planned economy under Mao was far more complex than a mere top-down system of commands from state planning. With state planning covering only portions of goods produced and consumed by industrial enterprises, SOEs had to constantly negotiate with the state and with each other in order to make and fulfill their economic plans. The Chinese socialist planned economy left SOEs with certain room for their own decision-making.

### **Soft-Budget Constraint**

Since its reestablishment under the CCP in December 1948, Angang's finances constituted a part of the public finances: the government paid its cost and received its products.<sup>57</sup> During the First Five-Year Plan, the PRC government invested in SOEs in key sectors such as iron and steel industry from the state budget, and the state investments were done often to the neglect of the prospect of economic return. In the case of Angang, arguably the most important SOE in the early PRC, the majority of its funding came from "capital construction investment." Capital construction investment from the PRC government to Angang between 1950 and 1957 amounted to 1,753 million *yuan*.<sup>58</sup> The gross fixed asset of Angang at the end of 1957 was 2,414 million *yuan*.<sup>59</sup>

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<sup>56</sup> NBCK, no. 284 (December 13, 1954), 174-175.

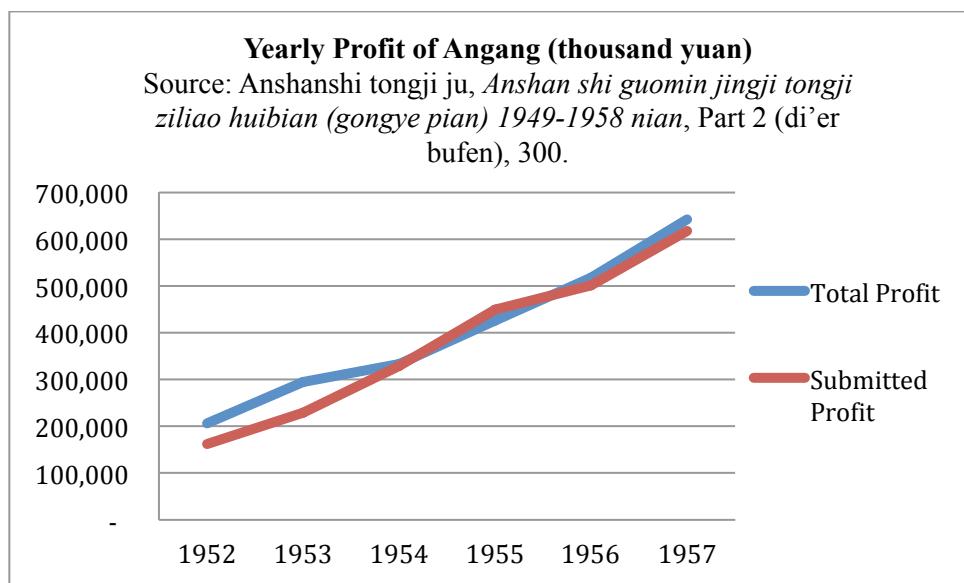
<sup>57</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, Vol. 2, 56.

<sup>58</sup> Anshan shi tongji ju 鞍山市統計局, *Anshan shi guomin jingji tongji ziliao huibian (jiben jianshe pian) 1950-1957 nian* 鞍山市國民經濟統計資料彙編（基本建設篇）1950-1957 年 (Anshan, 1959), 56-57. Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985* (vol. 1, 160) provides different numbers.

<sup>59</sup> Anshan shi tongji ju 鞍山市統計局, *Anshan shi guomin jingji tongji ziliao huibian (gongye pian) 1949-1958 nian* 鞍山市國民經濟統計資料彙編（工業篇）1949-1958 年 (Anshan, 1959),

This means that at the end of the Five-Year Plan, 72.6% of Angang's assets consisted of factories and mines built using the PRC's state budget.

While a large portion of investment to SOEs came from the state budget, their profits were largely extracted by the state, as well.<sup>60</sup> The prices of industrial products, especially products of strategically important SOEs like Angang, were set artificially higher than they would be under the market economy so that these SOEs could produce “profits” and give them to the state budget. The graph below shows how much of Angang’s net profit was extracted to the state budget as the “submitted profit.”



While Angang retained more than 20% of profits in 1952 and 1953, it then came to retain less than 4% from 1954. Consequently, Angang as a company did not have much incentive to maximize its profit, granted that the state gave Angang its means of production for free and then took virtually all the profit that it made.

Part 2 (*di’er bufen*), 5. Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985* (vol. 2, 58) also provides the same number.

<sup>60</sup> According to the national system established in 1952, the SOEs could retain 2.5 to 5% of planned interests and 12 to 25% of the interests that exceeded the plan. In 1955 and 1956, the PRC government proclaimed that the SOEs could retain 40% of the interests that exceeded the plan. Dong and Wu (eds.), *Zhonghua Renmin Gongheguo jingjishi, 1953-1957*, vol. 1, 437.

That being said, Angang’s “net profit” on account was also lower than it would have been calculated in private business, since Angang was also allowed to include various funds as “production costs” in its account. These funds included “funds for major maintenance,” which was 2% of the gross fixed asset between 1952-1965, and “funds for welfare of staff and workers,” which was 13% of the salary for employees and workers. It is difficult to discern how these funds were actually spent, but given that the state control on these funds were quite loose, the *de facto* surplus that Angang could use without the state interference may have been larger than the numbers shown in the table.<sup>61</sup>

Even though the PRC government pumped Angang with funds from the state budget, Angang tightened up its own budget to provide factories under its control with incentives to economize. In 1950, Angang implemented a more decentralized financial system, under which the factories and mines of Angang became “economically totally independent” and were able to purchase and sell goods as well as borrow loans from banks by themselves.<sup>62</sup>

The motivation behind this decision was to counter the moral hazard of “production units,” or individual factories and mines that belonged to Angang. Before 1950, Angang’s finance was centralized but production operation was decentralized. Therefore, individual production units had no incentive to economize: they simply sought to increase the amount of production, without regard for the cost of their operation and the demands for their products. Individual factories did not have to take any responsibility for the losses that arose from their overproduction: Angang as an entire company did. According to a pamphlet written by a state bank staff stationed in Anagang:

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<sup>61</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 2, 61.

<sup>62</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 2, 56.

The accounting of the individual work units that belonged [to Angang] was not independent, therefore it was impossible to implement economic accounting system. They [individual workunits] raised hands to request funds, and delivered goods blindly. Individual work units did not care about the sources of funding, or about whether it was easy to sell products. When the products were in stockpile, the enterprise [Angang] took responsibility. When the funding was in shortage, the enterprise found solutions. Production units just produced goods, which inevitably resulted in a considerable stockpile of funds. Each units...could not do economic activities independently, submitted profits [to Angang], and the upper-level [Angang] took care of their losses. In any case, they could not stop production. Even though most of the work units calculated losses and profits, it had little to do with their own interests.<sup>63</sup>

In order to incentivize factory and mine directors to operate their workplaces more efficiently, Angang introduced a system of “two-level accounting (*liangji hesuan*)” for eighteen production units in July 1950. Under this system, production units under Angang were financed mainly by the state bank, rather than by the Angang. Angang initially provided its production units with a certain amount of funding, but when they ran out of funds, the production units had to apply for short-term loans from banks, which would review the operation of the production units.<sup>64</sup>

According to the banker stationed in Angang, this new system successfully incentivized the production units to economize their operations:

Change has taken place in the financial management of the enterprises [that constitute Angang]. Each enterprise has begun corporatized management and has begun to individually take responsibility for losses and profits, and to receive strict supervision of state banks. This has changed the [past] bias, in which the enterprises only planned spending and did not plan incomes. Enterprise management has thus improved. Specifically, individual work units began to care about the problem of financial income and expenditures.<sup>65</sup>

However, state-owned banks often failed to effectively control SOEs’ use of state funds, and SOEs had certain power in deciding how to use the funds allocated to them.

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<sup>63</sup> He, *Angang de yinhang xindai jiesuan gongzuo*, 10-11 (quote from 11)

<sup>64</sup> He, *Angang de yinhang xindai jiesuan gongzuo*, 11-13.

<sup>65</sup> He, *Angang de yinhang xindai jiesuan gongzuo*, 13.

According to a 1955 report by a state bank, Angang-Construction had committed serious violations of financial regulations, overspending by more than 24 million *yuan* during the first half of the year. Using these funds, Angang-Construction implemented construction projects outside original plans and without state approval. The bank had discovered six such cases, including the new housings of Taiding, a residential district which had originally been built for high-ranking Japanese managers during the colonial period and became home to the local CCP leaders (See Chapter 5). Moreover, the state banks lacked a proper method of supervision. According to the state regulations, when Angang-Construction purchased equipment in other cities, it should have been supervised by the Construction Bank, and the bank deposit should not have gained interest. But Angang-Construction's Equipment Department deposited the funds for purchases in other cities in an account of another state bank, and gained interest from these deposits, which easily evaded supervision and led to corruption and squandering.<sup>66</sup>

Given that profits must be submitted to the state and that the losses would be covered by the state, SOEs had incentives to focus solely on the amount of production and ignore profitability. According to a Japanese engineer, “the output and its cost for a factory should be coordinated, but that is not the case under the CCP. They just increase output...They seem to be unable to look at them [the output and the cost] at the same time.”<sup>67</sup> Another Japanese engineer cast doubts on the long-term productivity of the CCP’s treatment of Angang’s facilities. Compared with the Japanese period, the CCP operated the blast furnaces more intensively and with less maintenance. This method,

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<sup>66</sup> NBCK, no. 167 (July 20, 1955), 272-274.

<sup>67</sup> Record of an interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A’-4-1-1-4.

which the CCP learned from the Soviet Union, increased short-term production but shortened the lifespan of the blast furnaces in the long run. The Japanese engineer thus concluded, “The Soviet and CCP operation methods are possible only under socialist state control, and probably unfeasible in capitalist countries where there is free competition on profit making.”<sup>68</sup>

Even when Angang produced a massive amount of iron and steel products, a non-negligible amount of these products were of unusable quality. For the first five months of 1954, Angang failed to meet the goals in terms of quality of its products. In the original plan, 92% of the iron and steel products of Angang should be of the first rate. But by May 1954, unusable iron products amounted over 6,400 tons, which was even 1,400 tons larger than the unusable iron produced in the entire year of 1953. As a result, Angang had only produced 76%



Anshan ribao, April 21, 1956

of the ordered products, meaning a shortage of steel and iron amounting to 10,179 tons.<sup>69</sup> The problem of quality control in SOEs likely irritated the CCP Anshan City Committee, and it became a theme of at least one satirical illustration in the City Committee's official mouthpiece, *Anshan Daily*. On the left, two men make a boast of overachievement of

<sup>68</sup> Record of an interview with “S-438” (male, 49) and “S-441” (male, 44), October 10, 11& 14-16, 1954, *Chūkyō jijō*, riku 501 (February 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>69</sup> NBCK, no. 135 (June 18, 1954), 222-224.

production target. But next, they fall off from their place due to imbalance between high quantity and low quality.

This problem of low-quality products of SOEs even damaged China's relations with other countries. In 1955, Angang agreed to sell 12,000 tons of products to Myanmar, originally planning to send over products that had been stored in its warehouses. However, Angang soon discovered that these products had already rusted, and so had to produce new items and ask for an extension on the date of transfer of products.<sup>70</sup> In that same year, Angang also failed to produce goods ordered by Czechoslovakia and Poland, and was requested to pay cancellation fees.<sup>71</sup>

Moreover, even if the quality of a product was fine, there was not necessarily demand for the product. Given that the industrial sector in China had still been underdeveloped, there were not enough industrial enterprises that would need costly metals produced by Angang. Nevertheless, access to state funds incentivized SOEs to increase production without much consideration for market needs for their products. Between December 1953 and February 1954, over 800 tons of seamless steel pipes remained unsold in Angang, even though the government had artificially lowered their prices. Angang's Sales Department negotiated with other industrial enterprises such as the China Hardware Machine Works, but they had not yet come to agreement.<sup>72</sup> In the fourth quarter of 1953, two thousand tons of napthalene flakes and more than 100,000 tons of smelting cokes were in excess in Angang. Even when they sent their staff to Shanghai to find buyers, Angang could hardly find customers. This unfortunate situation

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<sup>70</sup> NBCK, no. 131 (June 8, 1955), 108-109. Also, inspectors of Angang checked the finished products more rigorously because it was to be sold abroad. As a result, they could only hand in much less than contracted.

<sup>71</sup> NBCK, no. 73 (March 31, 1955), 479-480. It is unclear whether Angang actually paid them.

<sup>72</sup> NBCK, no. 43 (February 24, 1954), 269-270.

prompted the director of Angang's Sales Department to propose that they export these excess products to North Korea and Japan.<sup>73</sup>

Such frequent miscalculations of demand and supply led to a large amount of finished products simply being stored away in warehouses throughout Angang. According to an internal report of the CCP, in August 1954, Angang's factories had almost 30,000 tons of finished products. According to production plans and purchase orders, it could be estimated that the stock of products would amount to about 100,000 tons by the end of the year.<sup>74</sup> In August 1955, Angang expected that it was to reserve 406,000 tons of pig iron, or one-fifth of annual production, for the second half of the year.<sup>75</sup>

Angang failed to be disciplined by any profit-making incentive via some semblance of a market mechanism, granted that it could rely on state investment to survive. As a result, Angang's imprudent behavior owed itself to a reckless pursuit of quantitative increase in its production without adequate attention to the qualitative improvement of its products.<sup>76</sup> In their reliance on the state budget and their focus on

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<sup>73</sup> NBCK, no. 214 (September 12, 1953), 170-171.

<sup>74</sup> The author of the internal report argued that such a great amount of stock appeared for several reasons. First, it was not clear how much iron and steel products were needed in the entire country. Second, some products were too low-quality to be used in construction projects all over the country. Third, in producing ordered items, factories produced a little bit more than ordered in order to make sure that they could fulfill the duty. Thus, stock kept accumulating every month. Fourth, in some factories, quality-check and transportation did not catch up with the speed of production, therefore many finished products remained untouched in the factories. NBCK, no. 183 (August 14, 1954), 218-219.

<sup>75</sup> NBCK, no. 180 (August 4, 1955), 36-37.

<sup>76</sup> Angang's quality problem and lack of proper customers seem to verify the economist Barry Norton's insight on the Maoist development strategy prioritizing on steel and other heavy industries: "By concentrating on capital- and technology-intensive heavy industries and neglecting labor intensive consumer goods industries, the Chinese were pouring scarce resources into difficult undertakings while ignoring opportunities to exploit relatively 'easy' projects. The strategy created an important heavy industrial base, but those assets were being used at very low

quantitative growth, SOEs in Mao-era China were similar to major industrial enterprises in Japanese-occupied Manchuria. The enterprises under the two regimes were, however, different in the social roles that they played. In Mao-era China, SOEs like Angang served as a major linkage between the state and society.

### **Workplace as a Home**

In the Soviet Union and other socialist countries, the workplace became the focal point of the provision of social welfare services. The Chinese version of this socialist enterprise system evolved into what is called the “work unit system (*danwei* system)” by the end of the 1950s. In urban China, employment was supposed to be permanent, and it was almost impossible to change jobs. The work unit delivered and funded health insurance, pensions, and housing for its employees, all in addition to providing various amenities such as meal halls and shower and bath facilities. It is also important to note that not all work units were equal: large SOEs and higher-ranking government offices provided more benefits to their employees than other work units.<sup>77</sup>

In Manchuria, the Danwei system emerged even before the establishment of the PRC. At the end of February 1949, the CCP regional authority in Manchuria introduced a system of labor insurance in SOEs there, in which the enterprises were to pool 3% of their employees’ wages and use it in cases of sick leave from work, disability, or death.<sup>78</sup> Angang also paid up to about 80% of original salaries as a pension to its retired

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efficiency.” Barry Naughton, *The Chinese Economy: Transitions and Growth* (Cambridge, Mass.: MIT Press, 2007), 82.

<sup>77</sup> Andrew Walder, *China under Mao: A Revolution Derailed* (Cambridge, MA: Harvard University Press, 2015), 91-94.

<sup>78</sup> *Gongren shenghuo* 工人生活 (March 6, 1949), 2-4.

employees after the retirement age of 60 (55 in the cases of mines and chemical plants).<sup>79</sup>

Furthermore, Angang considerably expanded upon various social welfare facilities for its employees: in 1949, Angang had thirty-eight cafeterias and ninety-two baths, but by 1952 it had ninety-five cafeterias and 108 baths on top of 754 beds for the Angang Hospital. Angang repaired old buildings and built new ones in order to better provide dormitories for its continuously-growing workforce—though the pace failed to keep up with the increase of workers, as shown in Chapter 5.<sup>80</sup>

Through SOEs' social welfare programs, the CCP aimed to take responsibility for every corner of life of the employees and to replace roles traditionally occupied by social networks such as the family, neighborhoods, and native-place organizations. Taking note of this, Anshan's local newspaper chronicled this transformation in a story of two workers of Angang discussing labor insurance:

Worker Zhao: Does labor insurance really have benefits?

Worker Liu: Have you not heard? You can have a pension, even if you don't have a son. Labor insurance is your son...

Zhao (excited): Now I will not fear, even if I don't have a son. The factory is my home.

Liu: Do you know who gave such benefits to us?

Zhao: I know this is the territory that the Communist Party and the People's Liberation Army conquered for us.<sup>81</sup>

This dialogue conveys the message that, at least in major SOEs like Angang, the workplaces controlled by the Communist Party would protect every aspect and phase of an employee's life so long as he or she devotedly worked for the revolutionary mission of

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<sup>79</sup> Record of an interview with "S-466" (male, 43), November, 10, 15 & 16, 1954, *Chūkyō jijō*, riku 478-2 (January 20, 1955), Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>80</sup> Anshan shi zonggonghui 鞍山市總工會, *Anshan gongren yundong shi*, 1909-1990 鞍山工人運動史, 1909-1990 (Anshan, 1999), 132.

<sup>81</sup> *Gongren shenghuo* (March 15, 1949), 4.

the party. If workers understood and participated in the mission to liberate the Chinese people, the CCP would reward them by providing social welfare—at least in theory.

A central link in this SOE-coordinated welfare system was housing. In October 1952, *Workers' Life* (*gongren shenghuo*), the official newspaper of the CCP Anshan City Committee, published an article titled “A Beautiful Park—a Newly Constructed Residential Complex for Workers.” The article detailed a new workers’ residential complex in Anshan’s Lishan District, with an image of the complex’s design occupying about two-thirds of the page. The article presented a picture of future life in this apartment complex of 100,000 m<sup>2</sup> (about 24.7 acres). Obviously influenced by Soviet urban planners’ adaptation of Ebenezer Howard’s concept of the garden city, they planned to plant trees, flowers and grass around the entire residential complex. This would make “the entire residential complex look like a beautiful flower garden,” and workers could enjoy walking in and around the scenic complex with their families after work.<sup>82</sup>

Well-equipped with basic amenities, this housing complex was, in a sense, a small town of its own. The western part of the complex consisted of dormitories for single people and for families, in addition to public dining halls and baths. There were also amusement and social facilities such as a movie theater, a meeting space, a primary school, a clinic, and a childcare center.<sup>83</sup>

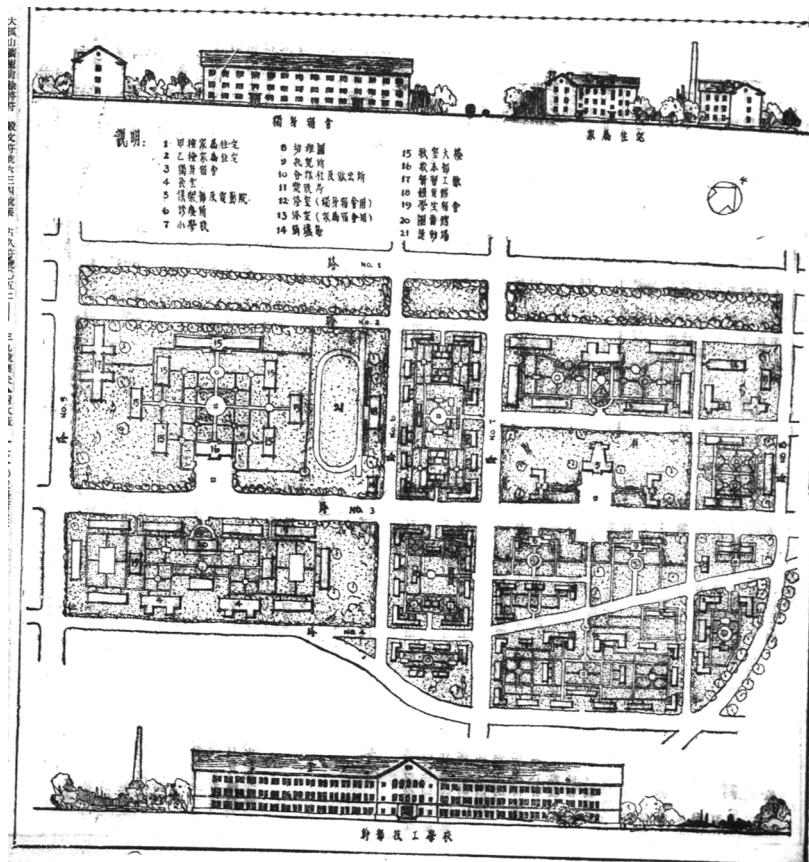
The importance of education for these planners manifested itself in the location of schools and the space they occupied. For instance, the eastern half of the residential complex was devoted to a technical school for cadres. The school had classroom

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<sup>82</sup> *Gongren shenghuo* (October 6, 1952), 2.

<sup>83</sup> *Gongren shenghuo* (October 6, 1952), 2.

buildings, a main office building, a gymnasium, an athletic field, a library, a student dormitory, and a laboratory. Importantly, the school's placement within the residential complex was expected to enable the workers to study and live within the same space: "when the time for after-work study comes, the school's class-time bells ring, and workers go from their apartments with books in hand to the classroom to attend class."<sup>84</sup>



An image of the design of the workers' residential complex in Lishan District (*Gongren shenghuo*, October 6, 1952, p.2)

As shown in this article, the CCP authority imagined housing, especially those for unmarried workers, as a tool to remake the relationship between the SOEs and individual workers. By replacing traditional networks based on family ties or native place with a workplace-controlled housing system as a basic unit of life, the CCP authorities tried to

<sup>84</sup> *Gongren shenghuo* (October 6, 1952), 2.

bring individuals under direct SOE control. According to an essay ostensibly written by a college-educated worker and published in Anshan's local newspaper, about 1,000 recent college graduates from different parts of the country resided in Angang's Twentieth Workers' Dormitory. Anshan's official labor union provided them with microphones and records, and workers could listen to music after work. In addition to a basketball court, the dormitory also had a club house, where residents could read newspapers and magazines, and even play billiards and poker. Reportedly, young workers at Angang said, "our dormitory is better than home."<sup>85</sup>

Under this system, SOEs not only provided social welfare and job security, but also exerted greater control on its employees than a company under the capitalist system. SOEs in Mao-era China was indeed a whole community in which their employees worked, lived and engaged in social activities. To its employees, the SOEs were small worlds in which both work and life took place.

Given the wholeness of control and care that employees received from SOEs, it was also easy for SOEs managers to exploit their employees. To fulfill production quotas set by the state, workplaces sometimes forced their employees to work for brutally long periods. An internal report from 1956 also warned that many workplaces in Angang and Angang Construction forced workers to work overtime without paying the appropriate amount of monetary compensation.<sup>86</sup> The Anshan Prosecutor's Office reported a more egregious case in 1956, detailing how the No. 3 Pipe Installation Company in the city forced its employees to work on holidays or work overtime. Under pressure from the company director, a group of eleven pipe workers worked for twenty-five hours without

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<sup>85</sup> *Gongren shenghuo* (September 5, 1953), 3.

<sup>86</sup> NBCK, no. 8 (January 19, 1956), 111-113.

pause on September 29. In another instance, a worker called Li confessed: “I have never gone home for five or six days now. I’ve felt dizzy for a whole day.” Given that this practice of overtime work seriously harmed the health and safety of workers, the Prosecutor’s Office criticized the company for harming society and economy. According to them, this situation of work overtime violated of the state’s labor policies by “harming workers’ health and safety, and inflicting economic and political damage to the party and the state.”<sup>87</sup>

To be sure, overtime work is commonplace in capitalist societies, as well. But working overtime in Mao-period SOEs was made worse by the very nature of the nascent planned economy. In this system, workers found it extremely difficult to change workplaces, for quitting a position in an SOE meant quitting all the social-welfare programs including housing provided by the SOE. If workers virtually could not leave their jobs, coupled with unrealistically high production quotas demanded by the upper-level management – as was often the case during the First Five-Year Plan – SOE managers had every incentive to force workers to work overtime.

Nevertheless, it would be incorrect to assume workers had no negotiating power vis-à-vis their workplace. Workers and lower-level cadres still engaged in subtle negotiations with the authorities over workload and wages. According to an internal report in 1954, cadres of Angang Construction negotiated with their superiors to get lower quotas for workers, with some cadres even changing the quotas themselves. Moreover, aside from cadres, ordinary workers also played their role in such negotiations. Worker Zhang of Angang-Construction reportedly advised his fellow workers: “Do not work too much! Last year, we got up early and went to bed late to work. This year, the

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<sup>87</sup> Report by the Anshan Prosecutor’s Office, November 14, 1956, Private Collection.

quota was raised. If we work too much again, the quota for the next year will be even higher.”<sup>88</sup>

Workers came to have even more leverage in negotiating their wages after some workplaces in Anshan introduced the piece wage system, in which a worker was paid for each unit produced or action performed. According to an internal report of 1957, more than 80% workers of Angang-Construction received their wages through the piece wage system. Some workers falsified the amount of work they finished in their reports, and managers often gave them a pass, either because they did not want to get into conflict with workers or because they simply did not bother to check the workers’ jobs. On the other hand, some workers worked overtime in order to receive higher salaries by performing unnecessary jobs.<sup>89</sup>

SOEs in Mao-era China became both workplace and home to their employees, through providing various social-welfare programs, including housing. Under this system, the boundaries between work and life became blurred, as they took place in the same place among same people. To some extent, major industrial enterprises under the Japanese and Nationalist regimes also played similar roles on the life of their employees, but the social-welfare functions of the SOEs in the early PRC were far wider and far more thorough.

## **Who Owned the State-owned Enterprises?**

At first, the term, “state-owned enterprise,” may arouse a rather simple image of an entity owned by the state and implementing commands from the state. But if we look at the day-to-day processes of their operation, SOEs cease to look so straightforward. First of

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<sup>88</sup> NBCK, no. 148 (July 5, 1954), 71-73.

<sup>89</sup> *Neibu cankao*, no. 2162 (March 26, 1957).

all, the “state” that owned SOEs was not as monolithic as it pretended to be. SOEs were actually under at least two lines of control—the vertical line that extended from Beijing through factory managers and the horizontal line that extended from the local CCP organizations through local cadres. These two lines also represented two different modes of revolutionary thinking. Factory managers on the vertical line sought to assert technocratic control of the workplace, reflecting the Soviet model that China tried to import in the early PRC. This mode of control also had certain similarity with management under Nationalist and Japanese periods. Meanwhile, local cadres on the horizontal line were generalist leaders who tried to achieve solidarity with workers through incessant popular mobilization campaigns. The tension between these two lines was soon to reach a new height during the Great Leap Forward, as discussed in Chapter 7.

Far from being mere arms of state policy, SOEs in fact constantly re-interpreted and distorted the commands from the state bureaucracy to maximize their own interests and squabbles. Their tactics varied from clandestine subversion to open disagreement, but even in the latter case, they did not challenge the authority of the regime or its rhetoric. SOEs in turn had to deal with behaviors of its managers in factories and on construction sites. Ironically, the behaviors of SOEs and individual factories that constituted them were made possible by the system created by the state. Economic plans always left many items outside the state-planning system, and thus prompted SOEs to negotiate with each other in search of goods necessary for their operation. Access to state funds and state collection of profits incentivized SOEs to pursue quantitative growth of their production without constraint of the demands from customer.

Despite these confusions and shortcomings, however, the state continued to protect SOEs, partly because of the role they played in the creation and maintenance of social order. Major SOEs like Angang provided their employees various social-welfare benefits such as housing. Under this system, SOEs were both workplaces and homes at the same time, in that their employees and their families worked and lived within the same boundaries of these enterprises. Major SOEs like Angang were, in a sense, miniature microcosms of the new socialist society that the CCP was trying to build.

Aside from their social functions, SOEs were also important because they produced those items that the high-industrialist state decided to be essential for the nation. No matter how costly or redundant they were, Angang's gigantic steel plants still satisfied Chairman Mao simply because they produced more steel than ever before. As China's First Five-Year Plan drew to a close, he proclaimed at the Moscow Meeting of Communist and Workers' Parties:

This year we have produced 5.2 million tons of steel. In another five years, we can produce 10 to 15 million tons of steel...In another 15 years we may have achieved 40 million tons. Would that not amount to overtaking Great Britain?<sup>90</sup>

In the Chairman's worldview, the amount of steel production stood as the strongest measure by which to compare the wealth and power of nations. Steel played an integral role in making knives, cars, bridges, buildings, bullets, tanks, and most of all, socialism writ large. "Steel" was the watchword of the era, as exemplified in the popularity in China of the socialist realist novel by Soviet writer Nikolai Ostrovsky, *How the Steel Was*

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<sup>90</sup> Mao Zedong (English translation by Michael Schoenhals), "Speech at a Meeting of the Representatives of Sixty-four Communist and Workers' Parties" (November 18, 1957), Wilson Center Digital Archive [<http://digitalarchive.wilsoncenter.org/document/121559>].

*Tempered (Как Закалялась Сталь).*<sup>91</sup> Half of all steel production in China originated from Angang. Hence, the Chinese Communist Party nurtured Angang as parents would spoil a child. In this age of steel, Angang existed as something more than a mere industrial complex: it was an indispensable tool for creating a new, scientific socialist state in the hands of the vanguard Party. Angang was none other than the young People's Republic itself, the socialist republic, Mao's republic. In the next chapter, we see how this enterprise made and remade the urban space of the locality where it was located.

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<sup>91</sup> Yu, Minling 余敏玲, *Xingsu “xinren”: Zhonggong xuanchuan yu Sulian jingyan 形塑「新人」：中共宣傳與蘇聯經驗* (Taipei: Zhongyang yanjiuyuan jindaishi yanjiusuo, 2015), 45-84.

# Chapter 5

## A Socialist Industrial City: Urban Formation and Domestic Migration, 1948-1957

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“Anshan...is home to one of the largest steel plants in the Far East, and is called ‘Steel Metropolis (*gang’du*),’ ‘Iron Metropolis (*tiedu*),’ and ‘the treasure of Manchurian industry (*Manzhou gongye zhi bao*),’” proclaimed *People’s Daily* (*Renmin ribao*) in September 1948—shortly after the Chinese Communist Party (CCP) took Anshan and other major cities in Manchuria (Northeast China) in the Chinese Civil War.<sup>1</sup> The CCP’s takeover of Anshan and other major Manchurian cities between 1945 and 1948 marked a turning point for the CCP’s transformation from rural guerrilla forces into a hyper-industrialist urban bureaucratic organization. In June 1948, Wang Jiaxiang (王稼祥), a CCP leader in Manchuria, drafted an “Outline of Work in the City,” the first comprehensive policy document on CCP urban governance. According to this report, “the Northeast [Manchuria] is the most industrialized region in all of China, and the urban population constitutes one-third of the entire population of the Northeast.” The high degree of industrialization and urbanization in Manchuria made the region “greatly different from the [CCP-controlled] liberated areas during the War of Resistance [against Japan].”<sup>2</sup> After two decades of rural revolution, the CCP now had to adapt itself to a new type of work: the governance of modern industrial cities. In March 1949, when the CCP’s

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<sup>1</sup> *Renmin ribao* 人民日報 (September 17, 1948), 2.

<sup>2</sup> Wang Jiaxiang 王稼祥, “Chengshi gongzuo dagang 城市工作大綱” (June 1948), “Wang Jiaxiang xuanji” bianjizu, *Wang Jiaxiang xuanji* (Beijing: Renmin chubanshe, 1989), 366-367.

ultimate victory in the Civil War appeared on the horizon, even Chairman Mao, the champion of the CCP's rural revolution, wrote, “[t]he focus of the Party's work has moved from rural villages to cities.”<sup>3</sup>

With the construction of a socialist planned economy in China as their primary economic goal, the CCP naturally showed a strong interest in planning cities according to their hyper-industrialist vision. Shortly prior to the founding of the PRC, Chairman Mao wrote that they must make sure that “state-run industrial production comes first, private-run industrial production second, and handicraft industry third.” By developing modern industrial SOEs, Mao envisioned “changing consumption cities (*xiaofei de chengshi*) into production cities (*shengchan de chengshi*).”<sup>4</sup> For China to industrialize, people had to move from the countryside to the cities to become workers, and the state authorities had to design and build new urban spaces suited to heavy industry and industrial workers. The “scientific” methods of city planning borrowed from the Soviet Union shaped the entire process of urbanization.<sup>5</sup> As a Soviet document on urban planning in the PRC noted, “[i]n socialist China...the development of cities is part of the general planning of the national economy.”<sup>6</sup>

By drawing upon a wide range of newly available sources including local newspapers, official histories of various city government organs, and confidential

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<sup>3</sup> Mao Zedong 毛澤東, “Zai Zhongguo Gongchandang diqijie zhongyang weiyuanhui di'erci quanti huiyi shang de baogao 在中國共產黨第七屆中央委員會第二次全體會議上的報告” (March 5, 1949) (<https://www.marxists.org/chinese/maozedong/marxist.org-chinese-mao-19490305.htm>).

<sup>4</sup> Mao Zedong, “Zai Zhongguo Gongchandang diqijie zhongyang weiyuanhui di'erci quanti huiyi shang de baogao.”

<sup>5</sup> For the Soviet influence on Chinese city planning, see Victor F. S. Sit, “Soviet Influence on Urban Planning in Beijing, 1949-1991,” *The Town Planning Review*, 67-4 (1996), 457–484.

<sup>6</sup> “O nekotorykh voprosakh planirovki i zastroiki gorodov KNR,” Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 365-2-1692, 283.

government reports, this chapter examines the ideas behind and implementation of city-planning policies in Anshan during the first decade of Communist rule. I demonstrate that on-the-ground negotiations among various local-level actors lay at the heart of urban-construction policies in Mao-era China, even during the period usually characterized by centralization of power.<sup>7</sup> In the process of constructing a socialist industrial city, government officials found it impossible to straightforwardly implement the ideas that they had put on paper. The resources for urban construction were limited as a result of state policy that prioritized industrialization over urban construction. Power relating to urban construction in the Chinese city was also fragmented among different actors within the state authority—especially the city government and SOEs, which often competed with each other. Urban policy makers were also faced with localized challenges from living people and their practices, as well as the realities of actual spaces.

This chapter also reveals important continuities between the pre-1949 period and the early PRC. Analyzing the patterns of city construction, as well as its underlying discourse and techniques of power, I examine how urban Manchuria became the focus of Chinese Communist urban modernity while building on the legacies of the Japanese Empire.<sup>8</sup> Given the common hyper-industrialist features of the Japanese and CCP

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<sup>7</sup> Using newly-disclosed Russian archives, historians of the Soviet Union have shown that the construction of Soviet cities was a disorderly and chaotic process, marked by disagreements among different government organs as well as people's movement that had been unforeseen by the city planners. Among others, see Blair A. Ruble, *Leningrad: Shaping a Soviet City* (Berkeley: University of California Press, 1990); Stephen Kotkin, *Magnetic Mountain: Stalinism as a Civilization* (Berkeley: University of California Press, 1995); Paul Stronski, *Tashkent: Forging a Soviet City, 1930-1966* (Pittsburgh: University of Pittsburgh Press, 2010); Heather D. DeHaan, *Stalinist City Planning: Professionals, Performance, and Power* (Toronto, ON: University of Toronto Press, 2013).

<sup>8</sup> As recent scholarship on coastal cities such as Dalian and Shanghai has shown, Mao, unlike Stalin, inherited a country many urbanized parts of which had been under direct or indirect foreign domination until recently. See Jonathan Howlett, “‘The British boss is gone and will never return’: Communist Takeovers of British Companies in Shanghai (1949–1954),” *Modern*

regimes, the urban infrastructure of the old Japanese colonial industrial city provided the foundations for the new Chinese socialist industrial city. In addition to physical infrastructure, the hierarchical nature of the urban space was another element that persisted under both regimes: even though the ethnic hierarchy of the Japanese period disappeared under the CCP, the political hierarchy remained.

Much of the early scholarly literature on urban planning in China under Mao confirmed the CCP leaders' hyper-industrialist conviction that the socialist state possessed the power and knowledge to plan and construct cities in a top-down manner.<sup>9</sup> While new scholarship by Chang-tai Hung and others has observed contentions and disagreements within the urban-planning bureaucracy, these scholars barely examine how these urban-planning projects operated as a form of state power and mobilization on the ground.<sup>10</sup> Recent work by Jeremy Brown on Tianjin reveals hitherto-overlooked roles of ordinary people, especially rural migrants, in the making of the Mao-era city. Among other things, Brown reveals that early PRC cities were highly fluid spaces: until the *Hukou* (household permit) system and the grain-rationing regime were linked with each

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*Asian Studies*, 47-6 (2013), 1941-1976; Christian A. Hess, "From colonial port to socialist metropolis: imperialist legacies and the making of 'New Dalian,'" *Urban History*, 38-3 (2011), 373-390.

<sup>9</sup> In his 1979 article, Laurence Ma writes, "As in other socialist nations, Chinese city planning is highly centralized." According to him, the Department of City Planning and Management (*Chengshi guihua guanliju*) "encounters no serious opposition in carrying out its work." Laurence J. C. Ma, "The Chinese Approach to City Planning: Policy, Administration, and Action." *Asian Survey*, 19-9 (1979), 838-855.

<sup>10</sup> Chang-tai Hung, *Mao's New World: Political Culture in the Early People's Republic* (Ithaca, N.Y.: Cornell University Press, 2011), 25-50; Li Hao 李浩, *Bada zhongdian chengshi guihua: xin Zhongguo chengli chuqi de chengshi guihua lishi yanjiu* 八大重點城市規劃：新中國成立初期的城市規劃歷史研究, 2 vols (Beijing: Zhongguo jianzhu gongye chubanshe, 2016).

other in the late 1950s, people moved between cities and the countryside rather freely.<sup>11</sup>

My work expands in this new direction by focusing on a major industrial city.

In what follows, I will begin with a brief overview of the establishment of the PRC city-planning bureaucracy and examine the process and outcomes of urban construction. I will then discuss the population movement to Anshan from the countryside, as well as how this contributed to housing shortages and related issues in the city. Altogether, this reexamination of the Chinese urban political economy discloses how the hyper-industrialist project of the Chinese Communist state was constantly subverted, resisted, and distorted by conflicting interests among different state agencies, as well as by the needs and choices of local bureaucrats and ordinary people. The uncovering of these histories also reveals how Anshan's urban space built upon the legacy of the pre-revolutionary period.

## Planning a Future City

Between 1949 and 1952, urban construction in China suffered from widespread disorganization, with different government organs and enterprises in cities constructing buildings without citywide coordination.<sup>12</sup> In this respect, Anshan was no different, as the city officials "completely lacked experience in city planning" before 1953, according to its official local history.<sup>13</sup>

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<sup>11</sup> Jeremy Brown, *City versus Countryside in Mao's China: Negotiating the Divide* (Cambridge: Cambridge University Press, 2012).

<sup>12</sup> Dong Zhikai 董志凱 and Wu Li 武力 (eds.), *Zhonghua Renmin Gongheguo jingjishi: 1953-1957* 中華人民共和國經濟史：1953—1957, 2 vols. (Beijing: Shehui kexue wenxian chubanshe, 2011), vol. 2, 889.

<sup>13</sup> Anshanshi renmin zhengfu difangzhi bangongshi 鞍山市人民政府地方誌辦公室, *Anshan shi zhi: chengxiang jianshe juan* 鞍山市誌：城鄉建設卷 (Shenyang: Shenyang chubanshe, 1992), 19.

PRC bureaucratic organs for urban planning and construction began to emerge during the First Five-Year Plan (1953-1957). The PRC government established the Ministry of Architectural Engineering in August 1952,<sup>14</sup> and also ordered thirty-nine “major cities,” including Anshan, to establish a construction committee. Accordingly, the Anshan City Government set up the Anshan City Urban Construction Committee in April 1953. The committee was headed by the vice-secretary of the CCP Anshan City Committee, Ding Xiu (丁秀, 1911-1992), an experienced CCP cadre, originally from Manchuria, who had built his career in Yan'an before coming back to Manchuria after World War II.<sup>15</sup> The Committee’s day-to-day work was led by Director Sun Quan (孫泉) of the Urban Construction Bureau and his staff of twenty city officials.<sup>16</sup>

Urban planning in the early PRC drew heavily from the Soviet model, and Soviet advisors and experts played a major role. In 1949 and 1950, Soviet city-planning experts assisted in the city planning of Beijing, Shanghai, and other cities.<sup>17</sup> According to a report by the PRC National Capital Construction Committee, twenty-one preliminary city plans were produced by 1955 “with the help of the Soviet experts.” To the Chinese officials, the making of these city plans was a “learning process (*xuexi guocheng*).”<sup>18</sup> China’s learning from the urban planning at this time was so thorough that Soviet experts cast

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<sup>14</sup> In March 1953, the Ministry of Architectural Engineering established the Bureau of City Construction, and the State Planning Commission established the Bureau of City Construction and Planning. Li Hao, *Bada zhongdian chengshi guihua*, vol. 1, 20.

<sup>15</sup> Anshan shi difangzhi bianzuan weiyuanhui 鞍山市地方誌編纂委員會, *Anshan shi zhi: renwu juan* 鞍山市誌: 人物卷 (Baishan chubanshe, 1999), 291-292.

<sup>16</sup> Anshansi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 19.

<sup>17</sup> Li Hao, *Bada zhongdian chengshi guihua*, vol. 1, 50-51.

<sup>18</sup> Guojia jianwei dangzu guanyu dangqian chengshi jianshe gongzuo de qingkuang he jige wenti de baogao 國家建委黨組關於當前城市建設工作的情況和幾個問題的報告” (November 20, 1955), Zhongguo shehui kexueyuan and Zhongyang dang’anguan, *1953-1957 Zhonghua Renmin Gongheguo jingji dang’an ziliao: guding zizhan touzi yu jianzhu ye* (Beijing: Zhongguo chengshi jingji shehui chubanshe, 1998), 804-814 (citation from 806).

doubt on the omnipotence of the Soviet models. The PRC documents on urban planning – instructions, norms and rules – were almost carbon copies of the Soviet documents, without regard for China’s specific socio-economic conditions.<sup>19</sup>

Soviet urban planners stressed the need for detailed research and surveys as the key to successful city planning. A Soviet advisor named Mushin reportedly explained to his Chinese colleagues that “planners need to understand a city as clearly and thoroughly as a housewife understands the chores of the house.”<sup>20</sup> The draft of the “guideline for the procedures of city planning” (June 1954) points out that “before planning a city, it is necessary to conduct detailed research, surveys, and measurements,” on the city’s economy, buildings and facilities, climate, geology, hygiene, and topography.<sup>21</sup>

The Soviet model of urban planning – and the pseudo-scientific language that accompanied it – were, however, not Bolshevik in origin. Indeed, these professedly Soviet inventions that the Chinese relied upon had been readily appropriated from capitalist urban planning models developed in Western Europe and America. In particular, the early Soviet urban planning model was deeply influenced by the garden city ideal of the English author Ebenezer Howard. In modifying Howard’s vision of factory towns to suit the Bolshevik socialist mandate, the Soviet urban planner Leonid Sabsovich proposed the construction of housing combines equipped with specialized facilities such as factory kitchens and industrial laundries, which would enable a more collective, and

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<sup>19</sup> Therefore, Chinese officials later made efforts to revise these Soviet-modeled rules and regulations on urban planning issues in order better to fit conditions in China. L. Salishchev, “Otchet o rabote gruppy sovetskikh spetsialistov pri Ministerstve gorodskogo stroitel’stva KNR za 1957 g.” (Beijing, 1958), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 365-2-1692, 515.

<sup>20</sup> Li Hao, *Bada zhongdian chengshi guihua*, vol. 1, 70.

<sup>21</sup> Li Hao, *Bada zhongdian chengshi guihua*, vol. 1, 57

therefore more “socialist,” mode of living.<sup>22</sup> In addition to borrowing ideas, the Soviet Union in fact worked together with Western companies and experts in constructing Soviet cities. For example, in the 1920s, the Soviet government contracted with a US firm, the Austin Company of Cleveland, Ohio, to undertake construction of Avtozavod, a factory town in Nizhnii Novgorod.<sup>23</sup> Similarly, the design of the Soviet industrial city of Magnitogorsk in the early 1930s was produced by the internationally acclaimed German architect Ernst May.<sup>24</sup>

City planners in the socialist world believed that, in spite of its capitalist origins, urban planning would work more effectively under the centralized and “scientific” planned economy. According to a Soviet urban-planning textbook translated into Chinese, “some [city] plans of capitalist countries...cannot overcome the ‘free tricks’ of land owners, which limitlessly increase the price of the land included in plans for public use.” Meanwhile, in the Soviet Union, “everything has to serve the public interest, and rational plans never meet any challenges,” thanks to state ownership of land and the planned economy.<sup>25</sup> In other words, the socialist state could coordinate the behaviors of the different actors in a city in a “rational” and “scientific” way that would avoid the unjust exploitation of capitalist development.

Soviet experts made at least two visits to Anshan to assist in city planning. In August 1952, A. S. Mushin visited the city. Mushin had served as a chief architect of the Soviet city of Murmansk before serving as an advisor to the PRC government between

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<sup>22</sup> DeHaan, *Stalinist City Planning*, 43-44.

<sup>23</sup> DeHaan, *Stalinist City Planning*, 53.

<sup>24</sup> Kotkin, *Magnetic Mountain*, 109-123.

<sup>25</sup> Ya Pu Liefuqinke (translated by Liu Songtang), *Chengshi guihua: jishu zhobiaojisuan* (Beijing, Shidai chubanshe, 1953), 3-4, cited in Li Hao. *Bada zhongdian chengshi guihua*, vol. 2, 456.

April 1952 and October 1953.<sup>26</sup> He also assisted the drafting of “The PRC Procedure for Organizing City Plan Design and Construction Design” (September 1952),<sup>27</sup> from which Anshan city officials learned the methods of urban planning.<sup>28</sup> In May 1956, another Soviet expert, Ia. T. Kravchuk visited Anshan to assist in the urban planning there. Kravchuk had been the vice-director of the Moscow Urban Design Institute, and he worked as an advisor to the PRC government between June 1954 and June 1957.<sup>29</sup>

In October 1953, the Anshan Urban Construction Committee drafted its first comprehensive urban construction plan, “Preliminary Plan for Anshan City” (hereafter, the 1953 Plan). The 1953 Plan, however, failed to receive state approval for unknown reasons. Still, attempts to introduce scientific city planning continued at different levels of government. In October 1956, the Anshan City Government completed another draft of the “Preliminary Plan of Anshan City” (hereafter, the 1956 Plan). Yet, like the 1953 Plan, the 1956 Plan also failed to receive state approval for reasons unknown.<sup>30</sup>

Although the two plans for Anshan’s urban construction did not materialize in the end, they nevertheless demonstrated the city officials’ vision of transforming Anshan into a new socialist industrial city. First, the city officials believed that they possessed the power to seamlessly coordinate various government offices and enterprises, including Angang. Second, they operated under the assumption that they could totally recreate the city that had been constructed by the Japanese before 1945. Finally, the city officials

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<sup>26</sup> Anshanshi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 19. For Mushin’s profile, see Li Hao, *Bada zhongdian chengshi guihua*, vol.1, 50-51

<sup>27</sup> Li Hao, *Bada zhongdian chengshi guihua*, vol. 1, 56-57.

<sup>28</sup> Anshanshi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 19.

<sup>29</sup> Anshanshi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 20-23. As for Kravchuk, see Li Hao, *Bada zhongdian chengshi guihua*, vol. 1, 50-51

<sup>30</sup> Anshanshi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 19-23.

believed in their own capacity to accurately predict and effectively control population increases. Their vision of a new industrial city was, however, faced with various challenges when implemented as policy. A major challenge came from the fragmentation of political power, coupled with the primacy of industrial construction over urban construction within the PRC's state investment system.

### **Industry and City in the Industrial City**

As it was announced in Mao's articulation of the "production city," Mao-era official discourse foregrounded industrial production as the primary function of the city. This idea of the industrial city was formed under strong influence from Soviet urban planning. According to the translated Chinese version of a Soviet urban-planning textbook, "industry plays a leading role in the development of Soviet cities. Industry is the core of organization, around which arise other sectors of national economy and culture."<sup>31</sup> In this spirit, Anshan's 1956 Plan defined the city as "the nation's first base of the steel and iron industry."<sup>32</sup> Industry and the city were, however, not always complementary, and the early PRC regime clearly prioritized the former over the latter.

The spatial coordination of simultaneous development of city and industry, or town and factory, was a central dimension of the socialist discourse on city planning. Criticizing a lack of coordination in the Japanese urban construction of Anshan, the authors of the 1953 Plan proposed to radically reorganize the city's landscape by clearly separating the industrial and residential districts; such functional zoning was a distinctive

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<sup>31</sup> Ya Pu Liefuqinke (translated by Qi Wenbin), *Chengshi guihua: jishu zhbiao ji jisuan* (Beijing: Jianzhu gongcheng chubanshe, 1954), 4, cited in Li Hao. *Bada zhongdian chengshi guihua*, vol. 2, 457.

<sup>32</sup> "Anshan shi chubu guihua (cao'an) 鞍山市初步規劃 (草案)" (December 20, 1956), Anshan shi shizhi bangongshi 鞍山市史誌辦公室, *Anshan shi zhi: fulu juan* 鞍山市誌: 附錄卷 (Shenyang: Liaoning minzu chubanshe, 2001), 269.

element of Soviet city planning. According to a Soviet official, “a characteristic feature of socialist urban planning in China, as in all socialist countries, is the rational placement of all elements of the city, the economical distribution of urban areas according to functional use, and the systematic implementation of all types of construction.”<sup>33</sup>

According to the 1953 Plan, the size of the city of Anshan was to be 100 km<sup>2</sup>, of which Angang was to occupy 23.43 km<sup>2</sup>, and the residential district 44.48 km<sup>2</sup>. The city officials also designed these districts so that the industrial district (including Angang) and the residential district would not overlap. Where an industrial district was located next to a residential district, the former was put downwind in order to minimize the impact of industrial pollutants on the residents’ health.<sup>34</sup> The 1956 Plan also shared this cautious partition of industrial and residential districts.<sup>35</sup> In this hyper-industrialist PRC city, towns, and factories were intended to develop in cooperation with each other under “scientific” city plans.

Despite the complementary relationship between city and industry in early PRC discourse, the city suffered in reality from lack of funding for urban construction due to the regime’s extreme focus on investing in heavy industry. In the early PRC state investment system, which followed the Soviet system, investment directly related to industrialization, such as investment in factory construction, was deemed “productive construction (*shengchanxing jianshe*),” while other kinds of investment were categorized as “unproductive construction (*fei shengchanxing jianshe*).” In this system, most of the

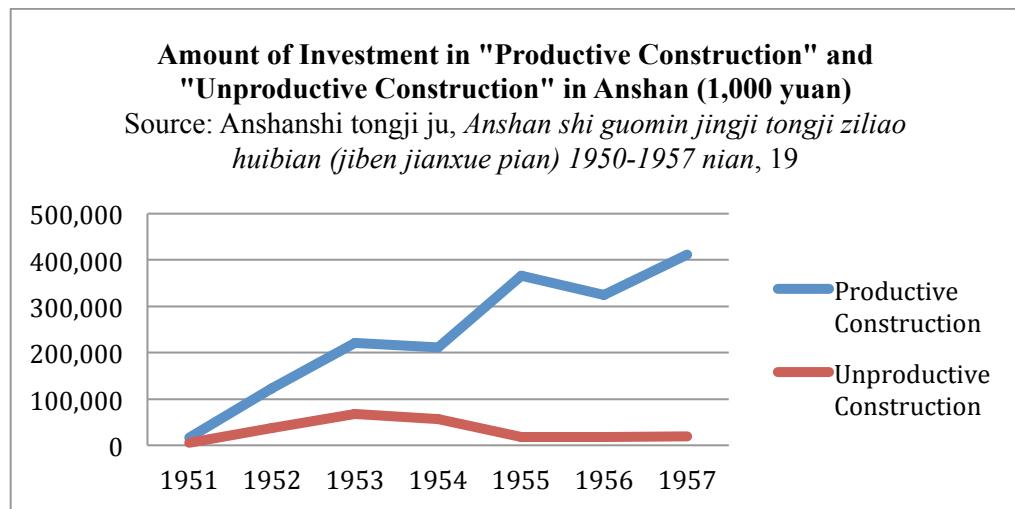
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<sup>33</sup> “O nekotorykh voprosakh planirovki i zastroiki gorodov KNR,” Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 365-2-1692, 283.

<sup>34</sup> “Anshan shi chubu guihua cao’an 鞍山市初步規劃草案” (October 14, 1953), Anshan shi shizhi bangongshi, *Anshan shi zhi: fulu juan*, 188-191.

<sup>35</sup> “Anshan shi chubu guihua (cao’an)” (December 20, 1956), Anshan shi shizhi bangongshi, *Anshan shi zhi: fulu juan*, 276.

projects necessary for the construction of a city fell into the category of “unproductive construction.”<sup>36</sup>



As shown in the graph above, national and local governments put far more resources into “productive construction” than “unproductive construction” in Anshan. The gap between the two increased dramatically during the First Five-Year Plan.

Despite the importance of city construction in discourse, the PRC government in practice considerably prioritized heavy industry over urban construction, or “productive construction” over “unproductive construction.” In September 1951, the participants of the National Meeting on City Construction decided that “the central force of our economic construction lies in the development of industry, especially heavy industry,”

<sup>36</sup> For example, in the confidential statistics book printed in Anshan in 1959, “productive construction” consisted of investment in industrial enterprises, construction enterprises, surveys of natural resources, design organizations, and agriculture. Meanwhile, under the label of “unproductive construction” fell investment in housing, schools, public health, scientific institutions, and other social welfare projects. Anshan shi tongji ju 鞍山市統計局, *Anshan shi guomin jingji tongji ziliao huibian (jiben jianshe pian) 1950-1957 nian* 鞍山市國民經濟統計資料彙編（基本建設篇）1950-1957年 (Anshan, 1959), 19.

and dismissed the prospect of “urban construction on a large scale” as “impossible.”<sup>37</sup> In 1955, the PRC government decided to order cities to revise their city plans in order to reduce the amount of investment on urban construction.<sup>38</sup>

Given this institutionalized lack of funding for urban construction, it is not difficult to understand that the real-estate department of the Anshan City Government could not properly manage the buildings that were under its control, due to lack of financial resources. According to an official city history:

Every year since 1954, the real-estate department took over some real estate from enterprises...The real-estate department had to repair these buildings soon after taking them over. Some buildings even collapsed within one year. Because the rent was low, it was impossible to maintain buildings with income from rents. The Real Estate Bureau could not do the repairs on time, because their funds, manpower, and material resources were limited.<sup>39</sup>

The central government’s investment strategy was in turn responsible for this shortage of funding for urban construction at the city level. In the hyper-industrialist vision of the PRC government, heavy industry had a considerably higher priority over other ventures such as urban construction.

Besides the lack of funding, city officials also suffered from the fragmentation of urban-construction power within the city. In Anshan, control over urban construction was decentralized through different organs in the city, and the city government’s attempts to unify such power failed repeatedly. In 1952 and 1954, the Anshan city government twice proclaimed its decision to consolidate the management of all the buildings belonging to it

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<sup>37</sup> Li Hao, *Bada zhongdian chengshi guihua*, vol. 1, 20.

<sup>38</sup> “Chengshi guihua shejiju guanyu chongxin shencha xiugai chengshi guihua de jixiang zhuyao yijian de baogao 城市規劃設計局關於重新審查修改城市規劃的幾項主要意見的報告” (June 18, 1955), Zhongguo shehui kexue yuan & Zhongyang dang'an guan, *1953-1957 Zhonghua renmin gongheguo jingji dang'an ziliaojuanbian: guding zichan touzi yu jianzhuye juan* (Beijing: Zhongguo wujia chubanshe, 1998), 801-804.

<sup>39</sup> Anshansi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 158.

in the hands of its Real Estate Management Office. However, most of these buildings, even those nominally under the control of the Office, continued to be managed by government offices and enterprises. In 1959, the city compromised and officially acknowledged that each work unit was entitled to manage their own buildings.<sup>40</sup>

Decentralization of power in urban construction was by no means unique to Anshan. According to contemporary reports, urban construction in other cities was also beset with “individualism,” a reference to the lack of coordination between different industrial SOEs.<sup>41</sup> In a policy instruction from 1953, the CCP leadership opined:

not a few important industrial cities lack an overall city plan, and thus they lack overall coordination and cohesive leadership for urban development...Individual production units behave in their own way, construct buildings in dispersed ways, and as a result, construction is blind, decentralized, and chaotic.<sup>42</sup>

Given the lack of funding and power at the hands of the city planners, it comes as no surprise that the Anshan City Government’s version of urban construction was frequently challenged by Angang. Arguably the most important industrial enterprise in China at the time, Angang fundamentally differed from all other work units in the city by virtue of its political status, its access to state funding, and its impact on local society—after all, the city of Anshan existed for the sake of Angang, not vice-versa.

The relationship between Angang and the city government was complicated by the fact that Angang was a major SOE under the direct control of the PRC Ministry of

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<sup>40</sup> Anshanshi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 157-158.

<sup>41</sup> The author of a 1956 report on the construction of Chengdu wrote: “the work units that reconstruct buildings stress their own demands, without considering the city planning at all.” Li Hao, *Bada zhongdian chengshi guihua*, vol. 1, 341.

<sup>42</sup> “Zhonggong zhongyang guanyu chengshi jianshe zhong jige wenti de zhishi 中共中央關於城市建設中幾個問題的指示” (September 4, 1953), *Zhonghua Renmin Gongheguo guojia jingji maoyi weiyuanhui, Zhongguo gongye wushinian: xin Zhongguo gongye tongjian*, 9 vols. (Beijing: Zhongguo jingji chubanshe, 2000), vol. 2-1, 591-597.

Metallurgy in Beijing. In other words, Angang did not have any organizational connection with the Anshan City Government, even if it was physically located within the city. However, in addition to being under the control of the Ministry of Heavy Industry (later, the Ministry of Metallurgy) in Beijing, Angang was simultaneously under a certain degree of leadership of the CCP Anshan City Committee (hereafter, City Committee) as well, as discussed in Chapter 4. Even if Angang as an enterprise did not have any administrative relations with the city government, Party committees within individual departments and factories of Angang, such as the CCP Angang Steel-Mill Committee, belonged to the City Committee. Moreover, all the high-ranking managers of Angang were CCP members and sat on the City Committee as well.<sup>43</sup> Given that the City Committee was the direct supervising organ of the City Government, the City Committee could, in theory, coordinate between Angang and the City Government through its leadership. In reality, however, despite attempted coordination through the City Committee, Angang and the City Government clashed with each other fiercely and frequently.

Confident about its superior status vis-à-vis the city government, Angang consistently ignored the city government's urban planning and continued to construct buildings for its own needs. Indeed, Anshan's official city history, published in 1992, finds Angang responsible for the failure of the 1956 Plan. The road system within Angang's gates was not linked to the roads planned by the city. Angang decided on the location of the switchyard of the railway without consulting the city government. Its main

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<sup>43</sup> In this period, Angang did not have its own party committee except for a short period between October 1954 and November 1955.

sinter plant was located near its main gate, thus harming the environment of the neighboring residential district.<sup>44</sup>

The tension between the city of Anshan and Angang peaked in 1956 and 1957, when the two parties were engaged in a “frenzied debate (*jilie de zhenglun*),” as documented in a confidential report circulated among top-ranking officials of the CCP. In 1956, Angang decided to construct an ore-dressing plant and a sintering plant, and it chose the northern part of Eastern Anshan as a site for these plants. This decision, however, met fierce opposition from the city government, especially its Department of Urban Construction and Department of Hygiene. The city officials argued that a sintering plant would pollute the air by emitting excessive sulfur dioxide and other harmful substances, and would thus increase respiratory diseases among local residents. Accordingly, the city government requested that Angang change the construction site of the sintering plant and other factories.<sup>45</sup>

In this heated debate, both Angang and the Anshan City Government deployed the language of rationality, nation, and progress to contest the other’s arguments, in the process presenting different interpretations of socialism. Which was more important for building socialism: steel or public health? Angang’s answer was the former, arguing that changing the location would delay the construction of the new plants, impede Angang’s steel production, and slow down China’s industrialization. The general-manager of Angang reportedly said that “if [the construction of the sintering plant] is delayed for one year, there will be a shortage of 2,930,000 tons [of iron ore] in 1958, and 3,140,000 tons

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<sup>44</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 23.

<sup>45</sup> NBCK, no. 2111 (January 22, 1957), 415-418.

in 1959.” He also boldly claimed that the operation of a sintering plant would not seriously harm human health.<sup>46</sup>

In response, the comrades of the Anshan City Government argued that Angang’s plan would seriously damage the health of tens of thousands of people. Anshan’s air was already heavily polluted, and respiratory diseases had increased recently: on the worst day of the year, 11 people had died of respiratory diseases in a single night. Thus, city officials argued, Angang should not build a sintering plant within a distance of 1.4 kilometers from the urban area. City officials said: “Our project of building socialism must take responsibility for our future generations. We cannot harm people’s long-term health to solve the current shortage of iron ore and avoid temporary reduction in steel production.”<sup>47</sup>

Both sides refused to compromise and requested the national government’s intervention, thereby linking local conflict in Anshan with ministry-level rivalry in the nation’s capital. Officials of the Ministry of Metallurgy Industry agreed with Angang’s plan to go forward with construction. Officials of the Capital Construction Committee essentially deferred by explaining that they would decide their stance later. The Ministry of Hygiene’s opinion was unclear, and both Angang and the city government interpreted it as supportive of their own positions. In January 1957, the CCP Anshan City Committee, the city government, and Angang held a meeting, but they still failed to reach a compromise.<sup>48</sup>

While we do not know the details of the bureaucratic power game different organs were playing, we do know that the debate between the City Government and Angang

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<sup>46</sup> NBCK, no. 2111 (January 22, 1957), 415-418.

<sup>47</sup> NBCK, no. 2111 (January 22, 1957), 415-418.

<sup>48</sup> NBCK, no. 2111 (January 22, 1957), 415-418.

ended in the latter's victory. The PRC Government approved Angang's original construction plan, while asking it to make efforts to limit the harmful effects on residents.<sup>49</sup> Angang's sintering plant in Eastern Anshan began operation in October 1958.<sup>50</sup> As expected, the author of Anshan's official city history, published in 1992, wrote:

The allocation of land for this project was a serious mistake (*yanzhong de cuowu*) for the allocation of land in the entirety of Anshan. It seriously harmed the environment and health of the residents of Changdian District for a long time.<sup>51</sup>

When the People's Republic chose steel production over people's health, it also meant, in a sense, that the SOE defeated the city government. In this site of the CCP's major hyper-industrialist project, industrial production ultimately took command of urban construction.

Unlike the image conjured up by the word "factory town," the factory and the town in the early PRC often competed with each other. Despite the hierarchical structure of the Communist Party-State and its hyper-industrialist discourse, control over urban construction in Anshan was decentralized through different government offices and enterprises. In particular, Angang obstructed the city government's urban planning with its own construction policy, which focused on increasing production at the expense of the surrounding environment. In light of the state's priority on heavy industrialization, or on "productive construction" over "unproductive construction," factory managers took command of neighboring towns by taking advantage of the city officials' inability to coordinate and centralize their power.

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<sup>49</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 23.

<sup>50</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 71 & 260.

<sup>51</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 23.

## A City of Future Past

If the process of urban construction in Anshan represented the city planners' compromise with the reality of decentralized power, the city's physical landscape represented their compromise with its colonial past. Socialist city planning idealistically stressed the need for a complete rupture from the design of pre-socialist cities. According to the 1953 Plan, "the Anshan that the Japanese bandits (*Rikou*) had built back then symbolized their aspiration to be a master for one thousand years in the age of aggression," and thus Anshan's urban organization was designed "totally in service for the [Japanese] aggressors (*qinlüezhe*)."<sup>52</sup> They demanded a complete overhaul of the Japanese construction of Anshan, citing its flaws: a shortage in recreational and social facilities such as movie theaters, hospitals, and schools; a dangerous proximity between the industrial and residential districts that harmed the health of residents; the isolating distance between residential districts that were already too small; the disorder of the drainage system; and a notable lack of trees.<sup>52</sup> However, the revolutionary transformation of urban space was not as complete as the 1953 and 1956 Plans had envisioned, and remnants of Japanese colonial rule persisted in the Steel Metropolis.

The city of Anshan, of course, went through considerable changes in some aspects, among the most remarkable of which was the disappearance of the ethnic hierarchy between the Chinese and the Japanese, which had been most visibly represented in the city's division into Japanese and Chinese towns. The Japanese had once constituted a significant proportion of Anshan's population: about 18.5% (56,673 out of 306,250) of

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<sup>52</sup> "Anshan shi chubu guihua cao'an" (October 14, 1953), 183-184.

residents in 1943.<sup>53</sup> After the Second Sino-Japanese War, a vast majority of the Japanese were repatriated during the Nationalist rule between 1946 and 1948, and only about 200 Japanese, mainly engineers and their families, remained in Anshan in the early 1950s: they lived in separation from the local Chinese community. Even these Japanese were soon repatriated around 1953 (Chapter 3). Beyond this date, a Japanese doctor remained in Anshan until around 1958.<sup>54</sup> After the doctor was repatriated, only two Japanese employees of Angang and their family members, as well as about ten Japanese women married to Chinese men, remained in the city.<sup>55</sup>

After Japanese repatriation, no one controlled these formerly Japanese-owned houses, and many Chinese people, including the family of my interviewee, simply took them. Overall, these houses were of better quality than houses built for the Chinese, but still there were differences among them. Some houses did not have water toilets. These Chinese residents continued to live in these houses after the CCP liberation of 1948.<sup>56</sup>

Despite the disappearance of the colonial relationship, however, the urban infrastructure of the Japanese period continued to play an important role in Anshan. In June 1954, officials held the First Conference on Urban Construction in Beijing. The participants of the conference sorted Chinese cities (except for Beijing, which had a special status as the national capital) into four categories according to their importance in

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<sup>53</sup> Anshan shi renmin zhengfu bangongshi 鞍山市人民政府辦公室, *Anshan shi zhi: zonghe juan* 鞍山市誌：綜合卷 (Shenyang, Shenyang chubanshe, 1990), 247. There were also 12,566 Koreans, who were legally Japanese subjects then, in 1943. It is unclear what happened to these Koreans in Anshan after the war, but it seems likely that they became Chinese citizens.

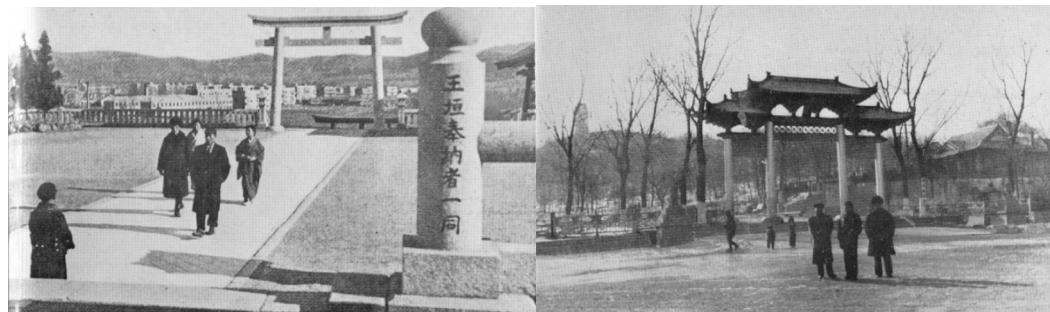
<sup>54</sup> Interview with C (Male, Chinese, b. 1938), June 26, 2017, Anshan.

<sup>55</sup> Interview with YC (b. 1934, female, Japanese), March 3, 2016, Chiba, Japan. The interviewee's father was a engineer working in Angang during the Manchukuo period. Her family stayed in Anshan until 1966, while the other Japanese family remained there until after Mao's death in 1976.

<sup>56</sup> Interview with C (Male, Chinese, b. 1938), June 26, 2017, Anshan.

industry: “new industrial cities,” which had little existing infrastructure and thus needed much investment; “extended cities,” which already had robust infrastructure but needed further expansion; “partly extended cities,” which did not need much further expansion; and “middle- or small-sized cities,” which did not have major industrial projects. Anshan was among the “extended cities,” along with Shenyang, Changchun, Shanghai, Guangzhou and others.<sup>57</sup>

To render visible the historical changes that the Communist Revolution represented, the CCP authority in Anshan reconstructed existing monuments and public spaces in addition to building new ones. In 1949, the CCP authority renamed a small mountain in the city “Martyrs’ Mountain (*Lieshi shan*).” That mountain had originally been called “Shrine Mountain (*Jinja yama*)” after a Shintō shrine that the Japanese had built on it. The shrine was removed shortly after World War II, and in its place, the CCP constructed a tower to commemorate Communist martyrs of the battles with the Japanese and the Nationalists.<sup>58</sup>



Shrine Mountain before 1945 (left) and Martyrs’ Mountain in the 1950s (right)

Source: *Tetsuto Anzan no kaiko*, 12.

<sup>57</sup>Dong and Wu (eds.), *Zhonghua renmin gongheguo jingjishi*, 1953-1957, vol. 2, 889-890.

<sup>58</sup>Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 286-287.

In the 1950s, the Anshan City Government built six new squares, and renovated and renamed the five existing Japanese-built squares. The largest square was originally named “Taishō Square (*Taishō hiroba*)” after the reign name of the Japanese emperor who sat on the throne when the square was first built. It was renamed “Central Square (*Zhongyang guangchang*)” in 1946, and was further renamed “City Hall Square (*Shifu guangchang*)” in 1948. Only a few years later, the CCP authority enlarged it and once more renamed it “Victory Square (*Shengli guangchang*).” Surrounded by the headquarters of the city government, the CCP city committee, and other buildings, the Victory Square visually represented the CCP’s power at the center of the city.<sup>59</sup> The construction of Victory Square was the completion of the project that had begun in the colonial period. In 1957, the Anshan City Government renovated a rail track. With this renovation, the construction of Victory Square, which had begun in 1936 under Manchukuo, was finally completed.<sup>60</sup> Indeed, this rail track was designed by a Japanese engineer, and was constructed during World War II.<sup>61</sup>

To the CCP regime, squares served as a site for displaying the power of the Communist Party-State, especially through Party-sponsored mass mobilization campaigns. In his study of the construction of Tiananmen Square in Beijing in the 1950s, historian Chang-tai Hun writes that Tiananmen Square was “a political space serving only the interests of the CCP,” which differed from open public squares in the West,

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<sup>59</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 112-114.

<sup>60</sup> Anshanshi renmin zhengfu difangzhi bangongshi 鞍山市人民政府地方誌辦公室, *Anshan shi zhi: dashiji juan, 1915-1985* 鞍山市誌：大事記卷 1915-1985 (Shenyang: Shenyang chubanshe, 1989), 192-193.

<sup>61</sup> When the engineer’s daughter visited Anshan around 2013, she still saw the track designed by her father running. Interview with YC, March 3, 2016, Chiba, Japan.

where people joined democratic political movements. Despite its vast, open area, Tiananmen Square was “a closed, government-controlled territory under close supervision,” where people were mobilized in Party-sponsored mass parades.<sup>62</sup> Squares in Anshan served the same purpose as Tiananmen Square, though on a smaller scale. In January 1959, more than 100,000 people gathered in Victory Square to celebrate achievements in steel production.<sup>63</sup> In 1960, “more than 500,000 people” – according to *People’s Daily* – gathered in the square in a meeting criticizing the conclusion of the US-Japan Security Treaty.<sup>64</sup>

If the squares in Anshan were built *for* mass mobilization, some other sites were built *by* mass mobilization. The CCP merged the Japanese-built Asahiyama Park (*Asahiyama kōen*) with a neighboring golf course and a plant nursery and renamed it February 19 Park (*Eryijiu gongyuan*) to commemorate the date of the CCP liberation of Anshan (February 19, 1948). In the spring of 1950, the Anshan City Government ordered cadres, students, and soldiers to labor for the expansion of the lake in the park. Hence, the lake was renamed “Labor Lake (*Laodong hu*).”<sup>65</sup>

While the CCP authority rapidly transformed the ornamental aspects of Anshan’s urban landscape through the construction of monuments, parks, and squares, more basic urban facilities, built on infrastructure from the Japanese colonial period, were slower to change, reflecting the low priority of “unproductive construction” in comparison with “productive construction.” For example, road construction in Anshan during the Mao period aimed mainly at improving existing roads, rather than constructing new ones: all

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<sup>62</sup> Hung, *Mao’s New World*, 48.

<sup>63</sup> *Renmin ribao* (February 25, 1959), 1.

<sup>64</sup> *Renmin ribao* (May 19, 1960), 3.

<sup>65</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 278-284.

but one of the twelve main roads had originally been constructed by the Japanese. The total length of the roads did not increase dramatically during this period, but the length of “high-quality roads” did increase.<sup>66</sup> Even though the design and length of the roads remained largely unchanged, many of them were renamed between regime changes. In 1919, the Japanese had named one of the main roads “Meiji Street.” The Nationalists renamed the road “Zhongshan [Sun Yat-sen] Street.” The Communists first renamed it “Zedong Street” after the beloved chairman. In 1956, the street was again renamed “People’s Street.”<sup>67</sup>

Many office buildings constructed under Japanese rule continued to be used by the Communists. Angang kept using its main building by adding a fourth floor to the original three-story structure. Nicknamed “the big white building,” the building served as Angang’s headquarters until around 2005.



Angang’s main building, 1937  
18, 2014

Source: *Tetsuto Anzan no kaiko*, 1.  
(photograph by the author)



Angang’s main building, June

(photograph by the author)

<sup>66</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 128.

<sup>67</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 89-94.

As in the colonial period, the early PRC Anshan had a relatively few entertainment facilities, perhaps embodying the state's ideal, which preferred "a production city" to "a consumer city." Although Anshan's population rapidly increased between 1949 and 1953, the number of cinemas and theaters remained the same. Due to the limited capacity of entertainment facilities in relation to the increased urban population, many workers could not enjoy them for a long time. Moreover, the shortage of funding left the buildings that housed these theaters in poor condition: the cracks on the walls of Anshan Cinema were so bad that the cinema was closed; rain water leaked through the roof of the Mass Theater, and it was pointed out that its ceiling and walls were at risk of collapsing. Shen Nairan (沈乃然), vice-director of the city's department of culture, complained that his department suffered from shortage of funding because neither the local nor national government cared much about cultural activities.<sup>68</sup>

The most notable example of continuity between colonial and socialist Anshan can be found in a small district called "Taiding (台町)," located near a hill not far away from the offices of the city



Taiding (photograph taken by the author, June 2, 2016)

<sup>68</sup> NBCK, no. 119 (May 27, 1953), 407-409.

government. In present-day Taiding, you would only see two-story houses with gardens and trees, rather than the crowded monotone apartment blocks characteristic of residential districts in China. Contrary to the proletarian spirit they claimed to embody, high-ranking officials of Anshan and Angang comfortably resided in these Taiding houses. The story of this district represents the historical irony of Anshan's past, connecting the colonial and socialist periods. During the colonial period, the Japanese built a small residential district for high-ranking Japanese managers of Angang upon a small hill near Angang's main gate, and named the privileged place "Taimachi (台町)," which meant "a hill town" in Japanese (See Ch. 1). After the birth of the People's Republic, people began to refer to Taimachi by using its Chinese pronunciation, "Taiding," and it soon became a residential area for high-ranking Chinese cadres of the local CCP authority.

In the 1950s, the CCP authorities in the city further expanded Taiding. They built new Soviet-style houses across the street from the original Taiding. People called the Japanese-built houses "white buildings (*bailou*)" and the Soviet-style houses "red buildings (*honglou*)."<sup>69</sup> The original Taiding of "white buildings" was called "Old Taiding (*lao Taiding*)," while the new district with "red buildings" was called "New Taiding (*xin Taiding*)."<sup>70</sup> According to a confidential 1955 report by the Construction Bank,<sup>71</sup> Angang constructed new houses in Taiding by appropriating state funding and thus violating the state-approved construction plan.<sup>72</sup> They also built a Soviet-style apartment for Soviet experts working for Angang within Taiding.

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<sup>69</sup> Interview with L (b. 1949, male, Chinese), 23 June 23, 2017, Anshan.

<sup>70</sup> The Construction Bank was a major state-owned bank established in 1954 for the purpose of management of state funds for the purpose of construction of urban and industrial infrastructure.

<sup>71</sup> NBCK, no. 167 (July 20, 1955), 272-274.

The entirety of Taiding was thus reserved for the most important people in the city—the leaders of the CCP Anshan City Committee, Anshan City Government and Angang, as well as the Soviet experts working for Angang. Taiding was surrounded by barbed wires, and its gate was guarded by armed soldiers to prohibit the entry of ordinary people. In his childhood, my interviewee recalled, he was able to enter Taiding, but only when he was accompanied by his friends with a cadre-family background who lived there.<sup>72</sup> Even after the Hundred-Flower Campaign of 1957, when the guards were withdrawn amid public criticism, visitors still needed a letter of invitation to enter the area.<sup>73</sup>

Just like the Japanese masters of colonial Anshan, the Chinese Communist cadres and managers residing in Taiding enjoyed various privileges. Taiding was rich with trees, and each house had a bedroom, an office, a living room, rooms for children and maids, a kitchen, a toilet, and a bathroom. Taiding also had its own heating system, swimming pool, dance hall, open-air movie theater, children's playground, department store, and rationing station, all of which were barred to non-residents. Most wives of the Taiding residents never went to the workplace. They still received full salaries from their jobs, although they spent their time playing mah-jong and cards, watching movies, and walking in the park during the time when they were supposed to be doing their jobs. They also set up a special kindergarten for their own children in Taiding and recruited the best teachers from all over the city.<sup>74</sup>

The official media did not publicly report that the CCP elites took over the luxurious Japanese housing district, but the lavish life style of these elites was

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<sup>72</sup> Interview with L (b. 1949, male, Chinese), 23 June 23, 2017, Anshan.

<sup>73</sup> NBCK, no. 2247 (July 4, 1957), 57-60.

<sup>74</sup> NBCK, no. 2247 (July 4, 1957), 57-60.

nevertheless conspicuous to the rest of Anshan's population. In a confidential report for top-ranking CCP cadres, one journalist described Taiding as "separated from the outside world like a paradise (*shiwai taoyuan*)."<sup>75</sup> According to this report, CCP cadres' privileged life in Taiding aroused much animosity among local residents of Anshan:

[P]eople call Taiding the "Forbidden City" or "imperial palace." They have not forgotten that Taiding used to be resided in by Japanese high-ranking officials. It was a forbidden area, and it was even illegal for ordinary people to look inside. Why have our leaders of today learned from the enemy the style of separating themselves from the masses?<sup>75</sup>

Given that kindergarten teachers, guards, cleaners and other service personnel worked in this privileged enclave, it is unsurprising that they helped spread stories of the extravagance practiced in Taiding to the rest of the city, where people shared bedrooms with strangers and built mud houses with their own hands.

The existence of luxury houses and privileged lives in Taiding represented a continuity between colonial Anshan and revolutionary Anshan in a most remarkable way: even though ethnic hierarchy was gone, a new hierarchy based on political status within the socialist system defined and segregated the urban space. Moreover, it was not unique to Anshan. In Tianjin, for example, the city leaders occupied the most lavish compounds and mansions that the CCP had confiscated from the Nationalists and foreigners in 1949.<sup>76</sup> In a way, perhaps, there was nothing surprising about these stories, given that, in Beijing, Mao resided in the housing compound built by the Qing imperial house in Zhongnanhai. Furthermore, such a hierarchical order also existed in cities in other socialist countries, as exemplified by the high society in the Soviet industrial city of

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<sup>75</sup> NBCK, no. 2247 (July 4, 1957), 57-60.

<sup>76</sup> Brown, *City versus Countryside in Mao's China*, 23.

Magnitogorsk.<sup>77</sup> Taiding's landscape shows that both in Old China and in New China, the shapes of the cities physically expressed hierarchical political order.

Although Anshan's city planners proclaimed a major departure from the city's colonial past, the socialist industrial city was in fact built upon the legacy of the Japanese-built colonial industrial city. Such continuity between the socialist industrial city and the pre-revolutionary past was not common to all the major cities in the early PRC. In many other cities, the old city center and the new city center became two different worlds. One such example was Xi'an, where the city government built new factories, schools, and residences outside the old town. As a Xi'an city official described it, "outside the walled town is socialism, inside the walled town is ruins."<sup>78</sup> That the CCP urban construction in Anshan had more continuity with the prerevolutionary period than it did in cities like Xi'an highlights the underlying resemblance and continuity between the regimes that built industrial Manchuria—the Japanese Empire and the PRC. Under both regimes, urban infrastructure was designed for the purpose of hosting factories and their workers, and urban space was divided in a way that would reflect hierarchy among its regiments. Indeed, the hyper-industrialist vision common to those who shaped the socialist future and those who shaped the colonial past turned Anshan into a city of future past in the PRC.

### **“Blind Inflow” of Peasants**

Although the shape of the city of Anshan changed at a modest speed, the components of its population went through a much more rapid change. In Anshan and other cities, the urban population grew at a staggering pace, far beyond what the city officials anticipated,

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<sup>77</sup> Kotkin, *Magnetic Mountain*, 123-129.

<sup>78</sup> Li Hao, *Bada zhongdian chengshi guihua*, vol. 1, 356

thus frustrating the CCP's hyper-industrialist vision. The CCP officials called the unexpected movement of peasant populations from the countryside to the city a “blind inflow (*mangmu liuru*).” To explain this phenomenon, this section considers how the CCP's efforts to make urban populations “legible” were challenged by the people moving beyond state-imposed plans and boundaries.

Estimating long-term population growth was a major foundation of Soviet-style urban planning. Once the expected population growth was determined, the city plan was to set targets for the use of land. According to a Soviet textbook on urban planning, “determining the future population number is a necessary prerequisite for producing a [city] plan.”<sup>79</sup> According to the 1953 Plan, Anshan’s population at the time totaled 326,204, including 78,794 industrial workers and 64,535 construction workers. The plan expected the population to increase to 600,000 by 1962.<sup>80</sup> Similarly, the 1956 Plan predicted that Anshan’s population would reach this figure by 1967.<sup>81</sup>

However, although Soviet “scientific” urban planning gave “legibility” to the population growth by turning it into a set of simple numerical formulas on paper, in reality the city’s population grew at a pace that far surpassed the city planners’ expectations. Indeed, Anshan’s population reached 600,000 as early as 1957, roughly a decade earlier than anticipated.<sup>82</sup>

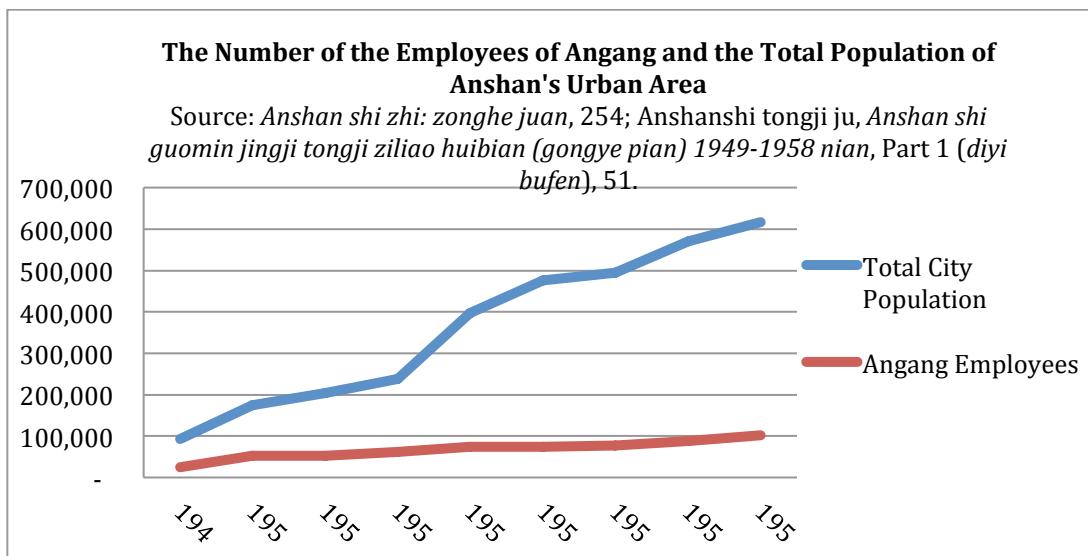
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<sup>79</sup> Ya Pu Liefuqinke (translated by Qi Wenbin), *Chengshi guihua*, 7-8, cited in Li Hao, *Bada zhongdian chengshi guihua*, vol. 2, 460.

<sup>80</sup> “Anshan shi chubu guihua cao’an” (October 14, 1953), 187.

<sup>81</sup> “Anshan shi chubu guihua (cao’an)” (December 20, 1956), 270-271.

<sup>82</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: zonghe juan*, 265-266.



Many other cities in the early PRC suffered from the same lack of foresight. The population in Taiyuan increased from 270,000 in 1949 to 800,000 in 1956 rather than in 1958, as anticipated by city planners. Xi'an's city planners expected the population to reach 1 million by 1959, but in reality it reached 1.05 million in 1956.<sup>83</sup>

As shown in the graph above, Angang's workforce grew dramatically during this period, but the total population of the city increased even more rapidly. Therefore, the arrival of new Angang employees and their family members cannot be the sole cause of the growth of Anshan's population. Who, then, were the newcomers to Anshan besides the new Angang employees? Some were cadres sent to Anshan to fill various posts in the local government. The construction boom of new plants in Anshan in the 1950s necessitated a massive influx of new labor. Moreover, as China's single largest steel enterprise, Angang also trained 55,000 managers, engineers, and skilled workers for 229 new steel enterprises in twenty-three other provinces, in addition to hiring its own

<sup>83</sup>“Chengshi jianshe ju guanyu jige wenti de zongjie baogao 城市建設局關於幾個問題的總結報告” (February 1957), Zhongguo shehui kexue yuan and Zhongyang dang'an guan (eds.), 1953-1957, *Zhonghua renmin gongheguo jingji dang'an ziliao xuanbian: guding zichan touzi yu jianzhuye juan*, 825.

employees.<sup>84</sup> The number of emigrants from Anshan was far smaller than those who immigrated to the city.<sup>85</sup> It difficult to trace how and from where Angang recruited workers. According to the study by Jeremy Brown, the CCP set quotas for the number of migrants from the Tianjin area to Manchuria in the 1950s and forcefully sent peasants to Manchuria.<sup>86</sup> In this context, it is possible that a portion of new workers of Angang were peasants who had gone through forced migration from other parts of China.

The increase in industrial workers in the city required people working in service sectors. To cater to the needs of the enlarged population, Anshan City recruited people engaged in small businesses, such as restaurants and barbershops, from other parts of China.<sup>87</sup> For example, in June 1956, the cities of Shanghai and Anshan concluded an agreement on the transfer of “commercial people (*shangye renyuan*)” from Shanghai to Anshan. According to the agreement, Shanghai was to “ideologically mobilize (*sixiang dongyuan*)” the people in the commercial sector to move to Anshan, while Anshan was to

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<sup>84</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: zonghe juan*, 265-266. New workers came not only from other parts of Liaoning Province, but also from places like Shandong and Hebei. Anshan shi difangzhi bangongshi, *Anshan shi zhi: shehui juan* (Shenyang: Shenyang chubanshe, 1993), 60.

<sup>85</sup> In the late 1950s, Angang sent some employees to newly built steel enterprises in other parts of the country. And in 1956 and 1957, 1,050 cadres moved to the Baotou Steel and Iron Works in Inner Mongolia and the Wuhan Steel and Iron Works in Hubei, and 1,300 moved to other new enterprises. *Angang shizhi bianzuan weiyuanhui*, *Angang zhi*, 1916-1985, vol. 2, 38.

<sup>86</sup> Brown, *City versus Countryside in Mao's China*, 31.

<sup>87</sup> The shortage of housing became a hindrance: Anshan City would have recruited these professional households earlier if there had been enough housing for them. Anshan shi shangyeju 鞍山市商業局, “Liaoning sheng Anshan shi shangye ju guanyu qianyi hangye renyuan lai Anshan wenti de han 遼寧省鞍山市商業局關於遷移行業人員來鞍山問題的函” (May 15, 1956), Shanghai Municipal Archives (Shanghai), B123-1-544-21.

pay for their assets in Shanghai and their move to Anshan.<sup>88</sup> Soon afterwards, the two local governments initiated the transfer of a photo studio and a restaurant.<sup>89</sup>

The unexpected population increases in cities across China can be largely attributed to the voluntary migration of rural villagers to cities in search of a better life—a phenomenon that government officials dubbed a “blind inflow.” One confidential CCP report dated March 1955 noted a “blind inflow” of 5,000 peasants into Tiedong, Tiexi, Lishan, and Yongle Districts of Anshan—mostly from Shandong and Hebei.<sup>90</sup> According to a 1957 internal document of the Anshan City Government, “a massive blind inflow of peasants for the past few years has created a new problem of labor recruitment in the city: that is, a rapid increase in the unproductive population in the city, far above the demands of industrial production and construction today.”<sup>91</sup>

Ironically, the “blind inflow” of peasants, which posed a major challenge to the state, was at least partly triggered by a state policy that widened the gap of living standards between urban and rural areas. The policy of “unified purchase and sales (*tonggou tongxiao*)” introduced a new system of state monopoly of grain in late 1953.<sup>92</sup>

Under this new policy, rural villagers consumed considerably less grain than urban

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<sup>88</sup> Shanghai shi diyi shangye ju 上海市第一商業局 and Anshan shi shangye ju 鞍山市商業局, “Guanyu diaoyong shangye renyuan xieyi shu 關於調用商業人員協議書” (June 26, 1956), Shanghai Municipal Archives (Shanghai), B123-1-544-22.

<sup>89</sup> Report by the First Department of Commerce of Shanghai (29 June, 1956), Shanghai Municipal Archives (Shanghai), B123-3-252-7.

<sup>90</sup> NBCK, no. 68 (March 25, 1955).

<sup>91</sup> Guideline for propaganda by Anshan City (October 1957), Private Collection.

<sup>92</sup> To secure grain provisions in the city, the PRC government replaced the private grain market with centralized management that requisitioned grain from villages and supplied it to urban residents through rationing. Brown, *City versus Countryside in Mao's China*, 33-35. For the relationship between the state and peasant in countryside under this system, see Thomas P. Bernstein, “Leadership and mass mobilisation in the Soviet and Chinese collectivization campaigns of 1929-30 and 1955-56: a comparison,” *The China Quarterly*, 31(1967), 1-47; Jean C. Oi, *State and Peasant in Contemporary China: The Political Economy of Village Government* (Berkeley: University of California Press, 1989), 1-154.

residents. Between 1953 and 1957, the average grain consumption in Hebei Province was 80.2% of Tianjin grain consumption. This is to say nothing of the even larger gaps in the consumption of vegetable oil, sugar, and pork.<sup>93</sup>

In the context of a widening gap between cities and rural areas, the rosy pictures of urban life spread by CCP propaganda lured many peasants to Anshan. According to a local government report from 1957:

Some peasants envy urban life, saying that life in the city is better than in the countryside, that work there is lighter and income higher...Some peasants hear rumors that major economic construction projects such as the Anshan Steel and Iron Works are underway in large cities, and come to Anshan blindly to seek jobs.<sup>94</sup>

Another important factor for the “blind inflow” was the lack of coordination between individual enterprises and city authorities. As such, even as the city government tried to regulate population growth, many enterprises continued to recruit large numbers of peasants, thereby accelerating their “blind inflow.” According to an internal document of the Anshan City Government, “some factories and mines, enterprises, and construction sites...independently outsource projects or excessively recruit laborers without approval of the labor department [of the city government]. Also, some cadres of a few factories and mines distort the state policy and write too many letters of introduction so that family members of the workers can find jobs.”<sup>95</sup>

In order to move to the city, peasants and their families made use of state-imposed institutions such as military service, which functioned as a covert channel for domestic migration. The government required Angang and other industrial workplaces to hire

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<sup>93</sup> Brown, *City versus Countryside in Mao's China*, 36.

<sup>94</sup> Guideline for propaganda by Anshan City (October 1957), Private Collection.

<sup>95</sup> Guideline for propaganda by Anshan City (October 1957), Private Collection.

veterans, even though they were often reluctant to do so.<sup>96</sup> For many male peasants, military service simply became a means to secure a job in the city. In late February 1957, 50 to 150 veterans teamed up and visited the CCP Anshan City Committee to demand jobs. They argued, “we need a job, we need to eat. If you don’t give us a job, we will never go away.” Some demanded that they meet the secretary of the City Committee in person, while others cried out, “I’d rather die in Anshan than live in the countryside,” and “if you don’t give me a job, I will die in Anshan.” Meanwhile, about 600 veterans had come from various places to Anshan by March 1957. Thirty family members of soldiers moved to Anshan while the soldier in their family were still active in the military service: they had heard that, as a rule, those soldiers who had a family in a city would be given a job in the city upon completing their service.<sup>97</sup>

Coupled with the slow construction of urban infrastructure, “the blind inflow” of population caused serious hygiene problems in the city, which could not yet handle the sharp rise in garbage and bodily waste. According to a CCP internal report:

It is impossible to take away the city’s excrement and garbage. The entire city produces 401 tons of garbage and 230,000 *jin* [equivalent to about 115 tons] of excrement every day. Yet, given the transportation capacity at present, the city can only take 200 tons of garbage and one half of the total excrement. The rest remains in the city.

Unsurprisingly, this resulted in an increase in the number of epidemics. Even excluding those who worked for Angang, about 4,000 people caught measles, and fourteen of them died in 1952. The following year, more than another 4,000 people caught the disease, resulting in eighty deaths.<sup>98</sup>

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<sup>96</sup> NBCK, no. 27 (February 5, 1955), 77-80.

<sup>97</sup> NBCK, no. 2151 (March 13, 1957).

<sup>98</sup> NBCK, no. 71 (March 30, 1953), 709-710.

However, the widespread unemployment in Anshan posed a more serious threat to the CCP's legitimacy. In April 1955, there were about 20,000 jobless workers in Anshan. One of the main causes was overpopulation, created by the recent "blind inflow" of about 5,000 peasants. City officials found a political pamphlet in front of the police station of Youhao Street, which read: "The passage towards socialism totally relies upon workers and peasants. Why then don't you give us jobs?...Do you want us to starve? Do you want us to steal?"<sup>99</sup> In 1957, the city government identified about 23,000 jobless people in Anshan who had migrated from the countryside, with some inevitably resorting to petty crimes for survival.<sup>100</sup> To be sure, it is unclear just how widespread this kind of anti-CCP sentiment was in reality. After all, the incidents recorded in CCP internal reports may only have been exceptional cases. But the very fact that Anshan's city cadres nervously reported these cases discloses the anxiety and fear of these cadres. The reality of uncontrolled migration and unemployment in the city was frightening for a hyper-industrialist regime characterized by its scientific rationality. The picture in Anshan, the supposedly model socialist industrial city of the People's Republic, was not so rosy after all.

Moreover, even those workers who had jobs also suffered from overpopulation. Many workers could only work for shorter hours and get 75-85% of their original salary. Consequently, they found it hard to make a living, and some of them resorted to "inappropriate activities." Some workers used Angang's employee ID to get free rides on trains to the countryside and sold tofu there. Others mobilized their family members to

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<sup>99</sup> NBCK, no. 99 (April 30, 1955), 460-461.

<sup>100</sup> "Zhonggong Anshan shiwei pizhuan shi renwei dangzu guanyu dongyuan mangmu liuru renyuan huanxiang shengchan gongzuo fang'an 中共鞍山市委批轉市人委黨組關於動員盲目流入人員還鄉生產工作方案" (September 5, 1957), Anshan shi shizhi bangongshi, *Anshan shi zhi: fulu juan*, 325-327.

gather unused materials in the factory and sell them.<sup>101</sup> In the Tenth Residents' Committee of the Taoguan Street of Tiexi District alone, ten migrant peasant families became homeless. Indeed, the economic conditions were so bleak that a certain Ms. Huang attempted to sell her baby, whom she could not afford to feed.<sup>102</sup>

Faced with the flow of domestic migrants and urban unemployment, city officials feared that this trend would raise the city's crime rate and disturb the social order. According to local police records, between April and July 1954, Anshan had three armed robberies, five murders, five street snatches, three kidnaps, 443 thefts, twenty-five rapes, and six suicides. For example, on the evening of June 27, a 19-year-old girl visited February 19 Park, and four gangsters raped her there. According to an internal report, "recently, Anshan is a very unsafe place in the evening...Of such gangsters and criminals (*liumang feidao*) in Anshan, some came temporarily from other places such as Shenyang, some are discharged soldiers, others are soldiers who changed jobs, and still others are vagrants who came to Anshan to seek jobs but have failed to do so."<sup>103</sup>

Among the most tragic examples of the predicament faced by migrant workers was the suicide case of Ms. Xu from Tiexi District. Xu's husband, a migrant from Shandong, worked as a porter at a local tofu shop but struggled to make ends meet. Overwhelmed with poverty, Xu often took out her frustration by beating her two sons, aged 2 and 6. On one fateful day, she quarreled with a neighbor and asked Director Zhang of the neighborhood committee to arbitrate. Instead of hearing Xu out, Director Zhang simply criticized her. Infuriated by Zhang's disparaging remarks, Xu went home

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<sup>101</sup> NBCK, no. 293 (December 23, 1954), 353-355.

<sup>102</sup> NBCK, no. 68 (March 25, 1955).

<sup>103</sup> NBCK, no. 173 (August 3, 1954), 25-27.

only for her husband to denounce her himself and leave the house. The following day, Xu strangled her two sons to death and proceeded to hang herself.<sup>104</sup>

Many stories like this recorded in the CCP's confidential internal reports demonstrate the city officials' fear that the uncontrolled movements of people would bring new crimes and chaos to Anshan. Certainly, one should be hesitant to conclude boldly that there was a direct causal relationship between migrants' poverty and crimes. Still, it remains important to note that the city officials held firm in their own conviction that uncontrolled migration could be held directly responsible for the rise of crime. Both the unrestrained flow of people and the (perceived) decline in public order exposed the limits of the city government's capacity in managing a rapidly urbanizing society. The people moved in unexpected ways, thus exposing the fundamental flaws in the hyper-industrialist thinking of the city planners.

City authorities did make attempts to mitigate the "blind inflow" of rural peasants. As early as April 1953, Anshan's city government issued an order to stem the flow of people into the city and mobilize these people into returning to the countryside. In November, the City Government forced 21,894 people to return to the countryside.<sup>105</sup> In 1955, the city government provided relief work to jobless peasants in the city in order to prevent them from dying from hunger or cold, in addition to persuading them to return to their home villages.<sup>106</sup>

Starting in 1955, city governments across China launched systematic efforts to centralize power in their own hands in order to control rural-urban migration. That year,

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<sup>104</sup> NBCK, no. 173 (August 3, 1954), 25-27.

<sup>105</sup> Anshansi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: dashiji juan*, 1915-1985, 145.

<sup>106</sup> NBCK, no. 68 (March 25, 1955).

the system of *hukou* (household permits) was linked with grain rationing. Henceforth, one could receive grain and other rationed goods only in one's registered place of residence, which had the effect of reinforcing the boundaries between urban and rural residents.<sup>107</sup> The Anshan City Government began to forcefully relocate thousands of cadres and their families to the countryside temporarily.<sup>108</sup> But these projects of sending people to the countryside were soon to be reversed by the massive population inflow from the countryside during the Great Leap Forward, which ultimately undermined all the efforts to control population growth in the city.

The CCP's efforts to control population size formed the very basis of their Soviet-inspired urban planning. However, the city officials' belief in their ability to control the movement of people into and within the city turned out to be hopelessly unrealistic. The "blind inflow" of population from countryside to city revealed how people reinterpreted state policies. In order to move to the city, rural migrants made use of official policies such as job security for veterans. An unexpected surge in the city population threw into disarray another major part of the CCP's urban planning: housing policy.

## Housing Crisis

Faced with the massive population increase in city, CCP officials set out to construct new apartment complexes quickly in order to secure enough "living space" for the new residents. Housing construction was deemed central to Soviet-style urban planning, in which the most important task was the arrangement of "land for residence," and the most important figure was living space per person.<sup>109</sup> Indeed, Anshan's housing plan embodied

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<sup>107</sup> Brown, *City versus Countryside in Mao's China*, 42-47.

<sup>108</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: zonghe juan*, 267-268.

<sup>109</sup> Li Hao, *Bada zhongdian chengshi guihua*, vol. 1, 93-94

the city officials' hyper-industrialist mode of thinking. In this mode of thinking, city officials could decide and implement the appropriate pace of housing construction plans; and the housing complexes constructed by the city government and the SOEs were supposed not only to accommodate workers and their family members, but also to function as the site of surveillance and discipline for the Party-State. However, as in the case of population movement, housing construction in the city encountered serious challenges from the local society.

The authors of the 1953 Plan presented an ambitious proposal to construct housing complexes for Anshan's new residents by the end of the fourth Five-Year Plan in 1972. According to their estimates, Anshan's population would have 6 m<sup>2</sup> (about 64.6 ft<sup>2</sup>) of living space per person at the end of the first Five-Year Plan in 1957, thanks to housing construction by Angang and the Anshan city government, and this number would increase to 9 m<sup>2</sup> (about 96.9 ft<sup>2</sup>) by the end of the fourth Five-Year Plan.<sup>110</sup> Like the 1953 Plan, the 1956 Plan had an ambitious goal of constructing housing complexes for workers. At the time of planning, the total surface of living space in residential buildings was 1.29 km<sup>2</sup>, so the planners needed to provide another 1.41 km<sup>2</sup> of living space. For that purpose, they planned to build new apartments in both existing and planned residential districts.<sup>111</sup>

As early PRC city officials envisioned it, housing complexes – especially those for unmarried workers – played a key role in redefining the relationship between the state and the individual. Collective residences were also designed to provide a space for educating the residents as citizens of the new socialist nation. A newspaper article from 1953 entitled “Changing a Dormitory into a School” describes the activities of the

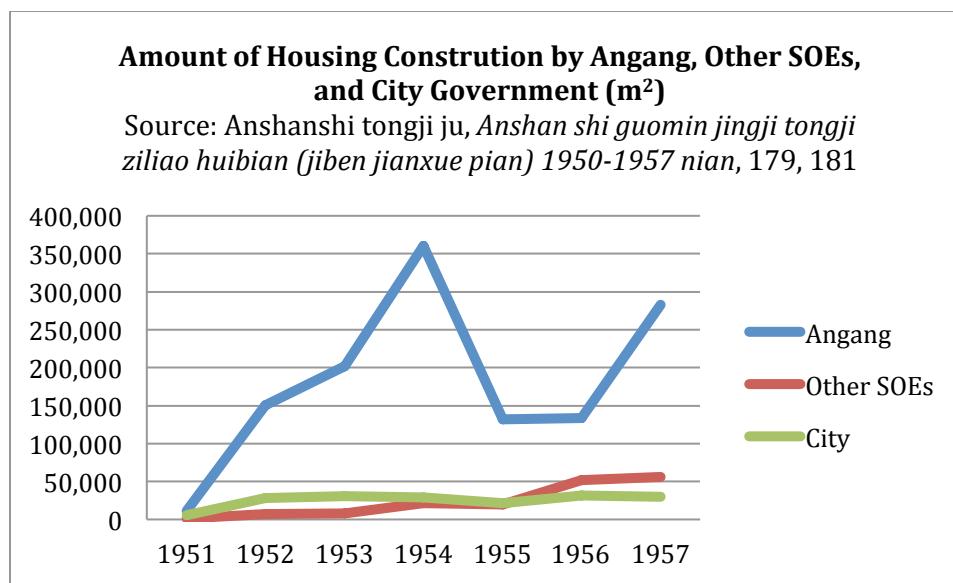
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<sup>110</sup> “Anshan shi chubu guihua cao’an” (October 14, 1953), 190-191.

<sup>111</sup> “Anshan shi chubu guihua (cao’an)” (December 20, 1956), 274-275.

Dormitory Activity Committee of Angang's powerhouse. They first established groups for newspaper reading, entertainment activities, singing, comics, and so on. Through these activities, they "implemented political education," which "improved [the participants] both in terms of politics and technology."<sup>112</sup> Ultimately, this type of housing was expected to provide Party-controlled homeschooling for residents.

In order to provide such education to Anshan's residents, especially those who had recently arrived, the city government and Angang began to build new apartment complexes. As shown in the graph below, a vast majority of new residences in the city were built by Angang, rather than by the city government.



Initially, Angang began to build residences for its employees by repairing war-torn housing buildings. Angang then built sixty-five new two-storied residential buildings based on Soviet designs in Lishan District in 1950. Two years later, it constructed six high-quality resident buildings for 130 families of model workers in Tiedong District, in

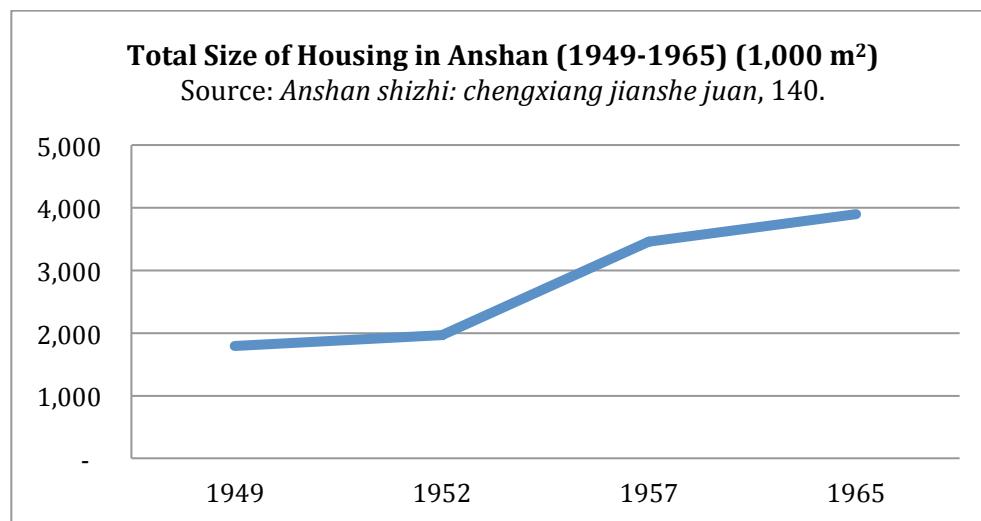
<sup>112</sup> *Gongren shenghuo* (September 17, 1953), 3.

addition to 100,000 m<sup>2</sup> of simple housing. Between 1953 and 1957 Angang further constructed 1.04 million m<sup>2</sup> of housing for its employees and workers.<sup>113</sup>



Soviet-style apartments, or “red buildings (*honglou*) in the Dagushan District of Anshan  
(photo taken by the author in June 25, 2017)

As a result, the total size of housing complexes in Anshan continued to increase during the 1950s.

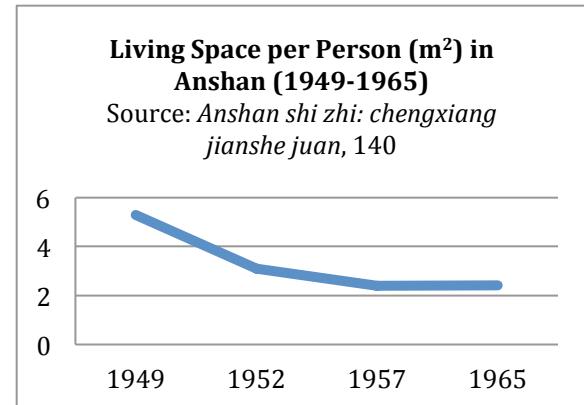


<sup>113</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 2, 259.

Nevertheless, the pace of housing construction failed to match the pace of Anshan's population growth, and the living space *per capita* declined rapidly. As shown below, the goal of securing living space of 4.5 m<sup>2</sup> (about 48.4 ft<sup>2</sup>) per person specified in the 1956 Plan was never achieved.<sup>114</sup> The living space per person in Anshan was not considerably smaller than that of a typical Chinese city at the time: urban housing shortages plagued the entire nation.<sup>115</sup>

The resulting housing crisis forced almost all the residents of Anshan to live with strangers in a crowded environment and without privacy. Many families had to share one apartment with another family, and six or seven single people had to sleep in the same bedroom.<sup>116</sup> According to a CCP Anshan City Committee's survey conducted in 1955, the housing shortage became especially severe in the Gongchangling Mine, where sixteen families lived in a single large room. Some workers were even compelled to live in remodeled toilets. Under these exasperating circumstances, sixty young couples were discouraged from getting married because they could not find their own apartments.<sup>117</sup>

Unsurprisingly, these poor housing conditions also worsened worker productivity, which harmed the very economy necessary to alleviate these conditions. A 1955 internal



<sup>114</sup> “Anshan shi chubu guihua (cao’an)” (December 20, 1956), 274.

<sup>115</sup> According to a nationwide survey in 1956, in 26 out of the 75 cities, the average living space for a family of workers was smaller than 3.5 m<sup>2</sup> (about 37.7 ft<sup>2</sup>). Guojia tongji ju 國家統計局, “Zhigong zhuzhai qingkuang diaocha baogao 職工住宅情況調查報告” (November 12, 1956), Zhongguo shehui kexueyuan and Zhongyang dang’anguan, 1953-1957 Zhonghua Renmin Gongheguo jingji dang’an ziliao: guding zichan touzi yu jianzhu ye, 925-929.

<sup>116</sup> NBCK, no. 230 (October 11, 1954), 124-127.

<sup>117</sup> NBCK, no. 238 (December 1, 1955), 7-9.

CCP report noted that 12,800 out of the 35,400 families living in the dormitories owned by Angang shared a single-family apartment with another family. As a result, “two families often have disputes on the shared use of water, electricity, stoves, and kitchens, as well as other small things in everyday life.” Furthermore, many recent college graduates who worked in Angang still lived in apartments of fifteen or sixteen square meters with five or six other people: they slept on two-layered beds or in two straw mattresses with two other people, and they did not even have space for storing books and clothes.<sup>118</sup>

Some apartments were also located in places far away from the workplace—a point of criticism raised by the 1953 and 1956 Plans about the Japanese construction of Anshan. As a Soviet official noted, “[a]t present, the life of a city, especially a large city, is unthinkable without the proper organization of the movement of its population to the place of work and public places on safe and convenient city highways.”<sup>119</sup> This goal was hard to fulfill in the early PRC. According to a 1954 CCP report, 30,000 Angang employees lived more than twenty *li* (about 6.2 miles) away from their workplace. Some lived entirely outside Anshan—about 4,000 lived in Liaoyang and Haicheng, about fifty or sixty *li* (about 15.5 to 18.6 miles) away from Anshan—and sometimes spent as many as three hours commuting by train, bus, or on foot.<sup>120</sup> To make matters worse, trains often failed to run on time. Due to their long commute, these workers could only afford four to five hours of sleep a day, which contributed to a steady deterioration of their health.<sup>121</sup>

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<sup>118</sup> NBCK, no. 230 (October 11, 1954), 124-127.

<sup>119</sup> “O nekotorykh voprosakh planirovki i zastroiki gorodov KNR,” Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 365-2-1692, 300.

<sup>120</sup> NBCK, no. 230 (October 11, 1954), 124-127.

<sup>121</sup> NBCK, no. 238 (December 1, 1955), 7-9.

Even when apartments were built as planned, their quality was often far from ideal. The dormitories that Angang built in Changdianpu, for example, risked collapsing just three months after construction. 130 out of the 508 buildings had sunk into earth, sometimes as deep as 10 centimeters (about 4 inches). Many walls had leaned or had cracks, some of which were as wide as 4.05 meters (about 160 inches). Two family members of Angang workers were injured by clods that fell from cracks in the wall. A frightened worker confessed: “we feel worried even while sleeping. Things may fall off and hit people at any time.”<sup>122</sup> In 1954, about 100 workers’ dormitories built in the previous year had already collapsed. Frustrated workers protested, “why do they build such bad apartments and wheedle us workers?”<sup>123</sup>

Low-quality apartments sometimes became the target of satirical cartoons in Anshan’s local newspaper, *Anshan Daily*. In the first picture below, a person brags to her guest that her new apartment has four-sided “ventilating facilities,” pointing to cracks on the walls. The second illustration shows the apartment manager refusing to provide assistance while people are busy getting rid of rain water leaking through the roof.

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<sup>122</sup> NBCK, no. 71 (April 3, 1953), 66-68.

<sup>123</sup> NBCK, no. 83 (April 12, 1954).



客人：啊呀！門窗關得這樣緊，不怕中煤毒嗎？  
主人：我們這座新房子，四面都有〔通風設備〕！

*Anshan ribao*, July 1, 1956, p.3.  
1956, p. 3



掌还要站隊

## 漠不關心 苗家仁 作

Anshan ribao, March 11,

Anshan's low-quality housing represented only the most severe symptom of a nationwide problem: the CCP's failure to provide for new industrial life in urban centers. According to a survey by the National Statistics Bureau, as of June 1956, one-fifth of workers and employees in the cities surveyed had urgent housing problems. A third of them lived in buildings that were either “dangerous (*weixian*)” or “inappropriate for living (*bushihe zhuju*).” A fifth shared an apartment with other families. A fifth could not get married or could not live together after marriage due to lack of apartments for couples.<sup>124</sup>

Why were the new dormitories so poor in quality? One of the causes lay in site managers' behavior on the construction sites—a problem also seen in the construction of Angang (Chapter 4). Site chiefs and engineers built low-quality buildings because they

<sup>124</sup> Guojia tongji ju 國家統計局, “Zhigong zhuzhai qingkuang diaocha baogao 職工住宅情況調查報告” (November 12, 1956), Zhongguo shehui kexueyuan and Zhongyang dang’anguan, 1953-1957 *Zhonghua Renmin Gongheguo jingji dang’an ziliao: guding zichan touzi yu jianzhu ye*, 925-929.

were under pressure to finish projects on an unrealistic schedule. According to an internal CCP report, the site chiefs in charge of the construction of Angang dormitories regularly sacrificed quality for quantity and speed. In most cases, only the top 20 millimeters (about 0.79 inches) of the foundations were made with high-quality material. The engineers intentionally made the part beneath it with substandard material to complete the project as rapidly as possible. Angang did not inspect the quality of finished buildings and even gave a bonus to workers upon the completion of the project.<sup>125</sup> In 1956, Angang officially lowered the quality of apartment buildings to cut the construction costs.<sup>126</sup>

The scarcity of housing prompted people to look for, and even build, new places to live, which threatened the CCP ideal of placing individuals in Party-controlled collective residential units. According to a CCP internal report:

Many family members of office workers and laborers who came to visit Angang to see their relatives have no place to stay and lodge in corridors as well as in public hygiene and entertainment facilities. Those who visit for a long time stay in air-raid shelters or the blockhouses left by the Japanese bandits and the Nationalists.<sup>127</sup>

Furthermore, as another CCP internal report noted, many people built their own houses in violation of the law and the city: “700 or 800 employees and workers built small mud houses around Anshan to accommodate their family members. Many of them were knocked down by water this year, and at present Angang provides them with loans for repairs.”<sup>128</sup> Faced with the acute housing shortage, the Anshan City Government eventually admitted that many residents indeed lived in places outside the control of the

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<sup>125</sup> NBCK, no. 71 (April 3, 1953), 66-68.

<sup>126</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 49.

<sup>127</sup> NBCK, no. 230 (October 11, 1954), 124-127.

<sup>128</sup> NBCK, no. 230 (October 11, 1954), 124-127.

Party-State. Cadres of the Anshan City Government acknowledged in a public document in April 1957: “the state... still cannot meet the demands of the rapid growth of population. Therefore, it is totally understandable for staff, workers, and residents to repair or construct their own houses in order to solve the accommodation problem.” In April 1957, the city authorities decided to manage these self-built houses by requiring residents to apply for official approval rather than prohibiting them outright.<sup>129</sup> The city officials thus conceded to allowing people to build houses outside the official plans, thereby giving up the idea of placing all the citizens in Party-controlled units.

In the CCP’s grand vision, apartment complexes were to play an important role in the making of a new socialist industrial city by subordinating individuals to direct state supervision and inculcating them with a new concept of the Party-controlled dormitory as a home. But the city government ultimately failed to provide its residents with adequate housing due to population increases that occurred at an unexpectedly high pace. Consequently, citizens often found their living space outside the official system of housing, thereby throwing the purported vision of housing complexes as CCP-supervised home-schools into dispute.

### **Builders of the Socialist Industrial City**

To be sure, Anshan cannot in any way be seen as representative of Chinese cities in the early PRC in general. Nevertheless, what transpired in Anshan echoed the experience of people elsewhere, whose daily life and movements complicated the CCP’s hyper-industrialist urban vision in many unexpected ways. The city government’s drafts on

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<sup>129</sup> “Anshan shi zizhan linshixing fangwu guanli zanxing banfa 鞍山市自建臨時性房屋管理暫行辦法” (April 9, 1958), Anshan shi shizhi bangongshi, *Anshan shi zhi: fulu juan*, 303-304.

urban planning revealed the local officials' confidence in their own ability to remake the city by applying Soviet-inspired "scientific" methods. The city officials, however, soon found that they were not the sole builders of this socialist industrial city, for several reasons.

First, far from being monolithic, policy implementation in this early PRC city was radically fractured among different enterprises and local government offices. These enterprises and government offices constructed office buildings and housing according to their own plans, as opposed to the plans of the city government. Angang remains the most notable example of this phenomenon, especially in its persistent pursuit of steel production at the expense of local residents' health. The competition between these multiple builders of the industrial city was further complicated by the PRC state's prioritization of "productive construction" over "unproductive construction." As a result, in this context, the hyper-industrialist visions of the city planners proved to be unpractical.

Second, the smooth way in which the CCP built upon the urban infrastructure left from the Japanese period showed that there was a certain continuity in the Japanese and the CCP visions of city construction. As one of the few industrial cities from the pre-1949 period, Anshan already had the types of infrastructure necessary for and suited to heavy industrialization. Likewise, the city's landscape represented social hierarchy among the residents, just as in the period of Japanese colonial rule; this trend was exemplified by the preservation of luxurious Japanese-built homes in Taiding.

Third, the city government lacked the kind of centralized power necessary to predict and control people's daily activities and movements. While the city government failed to build sufficient urban infrastructure, it also failed to foresee and control

migration into the city. To be sure, Anshan needed a new, larger labor force for the construction and operation of Angang. But local officials soon found that the city's population expansion far outpaced the implementation of their construction plans. Before they knew it, bright-eyed but deceived peasants seeking a new, more prosperous life in the city flooded Anshan. Combined with the slow development of the city's urban infrastructure, the resulting population explosion brought about a range of crises, from urban crimes and the disposal of human waste to, most seriously, a shortage of housing.

The competing motivations of those who built the socialist industrial city resulted in the creation of a chaotic urban space. The city planners dreamed of turning Anshan into a model socialist industrial city based on advanced Soviet methods of urban planning and free from the evils of the colonial past. But the real Anshan revealed little more than the failure of these very visions: it was a distressing and unhealthy environment, where factories emitted toxic materials next to overcrowded, low-quality housing, and the entire city was looked down upon by the new Chinese Communist masters, who resided in a privileged quarter that had been created by the old Japanese colonial masters. In spite of the exultant hyper-industrialist discourse of the urban planners, the actual process of urban development in Mao-era China fundamentally undercut the “scientific” urban plans these planners promised. Operating in the realm of abstraction first, the CCP had become too removed from the exigencies of a reality created by a range of complex local-level negotiations and confrontations that involved contradictory actors, institutions, and forces.

# Chapter 6

## Everyday Maoism: Chinese Citizens and the Socialist State, 1948-1957

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On an October day in 1954, an official from the Japanese intelligence agency interviewed a 53-year-old Japanese man, whom he called Mr. “S-402,” in Tokyo. According to the recently declassified record of the interview, Mr. “S-402” had been an office worker in the Anshan Iron and Steel Works (Angang) under the control of the Chinese Communist Party (CCP) between 1948 and 1952. Asked about workers in Communist China, the man said, “the Chinese, who used to be lazy, have become much more hardworking and efficient.” Explaining why, he said that under CCP rule, “because of everyday education, most of the employees came to have new ideas and different feelings.” The essence of the CCP’s education of workers was, Mr. “S-402” continued, “education to become masters (shujinkō no kyōiku)”:

The CCP’s education thoroughly teaches workers: ‘factory employees all used to be exploited by capitalist management. Now the factory belongs to you. You are the masters of the society and masters of the factory.’<sup>1</sup>

We might be tempted to dismiss such a positive affirmation of the CCP’s relation to its citizens as mere propaganda or wishful thinking of the CCP and their sympathisers. However, the Japanese official who interviewed him noted on record that Mr. “S-402” held “an anti-Communist stance (hankyō teki na tachiba).” Moreover, the interview took place in Tokyo, not in China under the watchful eyes of the CCP. Indeed, this testimony

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<sup>1</sup> Interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan 外務省外交史料館 (Tokyo), Post-WWII record 戰後期外務省記錄, A’-4-1-1-4.

serves as a verification of the nature of the CCP's political education of its workers. By examining everyday interactions between the state authority and urban residents in Anshan between 1948 and 1957, this chapter reveals that the CCP sought to politically educate its citizens with far more consistency, intensity, and comprehensiveness than did the Nationalists and the Japanese.

The relationship between the socialist state and urban residents in early Communist China was shaped through the interaction between the Party-State's constant efforts for the political education of its citizens and the citizens' everyday responses to such efforts. Toward the creation of a work force dedicated to work and loyal to the regime, the socialist state attempted to teach workers its official political language through frequent political campaigns on the street and daily study programs in the workplace. This production of power was strengthened by the state-owned enterprise (SOE) system, in which the state and its agents became almost the sole provider of jobs and social welfare benefits to the residents. However, in this system, not all stood equal, as the Party-State offered more rewards to those who supposedly contributed more to the socialist project. Within this hierarchy, PRC citizens therefore negotiated with the state by re-interpreting and appropriating the political discourse and institutional rules set by the state. In other words, the CCP's efforts to manage every aspect of its citizens' lives resulted in establishing rules of the game within which individuals could pursue their interests and desires.

In its efforts to transform individuals into a new type of citizens – “new men (*xinren*)”<sup>2</sup> – the CCP differed from the Japanese colonial and Nationalist regimes more sharply than they did in economic planning or urban construction. In spite of the mobilization efforts by the Japanese and the Nationalists, a vast majority of the urban population under these regimes (ethnic Chinese in Manchukuo and non-SOE workers in Nationalist China) existed largely outside the state’s intensive social-welfare programs. Moreover, political education was simply much more intensive under the CCP.

This chapter stages an intervention between what has hitherto been the two major bodies of scholarship on the relationship between the early PRC state and its urban residents. The first body has focused mainly on the workplace institutions, often called the “work unit (*danwei*) system,” introduced nationwide in this period. In his *Communist Neo-Traditionalism*, Andrew Walder argues that workers’ lives and promotions during the Maoist period depended on the workers’ personal relationships with the factory manager. Under the SOE system, factory managers held control over almost all aspects of the lives of their workers, including housing, healthcare, and schooling for children.<sup>3</sup> Subsequent studies have further elaborated upon the complicated historical origins of the work unit system, which even involved republican Chinese business enterprises and Western urban planning.<sup>4</sup>

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<sup>2</sup> For the development of the concept of “xinren” in China and the Soviet influence on it, see Yu Miin-Ling 余敏玲, *Xingsu “xinren”: Zhonggong xuanchuan yu Sulian jingyan* 形塑「新人」：中共宣傳與蘇聯經驗 (Taipei: Zhongyang yanjiuyuan jindaishi yanjiusuo, 2015), 18-30.

<sup>3</sup> Andrew G. Walder, *Communist Neo-Traditionalism: Work and Authority in Chinese Industry* (Berkeley: University of California Press, 1986).

<sup>4</sup> Xiaobo Lu and Elizabeth J. Perry (eds.), *Danwei: The Changing Chinese Workplace in Historical and Comparative Perspective* (Armonk, N.Y: M. E. Sharpe, 1997); Mark W. Frazier, *The Making of the Chinese Industrial Workplace: State, Revolution, and Labor Management* (New York: Cambridge University Press, 2001); David Bray, *Social Space and Governance in Urban China: The Danwei System from Origins to Reform* (Stanford, Calif.: Stanford University

The second body of scholarship has focused on the processes of political campaigns at particular moments. A variety of mass campaigns colored the first decade of CCP rule, including the Campaign to Suppress Counterrevolutionaries of 1950–1953, the Three-Anti, Five-Anti Campaigns of 1951–1952, the Sufan Movement of 1955, and the Hundred Flowers Campaign of 1956–1957. Scholars such as Elizabeth Perry and Julia Strauss have revealed how intensively and frequently workers and other urban residents were mobilized for various political campaigns on the street, often in violent ways.<sup>5</sup> Sometimes, this took the form of protest by citizens, as shown in the workers' strikes during the Hundred Flower Campaign.<sup>6</sup> More recent studies have also emphasized how the manipulation and creation of popular culture played an important role in the CCP's political mobilization of the wider population.<sup>7</sup>

While both of these bodies of literature have provided profound insights about the state-society relationship in early Communist China, they almost constituted an academic division of labor, with one examining seemingly static institutions and the other studying dynamic political processes. What still remains unclear is how the political campaigns, violent or cultural, factored into the production of workplace institutions, formal or informal. After all, both these political campaigns and institutions were experienced by

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Press, 2005). An important intervention in this body of scholarship was made by Huaiyin Li. Li built upon “the new institutionalism” of social sciences to call attention not just to “formal systems and organizations” but also to “informal practices, customs, norms, values, public opinion, and so forth.” Huaiyin Li, “Worker performance in state-owned factories in Maoist China: a reinterpretation,” *Modern China* 42, no. 4 (2015), 377–414 (quote from 407).

<sup>5</sup> Julia Strauss, “Morality, Coercion and State Building by Campaign in the Early PRC: Regime Consolidation and After, 1949–1956,” *The China Quarterly* 188, no. 01 (December 2006), 891–912; Elizabeth Perry, “Masters of the Country?: Shanghai Workers in the Early Peoples Republic,” in Jeremy Brown and Paul Pickowicz (eds.), *Dilemmas of Victory: The Early Years of the People’s Republic of China* (Cambridge, Mass: Harvard University Press, 2007), 59–79.

<sup>6</sup> Elizabeth Perry, “Shanghai’s Strike Wave of 1957,” *The China Quarterly*, 137 (1994), 1–27.

<sup>7</sup> Chang-tai Hung, *Mao’s New World: Political Culture in the Early People’s Republic* (Ithaca, N.Y.: Cornell University Press, 2011); Elizabeth Perry, *Anyuan: Mining China’s Revolutionary Tradition* (Berkeley: University of California Press, 2012).

the same subjects: the citizens of the PRC. Now it is time to examine the relationship between the early Chinese Communist state and its urban residents in a more integrative way, paying attention to the relationship between factory work, everyday life, street politics, and ideological education, rather than studying them separately.<sup>8</sup>

This chapter opens with a discussion of how exactly mass mobilization campaigns acted upon and affected people, especially workers, as political subjects. I then examine how the CCP implemented political education in the workplace on a daily basis. The chapter then moves on to how the regime categorized people into different groups and how such categorization affected the fates of individuals. Within this context, the chapter concludes by reading the language of dissent in the early PRC, especially by engineers involved in the Hundred-Flower Campaign.

### **Political Education through Campaigns**

Immediately following the takeover of Manchurian cities during the Civil War (1945-1949), the CCP launched several major mass mobilization campaigns, drawing from their past experience in mobilizing peasants in countryside, in order to educate people with the Party's Worldview. By encouraging citizens to join the Party-sponsored campaigns, the CCP attempted to rectify their passive attitudes towards work and politics. The CCP tried to produce a new type of citizen who actively participated in the Party-State's project of making China a strong industrialized nation modelled after the Soviet Union.

In Anshan, the first mass-mobilization campaign began shortly after the CCP had taken the city in November 1948. By that time, much of the industrial equipment in the factories and mines of Angang had already been removed by the Soviet Union, destroyed

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<sup>8</sup> See Stephen Kotkin, *Magnetic Mountain: Stalinism as a Civilization* (Berkeley: University of California Press, 1995), 198-237.

in the Chinese Civil War, or stolen by locals. In order to acquire the items and materials necessary for industrial reconstruction, the CCP launched a Machine-donation Campaign in late November of 1948. In workplaces, schools, and even in the nearby villages, CCP cadres carried out a propaganda campaign for the donation of machine parts to Angang.<sup>9</sup>

A report written at the time by the CCP-sponsored labor union in Angang reveals that the significance of the movement lay not only in collecting machine parts but also in changing the workers' mindset. The report noted, "it is necessary to educate the masses through the campaign, and to improve the consciousness of the masses." Before the campaign, workers were relatively disinterested in the overall performance of Angang, feeling that it had nothing to do with their own lives, as was the case under Japanese colonialism. But the report testifies to the extent that the campaign changed workers' "political consciousness (*zhengzhi renshi*)":

[Now]...workers often check machines voluntarily. They say they are now the masters (*zhuren*) of the factory, so they have the right to manage the factory. 'The factory is the family of workers' and 'Workers are the masters of the factory' are no longer empty slogans. The vast majority of workers now feel and act that way.<sup>10</sup>

One valuable method of political education during the campaign was the public praising of certain workers for their accomplishments. In February 1949, the CCP in Anshan held a ceremony celebrating the successful completion of the campaign, and praised 135

<sup>9</sup> Reportedly, 65% of the workers in Angang donated machines and materials, and by the end of 1948 the CCP authorities received a total of 212,692 items, worth altogether more than one million *yuan* (東北幣). Angang shizhi bangongshi 鞍鋼市誌辦公室, "Angang gongren jieji wei huifu gangtie shengchan zuochu de zhongda gongxian 鞍鋼工人階級為恢復鋼鐵生產做出的重大貢獻," in Zhonggong Anshan shiwei dangshi dangzu weiyuanhui bangongshi, *Anshan shuguang: Anshan diqu jiefang zhanzheng shiqi dangshi ziliao huibian* (Anshan: Zhonggong Anshan shiwei dangshi bangongshi, 1992), 70-72.

<sup>10</sup> "Angang zong gonghui guanyu xianjiao qicai yundong de zongjie baogao 鞍鋼總工會關於獻交器材運動的總結報告" (January 19, 1949), Anshan City Archives 鞍山市檔案館 (Anshan), Records of the Chinese Communist Party Anshan City Committee 中國共產黨鞍山市委員會檔案, 3-1-4.

“heroes (*gongchen*),” who had made particularly important contributions to the campaign. The list of their names was later published in the official newspaper of the CCP Anshan City Committee.<sup>11</sup> Afterwards, Anshan’s local newspaper often covered stories of workers who worked particularly hard with the sense of being “masters” of the factory.<sup>12</sup>

Following the establishment of the PRC, the CCP carried out the Campaign to Suppress Counterrevolutionaries (1950-1953), which primarily sought to hunt for Nationalist underground agents, but also targeted secret societies, underground criminal gangs, and religious sects. The campaign mostly operated on the basis of mass rallies, public struggle sessions, and broadcasted public trials, and often involved severe violence. As a result, more than 1.2 million people were arrested, and at least 710,000 were executed.<sup>13</sup>

This brutal campaign eventually made its way to Anshan as well. According to an internally printed history of the campaign in Anshan, the CCP authorities of the city found 1,544 “counterrevolutionaries” during the campaign. Of them, 875 were arrested, 76 were killed instantly or executed, 262 were imprisoned, 198 were placed under surveillance, and 795 were coerced into supervised labor. Among those arrested were 127 former Manchukuo officials and 259 former Nationalist officers.<sup>14</sup>

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<sup>11</sup> *Gongren shenghuo* 工人生活 (February 7, 1949), 1.

<sup>12</sup> For example, *Gongren shenghuo* (February 22, 1949), 4.

<sup>13</sup> Unsurprisingly, after the fact, internal CCP investigations discovered that a significant portion of these executions was based on false charges. Andrew Walder, *China under Mao: A Revolution Derailed* (Cambridge, MA: Harvard University Press, 2015), 65-66.

<sup>14</sup> Anshan shi gong'an ju 鞍山市公安局, *Anshan diqu zhenfan zhuanji* 鞍山地區鎮反專輯 (Anshan, 1994), 24-25, 42. If we believe these figures, much smaller proportion of people was persecuted in Anshan, compared with the entire urban China. This probably means that in Manchuria the Japanese repatriation and execution of Japanese war criminals by the Nationalists had already largely wiped out the old power holders who otherwise would have become targets of the campaign.

Aside from the elimination of these potential enemies of the new regime, the campaign also functioned as spectacle with the purpose of educating its audience. On May 10, 1951, the CCP authorities in Anshan commenced public trials of counterrevolutionaries, such as a Chinese officer of Manchukuo and a Nationalist spy, in the city gymnasium. 200,000 people gathered at the trial site as audience, and another 183,000 people were required to listen to the radio broadcast of the event. For people to join the trials or listen to the broadcast, government offices, schools, and factories were forced to stop operation.<sup>15</sup>

The campaign therefore ritualized exhibitions of violence in order to arouse within people not just fear but also anger, excitement, and other emotions. These people performed the role of loyal citizens by joining in to accuse these enemies of the new Communist state. At the site of the public trial, an official played the role of the judge and announced the opening of the trial. Suspected counterrevolutionary criminals were brought there, with their hands and legs bound. According to a Japanese witness, each suspect was charged with “too many crimes for one person to commit in a lifetime,” including collaboration with Japanese imperialism, conspiracy with evil landlords, murders, thefts, rapes, extortion, and arson. Then, the “victims” of these suspects showed up, and described in tears how these counterrevolutionaries killed their fathers, made their mothers suffer, murdered their brothers, and so on. To conclude, the judge asked the audience to make a judgment. Some in the audience shouted “shoot them to death!” Gradually others joined in to chant “shoot them to death,” and the judge affirmed, “it was decided by your judgment that the suspect should be shot to death.” On that day alone, they “judged” about twenty suspects, all of whom received death sentence. After the

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<sup>15</sup> Anshan shi gong'an ju, *Anshan diqu zhenfan zhuanji*, 13-16.

court closed, they brought all the suspects to a park, made them sit in front of a hole, and shot them to death.<sup>16</sup> Political violence thus served as a show that displayed not only the CCP's power but also the people's active participation in the CCP's exercise of that power.

Before long, another major CCP-sponsored mobilization campaign began in 1952: Three-Anti, Five-Anti Campaign. This campaign was initially launched as the Three-Anti Campaign, which mostly targeted corruption by civil servants in urban areas. The campaign then diverted its focus to corruption in private businesses, and merged into a Three-Anti, Five-Anti Campaign.<sup>17</sup>

Japanese witnesses of the Three-Anti, Five-Anti Campaign in Anshan testified that the campaign also played an important role in the political education of PRC citizens by encouraging ordinary people to survey and punish one another. The campaign began with distribution of study pamphlets. All employees of Angang were then instructed to confess their entire personal history since the age of eight and detail their thoughts.<sup>18</sup> After about a week, the campaign called for confessions (*tanbai*) of corruption. To help facilitate this, the CCP in Angang established a system of anonymous reporting by installing boxes for anonymous reports in workplaces and streets to encourage people to report cases of corruption on the part of others. Although the Three-Anti campaign eventually came to an end, this system remained in place long after. Those who were charged by an anonymous report had no option but to confess their "wrongdoings,"

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<sup>16</sup> Record of interview with "S-402" (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4 (microfilm A' 0236).

<sup>17</sup> Walder, *China under Mao*, 76-77.

<sup>18</sup> Record of interview with "S-337" (male, 41), August 29, 1954, *Chūkyō jijō*, riku 417 (October 8, 1954), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

which was all the more painful because those charged by anonymous reports were not informed of the reasons behind the accusations in the first place. Moreover, if a person became a target of three or more anonymous reports, he or she was automatically presumed to be guilty.<sup>19</sup>

The victims of this campaign actually suffered most from harsh treatment from their colleagues, not official punishments from state officials. Those who seemed not to make sufficiently authentic confessions were deemed “tigers (*hu*)” and captured by “anti-tiger teams (*dahudui*)” consisting of members of the youth league. According to a Japanese office worker, the anti-tiger teams were organized at each workplace, and they confined and denounced those “tigers” who had been their colleagues yesterday. Anti-tiger teams tirelessly interrogated “tigers” around the clock, gathering dozens of colleagues to form a circle in the center of which would stand the condemned “tigers.” Encouraged by the anti-tiger teams, the colleagues chanted together in order to intimidate the “tigers,” and then punched and kicked them, leading one Japanese observer to state matter of factly: “It was severe blackmail and torture. They could not stand it, and made false confessions to escape from this suffering.” According to this Japanese observer, approximately 1,300 people were targeted during the campaign in Angang.<sup>20</sup> Surprisingly, none of the Japanese in Angang were targeted. Furthermore, unlike the Campaign to Suppress the Counterrevolutionaries, no one received the death penalty in the Three-Anti

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<sup>19</sup> Record of interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A’-4-1-1-4.

<sup>20</sup> Record of interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A’-4-1-1-4.

Campaign.<sup>21</sup> Still, suffering from violent interrogation, about twenty of the condemned eventually committed suicide.<sup>22</sup>

In all these political campaigns, the CCP authority effected the political education of the Chinese citizens either through active participation by the citizens or the display of a feigned performance of it. Violence did not always befall its victims from the top: it also came from ordinary neighbors and colleagues, who participated in highly ritualized forms of political violence under the coordination of the CCP. By stressing the people's active role, the CCP already displayed the influence of its own rural tradition and thus its difference from the urban-based Soviet model, even though the CCP did not explicitly stress that difference during this period.

### **Political Education through Everyday Activities**

While political campaigns shaped workers' minds in dramatic ways at particular moments, the CCP also implemented a duller but more constant form of political education on a day-to-day basis. While the political campaigns mobilizing the masses largely built upon the CCP's own experience in rural revolution, much of the techniques of everyday political education was learned from the Soviet Union. Discussing her impression of a visit to Angang in 1954, Soviet historian Anna Pankratova (1897–1957) wrote:

[E]verywhere hang posters. If there were no hieroglyphs [Chinese characters], which we had them translate everywhere, we would think they are our posters—boards of socialist competition, indicators for each [work] unit. In a word, all that

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<sup>21</sup> Record of interview with “S-337” (male, 41), August 29, 1954, *Chūkyō jijō*, riku 417 (October 8, 1954), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record, A’-4-1-1-4.

<sup>22</sup> Record of interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record, A’-4-1-1-4.

we know and see in our enterprises is also used in Chinese enterprises very effectively.<sup>23</sup>

The Angang factories and other workplaces in Anshan served not only as producers of industrial goods but also schools where people learned how to live and speak properly in the new era.

Different workplaces in Anshan sometimes engaged in what the Japanese called “production competitions (*seisan kyōsō*).” Within these competitions, comparisons between achievements of different types of work were made possible because the achievements were measured by the percentage of increase in production from the past. The results of competitions were then made public, and the winning workplaces were awarded prizes.<sup>24</sup> The labor union of Manchuria under CCP control officially made workplace competition a region-wide policy on March 15, 1949.<sup>25</sup>

These sorts of competitions typically started with a “letter of challenge” sent from one workplace to another, often publicized in *Gongren shenghuo* [Workers’ life], the official mouthpiece of the CCP Anshan Committee. One of these letters went as follows:

#### LETTER OF CHALLENGE

Workers of the bench-work unit of the machine-repairing factory:

We produce much and support victory on the front [of the Civil War]...Our group presents a challenge to you on production in April under the conditions:

1. that we guarantee that there will be no accident;
2. that we guarantee Boiler No. 4 will be completed ahead of the plan;
3. that we guarantee that we will complete two hundred motors;
4. that we guarantee that we will repair broken motors for good;

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<sup>23</sup> A. M. Pankratova, “Doklad o poezdke v Kitaiskuiu Narodnuiu Respubliku” (November 9, 1954), in E. R. Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody: sbornik dokumentov v dvukh tomakh* (Moscow, Pamiatniki istoricheskoi mysli, 2009-2010), vol. 1, 73.

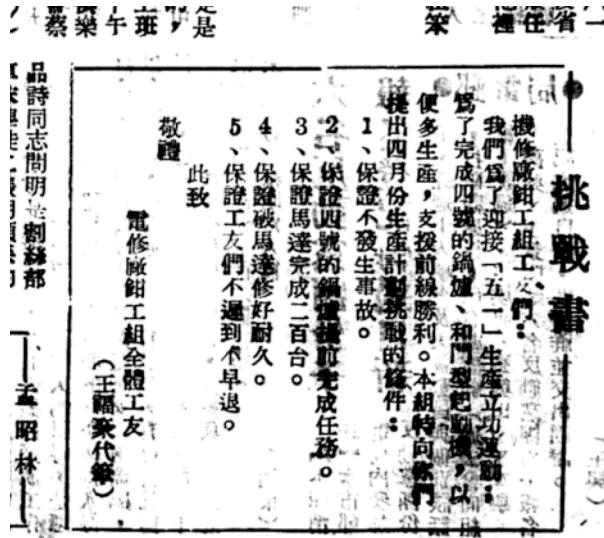
<sup>24</sup> Naikaku sōri daijin kanbō chōsashitsu 内閣總理大臣官房調查室, *Chūkyō tekkōgyō chōsa hōkokusho: kigyō hen* 中共鉄鋼業調査報告書 (Tokyo, 1955), 177.

<sup>25</sup> *Gongren shenghuo* (March 30, 1949), 4.

5. that we guarantee that our workers will not be late to work or go home early.

Sincerely,

All the workers of the bench-work unit of the electric-repairing factory<sup>26</sup>



*Gongren shenghuo*, (April 14, 1949) p. 3.

Anshan's local newspaper also published the replies from workplaces that received a letter of challenge. A response to a challenge had more or less the same format as the original challenge letter.<sup>27</sup> In this way, competitions between different workplaces were made public in the whole company and the city, so that efforts for industrial production would become a game of pride in the minds of workers.

In addition to working hard, workers were also required to participate in various study sessions in their workplaces. On February 20, 1949, the CCP regional authority of Manchuria decided to enhance political and cultural education among workers. They aimed at training cadres with "high class consciousness and respectable cultural standard"

<sup>26</sup> *Gongren shenghuo* (April 14, 1949), 3.

<sup>27</sup> *Gongren shenghuo* (April 11, 1949), 2.

among workers.<sup>28</sup> According to a handbook published by Angang's education department in 1954, Angang implemented one to two months of "political training course" for workers of newly-built factories. The contents covered in the class were: (1) the significance and future development of the factory; (2) the great achievements of the motherland in recent years and the future of the youth; (3) the working class; (4) the Chinese Communist Party; (5) the New Democracy Youth League; (6) the Labor Union Law; (7) the Sino-Soviet friendship; (8) the systems of personnel, wages, labor insurance, and labor discipline; (9) criticism and self-criticism; and (10) loyalty and honesty. The class taught these contents by means of lectures and discussion sections. At the end of the course, the instructors let the workers register in the labor insurance and examined their thought.<sup>29</sup> A major purpose of this program was to establish the "ideology of masters (*zhurenweng de sixiang*)" among the workers. According to the handbook, after finishing the political training class, a young worker said, "We have understood the significance of the large-size steel-rolling mill. If it produces good steel, it will play an important role in the nation's economic construction. If only one could build the nation well, my personal life would not be a problem at all."<sup>30</sup>

The CCP's political education took place not only in special classes, but also in the workplace on a daily basis. According to a Japanese witness, there was one hour of study time before work and another one or two hours after work. These study hours could not be skipped, and workers were criticized if they participated too little during these hours. In the evaluation of a worker's overall performance, his or her performance during

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<sup>28</sup> *Gongren shenghuo* (March 6, 1949), 1.

<sup>29</sup> Anshan gangtie gongsi jiaoyuchu 鞍山鋼鐵公司教育處, *Angang peiyang xin gongren de jingyan* 鞍鋼培養新工人的經驗 (Beijing: Gongren chubanshe, 1954), 10-12.

<sup>30</sup> Anshan gangtie gongsi jiaoyuchu, *Angang peiyang xin gongren de jingyan*, 14.

study hours even counted more than his or her performance in actual labor. In this hierarchy of values, workers were actually spared punishment even if they read newspapers or magazines during work time. From the officials' perspective, newspapers were something like textbooks, and since all the magazines were official propaganda tools of the CCP, even procrastination by reading translated into some kind of studying.<sup>31</sup>

The CCP authority closely monitored the performance of each employee during the study times through a network of agents at the lowest level of the workplace. A Japanese engineer witnessed how the CCP recruited some workers as its agents in order to better monitor their colleagues' thoughts and performance. The agents reported points that workers raised in study sessions to the CCP organizations, which factored into the calculation of wages for each worker. According to this Japanese witness, on the whole, about two or three out of ten workers served as agents, and these agents themselves were watched by the other agents in their workplace.<sup>32</sup>

An important component of education for workers was training in literacy, which was critical for both technological and political education. Before the establishment of the PRC, the CCP established study groups for the learning of Chinese characters in some workplaces of Angang.<sup>33</sup> In 1952, they developed a "Quick Method for Learning Characters," which aimed at teaching workers the most important 3,000 characters in 160 hours. The CCP city committee, the city government, the labor union, Angang, the youth

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<sup>31</sup> Interview with "S-402" (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record, A'-4-1-1-4.

<sup>32</sup> Record of interview with "B-177" (male, 48), April 1 &2, 1954, *Chūkyō jijō*, riku 243 (April 8, 1954), Diplomatic Archives of the Ministry of Foreign Affairs of Japan (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>33</sup> *Gongren shenghuo* (March 12, 1949), 1.

league, and the women's league promoted this method, and committees for eliminating illiteracy were set up in every workplace in the city of Anshan.<sup>34</sup>

Workers were also expected to play an active role in the improvement of technology. In the rationalization proposal campaign, the authority encouraged workers to propose new ideas on how to increase production and improve the use of machines.<sup>35</sup> Soviet historian Anna Pankratova described the mass movement on technology in Angang that she had witnessed:

In Angang and other enterprises, they developed a mass movement for the improvement of old technology and the better use of new technology. “Squeeze technology to the bottom (*Vyzhat' tekhniku do dna*)”—a poster said...This poster is now put everywhere in Chinese industrial enterprises. They told us that the workers of Angang set their task to find and seize hidden opportunities for increasing labor productivity in their [work] units and machines...And now they unfolded a major movement for the improvement of technology, the productive use of it, and the rationalization of production.<sup>36</sup>

Despite its much-celebrated status, however, it seems that the rationalization proposal campaign brought more trouble and confusion than improvement in terms of factory operation. In 1954 and the first half of 1955, employees of Angang-Construction wrote up 3,765 proposals, and 2,095 of them were accepted by the company. However, many, if not all, of these proposals were silly. For instance, Worker Zhou of the Furnace-Construction Company proposed that they train monkeys to clean the inside of the coke furnace, to which the section chief commented that “This proposal is reasonable. Should

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<sup>34</sup> Anshan shi zonggonghui 鞍山市總工會, *Anshan gongren yundong shi*, 1909-1990 鞍山工人運動史, 1909-1990 (Anshan, internal publication, 1999), 101.

<sup>35</sup> Interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>36</sup> A. M. Pankratova, “Doklad o poezdke v Kitaiskuiu Narodnuiu Respubliku” (November 9, 1954), in E. R. Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody: sbornik dokumentov v dvukh tomakh* (Moscow, Pamiatniki istoricheskoi mysli, 2009-2010), vol. 1, 74.

be submitted to the manager for approval.” The site chief wrote, “Agreed.”<sup>37</sup> Perhaps at least partly for this reason, neither Angang nor Angang Construction was in reality enthusiastic about the campaign.<sup>38</sup>

The CCP’s propaganda apparatus penetrated deeply into individual workplaces, especially following the outbreak of the Korean War (1950-1953). In Anshan, for example, the propaganda department of the CCP Anshan City Committee began building up an organization of propagandists from April 1950, which grew rapidly during the war. By July 1950 there were 499 propagandists in Anshan, and the number increased to 1,794 by December. On January 1, 1951, the CCP national authority decided to establish a nation-wide propaganda network aimed at the masses, to be operated through “easy and popular forms (*jiandan tongsu de xingshi*).”<sup>39</sup>

The Korean War also provided the steel city of Anshan with a national political significance. The Chinese military forces needed more steel for their war efforts on the Korean Peninsula. In a speech delivered in front of propagandists on December 23, 1950, Yang Chunmao (楊春茂), the CCP secretary of Anshan, proclaimed:

If we want to build a nation and improve life, we must expel the American bandits (*Meiguo qiangdao*) into the sea. But how should we protect the nation? How can we expel the American bandits into the sea? It is impossible for all of us to go to the front line, and we must accomplish production in our own posts. Let’s look at the front line! It is minus thirty something degrees in Korea now. It is so cold...They have such hardship in the front line. We must be active in production, in order to support the brave people’s warriors.<sup>40</sup>

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<sup>37</sup> *Neibu cankao* [hereafter, *NBCK*], 130 (June 7, 1955), 66-67.

<sup>38</sup> *NBCK*, 199 (September 3, 1955), 10-11; *ibid*, 74 (April 3, 1956), 66-67.

<sup>39</sup> Zhonggong Anshan shiwei xuanchuanbu 中共鞍山市委宣傳部, *Anshan xuanchuanyuan gongzuo jingyan* 鞍山宣傳員工作經驗 (Anshan, January 1951), 1-4, Stanford University East Asia Library.

<sup>40</sup> Zhonggong Anshan shiwei xuanchuanbu, *Anshan xuanchuanyuan gongzuo jingyan*, 5-9.

In this rendering, work in factories in Anshan contributed directly to China's war efforts hundreds of miles away. To work for Angang was to work for the Chinese military, and to work for the Chinese military was to work for socialism's victory over US imperialism.

Propagandists were expected to promote the Party-sponsored worldview not in a top-down way, but rather from the bottom up through day-to-day interactions among workers themselves. Most propagandists worked full-time in normal posts while simultaneously doing propaganda work for the Party. In January 1951, about 6% of all the workers and employees of Angang's iron-dressing factory also worked as propagandists, meaning they had essentially infiltrated every space occupied by ordinary colleagues and neighbors.<sup>41</sup> Propagandists were just ordinary workers like others, rather than government officials who set themselves apart from the workers.

Skillful propagandists educated workers through everyday interactions rather than by merely giving lectures or posting slogans. Introducing his work to other propagandists, Propagandist Sun of Angang explained, “propaganda work is living work (*huo de gongzuo*), therefore we cannot make it dead. We must have many techniques and flexible methods.” To make his point, he told the story of one day when he heard two other workers discussing the Korean War on the street. They cursed “What the fuck...when the little Japanese devils (*xiao Riben guizi*) were here under the fake-Manchukuo, the Korean bastards (*Gaoli bangzi*) behaved in the same way as little Japanese devils, and were dogs who beat us. Sometimes, these secondary devils (*erguizi*) were even worse than the little Japanese devils....We should never support the Korean bastards!” Upon hearing this remark, Sun interrupted their discussion. “Yes, those secondary devils who were nationalized as Japanese were very disgusting. Certainly, both you and I hate them. But

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<sup>41</sup> Zhonggong Anshan shiwei xuanchuanbu, *Anshan xuanchuanyuan gongzuo jingyan*, 12.

there is one thing that you must pay attention to,” Sun said. “Is Chiang Kaishek of the Nationalist Party detestable?” Astonished by Sun’s question, the worker replied, “Of course, he is detestable!” Sun further asked “Is Korea’s national traitor (*maiguozei*), Syngman Rhee, detestable?” The worker replied, “Detestable!” To this, Sun replied, “That is correct, Chiang Kaishek of the Nationalist Party cannot represent the whole Chinese people. Syngman Rhee the Secondary Devil cannot represent the Korean people. They only represent a tiny part of them.” It was through this kind of small talk that Sun convinced his colleagues, though he conveniently ignored the fact that Syngman Rhee had been a leader of the Korean independence movement outside Korea during the entire Japanese colonial period, and was thus hardly qualified as “national traitor.”<sup>42</sup> As shown in this conversation, messages of the Communist Party reached people not only through formal lectures and speeches but also through staged, “casual” conversations and other forms of human interactions among colleagues and neighbors.

Political education of the citizens through propaganda was also an important motif of the practice of criminal justice. The Anshan Prosecutor’s Office regularly intervened in Angang by investigating accidents.<sup>43</sup> The prosecutor’s office’s interference then became more institutionalized in various workplaces within Angang.<sup>44</sup> With this

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<sup>42</sup> Zhonggong Anshan shiwei xuanchuanbu, *Anshan xuanchuanyuan gongzuo jingyan*, 34-39.

<sup>43</sup> In the second quarter of 1956, the Anshan Prosecutor’s Office sent its staff to eight mines and factories of Angang. This operation aimed at helping these mines and factories improve production and decrease accidents, according to the prosecutor’s office’s report (Report by the Anshan Prosecutor’s Office, December 3, 1956, Private Collection).

<sup>44</sup> According to their work report for the second quarter of 1956, they organized five investigation groups and did inspection of the Dagushan Mine, No. 3 Steel-making Factory, Transportation Department and other workplaces. Moreover, in order to “protect industrial production (保衛工業生產),” they inspected various accidents in workplaces (Report by the Anshan Prosecutor’s Office, July 8, 1956, Private Collection).

institutionalization, the Anshan Prosecutor's Office established a network of its agents in Anshan.<sup>45</sup>

Prosecution also played an educational function, for both the prosecuted and the broader populace. According to their work report, they “not only beat illegal elements who forgot their occupational duty, but also educated many staff and workers.”<sup>46</sup> On April 4, 1956, a major fire in a workshop in Angang’s refractory materials plant halted production for six days. After investigation, the authority prosecuted three individuals as responsible for the fire. One of those held responsible for the fire, Mr. Zhao, broke down crying multiple times during interrogation. After the inspection, he was moved and eventually proclaimed “Chairman Mao is good.” In another case, Mr. Bai, a Fengshui master, burned paper on the Qingming Festival, and unintentionally caused a mountain fire that burned more than 40,000 trees. According to an internal report of Anshan’s local prosecutor’s office, when they arrested Bai, people saw the officials showing an arrest warrant before taking him, without hitting or yelling at him. People said “the people’s government is so democratic. They explain the reasons before capturing, without beating or yelling.”<sup>47</sup>

In a 1957 work report, the prosecutor’s office of Anshan’s Tiexi District wrote that they “consciously combined the character education of the masses and work of legal propaganda.” In two of the three cases in which the office decided not to prosecute the suspect, they held a mass meeting. According to the report, this “educated the masses of

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<sup>45</sup> In September 1956, it drew up a plan to recruit 300 agents, of which 120 were to be in Angang, 80 in Angang-Construction, and 30 in the city government. Their goal was to make sure “every factory has an agent.” See a plan by the Anshan Prosecutor’s Office, September 1, 1956, Private Collection.

<sup>46</sup> Report by the Anshan Prosecutor’s Office, July 8, 1956, Private Collection.

<sup>47</sup> Report by the Anshan Prosecutor’s Office, May 10, 1956, Private Collection.

staff and workers very well” and did the “work of legal propaganda” at the same time.<sup>48</sup>

In the first half of 1958, the district court of Anshan’s Tiexi District selected “typical cases with educational meaning” from the criminal cases it judged, and held ten major public trials. More than 10,000 people participated in these public trials as audience, and this “enhanced their alertness and political consciousness...and played a positive role in maintenance of social safety and order.”<sup>49</sup>

Even more effective in securing the Chinese citizens’ active participation in the CCP’s political education was recreation and entertainment, a method adopted from the Soviet Union.<sup>50</sup> Many recreational activities in factories entertained employees and conveyed the CCP’s official political messages at the same time, often under the leadership of the labor union. As early as February 1949, the Manchurian regional authority of the CCP issued an order to establish clubs for workers and employees in large factories.<sup>51</sup> Workplaces in Anshan also set up club halls – often as auxiliaries of cafeterias – to be used for “propaganda and study” by employees. In these halls, people practiced chanting and saw performances with propagandistic themes. In club halls of major workplaces, the CCP installed film projectors and screened propaganda films during break time. Furthermore, when employees played basketball, people around them chanted CCP propaganda songs. This was a “method of killing two birds with one stone

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<sup>48</sup> Report by the Anshan Tiexi District Prosecutor’s Office, April 13, 1957, Private Collection.

<sup>49</sup> Report by the Anshan Tiexi District Court, August 28, 1957, Private Collection.

<sup>50</sup> *Gongren shenghuo* (March 9, 1949), 4.

<sup>51</sup> *Gongren shenghuo* (March 6, 1949), 1.

by letting them enjoy the break times and conducting effective propaganda education,” according to a Japanese observer.<sup>52</sup>

Among the various means of political education through entertainment, movies played a particularly important role because of their power to dominate both visually and aurally. According to a Japanese office worker, Anshan had several movie theaters, all run by the government and screening films almost exclusively produced in socialist countries, especially the Soviet Union. People sometimes went to see movies even during work hours for educational purposes.<sup>53</sup> According to a handbook on the education of workers published by Angang, “it is so effective when political education is combined with propaganda through movies.” Workers watched movies such as “Dragon Beard Ditch (龍鬚溝),” “No. 6 Gate (六號門),” “Daughter of China (中華女兒)” and “Lenin in October (列寧在十月).” After screenings, the workers discussed the movies that they had just watched, and “images of heroes in these movies effectively educated workers.” One of the workers reportedly said: “Our People’s Liberation Army does not fear sacrificing themselves, and fights bravely. Our worker-brothers work selflessly. We enjoy studying here. If we did not study well, we would disappoint them!”<sup>54</sup>

The people of Anshan were therefore exposed to a multitude of forms of political education on a daily basis at their workplaces. Through conversation with their colleagues and various entertainment programs, residents of Anshan attached themselves to the idea that one must work hard and be loyal to the CCP in order to be a good Chinese

<sup>52</sup> Record of interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A’-4-1-1-4.

<sup>53</sup> Record of interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A’-4-1-1-4.

<sup>54</sup> Anshan gangtie gongsi jiaoyuchu, *Angang peiyang xin gongren de jingyan*, 15.

citizen. The CCP's political education towards the Chinese citizens took place anytime and anywhere.

### Categorizing Citizens

In the PRC system, not all citizens stood equal in front of the Party-State. According to classical Marxist theory, by far the greatest different distinction among people was class distinction, but in the CCP, class categorization often derived from political rather than socio-economic qualifications. In particular, connections with the past Nationalist regime became the main issue. In this system learned from the late 1920s Soviet practice, the CCP fixed class categories of citizens according to the classifications of the male heads of households at the time of liberation, assigned to entire families, and inherited through male lines for generations. In many cases, class labeling suffered from ambiguity and arbitrariness, but nevertheless mattered much for individuals' educational or career paths. In this system, those who had joined the CCP before liberation were placed at the top of the class hierarchy. Those who had joined the Nationalist government were at the bottom.<sup>55</sup>

Furthermore, aside from class background, the CCP Party-State also resorted to other categorizations, such as through workplaces, the urban-rural divide, and gender. For instance, the variances in living standards owed itself largely to the status of different workplaces. Employees of SOEs were more privileged than those working for privately or collectively owned enterprises, with those working for large-scale SOEs such as Angang amassing even more privilege.<sup>56</sup> For example, Angang employees were eligible

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<sup>55</sup> Walder, *China under Mao*, 108-113.

<sup>56</sup> Walder, *China under Mao*, 91-94.

for better medical care, provision of more consumer goods, and recreational centers for vacation, which were inaccessible to employees of the other enterprises in Anshan.

Under this system, Chinese citizens derived a social identity from their workplace affiliation, especially when they worked for a large SOE like Angang. Nationally important SOEs like Angang brought not only better living standards but also higher social status and pride to the people that they employed. According to a 1953 confidential report, construction workers of Angang were afraid of being transferred to other workplaces: “[i]n general, workers all find it glorious to work in Angang and in big projects. They do not hope to move elsewhere, and do not want to move to unimportant projects.” Some workers even proposed to use their own money to finance the production of medals commemorating the completion of the Angang factory.<sup>57</sup>

Within the same workplace, those who had “cadre” status not only held power over other employees but also enjoyed considerably better living standards.<sup>58</sup> In the case of Angang, there existed a substantial wage gap between cadres, especially high-ranking ones, and ordinary workers. In 1953, the highest salary in Angang was 1,500 *fen* for a senior engineer, while the lowest was 80 *fen* for a worker. The average across all of the Angang employees was 230 *fen*.<sup>59</sup> According to a Japanese interviewee, employees in a factory typically could be divided into three groups according to their living standard. One or two cadres of a factory belonged to Group A, who received 250 to 320 *fen*,

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<sup>57</sup> NBCK, 233 (October 6, 1953), 43-44.

<sup>58</sup> For example, cadres at various levels of party organizations, national and local governments, and SOEs enjoyed higher monetary income and better social welfare privileges. Walder, *China under Mao*, 117-119.

<sup>59</sup> Record of an interview with “S-466” (male, 43), November, 10, 15 & 16, 1954, *Chūkyō jijō*, riku 478-2 (January 20, 1955), Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A'-4-1-1-4. Here, one “fen” meant 1.63 jin (斤) of grains, 0.2 square chi (尺) of cloth, 0.035 jin of oil, 0.045 jin of salt, and 5.5 jin of charcoal. Naikaku sōri daijin kanbō chōsashitsu, *Chūkyō tekkōgyō chōsa hōkokusho*, 181-182.

enough to feed a medium-size family. Less than 30 % of the employees belonged to Group B, which received 180 to 250 *fen*, enough to feed a single person, and so insufficient to feed working families. The remaining 70% of employees belonged to Group C, and received 180 *fen* or less, which made it necessary for both the husband and the wife to work.<sup>60</sup>

That said, the salary gap also declined somewhat during this period.

Average Annual Salary of Production Workers and Technicians of Angang (yuan)  
Source: Anshan shi tongji ju, *Anshan shi guomin jingji tongji ziliao huibian (gongye pian)* 1949-1958 nian, Part 1 (*diyi bufen*), 91, 96, 101; Part 2 (*di'er bufen*), 235, 244, 253

	Production Workers	Technicians
1949	222	322
1950	293	429
1951	410	673
1952	706	1,150
1953	875	1,234
1954	847	1,133
1955	860	1,005
1956	998	1,150
1957	1,006	1,110

In 1949, a technician in Angang received 1.45 times higher salary than a production worker. The gap then declined, and in 1957 a technician received only 1.1 times higher salary than a production worker.

Even more vital to cadre privileges than salaries were various social welfare benefits provided by workplaces, often for free. For example, as discussed in Chapter 5, Angang's high-ranking officials lived in a well-manicured residential district in Taiding. Cadres of Angang who were ranked as managers could take a commuter bus for free, and

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<sup>60</sup> Record of an interview with “S-466” (male, 43), November, 10, 15 & 16, 1954, *Chūkyō jijō*, riku 478-2 (January 20, 1955), Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A’-4-1-1-4.

could also dine in a special small cafeteria in Angang's main building that served only manager-rank cadres.<sup>61</sup> According to a Japanese office worker, Angang provided its cadres ranked higher than "section chief" with "special care coupons" that would allow them to see doctors instantly without waiting, no matter how long the queue was.<sup>62</sup> Cadres in possession of such special care coupons also enjoyed other privileges such as seeing Japanese doctors (who still remained in Anshan in the 1950s) or using expensive medicines such as streptomycin. Moreover, although there were several care centers for tuberculosis in Anshan, usually only cadres and model workers could be admitted. A Japanese witness recalled that his Chinese acquaintance contracted tuberculosis but was refused entry to a care center due to a shortage of beds. The man went back to his hometown and passed away soon afterwards.<sup>63</sup>

Differences in status also affected the quality of childcare. For children of high-ranking cadres in the city, the Anshan city authority set up a "noble" kindergarten named White Dove Kindergarten, the only kindergarten in Anshan paid for by the state budget. According to a teacher who worked for the kindergarten:

[T]he children are well aware that they could enter the White Dove Kindergarten only because their fathers are government officials (*guan*)...In these children's everyday lives, they often say they want to become an official and drive a car. Few of them want to become workers. Some children often compare whose fathers are higher ranked and whose father directs whom.<sup>64</sup>

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<sup>61</sup> *Anshan ribao* 鞍山日報 (June 9, 1957), 1.

<sup>62</sup> In the early 1950s, Angang had only three clinics, a shortage which resulted in long queues to be seen. Naikaku sōri daijin kanbō chōsashitsu, *Chūkyō tekkōgyō chōsa hōkokusho*, 189.

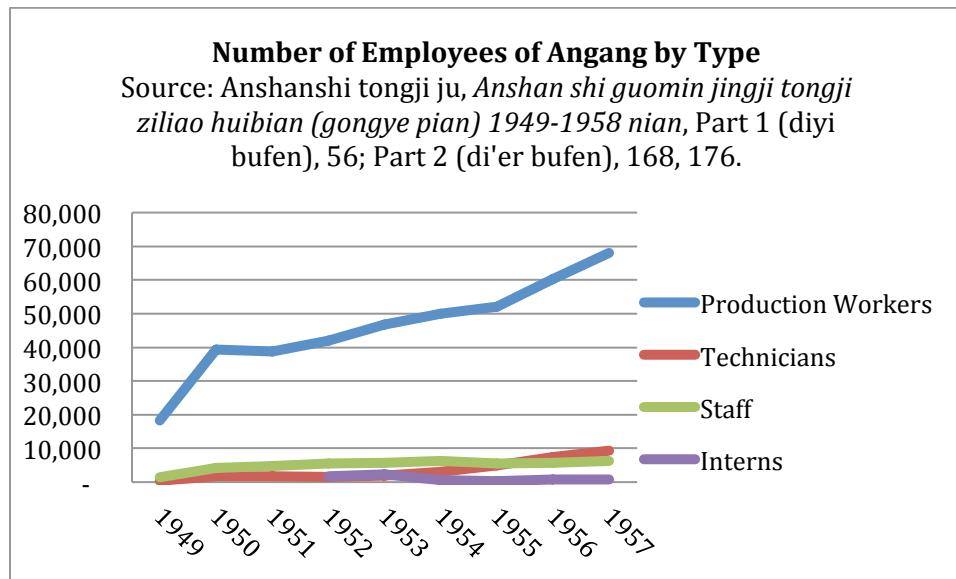
<sup>63</sup> Interview with "S-402" (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>64</sup> *Anshan ribao* (June 4, 1957), 3.

Children were well aware of the hierarchical nature of the urban society under the CCP, and talked about it with a degree of honesty and straightforwardness that was impossible among adults.

While the gap between cadres and other PRC citizens was noteworthy, the CCP provided upward social mobility to its citizens by offering them the possibility of attaining cadre status. For example, the CCP Anshan City Committee and Angang began recruiting cadres from workers and citizens, following instruction from the CCP Northeast Bureau. The number of cadres in Anshan increased from 3,002 in 1949 to 51,490 in 1956 to 75,496 in 1965.<sup>65</sup>

The upward mobility of workers is shown by change in the composition of the employees of Angang. The graph below represents the number of production workers, technicians, staff, and interns among the employees of Angang between 1949 and 1957.



<sup>65</sup> Zhonggong Anshan shiwei zuzhibu xiuzhi bangongshi 中共鞍山市委組織部修誌辦公室, *Zhonggong Anshan shiwei zuzhizhi* 中共鞍山市委組織誌 (Anshan, 1989), 151, 164.

During the entire period, the vast majority of the Angang employees were production workers, but their percentage dropped from 90.8% to 80.6%. In the same period, the percentage of technicians and staff rose from 2% and 7.2% to 11% and 7.5% respectively.

When it came to upward social mobility, membership in the Communist Party functioned as one of the major paths to career success for individuals in Mao-period China. CCP membership did not directly translate into a better living standard, but it made it considerably easier for one to become a cadre at his or her workplace. For ordinary people, CCP membership represented a straightforward way to earn some distinction from their peers: only 17 percent of adults in cities and fewer than 6 percent in the countryside were CCP members. To join the party, applicants were subjected to a review process conducted by the local party office on their histories of political activism, workplace performance, family background, and so on.<sup>66</sup> Recruitment of party members went on in factories and mines in Anshan as well.

According to a Japanese man who once attended a ceremony for newly admitted party members in Angang in the early 1950s, CCP cadres sat at the front of the room during the ceremony facing the new party members, with a portrait of Chairman Mao and a national flag on the wall behind them. New party members sat in rows, while guests, including the Japanese man, sat on the two sides of the room. After a cadre initiated the ceremony, the party secretary of the factory made a speech. Then they sang the national anthem together. Finally, they recited the party constitution, each of the new party

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<sup>66</sup> Walder, *China under Mao*, 106-107.

members took an oath and signed it, and their name was added to the membership list. The whole process took about an hour.<sup>67</sup>

However, people did not always join the CCP for political reasons: obviously, at least some of them obtained CCP membership in order to get the material benefits that would accompany it. Some internal CCP documents expressed concern over the lack of seriousness among Party members. In 1955, it was found that many party cadres of Anshan, including the secretary of the city committee, failed to pay their Party membership fees.<sup>68</sup> Another document reported that many lower-level Party members of Angang Construction were unsatisfied with their salary, and tried to discard their membership.<sup>69</sup> Before the Communist Revolution in 1949, it was a risky choice to join the CCP, and therefore those old cadres who had fought in the countryside came to have special identities as brothers in arms.<sup>70</sup> After the CCP took power, the CCP membership soon became a path for career success.

Learning the Stakhanovism of the Soviet Union, the CCP also gave titles of “model workers (*laodong mofan*)” or “work heroes (*laodong yingxiong*)” to those workers whose accomplishments they recognized.<sup>71</sup> Meng Tai (孟泰, 1898-1967) stands as the most outstanding example of an Anshan model worker who found a new life by

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<sup>67</sup> Record of interview with “S-395” (male) and “S-399” (male), October 17 & 18, 1954, *Chūkyō jijō*, riku 514 (February 28, 1955), Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A’-4-1-1-4.

<sup>68</sup> NBCK, no. 227 (November 1, 1955), 12-14.

<sup>69</sup> NBCK, no. 41 (February 22, 1955), 271-273.

<sup>70</sup> Joseph W. Esherick, “Deconstructing the Construction of the Party-State: Gulin County in the Shaan-Gan-Ning Border Region,” *The China Quarterly*, 140 (1994), 1052–79; Joseph W. Esherick, “Revolution in a Feudal Fortress: Yangjiagou, Mizhi County, Shaanxi, 1937-1948,” *Modern China*, 24-4 (1998), 339–77.

<sup>71</sup> As for model workers in the early PRC, see Yu Minling, *Xingsu “xinren,”* 261-306; Liu, Yajuan 劉亞娟, “Guojia yu dushi zhijian: Shanghai laomo xingxiang jiangou yu liubian de ge’an yanjiu, 1949-1963 國家與都市之間：上海勞模形象建構與流變的個案研究, 1949-1963,” *Zhonggong dangshi yanjiu*, no. 5 (2016), 68–78.

learning how to speak and behave in the new era.<sup>72</sup> Born in Hebei Province, Meng had moved to Manchuria in 1916, and started working in the then Japanese-run Anshan Ironworks in 1926. At the end of 1948, he searched for and collected a great number of machine parts for the reconstruction of damaged factories. His collection of machine parts was later known as the “Meng Tai warehouse,”<sup>73</sup> and did much help to the restoration of the No. 2 Blast Furnace of Angang. Joining the CCP in August 1949, he then went on to rise to high positions that he could never have dreamt of prior to 1948. On September 25, 1950, Meng had the honour of sitting next to Chairman Mao in Beijing as a model worker representative. He continued to rise in prominence, securing a seat at the National People’s Congress after its opening in 1954. In 1957, he was appointed as the vice-director of an iron-making factory in Angang, and in 1959 he earned the title of a “National Model Worker.” A testament to the lasting quality of Meng as an ideological symbol, he met Mao in person for the second time at the second National People’s Congress in 1960.

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<sup>72</sup> For Meng’s biographical information, see Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vo. 2, 479

<sup>73</sup> The name “Meng Tai” (孟太) appears on the list of 141 “outstanding ministers” in Anshan’s official local newspaper on July 10, 1949. This is the first public appearance of his name that I could find thus far. *Gongren shenghuo* (July 10, 1949), 2.



**Meng Tai and Mao Zedong**

Source: *Renmin ribao* (March 31, 1960), 4.

The well-publicized story of Meng Tai's rise from humble origins to national luminary served as a powerful symbol of the CCP's official ideology that treated workers as masters of the country. The CCP promised upward mobility to workers who could conduct impressive work and political performance. Shortly after Meng Tai met Chairman Mao in 1950, the vice-director of the propaganda department of the CCP Anshan City Committee described Meng's significance in the CCP's propaganda work:

After coming back from the conference in Beijing, he [Meng Tai] propagandized his knowledge everywhere, colorfully explaining that the laboring people changed from the slaves of the old society into the masters of New China...Every word and phrase of his is filled with respect and love of Chairman Mao. He also vividly explained the close relationship between Chairman Mao and the people, and transmitted Chairman Mao's instruction on the construction of strong defense forces and strong economic forces. Because Comrade Meng Tai has a noble quality of the working class (*gongren jieji de gaoshang pinzhi*)...he enjoys high prestige among the masses. Thus, his propaganda and agitation start from his own experience, and are very convincing. This shows that it is important to do propaganda and agitation through model workers.

Stories of Meng, as covered in newspapers and shown to workers, were among the most important modes of promulgating the new CCP ideology, perhaps because of Meng's career as a manual laborer of peasant family background.<sup>74</sup> Before long, in 1952, Angang devised the Campaign for Learning from Meng Tai and expanded it throughout the entire city.<sup>75</sup>

Ironically, though, celebrated model workers like Meng Tai ended up participating in so many public activities that they were left with little to no time to do real work in factories or mines. According to a 1954 CCP internal document, on most weekdays Meng Tai participated in meetings and other public events, and often spent the evenings and the weekends talking with writers and journalists. As a result, he could only afford to sleep for 6 hours per day on average. Another model worker, Wang Changlun (王常倫), spent 40 per cent of his workdays on meetings and public lectures, along with interviews for writers and journalists.<sup>76</sup>

The CCP authority was also annoyed by the arrogance and greed of some of the model workers. After becoming a model worker, Zhang Mingshan (張明山) regularly skipped his classes at the Party school to rest at his home or a recreation center.<sup>77</sup> Zhang also demanded a pay raise, complaining that his salary was lower than the salaries of other model workers such as Meng Tai.<sup>78</sup> Another model worker, the welder Ba Qing'guang (巴慶廣), forced his intern to do his major tasks and could not bring himself

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<sup>74</sup> Zhonggong Anshan shiwei xuanchuanbu, *Anshan xuanchuanyuan gongzuo jingyan*, 14-24,

<sup>75</sup> Anshan shi zonggonghui, *Anshan gongren yundong shi*, 114.

<sup>76</sup> NBCK, no. 91 (April 21, 1954), 228.

<sup>77</sup> NBCK, no. 269 (November 25, 1954), 326-327.

<sup>78</sup> NBCK, no. 7 (January 10, 1955).

even to check them afterward. Upon being reprimanded, Ba shrugged off an inspector exclaiming that “even the factory director cannot order me. I’m a model worker!”<sup>79</sup>

This smug behavior equally drew the ire of their fellow citizens. Because model workers were beneficiaries of the new order, they also became a target of envy and resentment, especially from those who suffered under CCP rule. In 1955, Anshan Model Worker Wang Chonglun received two “reactionary letters of blackmailing” that criticized brutalities that resulted from certain CCP policies such as land reform, the Campaign to Suppress Counterrevolutionaries, and the Three-Anti, Five-Anti Campaign.<sup>80</sup>

Even if the CCP divided people into different categories through cadre status, CCP membership, and the model worker system, there were also cases in which the CCP leveled the pre-existing gap between different groups. The gender gap is one such example. According to a Japanese office worker, one of the major changes in Angang’s factories from the Japanese period was that the CCP set up childcare centers for infants within the factories. Here, two or three nurses would take care of the children of working mothers during work hours. The mothers were given thirty-minute breaks at 10 a.m. and 3 p.m. in addition to regular break times so that they could breast-feed their children.<sup>81</sup> Angang built further childcare centers during the First Five-Year Plan.

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<sup>79</sup> NBCK, no. 269 (November 25, 1954), 326-327.

<sup>80</sup> NBCK, no. 31 (February 10, 1955).

<sup>81</sup> Record of interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record, A’-4-1-1-4.

Construction of Childcare Centers Run by Angang and the Number of Children That They Could Host		
Source: Anshan shi tongji ju, <i>Anshan shi guomin jingji tongji ziliaohuibian (gongye pian) 1949-1958 nian</i> , Part 2 ( <i>di'er bufen</i> ), 409-411.		
	No. of Centers	No. of Children
1952	40	1,211
1953	25	1,151
1954	7	795
1955	3	195
1956	1	108

In this new era, polygamy was replaced by the regulation of more equal partnerships between wives and husbands. The 1950 PRC marriage law strictly prohibited polygamy, which used to be prevalent among rich Chinese. It was no longer a social taboo for men and women to date before marriage; wedding ceremonies became simpler; and in the event that a couple divorced, they usually equally divided their property.<sup>82</sup>

Violation of sexual morals, especially by CCP members, was regarded as threatening to the high moral standards that Party members were obliged to represent for society. For this reason, the CCP authority in Anshan was upset by Cadre Yun when “he made a serious mistake in his sexual relationships because his rotten capitalist class thought was too entrenched.” Yun, a cadre of the city’s education department, had an affair with his former colleague, a married female middle-school teacher. The woman divorced, then became pregnant, and asked Yun to marry her. But Yun declined, saying “I am a Communist Party member...I need to ask for the Party organization’s opinion for marriage.” Yun convinced her to have an abortion with his money, and continued the

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<sup>82</sup> Record of interview with “S-438” (male, 49) and “S-441” (male, 44), November 10, 11, & 14-16, 1954, *Chūkyō jijō*, riku 501 (February 11, 1955), Diplomatic Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A’-4-1-1-4.

relationship with her after the abortion. However, he simultaneously had relationships with two other women. In 1956, the female middle-school teacher discovered that Yun had been engaged to another woman, and attempted suicide. The local CCP organization, however, eventually found out about the abortion and Yun's relationships with multiple women, and decided to punish him. According to a report by the local Party organization, Cadre Yun's behavior "destroys the Communist morals, and thus is not tolerated by the state's disciplines....This harms the Party's prestige."<sup>83</sup> People were aware of the presence of the CCP state agenda, and some made use of CCP rules to their advantage in managing human relationships.

Some categorization by the CCP was even accompanied by political danger. Among such categories were those people who had connections with the CCP's past and present enemies, especially the Nationalists and the Japanese Empire. In the immediate aftermath of Anshan's takeover, the CCP ordered those people who had worked for the Manchukuo or Nationalist regimes to confess their history. The CCP's official stance was that those who honestly confessed their past wrongdoings could continue to work in the new regime.<sup>84</sup> In reality, however, the record of past Nationalist and Japanese connections meant a great deal more difficulty, especially when it came to Angang's recruitment process for new employees. As a major SOE that promised a stable job with better social welfare, Angang naturally created fierce competition among workers fighting for its coveted jobs. According to a Japanese office worker, the "thought" and class background of an applicant were by far the two most important things for an application to work in Angang. Unsurprisingly, the children of landlords or the rich found

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<sup>83</sup> Report by the joint committee of the Anshan Supervision Bureau, Education Department, and Women's Association, June 7, Private Collection.

<sup>84</sup> *Gongren shenghuo* (March 3, 1949), 3; *ibid* (April 23, 1949), 1; *ibid* (June 19, 1949), 4.

it more difficult to obtain jobs in the Angang factories, which was made worse since Angang frequently checked its employees' backgrounds even after they began working.<sup>85</sup>

Employees with Nationalist backgrounds particularly arose suspicion among the enterprise cadres, which were often expressed in the CCP's internal, secret reports. One internal report attributed the loss of confidential documents in Angang to activities by "bad class elements," claiming that many technicians in Angang's geological department were caught copying confidential Angang materials for the Nationalists. Furthermore, these Nationalist agents were blamed for causing accidents in factories, putting bullets into the raw materials or setting a fire. The report concluded: "Workers and technicians of Angang have complicated backgrounds. Many of them were Nationalist officials or those landlords and rich peasants that went through struggles. Some of them are counterrevolutionary elements."<sup>86</sup> It seems that many, if not all, of these stories about crimes carried out by people with Nationalist backgrounds were products of the imagination of CCP officials. Whether or not they were true, these stories from the CCP's secret archives nevertheless inform us that CCP officials genuinely believed that workers and technicians with past Nationalist connections were trying to sabotage the new regime's efforts to industrialize China from within.

Such fears of the Nationalist threat, imagined or real, often led to serious searches for these "enemies" within. In the first quarter of 1955 Angang-Construction did a "entirely-cleansing-rank work (*quanmian qingli duiwu de gongzuo*)."<sup>87</sup> Among 41,000 employees and workers, it found: more than 2,900 had "political and historical problems";

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<sup>85</sup> Record of interview with "S-402" (male, 53), October 21-25, 1954, *Chūkyō jijō*, riku 517 (March 11, 1955), Diplomatic Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A'-4-1-1-4.

<sup>86</sup> NBCK, no. 179 (August 10, 1954).

1,400 forged their profile; 118 had previous relationships with foreign imperialism and the Nationalists; and 125 were “counterrevolutionary elements.”<sup>87</sup> In the first ten months of 1956, 1,647 people became targets of the Sufan Movement in Anshan, and 199 of them were designated as “counterrevolutionary and bad elements.” Thirty-seven people were sent for labor education.<sup>88</sup> In 1956 and in the first quarter of 1957, the prosecutor’s office of Anshan’s Tiexi District prosecuted sixteen counterrevolutionary cases. In one of these cases, Counterrevolutionary Element Liu had served as a police officer under Manchukuo, and had beaten a woman into death and injured another innocent person. After the CCP liberation, Liu changed his name, and found a job in the Anshan Industrial and Commercial Association before being found out and sentenced for ten years.<sup>89</sup>

These enemy searches inflicted considerable psychological harm on those who became targets. For example, around April of 1955, five construction workers of Angang committed suicide. One of them, Worker Li of the steel-making company, had once joined the Nationalists and then served as a Manchukuo policeman for seven years. Because his boss was so harsh in forcing him to make confessions, he went through an “extreme thought struggle” that induced a three-day stretch of insomnia and eventually drove him to suicide.<sup>90</sup>

That said, the local CCP officials had to strike a balance between the political persecution of former Nationalist personnel and their incorporation into the new regime, since many of those with prior Nationalist connections still possessed expertise that the CCP needed. In April 1950, the CCP Northeastern Bureau demanded that the SOEs in the

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<sup>87</sup> *NBCK*, no. 100 (May 3, 1955), 12-13.

<sup>88</sup> Report by the Anshan Prosecutor’s Office, December 3, 1956, Private Collection.

<sup>89</sup> Report by the Anshan Prosecutor’s Office, June 28, 1957, Private Collection.

<sup>90</sup> *NBCK*, no. 83 (April 12, 1955).

region treat technological and administrative staff as a part of the working class. In a meeting, Yang Kebing (楊克冰), Chairman of the Anshan Labor Union, proclaimed:

It is a job of our labor union to achieve solidarity with white-collar staff (*zhizhuyuan*) and technicians (*jishu renyuan*)....The thought of the white-collar staff and technicians were produced by the environment of the old society. Our labor union educates workers on one hand, and actively interacts with technicians and white-collar staff on the other hand.

In June, the labor union decided to prohibit workers and technical and administrative staff from calling each other “us (*women*)” and “them (*tamen*).”<sup>91</sup> During the Korean War, a cadre of the propaganda department of the CCP’s Manchurian regional authority sermonized: “in the state-owned enterprises, white-collar staff and technicians are a part of the working class. They are our people.” In order to achieve this, however, different propaganda methods were deployed for engineers, because “their views on problems are more complicated than ordinary workers.”<sup>92</sup>

Peaceful and cooperative relations between engineers and workers were important for the improvement of the skills of the workers. In 1950, Angang initiated a new plan to provide technical training to workers through cooperation with engineers. In this year, Angang held five meetings with engineers and office workers and encouraged them to cooperate with workers. Engineer Zhou of Angang’s iron-making plant signed an “apprenticeship contract (*shitu hetong*)” with Worker Li Fengen, who had 16 years of work experience but only two years of schooling. After learning technological know-how, Li was promoted to the position of a technical staff of a blast furnace. The city authority and Angang then promoted the story of Zhou and Li as an outstanding example of the solidarity of workers and engineers, and promoted a “campaign for solidarity of workers

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<sup>91</sup> Anshan shi zonggonghui, *Anshan gongren yundong shi*, 102.

<sup>92</sup> Zhonggong Anshan shiwei xuanchuanbu, *Anshan xuanchuanyuan gongzuo jingyan*, 11-14.

and engineers” all over the city. By the summer of 1952, Angang promoted 351 workers to the status of technical cadres, of whom seventeen were technicians, fifty-six were associate-technicians, and 278 were technical staff.<sup>93</sup>

While workers were expected to learn how to make use of technology, engineers were expected to learn the new ideology for the new age. In 1952, about 40% of the 1,296 engineers of Angang were marked as those who had begun their career during the Nationalist period. As a measure of reform, they were expected to study Marxism and Mao Zedong Thought, change their worldviews, and work closely with workers for the common goal of the completion of the First Five-Year Plan. In December 1951, the CCP Anshan City Committee ordered Angang to teach political theories to technicians and staff. Those intellectuals who made considerable progress in their thought were to be allowed to acquire membership of the youth league and the CCP.<sup>94</sup> In December 1952, the city’s labor union held a first Congress of Engineers with about 900 engineer representatives. The congress passed a resolution that “we have to study Marxism-Leninism and Mao Zedong Thought on the one hand, and science and technology on the other.”<sup>95</sup>

The CCP categorized Chinese citizens mainly according to political distance from the regime. This was a system in which people were treated differently, depending on how loyal the regime judge them to be. An especially dangerous label for citizens was past connection with the Nationalists and the Japanese. This was especially problematic

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<sup>93</sup> Anshan shi zonggonghui, *Anshan gongren yundong shi*, 102-103.

<sup>94</sup> Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui 中共鞍山市委黨史工作委員會, *Zhongguo gongchandang Anshan difang dangshi dashiji, 1927-1990* 中國共產黨鞍山地方黨史大事記, 1927-1990 (Anshan: Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui, 1991), 27.

<sup>95</sup> Anshan shi zonggonghui, *Anshan gongren yundong shi*, 103-104.

in Anshan, because many engineers, whose technological expertise the Party-State needed, had a record of working for the Nationalists in the past.

### **Language of Dissent, Language of Loyalty**

While I have discussed various techniques that the Chinese Communists deployed to compel urban residents into believing in their hyper-industrialist project, the last part of this chapter turns to the question of how citizens responded to such indoctrination efforts. As for the question to what extent the residents of Anshan internalized the CCP's worldview, there are two different accounts to be gleaned from the primary sources. On the one hand, some Japanese who worked in Anshan under the CCP until the early 1950s witnessed the effectiveness of CCP propaganda. According to one of them, "[i]n Chinese society under CCP rule, the youths' self-awareness developed considerably. It is a new epoch resembling the Meiji Restoration of Japan."<sup>96</sup> On the other hand, many internal documents from the CCP pointed out the ineffectiveness of propaganda work. In 1951, a CCP official found that "cadres and workers in Anshan tend to think more highly of skills than of politics."<sup>97</sup> One perceived indication of the limits of the regime's power to mold people's minds was urban residents' lack of enthusiasm for military service. According to a report by the Anshan police department, people became so afraid of being drafted that they changed their ages in residency registrations (*hukou*).<sup>98</sup> Even more dramatically,

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<sup>96</sup> Record of interview with "S-438" (male, 49) and "S-441" (male, 44), November 10, 11, & 14-16, 1954, *Chūkyō jijō*, riku 501 (February 11, 1955), Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A'-4-1-1-4. The record does not specify which of the two interviewees made this remark.

<sup>97</sup> NBCK, no. 54 (March 31, 1951), 153-160.

<sup>98</sup> NBCK, no. 221 (September 29, 1954), 425-426.

hoping to evade military service, a Worker Yu cut off part of his finger with an ax, and a Worker Li broke his teeth.<sup>99</sup>

How can we square these seemingly totally contradictory evaluations of the effectiveness of the CCP's political education? One way to make sense of how the Communist Party-State shaped its new citizenry is to first put aside the question of whether the Chinese citizens really believed the Communist political ideology and to look instead at the relationship between the Party-State and its citizens from a different angle – in the rest of this chapter, I explore whether, and to what extent, those Chinese citizens who challenged CCP policies shared common ideological grounds with the CCP, at least in what they spoke, if not necessarily in what they thought.

Contrary to the popular image of oppression and conformity, protests and other collective actions did occur occasionally in the early PRC, even in places with strong state influence such as Anshan. The CCP's secret internal reports often conveyed stories of collective action by citizens, such as petitions for jobs, even though these stories were carefully concealed from the broader public. According to a CCP internal report, in the second quarter of 1955, workers of various public enterprises in Anshan made a collective petition to city authorities such as the labor union and the labor department more than twenty times.<sup>100</sup>

A closer look at these cases of dissent affords us a glimpse into how the CCP's language was received and reused by the broader population. In April 1955, former workers of the Anshan Water-Warming Factory staged a protest after the water-warming factory was closed down and city authorities relocated the workers of the factory to a new

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<sup>99</sup> *NBCK*, no. 232 (October 13, 1954), 154-156.

<sup>100</sup> *NBCK*, no. 176 (July 30, 1955), 387-388.

workplace. Because the salary at their new job was lower than their previous one, thirty-five to ninety-five workers visited the city's labor department for four days in a row to protest. Meanwhile, more than 300 workers went on strike for two days. A worker who visited the labor department threatened: "if you do not solve the problem, I will take away the doorplate of the labor department!" Another worker exclaimed that they would "visit the Liaoning Province [authority] tomorrow for a solution!" The city authorities took measures towards those whom they regarded as having real difficulties in their lives.<sup>101</sup>

One thing that we should notice is that even if these workers protested particular policies of the CCP, they did so by first proving allegiance to the CCP-created system and then using the CCP's political language toward their own aims. When they threatened that they would take away the doorplate of the Labor Department, they implicitly confirmed the Department's authority to allocate jobs to workers. That they threatened to appeal to the provincial authority demonstrated that they were opposing particular policies by the city government, but had no intention of challenging the legitimacy of CCP policy at the provincial, let alone national level. In other words, the workers challenged the local government's specific policies by using the official language promulgated by the Maoist state.

Chinese citizens' use of official language in expressing their grievances sometimes took more direct forms as well. In November 1953, high-school-age students of Anshan Teachers' School went on strike to request transfers to better schools that could train them for better jobs than primary school teachers. The students chose this particular month for their strike because in mid-November an official from the Ministry

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<sup>101</sup> NBCK, no. 96 (April 27, 1955), 395-396.

of Education made a visit to the school for inspection. The students assumed that a strike going on during the visit by the official of the central government would improve their chances of being transferred to better schools, and refused to talk with the cadres of the Anshan City Government.<sup>102</sup>

This student protest expressed the protesters' dissatisfaction with their position within the existing system, as opposed to changing or overthrowing the system itself. Importantly, they tried to achieve that goal by appealing to the officials of the central government. The student protesters in Anshan directed their dissatisfaction against local officials, rather than central officials or the system itself. In their view, the wrong was committed not by the central state that created the system but by lower-level bureaucrats who implemented the system in incorrect or misguided ways.

Perhaps the most remarkable example of such loyal dissent in Anshan was the expression of dissatisfaction by a group of engineers in 1957, during the Hundred Flower Campaign. As mentioned earlier, the status of engineers in the early PRC was a sensitive one. While many of them were obviously not a part of the "good" class, the new regime still depended on their collaboration for the industrialization of the country. An opportunity for the engineers, along with other "intellectual elements," to express themselves came with the Hundred-Flower Campaign, especially during May and June of 1957.<sup>103</sup> During the campaign, journalists, academics, and students harshly criticized the

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<sup>102</sup> In the end, the strike ended on the fourth day after the City Government convinced the students that the Party's policy could not be changed and that they would not be allowed an exception to transfer to better schools. *NBCK*, no. 290 (December 11, 1953), 213-216.

<sup>103</sup> On May 2, 1956, Mao made a famous speech, which included the slogan "let a hundred flowers bloom, let a hundred schools of thought contend," signaling an opening for criticism of the CCP by intellectuals. After some bickering within the PRC government, Mao also gave a speech titled "On the Correct Handling of Contradictions among the People" on February 27, 1957, in which he gave a clear case for "open-door rectification" by encouraging ordinary

tight control that the CCP imposed upon society. As Andrew Walder astutely observes, the dangerous edge of these criticisms lay in how many of the criticisms made towards the party were “indictments of the system, not the shortcomings of individual cadres.” A student society at Peking University went so far as declaring that Marxism and the proletarian dictatorship were out of date and calling for multiparty competition.<sup>104</sup> In Shanghai, workers of newly formed joint-ownership enterprises went on strike to protest against the worsening of their economic security.<sup>105</sup>

Compared to these developments in Beijing or Shanghai, what happened in Anshan was considerably less dramatic. Nevertheless, an examination of criticisms made by engineers in China’s Steel Metropolis is no less important in understanding how, and to what extent, the first decade of CCP rule reshaped the Chinese citizenry. In Anshan, the CCP-owned local newspaper, *Anshan Daily*, became the major venue for criticism of the CCP authorities during the Hundred-Flower Movement. In spite of its status as an official mouthpiece of the CCP Anshan City Committee, the newspaper published unapologetic criticisms of the City Committee in May and June 1957.<sup>106</sup>

In the form of letters or interviews published in *Anshan Daily*, a series of engineers criticized the privileges of CCP members and cadres. For example, Engineer

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citizens to criticize CCP officials. The rectification campaign was finally launched on May 1, 1957, and people were allowed to criticize the CCP for what turned out to be about five weeks. Walder, *China under Mao*, 137-139.

<sup>104</sup> Walder, *China under Mao*, 139-148 (quote from 142).

<sup>105</sup> Perry, “Shanghai’s Strike Wave of 1957.”

<sup>106</sup> The newspaper editors and the CCP Anshan City Committee indeed had been in a tense relationship for a while by then. In an article published in June, editors of the newspaper complained that the City Committee’s control of the paper was too tight. According to it, the City Committee under the previous leadership was seriously criticized even by *People’s Daily* because of this reason. But the current City Committee leadership still did not allow *Anshan Daily* to criticize the city government. It prohibited the paper from publishing a critical essay in mid-May 1957. *Anshan ribao* (June 6, 1957), 3.

Fei complained that CCP members had a higher chance of getting promoted or studying in the Soviet Union than did engineers who lacked Party membership.<sup>107</sup> Engineer Zhou criticized the appointment of cadres for its lack of meritocracy. According to him, cadres would never lose their posts if “(1): they don’t have historical problems; (2) they do not violate law and disciplines.” As a result, “it does not matter whether their work is good or not or how capable they are at work.”<sup>108</sup>

Moreover, many Angang engineers complained that cadres did not trust engineers and treated them unfairly. Engineer Zhou lamented that engineers were “even worse than foreigners”: engineers needed various letters of introduction to visit important workshops for the necessity of work, and some workshops never allowed them to take pictures, even while some foreigners earned permission. “Given such realities,” he continued, “how one can feel like a master (*zhuren weng*)?”<sup>109</sup> Engineer Qi further complained that the CCP’s attitudes to engineers soured dramatically after the outbreak of the Korean War, which made the CCP more suspicious of those with connections with Nationalist China. This situation also made young engineers, many of whom were CCP members, arrogant to old engineers.<sup>110</sup>

The One-Hundred Flowers Campaign also provided engineers with an opportunity to criticize inefficiencies in the operations of the SOEs. Engineer Hu, who had studied US technology before the revolution, criticized Angang for relying solely on Soviet technology. He suggested instead that, “we should study the advanced experience of the Soviet Union. But capitalist countries also have good experiences that we can

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<sup>107</sup> *Anshan ribao* (May 22, 1957), 2.

<sup>108</sup> *Anshan ribao* (June 8, 1957), 3.

<sup>109</sup> *Anshan ribao* (June 5, 1957), 5.

<sup>110</sup> *Anshan ribao* (May 24, 1957), 1-2.

study.”<sup>111</sup> Engineer Yang disapproved of the fact that in Angang too many departments existed only to give posts to cadres and that they hindered efficient operations of the company.<sup>112</sup> Engineer Ding pointed out the problems of the planned economy: unlike companies in a capitalist society, Angang would not go into bankruptcy even if its products did not sell well. As a result, many factories did “curved production,” producing too little at the beginning of a month and too much at the end, which often resulted in low-quality products.<sup>113</sup> Another perceptive criticism came from Engineer Zhou, who called out the faults of technological innovations by workers that were given a pass by cadres. In his analysis, because cadres feared that the public might label them as opponents of the masses were they to reject a worker’s innovation, they made “bureaucratic decisions” to accept all the rationalization proposals, no matter how useful they were.<sup>114</sup>

A very small number of engineers actually went so far as to explicitly criticize Chairman Mao. Engineer Shen of Angang’s capital construction department, with the caveat that he regarded himself a Marxist, criticized the personality cult of Mao. According to him, “we now praise Chairman Mao in the same way that the Soviets praised Stalin back then.” Shen advised against the continuation of Mao’s personal cult, for he “does not hope that our beloved Chairman Mao would be criticized one hundred years later just like Stalin.”<sup>115</sup>

However, most of the Anshan engineers expressed their demands by employing the tropes provided by the CCP, sometimes in innovative ways. Engineer Yuan argued

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<sup>111</sup> *Anshan ribao* (May 24, 1957), 1-2.

<sup>112</sup> *Anshan ribao* (May 30, 1957), 2.

<sup>113</sup> *Anshan ribao* (June 2, 1957), 2.

<sup>114</sup> *Anshan ribao* (June 5, 1957), 5.

<sup>115</sup> *Anshan ribao* (June 11, 1957), 3.

that it was a misunderstanding to think that engineers had belonged to a privileged class before the revolution. Most of his college classmates hailed from humble family backgrounds, and “even if they were in the dark social environment of the old society, they all worked hard with a great aspiration to save the nation.” Therefore, it was wrong to condemn engineers as “accomplices of the reactionaries.”<sup>116</sup> Along these lines, Engineer Liu claimed that, ever since liberation, engineers had been as loyal to the revolutionary cause as workers and cadres had. They worked hard in their workplaces because “all of us had a hope: we must work hard in our job and pursue progress in political thought under the brilliant leadership of the Chinese Communist Party and Chairman Mao.” It was therefore problematic that cadres “looked at things from old perspectives, and evaluated the intellectual elements with old viewpoints,” because “this made it very difficult to find a common language with them.” Therefore, Engineer Liu called for cadres to “let intellectual elements make more progress by treating intellectual elements genuinely with the spirit of Chairman Mao’s instruction...and Premier Zhou’s report.”<sup>117</sup>

Interestingly, some engineers even demanded that the CCP conduct *more* political education for them. Engineer Yang of Angang Construction, for example, demanded that they give engineers more opportunities to study. According to him, “many intellectual elements seriously demand to take a leave from work and officially study politics.” One reason motivating his longing for more formal political education was that he wanted to become qualified to join the CCP. Of the twenty engineers in his workplace, none had

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<sup>116</sup> *Anshan ribao* (May 24, 1957), 1-2.

<sup>117</sup> *Anshan ribao* (June 6, 1957), 2.

recently succeeded in entering the party.<sup>118</sup> Technician He concurred and grumbled, “in terms of political thought, the [local] leaders do not pay enough attention to political study.”<sup>119</sup> Engineer Wang raised the stakes: “it is against dialectical materialism to assume that they [intellectual elements] never want to make progress forever.” In his inspired argument, the CCP should eliminate the barrier between Party members and intellectual elements help “non-Party-member engineers study Marxism-Leninism seriously.”<sup>120</sup>

While these engineers were criticizing CCP policies through demands for deeper integration into the regime in Anshan, Mao and his peers in Beijing were being completely stunned by the unexpectedly harsh criticisms that they received in the capital. They abruptly cancelled the Hundred-Flower Campaign on June 7, and launched the Anti-Rightist Campaign, in which they silenced and severely persecuted those who criticized the CCP during the Hundred-Flower Campaign.<sup>121</sup>

In Anshan, among those persecuted during the Anti-Rightist Campaign were the editors of *Anshan Daily* who conveyed engineers’ criticism of Angang and the CCP Anshan City Committee during the Hundred-Flower Campaign. According to *People’s Daily*, all the employees of *Anshan Daily* held a meeting and criticized the “rightist vice-editor-in-chief” Li Huizhong (李惠眾) and other editors for “the crime of attacking the Party by utilizing the newspaper.”<sup>122</sup> Following Li’s fall from grace, the “anti-Party group led by Vice-Editor-in-Chief Li Huizhong of *Anshan Daily*” soon collapsed.<sup>123</sup>

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<sup>118</sup> *Anshan ribao* (June 7, 1957), 7.

<sup>119</sup> *Anshan ribao* (June 13, 1957), 3.

<sup>120</sup> *Anshan ribao* (May 29, 1957), 2.

<sup>121</sup> Walder, *China under Mao*, 148-151.

<sup>122</sup> *Renmin ribao*, July 24, 1957.

<sup>123</sup> *Renmin ribao*, August 26, 1957.

During the Hundred-Flower Campaign and on other occasions, Chinese citizens in Anshan certainly protested against the CCP authority. However, in criticizing the policies of local political authorities, these citizens neither drew on universal values such as human rights or democracy nor cast doubt on the legitimacy of CCP rule itself. Rather, they used the political language of the CCP to demand the improvement of their status within the system. These criticisms made by the residents of Anshan towards the CCP actually paradoxically demonstrated the strength of the CCP's political education in New China's Steel Metropolis in its first nine years.

## Speaking Maoist

In 1950, Chairman Mao reportedly said, “Angang has already begun producing steel. Now it needs to produce qualified people (*rencai*).”<sup>124</sup> Angang obviously lived up to what the chairman expected from it: every day, factories in Anshan produced not only metals but also citizens of the new socialist nation—“new men.” The purpose of the CCP’s political education was to transform ordinary people into new types of citizens who actively participated in the Party-State’s hyper-industrialist project of making China a strong industrialized nation modelled after the Soviet Union. This was accomplished by means of forming the worldview and language of its citizens, to the extent that even those who protested against the state authorities expressed their grievances by “speaking Maoist” in the language taught by the very same state.

Through political campaigns, daily study programs, and workplace social welfare programs, the Communist state tried to transform its urban residents into loyal, hardworking citizens devoted to the Party-State’s vision of socialist industrialization.

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<sup>124</sup> Wang Hoshou 王鶴壽 and Lü Dong 呂東, “Mao Zedong tongzhi dui woguo gangtie gongye de zhanlüe zhidao 毛澤東同志對我國鋼鐵工業的戰略指導,” in Mianhuai Mao Zedong bianjizu (ed.), *Mianhuai Mao Zedong*, 2 vols. (Beijing: Zhongyang wenxian chubanshe, 1993), vol. 1, 63.

Even though some residents resisted the Party-State's vision, everyday exposure to that vision still provided residents with an understanding of how to frame their own aspirations within the language given by the Party-State. Communist Anshan taught its residents not just how to work, but also how to live, how to speak.

The CCP's daily political education and its consequences considerably changed the relationship between the state and citizens. Under Japanese and Nationalist rule, even if some major industrial enterprises were owned and controlled by the state, these enterprises did not become the site of the political campaigns and political education by the state, at least not to the extent possible under the CCP. Under the Nationalists and the Japanese, workers and engineers were employed according to their skills and experience, not their politics. Even though the Nationalists and the Japanese did make certain efforts for daily political education of their workers, the CCP's efforts were far wider, deeper, and more consistent.

Toward a fuller understanding of the CCP's political education and its impact on urban residents, this chapter has interwoven analyses of political campaigns, workplace organizations, and political discourses. Such an approach is all the more important given that the early PRC leaders conceived of all these policies and institutions as aiming at a single goal: building a strong, industrialized nation by largely, if not completely, drawing upon the example of the Soviet Union under Stalin. The PRC sought to usher in the triumph of socialism by eliminating class enemies within the country and defeating the US-led Capitalist Bloc overseas. To do so, China needed to industrialize, completing its "socialist industrialization" in the First Five-Year Plan. In this crusade for state socialism, Angang had a special mission: as producer of half of steel in China, it was the cornerstone of the Communist mission of making China a great industrial and military power; as one of China's largest SOEs, it served the purpose of proving the superiority of the socialist mode of ownership to capitalist private businesses. With the stakes set high,

Anshan gave birth to a new kind of citizen devoted to the realization of the hyper-industrialist dream of the socialist Party-State.

The pervasiveness of the Party State's education of Chinese citizens was shown in the very moment of the citizens' protests against the state. During the Hundred-Flowers Campaign, Chinese engineers articulated their grievances against local CCP cadres by using the CCP's political discourse and thus showing their allegiance to the PRC's national authority and Chairman Mao. Elizabeth Perry stresses that political protests in the PRC reflected "rules consciousness," rather than "rights consciousness"—protestors usually "played by rules" set by the state, rather than asserting their universal rights. In explaining the origins of "rules-consciousness," Perry stresses the influence of a pre-1949 tradition of protest repertoires in China.<sup>125</sup> While Chinese citizens' use of official political discourse had a long tradition, what was new about the PRC was the unprecedented range of citizens who were exposed to the language of the state. For the first time in Chinese history, virtually all citizens of China studied that language almost every day. In establishing such a system of universal political education, the CCP largely made use of techniques learned from the Soviet Union. If the citizens of the Soviet Union "spoke Bolshevik," whether or not they believed it,<sup>126</sup> then the citizens of the PRC "spoke Maoist," whether or not they believed it.

While there was, unsurprisingly, much similarity between "speaking Bolshevik" and "speaking Maoist," the two had some significant differences as well, reflecting the CCP's background as a rural guerrilla force, as opposed to the Bolshevik Party's background as a group of urban intelligentsia. One notable difference is the important role of mass mobilization in Mao-era China. From the beginning, the CCP

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<sup>125</sup> Elizabeth Perry, "A new rights consciousness?," *Journal of Democracy*, vol. 20-3 (2009), 17-20; Elizabeth Perry, "Popular protest in China: playing by the rules," in Joseph Fewsmith (ed.), *China Today, China Tomorrow: Domestic Politics, Economy and Society* (Lanham, MD: Rowman and Littlefield, 2010), 11-28.

<sup>126</sup> Kotkin, *Magnetic Mountain*, 198-237.

enthusiastically encouraged ordinary citizens to participate in various political campaigns not just as a passive audience but also as active members who beat landlords, capitalists, or corrupted bureaucrats. Mao's revolutionary vision that stressed human solidarity and bottom-up mass movement had significant differences from Stalin's technocratic, bureaucratic vision of "revolution from above." The tension between the Maoist and Stalinist visions was still somewhat dormant in this period, given the enthusiasm with which the CCP tried to learn from the Soviet Union. The tension between the two versions of socialism, however, would soon become clearer in the period of the Great Leap Forward and the Sino-Soviet Split. As the next chapter will demonstrate, Angang played an important role in Mao's quest for China's own distinct version of socialism.

# Chapter 7

## Good Bye, Stalin!: The Great Leap Forward and the “Angang Constitution,” 1957-1964

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On March 22, 1960, Chairman Mao read a report about Angang written by the CCP Anshan City Committee,<sup>1</sup> at the height of the Great Leap Forward (GLF), an adventurous economic and social campaign from 1958 to 1961. A brainchild of Mao himself, the GLF aimed to transform China from an agrarian economy into a modern socialist society at breakneck speed through heavy industrialization and agricultural collectivization.

In the spirit of the GLF, the City Committee’s report argued that revolutionary spirit and mass campaigns could help industrialize China, criticizing some cadres for stressing the role of experts and dismissing the role of the masses and revolution. The report by the City Committee confirmed Mao’s extremist policy line in opposition to a more moderate line:

It is necessary to continue an ideological revolution (*sixiang geming*) without a break, maintain political leadership, totally break superstitions, and liberate ideology...In the new stage, new situation, and new mission, some people lack ideological preparation, are satisfied with the status quo, and don’t want to enact revolution...They are afraid that [mass-based] technological innovation may cause accidents, and get timid.

According to the report, the most important goals were to strengthen the Party’s leadership and “to implement the campaign for studying Chairman Mao’s works and to arm our brains with Mao Zedong thought.”<sup>2</sup>

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<sup>1</sup> Hereafter, referred to just as the “City Committee.”

<sup>2</sup> “Anshan shi guanyu gongye zhanxian de jishu gexin he jishu geming yundong kaizhan qingkuang de baogao 鞍山市關於工業戰線的技術革新和技術革命運動開展情況的報告”

The report pleased the Chairman, who commented: “this...report is very good. The more I read it, the happier I become. I don’t think it is too long. I would love to read it even if it were longer.” The importance of this report came from the fact that Angang was the PRC’s single largest enterprise in the most important industrial sector of the GLF: the iron and steel industry. As Mao wrote, “Angang is the largest enterprise in the country with more than 100,000 employees.” It excited him to see his vision – industrialization through unleashing the power of the masses – confirmed in a report on the nation’s most important state-owned enterprise (SOE).

In the same year that Mao received this report, the remaining eleven Soviet experts left Anshan and other parts of China.<sup>3</sup> The Soviet experts’ retreat in 1960 symbolized the Sino-Soviet Split, one of the major turning points of the Cold War. No less importantly, it also symbolized the end of an era in the history of Chinese socialism—an era of building socialism by imitating the Soviet Union, which was best represented by the construction of new plants in Angang with the help of Soviet engineers sent from Magnitogorsk. Therefore, Mao commented on the report on Angang:

In the past, they thought that this enterprise [Angang] was already modernized and did not need the so-called technological revolution. They opposed implementing mass campaigns...They regarded the “Magnitogorsk Constitution” (an authoritative method of a large steel enterprise in the Soviet Union) as sacred and absolute...This report (of March 1960) is more advanced. It is not the Magnitogorsk Constitution. It created the Angang Constitution. The Angang Constitution (*Angang xianfa*) was born in the Far East, in China.<sup>4</sup>

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(March 11, 1960), Anshan shi shizhi bangongshi 鞍山市史誌辦公室, *Anshan shi zhi: fulu juan* 鞍山市誌：附錄卷 (Shenyang: Liaoning minzu chubanshe, 2001), 380-385

<sup>3</sup> Anshan shi renmin zhengfu difangzhi bangongshi 鞍山市人民政府地方誌辦公室, *Anshan shi zhi: Angang juan* 鞍山市誌：鞍鋼卷 (Shenyang, Shenyang chubanshe, 1997), 17.

<sup>4</sup> “Mao Zedong zhuxi pishi de ‘Angang xianfa’” 毛澤東主席批示的‘鞍鋼憲法’ (March 22, 1960), Anshan shi shizhi bangongshi, *Anshan shi zhi: fulu juan*, 385-386.

This report was thereafter given a charming new name, the “Angang Constitution,” and later tens of thousands of copies circulated during the Cultural Revolution.

Though it was named the “Angang Constitution” by Chairman Mao himself, the report on Angang was produced not by Angang itself but rather by the CCP Anshan City Committee. The leader of the City Committee at the time was First Secretary Yang Shijie (楊士傑, 1911-1988). Originally from the countryside of Hebei Province in North China, Yang had joined the CCP while studying at a teacher’s college in his native province. He then served as a local CCP cadre in various places in rural North China. Before serving as the First Secretary of the CCP Anshan City Committee, he worked as the Third Secretary of the CCP Shanxi Provincial Committee.<sup>5</sup> As is shown in Yang’s profile, the making of the Angang Constitution represented the enhanced power of local cadres vis-à-vis SOE cadres in their rivalry about control over Angang. As discussed in Chapter 4, Angang was under double regulation by the Ministry of Metallurgy’s vertical control through SOE cadres and by the CCP City Committee’s horizontal leadership through local cadres. The GLF empowered the local cadres in this preexisting tension.

This chapter traces how the GLF was experienced in the city of Anshan and Angang, including the local context in which the “Angang Constitution” was produced. By doing so, I demonstrate that the GLF was the beginning of China’s endeavor to produce its own version of socialism, distinct from that of the Soviet Union and discarding some traits of the Soviet model and retaining others. Growing out of the Soviet model, the Chinese sought to remake socialism in their own image. This search for China’s own version of socialism in Beijing changed the balance of political power in

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<sup>5</sup> *Renmin ribao* 人民日報 (December 29, 1988), 5.

local industrial bases like Anshan, where local cadres seized the opportunity to assert their leadership over SOE cadres. The local cadres' campaign against SOE cadres also took the form of mobilization of workers against managers and engineers within the factories.

Previous historical literature on the GLF has understandably focused on the Great Famine that it caused in the countryside – resulting in tens of millions of deaths – stressing the irrationality, or even criminality, of Mao's policy.<sup>6</sup> While acknowledging the devastating effect of the GLF on Chinese society and economy, I instead focus on the urban, industrial half of the GLF to also consider how a wide range of lower-level bureaucrats and local residents participated in this experiment to create a new, better society.

This chapter first discusses the policy-making during the GLF and Angang's significance in it. It then discusses how the rupture from the centralized system that had been formed during the First Five-Year Plan empowered the City Committee to assert its leadership over Angang's SOE cadres. Afterward, I move to an analysis of how the GLF's anti-technocratic ideas empowered workers within factories, who used Mao's language to claim better life and more control over their work. The last section focuses on the change in urban formation during the GLF.

## Sino-Soviet Split and Great Leap Forward

Mao's departure from the Soviet model became apparent during the debate on the Second Five-Year Plan. In 1955 and 1956, opinions among the top leaders of China diverged: Mao called for rapid industrial development while Zhou Enlai and other officials held

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<sup>6</sup> For example, Frank Dikötter, *Mao's Great Famine: The History of China's Most Devastating Catastrophe, 1958-62* (London; New York: Bloomsbury, 2010).

more cautious views. It displeased Mao that the CCP's Central Politburo eventually decided on "opposing both rightist conservatism and rash advance" in June 1956, under Liu Xiaoqi's initiative.<sup>7</sup>

Zhou Enlai's moderate line in Beijing found support among Soviet advisers. In June 1956, one high-ranking Soviet adviser suggested that the Chinese cut the investment targets for 1958 and 1959, especially in the cement and steel industries.<sup>8</sup> Khrushchev and other Soviet leaders also stated that the Chinese plan and its request for Soviet aids were too unrealistic. The leadership of the Communist Party of the Soviet Union then sent an official letter to the CCP leadership, expressing their disagreement on both Chinese plans and requests for aids.<sup>9</sup>

Moscow's attitudes lent support to the moderates' resistance to Mao's radical plan in Beijing. On September 13, 1956, Mao Zedong actually expressed his agreement with Zhou's moderate version of the Second Five-Year Plan. According to Bo Yibo's (薄一波) memoirs, "the Soviet response played a major role in convincing the [Chinese Communist] Party leadership to accept Premier Zhou [Enlai]'s version of the Second Five-year Plan."<sup>10</sup>

The moderates' victory in Beijing, however, was a short-lived one, as Mao soon launched a harsh political campaign to undermine the moderate Second Five-Year Plan. As a reaction against the Hundred Flowers Campaign of 1956-57, Mao launched the

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<sup>7</sup> He also stated that the Chinese should reconsider the size of raw materials available for steel industry, non-ferrous metallurgy industry, and chemical industry. Shen, *Sulian zhuanjia zai Zhongguo*, 149-150.

<sup>8</sup> Shen Zhihua 沈志華, *Sulian zhuanjia zai Zhongguo, 1948-1960* 蘇聯專家在中國 (1948-1960) (Beijing: Xinhua chubanshe, 2009), 150-151.

<sup>9</sup> Shen, *Sulian zhuanjia zai Zhongguo*, 152-153.

<sup>10</sup> Bo Yibo 薄一波, *Ruogan zhongda juece yu shijian de huigu* 若干重大決策與時間的回顧 (Beijing: Zhonggong zhongyang dangxiao chubanshe, 1991), vol. 1, 545.

Anti-Rightist Campaign—a series of denunciation meetings and rallies that mainly targeted at those who had challenged Mao’s policies during the Hundred Flowers Campaign. 550,000 people were designated as rightists by the time the campaign ended in early 1958.<sup>11</sup> During this harsh political campaign, Mao criticized the moderates within the CCP leadership by turning questions of economic policy into questions of political stance. In a party conference in the September and October of 1957, Mao stated that the moderate party leaders had committed a “rightist deviation,” by opposing Mao’s “rash advance.”<sup>12</sup> In 1958, Mao continued to attack the emphasis on balance, planning, and economic laws, proclaiming that they should “put politics in command” and stressing the importance of human factors and mass enthusiasm.<sup>13</sup>

Following his political victory, Mao abandoned the Five-Year Plan drafted by the moderates and launched another major political campaign: the Great Leap Forward from 1958 through 1961. The core idea driving the GLF policies was that they could increase industrial and agricultural production dramatically by drastically increasing labor input through popular mobilization campaigns. In the countryside, people were encouraged to increase food production by overworking and by planting seeds more closely to each other than before. In the cities, people set up hundreds of thousands of small, handicraft furnaces in the backyard, in order to increase China’s iron and steel production. According to the Russian translation of a speech by Li Fuchun, the chairman of the State

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<sup>11</sup> Andrew Walder, *China under Mao: A Revolution Derailed* (Cambridge, MA: Harvard University Press, 2015), 149-150.

<sup>12</sup> Walder, *China under Mao*, 153.

<sup>13</sup> Walder, *China under Mao*, 155.

Planning Commission, 60 million people, including 30 million peasants, were “fighting at the steel industry front” at the time of October 1958.<sup>14</sup>

As is well known, the GLF soon turned out to be a devastating failure; especially serious was the massive famine that struck the countryside. From 1957 to 1960, infant mortality more than doubled, and China’s national population declined by more than 10 million in the four years after 1958. Based on the available census data, scholars have estimated that about 30 million people suffered “premature deaths” due to the GLF and its aftereffects.<sup>15</sup>

Some leaders were well aware of the horrors of widespread famine, and made attempts to stop Mao’s adventurous policy, but to no avail. In the Lushan Plenum of July and August 1959, Marshall Peng Dehuai, the PRC’s Defense Minister, attempted to persuade Mao to acknowledge the problems of the GLF and alleviate his policy courses. Mao refused to do so, and instead severely criticized Peng Dehuai and several other top leaders for their “right-wing opportunism.” Mao then took the opportunity to inaugurate a second Anti-Rightist Campaign that targeted “right-wing opportunism.”<sup>16</sup>

Unsurprisingly, the GLF brought considerable change to China’s largest steel enterprise, Angang. Before Mao defeated his moderate colleagues, the PRC government had decided in the April of 1957 to limit Angang’s annual production capacity within the

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<sup>14</sup> “Kratkoe izlozhenie soderzhaniia rechi Predsedatelya Gosplana KNR tov. Li Fu-Chunia na planovoi konferentsii provintsii, gorodov tsentral’nogo podchineniia i avtonomnykh raionov KNR (30 oktiabria 1958 goda),” Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 365-2-1691, 464.

<sup>15</sup> The Chinese government has not published, and perhaps does not even know, the accurate number of deaths by famine. Walder, *China under Mao*, 169.

<sup>16</sup> Walder, *China under Mao*, 165-168

limit of 4 million tons.<sup>17</sup> After the beginning of the GLF, however, Angang drew up a new plan to break the limit and “leap (*yuejin*)” its steel production from 2.91 million tons of 1958 into 4.5 million tons of 1959.<sup>18</sup> To mobilize its workforce, Angang made a slogan: “It is all right not to sleep. It is all right not to eat. But it is not all right to fail to complete plans for steel and iron.”<sup>19</sup>

In Anshan, the GLF was implemented by combining the production forces of the large, modern enterprises and small, mass-based facilities. At a Party conference in March 1959, First Secretary Yang Shijie of the City Committee stressed the importance of concurrently developing small furnaces and Angang, which he respectively called “small, local-origin facilities (*xiaotuqun*)” and “huge, foreign-origin facilities (*dayangqun*).” According to him, the achievement of the GLF in steel production in Anshan in 1958 was made possible not only by Angang, but also from a dependency on 270,000 tons of “local steel (*tugang*)” produced by small furnaces and the new facilities of Angang produced by local enterprises.<sup>20</sup>

To achieve the ambitious goals set by the City Committee, Angang began a “great war for steel (*duogang dazhan*)” by both accelerating the construction of modern, high-tech facilities and building small, low-tech facilities. On the one hand, Angang dramatically increased capital investment to speed up the construction of thirty-nine new

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<sup>17</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 71. In the plan of the PRC Ministry of Metallurgy Industry, made shortly before the GLF, Angang was to produce 40% (5.5 out of 13.45 million tons) of pig iron in China in 1959. I. Belobrov, “Obespechenie metallurgicheskikh zavodov zhelesnoi rudoj dlja vyplavki chuguna v 1958-1959 g.g.”, Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 365-2-1692, 163.

<sup>18</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 17-18.

<sup>19</sup> Speech by Yang Shijie (March 9, 1959), Private Collection.

<sup>20</sup> Speech by Yang Shijie (March 9, 1959), Private Collection.

industrial facilities.<sup>21</sup> In 1958, they constructed the Blast Furnace No. 10 within four months. In the same year, they also constructed the Open Furnaces No. 23 and 24, within three months and twenty-one days. According to First Secretary Yang Shijie of the City Committee, they “made a world record in the history of the construction of large blast furnaces and large open furnaces.”<sup>22</sup> On the other hand, they began to operate the existing facilities beyond their capacity to increase production. In the iron-making factories, they abandoned the moderate operating methods learned from the Soviet Union and operated blast furnaces in a higher heat and under more pressure; in steel-making factories, they enlarged the surface of open-hearth furnaces.<sup>23</sup>

Aside from these changes in the regular facilities of Angang, the City Committee also built various kinds of local furnaces (*tuluizi*) both within and outside Angang by mobilizing people.<sup>24</sup> On November 3, 1958, Angang mobilized 80,000 people to build small furnaces on day and night. By the end of the year, 130,000 people, including Angang workers, city cadres, ordinary residents, and students, joined this campaign. They thus built more than 2,300 steel furnaces, 142 small furnaces, 1075 handmade ovens, and 2,600 handmade coke ovens. By spending a huge amount of manpower and resources on this campaign, they produced 120,000 tons of iron and 220,000 tons of steel, although much of these metals was too low in quality and was unusable.<sup>25</sup> According to a local Party cadre of the suburban area of Anshan

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<sup>21</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 17-18.

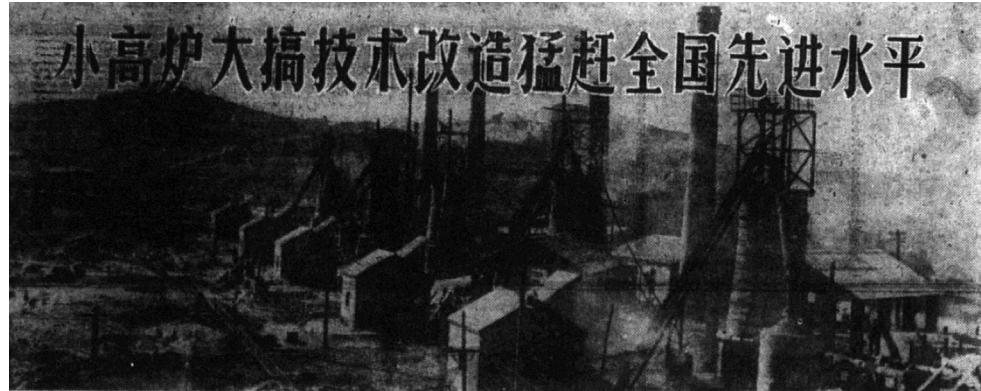
<sup>22</sup> Speech by Yang Shijie (March 9, 1959), Private Collection.

<sup>23</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 17-18.

<sup>24</sup> An interviewer of mine joined construction of small furnaces (小高爐) during the GLF when he was a high school student. Interview with C (Male, Chinese, b. 1938), June 26, 2017, Anshan.

<sup>25</sup> Anshanshi renmin zhengfu difangzhi bangongshi 鞍山市人民政府地方誌辦公室, *Anshan shi zhi: dashiji juan, 1915-1985* 鞍山市誌：大事記卷 1915-1985 (Shenyang: Shenyang chubanshe, 1989), 204-205.

[W]hen the Party proposed the increase of steel production, they [Party cadres] actively responded to the Party's appeal, guided the masses, passed over mountains, searched for ore, built small furnaces. Back then, many cadres stayed by furnaces, ate by furnaces, and slept by furnaces together with the masses who were making iron and steel. They thus victoriously completed the mission of producing iron.<sup>26</sup>



Small furnaces in Anshan (*Anshan ribao*, April 5, 1960, 2.)

Angang still continued to support the industrial construction in other parts of China, and exported both its personnel and also its know-how gathered from experience during the GLF to other parts of the country. In 1958, Angang sent 25,673 workers, 3,790 technological cadres, and 8,234 Party and administrative cadres to 138 enterprises in twenty-six provinces in order to support the nationwide GLF in the metallurgy industry.<sup>27</sup> In 1959, Angang sent more than 4,300 cadres and 5,000 technical workers to more than a hundred enterprises in various places including Hunan, Inner Mongolia, Xinjiang, and Shanghai.<sup>28</sup>

<sup>26</sup> Speech by Wang Jibin (March 12, 1959), Private Collection.

<sup>27</sup> Speech by Yang Shijie (March 9, 1959), Private Collection.

<sup>28</sup> *Angang shizhi bianzuan weiyuanhui, Angang zhi, 1916-1985*, vol. 1, 71.

Given the strong focus placed on steel industry during the GLF, Angang's success and failure became a national concern. According to the Russian translation of Li Fuchun's October 1958 speech within the Party:

The plant of seamless pipes of Angang...this year gives production in 2.4 times more than in design capacity...We have here some fellow planners and business leaders who have only seen the materials and not seen the people, they have not seen the power in the masses, they have not seen the subjective potential energy of people, they carried out only the calculations of materials, and did not count the activity and initiatives of the masses, carried out only dead calculations, not live calculations.<sup>29</sup>

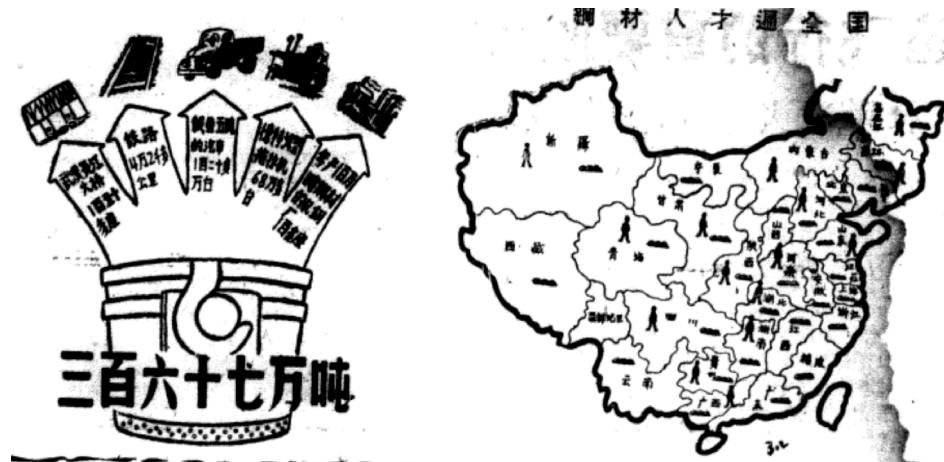
In a meeting of the CCP Anshan City Committee on October 18, 1960, Yang Chunfu, Secretary of the CCP Liaoning Provincial Committee, stated, "right now, the entire country is looking at the Northeast [Manchuria]. The Northeast is looking at Angang. Simply speaking, the entire country is looking at Angang."<sup>30</sup> With illustrations, Anshan's local newspaper reported how steel produced in Anshan was being used in many industrial sectors all over China and which provinces received technological staff and workers from Angang.<sup>31</sup>

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<sup>29</sup> "Kratkoe izlozhenie soderzhaniia rechi Predsedatelia Gosplana KNR tov. Li Fu-Chunia na planovoi konferentsii provintsii, gorodov tsentral'nogo podchineniya i avtonomnykh raionov KNR (30 oktiabria 1958 goda)," Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 365-2-1691, 474.

<sup>30</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 74.

<sup>31</sup> *Anshan ribao* 鞍山日報 (January 23, 1960), 3.



Source: *Anshan ribao*, January 23, 1960, p. 3.

Angang's steel production rose to 3.92 million tons in 1958, to 5.18 million tons in 1959, and then to 5.61 million tons in 1960. But it then fell to 2.95 million tons in 1961, and to 2.91 million tons in 1962 (about the same with production in 1957).<sup>32</sup>

Angang's significance during the GLF is hardly surprising, given the importance of steel during the GLF and Angang's status as the single largest steel enterprise in China. The swift increase of Angang's production facilities and the construction of small furnaces in Anshan represented Mao's desire to realize the industrialization of China at a faster speed than expected by the moderates and the Soviet advisors. China's deviation from the Soviet model also took place in the realm of SOE management, in which the GLF and Mao's words became political assets for local cadres in their competition with SOE cadres.

<sup>32</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 18.

## **Local Cadres, SOE Cadres, and the “Angang Constitution”**

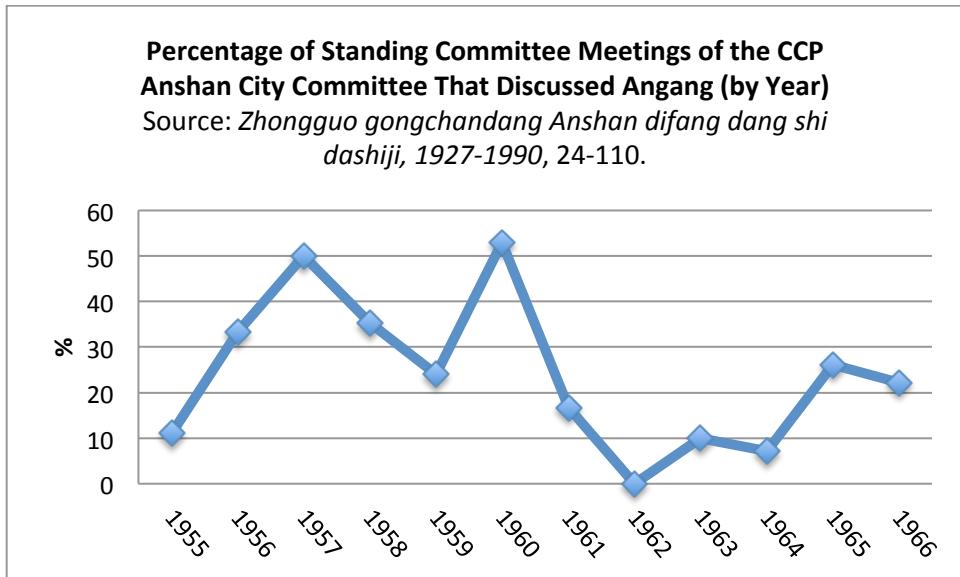
Political rivalry and policy changes at the national level brought enormous changes to the distribution of political power at the local level as well. During the First Five-Year Plan, economic policy-making of the PRC was centralized in the hands of industrial ministries and bureaus in Beijing, which were staffed by planners, professional experts, and technical experts. During 1958, however, Mao took the planning power from the hands of bureaucrats in Beijing and turned it over to Party secretaries of provinces. Mao’s decision put enormous power into the hands of the CCP organization itself, which took control of economic policy making at all levels of government.<sup>33</sup>

In Anshan, this took the form of increased power in the hands of the local cadres of the City Committee vis-à-vis the SOE cadres of Angang. As discussed in Chapter 4, Angang and the factories within it had been regulated by two lines at the same time: on one hand, they were under the vertical line of control by the Ministry of Metallurgy through SOE cadres; on the other hand, they were also under the horizontal line of leadership by the CCP Anshan City Committee through local cadres. After 1955, the City Committee began to interfere more frequently with the operation of Angang, and the GLF and Mao’s vision for localized development further intensified this on-going pattern, by giving extra momentum to the City Committee.

The enhanced leadership of the City Committee over Angang was visible in the frequency of discussion of Angang in the Standing Committee meetings of the City Committee.

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<sup>33</sup> Walder, *China under Mao*, 136.



Angang was a major topic of the Standing Committee meetings of the City Committee until 1960, when the discussion on Angang dominated nine out of seventeen meetings held by the Standing Committee. Moreover, during this period, the CCP Municipal Committee also held detailed discussions on the operation of Angang, sometimes giving it concrete production goals.

During the GLF, the CCP Anshan City Committee often exerted pressure on Angang to force it to accept overambitious goals that would please Chairman Mao. For instance, in January 1958, the leaders of the City Committee spent two days to discuss the “Leap Plan (*yuejin jihua*)” of Anshan.<sup>34</sup> On April 27, 1958, the CCP Anshan City Committee decided that the goal of the GLF in Anshan was to “complete the General Line, make efforts for five years, dramatically liberate thoughts, make cadres both red and expert, save half of investment, let all the people work for industry, and build ‘small

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<sup>34</sup> Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui 中共鞍山市委黨史工作委員會, *Zhongguo gongchandang Anshan difang dangshi dashiji*, 1927-1990 中國共產黨鞍山地方黨史大事記, 1927-1990 (Anshan: Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui, 1991), 60.

Angang(s).<sup>35</sup> On October 25 1958, Secretary Yang Chunpu (楊春甫) of the CCP Liaoning Provincial Committee – the immediate superior to the City Committee – participated in a meeting of the Standing Committee of the City Committee, where he criticized Angang for failing to meet demands from Beijing.<sup>36</sup>

Indeed, during the GLF, the City Committee forced Angang to abandon its own construction plan and accept a new, ambitious plan created by the City Committee.<sup>37</sup> On April 27, 1958, the City Committee produced the “Five-Year Leap Plan,” which outlined ambitious goals for the development of Angang. In June 1958, the City Committee further proposed another Leap Plan, which aimed at achieving major goals in the “Five-Year Leap Plan” by 1959 and increasing Angang’s steel production to 8 million tons.<sup>38</sup>

As we have seen in Chapter 4, the tension between the local cadres of the City Committee and the SOE cadres of Angang had long existed before the GLF. That being said, the GLF gave new momentum to the local cadres, who made use of the opportunity to permeate their influence across Angang at an unprecedented scale. The City Committee sought to ensure that Party secretaries – not factory directors – would exercise the highest power within factories.

Mao’s reference to Angang empowered the City Committee within the city of Anshan by legitimating the Committee’s leadership in completing the revolutionary goals for steel production in the city. In August 1959, First Secretary Yang Shijie of the City

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<sup>35</sup> Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui, *Zhongguo gongchandang Anshan difang dangshi dashiji, 1927-1990*, 62.

<sup>36</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 70.

<sup>37</sup> Before the GLF, Angang had composed its Second Five-Year Plan for Capital Construction in July 1957. The plan followed the policy of the Ministry of Metallurgy and controlled Angang’s capacity of annual steel production under 4 million tons. After the beginning of the GLF, however, the City Committee pressured Angang into taking a more ambitious attitude.

<sup>38</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 118-119.

Committee gave a speech in which he stressed Mao's statement to legitimize the City Committee's authority within the city of Anshan: "We think the instruction of the central leadership and Chairman Mao perfectly match the current reality of our city...[I]t gave great forces and sharp weapons with which we will oppose rightist deviations and go all out." Indeed, the GLF was "the process of struggling with rightist, conservative thought."<sup>39</sup>

First Secretary Yang also inhabited Mao's words and labeled his opponents as "rightists." According to him, some cadres corrupted by "rightist thought" cast doubt on the GLF by pointing out its shortcomings and arguing for lower goals. Imbalance in production among different factories of Angang and among different months was "inseparable from the rightist thought of some cadres." Production would therefore increase when "advanced thought takes command, and the fighting spirit of the masses becomes high."<sup>40</sup>

He further stressed how Chairman Mao thought highly of the City Committee's leadership over Angang:

[T]he Chairman commented on the report by us, the Anshan City Committee, because we are the nation's largest steel enterprise...We definitely must reply to the Chairman's words by completing the production plan in an impressive way, prove the correctness of the Party's General Line, and protect the general Line through the real action in the Great Leap Forward of steel production."<sup>41</sup>

Angang thus became a part of the "we (*women*)," or the collective, directed by the City Committee.

Another important source of power for the City Committee was its role as a local-level organizer of mass mobilization campaigns initiated by Chairman Mao. On August

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<sup>39</sup> Report by Yang Shijie (August 11, 1959), Private Collection.

<sup>40</sup> Report by Yang Shijie (August 11, 1959), Private Collection.

<sup>41</sup> Report by Yang Shijie (August 11, 1959), Private Collection.

23, 1958, the CCP Anshan City Committee and the City Government convened a meeting with 25,000 people to launch the “leap” of steel production in the city.<sup>42</sup> On September 1, 1958, the CCP Anshan City Committee circulated the instructions from the CCP national leadership in a meeting of all the Party cadres of the city. The City Committee thus began a campaign to save electricity and dig up abandoned steel.<sup>43</sup>

The language used in these campaigns demonstrates how the GLF was modeled after the CCP’s experience in wartime mobilization. On September 12, 1958, the city authority mobilized people to support “Marshall Steel (*gangtie yuanshuai*),” pledging to make every support possible for the needs of the “steel front (*gangtie zhanxian*).”<sup>44</sup> On May 1, 1959, First Secretary Yang Shijie of the City Committee gave a speech for a mass parade that involved 130,000 people. In explaining the significance of the “great war for steel (*duo gang dazhan*),” he mentioned the need to prepare for confrontation with India.<sup>45</sup> On May 17, 1959, the Anshan City Government organized a propaganda army (*xuanchuan dadui*) of 10,000 people, and sent them to various parts of the city to propagandize the “great war for steel.”<sup>46</sup> In a conference in October 1960, First Secretary Yang Shijie states, “the [CCP] central authority has sent a *military order* (*junlingzhuang*) for Angang to complete 6.1 million tons of steel.”<sup>47</sup>

The Anti-Rightist Campaign, which proceeded more or less concurrently with the GLF, provided the City Committee the opportunity to attack those managers and engineers of Angang who expressed their doubts on the feasibility of the GLF. In Tiexi

<sup>42</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 202.

<sup>43</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 202.

<sup>44</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 203.

<sup>45</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 210.

<sup>46</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 71.

<sup>47</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 234. Emphasis was added.

District of Anshan, the local CCP authority found out and criticized eighty-eight “rightist elements,” 151 “bad elements,” and five “rightist elements” within the CCP. According to their report:

[T]he great Anti-rightist struggle made the capitalist elements and the capitalist intellectual elements considerably change their thought. They came to understand the truths, such as “the Communist Party cannot be challenged,” “the capitalist path cannot be taken,” “it is impossible to be rightists,” “without the Communist Party, New China would not exist.”<sup>48</sup>

According to a March 1959 speech by First Secretary Yang Shijie of the City Committee, they had “cleaned out a number of rightist elements, anti-Party elements, and various kinds of wreckers hidden in the Party and the people’s organizations” for the past year. Among those designated as “rightists” and “anti-Party elements” were high-ranking cadres such as the Party secretary of an Angang factory, the director of another Angang factory, and the cadre of the City Committee.<sup>49</sup> During the entire Anti-Rightist Campaign in Anshan, 2,070 people in total were labeled as “rightist elements.”<sup>50</sup>

In the Anti-Rightist Campaign in Anshan, local cadres also mobilized workers against SOE cadres. The City Committee, together with the CCP Angang Party Committee, blasted these managers and engineers as “the major obstacle.”<sup>51</sup> In October 1958, the City Committee launched a “Pull Out White Flags” campaign (“*ba baiqi*” *yundong*) in Angang. In a meeting of the Iron-making Factory, the factory director and an engineer were criticized for their “rightist conservative thought.” The campaign then spread to other parts of Angang.<sup>52</sup> By the end of 1958, thirty-nine factory directors and

<sup>48</sup> Report by Lei Yang, June 4, 1959, Private Collection.

<sup>49</sup> Speech by Yang Shijie (March 9, 1959), Private Collection.

<sup>50</sup> Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui, *Zhongguo gongchandang Anshan difang dangshi dashiji, 1927-1990*, 57.

<sup>51</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Angang juan*, 202-203.

<sup>52</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 70.

chiefs and 109 lower-level managers were punished, some of them fired. And the crackdown on the dissidents of the GLF did not end here—it further intensified. In February 1960, one of the highest SOE cadres in Anshan, Vice-director Ma Bin (馬賓) of Angang, was criticized for his “rightist thought.”<sup>53</sup>

At the same time that SOE cadres suffered political attacks, local cadres also condemned the previous management system that had given SOE cadres the dominant status within SOEs—one-chief system (*yizhangzhi*), which had originated in the Soviet Union. As discussed in Chapter 4, under this system, SOE cadres such as factory directors had almost total control over all the employees within their workplaces, while local cadres such as the secretaries of the Party committees had only a supporting role. Even though the CCP had abandoned the one-chief system in 1956, local cadres attacked the existing power of the SOE cadres as the “remnant influence” of this Soviet-style management system. In March 1959, First Secretary Yang Shijie of the City Committee stated, the “unified leadership by the Party” over industrial enterprises was the “primary foundation” of the success of the GLF. To realize the unified control by the Party, it was necessary to “further eliminate the remaining influence of the one-chief system.” The unified leadership of the Party within enterprises had been strengthened since 1956, when the CCP had decided to introduce the “director responsibility system under the leadership of the Party committee,” in place of the one-chief system. Yet, the attack on the one-chief system had not been thorough enough, and the “remnant influence of the one-chief system still exists in many factories and mines.”<sup>54</sup>

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<sup>53</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Angang juan*, 202-203.

<sup>54</sup> Speech by Yang Shijie (March 9, 1959), Private Collection.

At the district level within the city of Anshan, CCP district committees asserted more control over industrial enterprises in their jurisdictions than had previously. According to a 1959 confidential report by the CCP committee of Tiexi District of Anshan, the committee “examined and criticized the idea of the one-chief system, and further criticized erroneous perspectives of some cadres” in the enterprises in the district. Through this, “the Party’s leading position was strengthened; the Party became more united; the Party became more connected with the masses; the Party’s prestige became higher.” Here as well, they used the political discourse of the national leadership of the time to strengthen the horizontal leadership by the local CCP organizations:

Some [managers] unfairly stress the vertical leadership of their own system [from industrial ministries in Beijing]. They think that Party committees do not understand their business and do not understand technology...These comrades forget that any work in any field could be erroneous once it gets out of the Party’s leadership and is decided by individuals.<sup>55</sup>

What the City Committee and other local Party organizations sought to change was not the one-chief system as a system (which had already been officially abandoned in 1956), but rather the workplace mentality that could have potentially strengthened the status of SOE cadres in relation to local cadres. By criticizing that mentality, the local cadres tried to educate SOE cadres and other employees of SOEs in an effort to cause the internalization of a new workplace order in which local cadres took command. According to the Party Committee of Angang’s Steel Mill No. 2, “some cadres stubbornly hold up the one-chief system and oppose the Party’s leadership and the escalation of mass campaigns.” They further criticized these SOE cadres for thinking that “the Party committee does not understand technology” and that “the Party cannot guide

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<sup>55</sup> Report by the CCP Anshan Tiexi District Committee (April 7, 1959), Private Collection.

enterprise.”<sup>56</sup> Therefore, the Party committee of the factory decided to make them targets of an anti-rightist rectification campaign. On November 9, 1959, they held a meeting with 148 cadres with the rank of section chief or higher. Secretary Jin of the Party Committee made a speech to explain the purpose of the rectification campaign this time. They then split the participants into several groups for discussion. The discussion first thoroughly criticized a team leader named Jin (a different person from the Party Committee secretary). During the criticism, a team leader of another team, Liu, challenged the rectification campaign by defending Jin, and so they implemented “concentrated criticism and struggle” against Liu, as well. First Secretary Yang Shijie and Secretary Zhao Xiyu (趙希愚) of the City Committee supported the campaign in the factory, sometimes even giving speeches during meetings in the factory. Criticism and struggle against Jin and Liu took about one month, and an important goal in this campaign was to “educate” cadres and Party members in order to strengthen loyalty to the Party and its policies. These campaigns against “seriously erroneous” individuals constituted “a serious and dynamic education in the General Line and Party-ness (*zongluxian jiaoyu he dangxing jiaoyu*)” towards a wide range of managers and cadres.<sup>57</sup>

While local CCP organizations’ influence over SOEs was strengthened by Mao’s anti-technocratic, decentralized vision during the GLF, reports from local CCP organizations of industrial bases like Anshan also helped Mao consolidate his position within the top leadership. On July 25, 1959, the CCP Liaoning Provincial Committee forwarded to the CCP central authority a report by the CCP Anshan City Committee on production and mass movement in Anshan. The report from Anshan pleased Chairman

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<sup>56</sup> Report by the CCP Angang Second Steel Mill Committee (January 5, 1960), Private Collection.

<sup>57</sup> Report by the CCP Angang Second Steel Mill Committee (January 5, 1960), Private Collection.

Mao, who regarded it as support for his line vis-à-vis moderates. On July 31, Mao commented on the report:

[You] must go all out and oppose rightist sentiment of relaxation, to strictly increase production and economize in August and September...It is now time to oppose rightism and go all out....The throwing out of cold water on rash advance in the Lushan Plenum was, simply put, a crime.

Mao thus had the Anshan report circulated among the CCP leaders.<sup>58</sup> Such correspondence between Chairman Mao and local Party cadres show the “collaboration” (or mutual dependence) between political forces at the national and local levels. Local officials used Mao’s words to enhance their position within their locality (the CCP Anshan Municipal Com in Anshan, vis-à-vis Angang), while Mao used local officials’ reports to enhance his position within the CCP’s top ranks.

It is therefore from a mutually reinforcing relationship between Chairman Mao in Beijing and the CCP Anshan City Committee that the Angang Constitution arose. Not surprisingly, Mao’s proposal of the “Angang Constitution” further intensified the City Committee’s power in Anshan. Upon Mao’s praise of the City Committee’s report, the Committee held three Standing Committee meetings and decided to implement a mass campaign for reading Mao’s writings and to further intensify the campaign for technological innovation and technological revolution. On March 28, 1960, the City Committee held a meeting in Angang with Party cadres there, where First Secretary Yang Shijie of the City Committee demanded that they hold the spirit of Mao’s comments and make use of creativeness of staff and workers for the goals of the GLF. Between April 11 and 15, 1960, the City Committee held a representative meeting. One of the main topics was Mao’s comment on the “Angang Constitution.” In a concluding remark to the

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<sup>58</sup> Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui, *Zhongguo gongchandang Anshan difang dangshi dashiji*, 1927-1990, 70.

meeting, First Secretary Yang Shijie stressed that it was necessary to criticize the one-chief system, eliminate the “Magnitogorsk Constitution,” establish the “Angang Constitution,” and realize the goal of producing 6.55 million tons of steel.<sup>59</sup>

Despite its name, the “Angang Constitution” was actually a rebuttal to what Angang had originally represented: Soviet-style technocratic management system focusing on the vertical line of control from the industrial ministry in Beijing. The GLF empowered the City Committee, which strengthened its horizontal leadership on Angang through the network of local cadres based in Party committees within individual factories. Local cadres also strengthened their leadership by mobilizing workers within factories and promoting the cult of the people’s role in technological matters.

### **Let the Workers Speak**

The local CCP authorities’ position towards SOEs also benefitted from reinforcement by Chairman Mao’s anti-technocratic attitudes during this period. In the spring of 1958, Mao attacked the emphasis on balance, planning, and economic laws prevalent during the First Five-Year Plan, calling these principles mere “superstition” and “dogmatism.” For him, it was necessary to “put politics in command” and to rely on human factors and mass enthusiasm. According to his vision, professional experts would no longer control economic policy. After all, the experts’ belief in rational planning and scientific standards were “bourgeois superstition,” and so Party cadres and the masses ought to take over. Mao further launched “technological revolution,” criticizing “rightist ideology” and smashing “superstitious belief” in both experts and Soviet practice.<sup>60</sup> According to

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<sup>59</sup> Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui, *Zhongguo gongchandang Anshan difang dangshi dashiji, 1927-1990*, 74-75.

<sup>60</sup> Walder, *China under Mao*, 155.

Russian officials, in October 1958, Li Fuchun remarked in front of provincial economic planners:

The even more important goal of this movement is to mobilize the whole party and the whole people, to break the mystical view on industry by old methods, to break and abolish outdated rules and procedures. The broad masses of the peasantry joined in the struggle to increase the production of steel and iron, which is new in the practice of industrial development in the world.<sup>61</sup>

This was an almost 180-degree change from the PRC leadership of five years before, who had urged the whole country to learn from the Soviet model and to manage the economy with advanced science and technology imported from the Soviet Union.

In coordination with Mao's new, anti-technocratic stance, the CCP Anshan City Committee began to attack the elitism of SOE cadres of Angang and further praise the creative power of the masses regarding technical issues. As First Secretary Yang Shijie stated, "for many factories and mines of Angang to grow more, they need to carry out major mass campaigns to mobilize the masses, carry out technological revolution, and resolve key problems in production."<sup>62</sup> In 1958, Angang decreased the amount of investment from 550 million *yuan* to 330 million according to the suggestions made by its workers, but still increased the capacity for steel production from 4.1 million tons to 6.3 million tons.<sup>63</sup>

A typical example of technological innovation during the GLF is the story of Model Worker Wang Chonglun (王崇倫) in January 1960, which was reported by Anshan's local newspaper. In his workplace, Angang's Northern Machine factory,

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<sup>61</sup> "Kratkoe izlozhenie soderzhaniia rechi Predsedatelja Gosplana KNR tov. Li Fu-Chunia na planovoi konferentsii provintsii, gorodov tsentral'nogo podchineniya i avtonomnykh raionov KNR (30 oktiabria 1958 goda)," Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 365-2-1691, 464-465.

<sup>62</sup> Speech by Yang Shijie (March 9, 1959), Private Collection.

<sup>63</sup> *Neibu cankao* 内部参考 [hereafter, NBCK], June 9, 1958.

workers had made 10,000 holes by using drilling machines in order to produce filter plates. To innovate technologically, Wang went through trial and error for three days without sleeping and eating, and invented a semi-automated machine with two drills, with which workers could now make holes fourteen to twenty times faster.<sup>64</sup>

The actual effectiveness of such popular technology was at best dubious, but the cult surrounding it knew no limits during the GLF. Even the CCP's internal publication reported a dubious story in which a minor invention in machine manipulation by workers of Angang's pipe-casting factory enabled them to reduce the input of pig iron for 5% and still produce items whose quality was even better than those in the US and the UK.<sup>65</sup> Certainly, such anti-technocratic trends had not been non-existent even during the First Five-Year Plan (Chapter 6), but they had still been sporadic episodes: Angang's construction and operation had overall been directed by managers and engineers, including Soviet experts. The GLF brought antipathy towards the rule by technological elites to a new high.

The CCP also put workers' participation in technological innovation on display. In March of 1958, the CCP committee of Tiexi District of Anshan attempted to collect materials on "invention and technological innovation" in industry and agriculture that had appeared during the GLF.<sup>66</sup> The committee received 2,698 technological innovations and proposals from workers, and accepted 867 of them in the twenty-eight industrial workplaces within the district during the first quarter of 1959.<sup>67</sup> On November 9 and 11, 1958, respectively, the City Committee and the CCP Angang Committee circulated a

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<sup>64</sup> *Anshan ribao*, January 28, 1960, p. 2.

<sup>65</sup> NBCK, September 16, 1958.

<sup>66</sup> Instruction by the CCP Anshan Tiexi District Committee (March 28, 1959), Private Collection.

<sup>67</sup> Note by the CCP Anshan Tiexi District Committee (April 7, 1959), Private Collection.

report on technological exhibition contest (*biaoyan jingsai*) by the Party Committee in Angang's Northern Machine-Repair Factory. By doing so, they publicly displayed the methods of improving production technology through mass performance.<sup>68</sup>



Illustration of a Technology Exhibition Contest by Workers (*Anshan ribao*, February 2, 1960, p. 3.)

Chairman Mao's approval of the technological innovation in the "Angang Constitution" excited Angang's workers, and more importantly, encouraged them to challenge the authority of SOE cadres in workplaces.<sup>69</sup> After the news of Mao's comments were publicized, many workers seized this opportunity to criticize the managers' control of workers in workplaces. According to a CCP internal report, workers of Angang

<sup>68</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 218.

<sup>69</sup> By all likelihood, Mao's "Angang Constitution" was not published in newspaper and other media at that time. However, according to Anshan's official local history, its content was orally communicated in meetings. By the end of March 1960, about 90% of staff and workers in Anshan had listened to the news of Mao's comments. Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 225.

contrasted the Angang Constitution and the previous workplace controlled by the manager. A number of workers proclaimed: before the revolution, everything had been done “just as the factory director says,” but now “our thought had been liberated greatly, and the rightists had been wiped away.”<sup>70</sup>

Obviously to further spread the Party’s network among ordinary people, the City Committee also expanded CCP membership among workers of Angang by granting it to highly politicized “activists (*jiji fenzi*)” among them. According to a March 1959 speech by First Secretary Yang Shijie, the City Committee had given Party membership to 1,380 activists during the Anti-Rightist Campaign and promoted some workers to managerial posts. Due to this policy, “the prestige of the Party among the working people reached unprecedented heights. Wherever the Party points to, the masses go.”<sup>71</sup> One important reason for this was that the purges of Party members in the Anti-Rightist Campaign had led to a fall in the ratio of Party members to staff and workers.<sup>72</sup>

Furthermore, they provided workers with opportunities to obtain the status of “engineer.” On May 19, 1960, the CCP Anshan City Committee decided to take measures to promote workers to the status of technical cadres.<sup>73</sup> On October 9, 1960, 367 workers were promoted into “worker engineers (*gongren gongchengshi*)”, and 3,778 into “worker technicians (*gongren jishuyuan*)” in the entire city. The percentage of “technological cadres (*jishu ganbu*)” within the entire workforce of Angang rose from 2.35% to 4.54%.<sup>74</sup>

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<sup>70</sup> NBCK, April 8, 1960.

<sup>71</sup> Speech by Yang Shijie (March 9, 1959), Private Collection.

<sup>72</sup> Before 1957, 15-20% of employees of Angang were CCP members, but by March 1959, the number had fallen to about 13%. Speech by Li Jianzi (March 11, 1959), Private Collection.

<sup>73</sup> Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui, *Zhongguo gongchandang Anshan difang dangshi dashiji, 1927-1990*, 75.

<sup>74</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 233.

Mobilization of workers during the GLF also aimed at strengthening the solidarity among workers within the same workplace. In the early and mid-1950s, in the one-chief system, work was divided into atomized pieces and workers were individually responsible only for the piece of work allocated to them. During the GLF, however, at least some factories in Angang promoted the idea that workers were collectively responsible for the work of the entire workplace. For instance, Han Weiyu (韓維玉), a steelworker of the first open-hearth furnace of Angang's No. 1 Steelworks made a proposal to abolish the division of workers into groups for the purpose of overcoming “sectionalism (*benwei zhuyi*).” In its place, he argued that they should set up a “small commune (*xiaogongshe*)” for the entire open-hearth furnace, in which all the tools were shared and the salary was equally distributed to all the workers. By this system, the furnaces would purportedly be better protected. The first and ninth open-hearth furnaces decided to adapt Han’s proposal, and implemented it from October 1958. And indeed, workers worked so hard that they slept and ate in their workplaces, greatly increasing production.<sup>75</sup>

The GLF in the city resulted in the rise of workers’ status within factories. In correspondence to Mao’s anti-technocratic discourse, the CCP Anshan City Committee let the workers participate in technological matters of the modern SOEs, which had previously been left to the educated managers and engineers. Unlike in the countryside, where peasants suffered from the forceful confiscation of grain and starved to death, the

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<sup>75</sup> During the First Five-Year Plan, the workers of the first and ninth open-hearth furnaces (鞍鋼第一煉鋼廠一號和九號平爐) had been divided into several groups, and the groups had often competed with each other to get more piece-rate wage, resulting in damage to the furnaces. NBCK, October 20, 1958.

GLF in this urban industrial center provided new opportunities for workers by empowering them within their workplaces.

### **Great Leap City**

Fragmentation of urban construction power in Anshan was further intensified during the Great Leap Forward of 1958-60. A number of small-sized steel factories appeared throughout the city. Many Communes were organized as autonomous living combines of 5,000 to 10,000 people. Meanwhile, the Ministry of National Construction set a new policy of constructing small- and medium-sized cities, rather than larger ones in a conference in July 1958.<sup>76</sup>

Influenced by the GLF, the Short-term Preliminary Plan for City Construction (1960-1967), which the Anshan City Government produced in June 1959, abandoned the idea of further developing Anshan, which was at the center of both the 1953 and 1956 plans. In contrast, the 1959 plan set as its goal to decrease the gap between the city and the countryside. It planned to control Anshan's population under 930,000 and its land use under 66 km<sup>2</sup>, and also decided to construct satellite towns (*weixingzhen*) in the nearby agricultural areas, such as Liaoyang and Haicheng.<sup>77</sup> The construction of satellite towns was not unique to China. Rather, it was actually common not only in the Soviet Union but also in Western Europe because, according to a Soviet report on Chinese cities, “the satellite cities (*goroda-sputniki*) were economically feasible and effective in the organization of labor, life and recreation.”<sup>78</sup>

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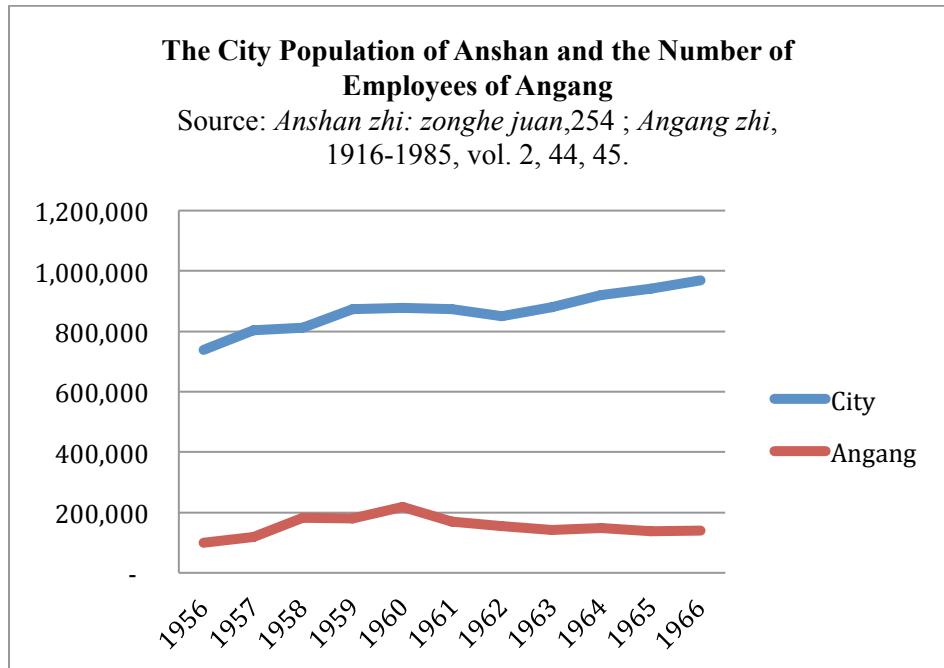
<sup>76</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 23.

<sup>77</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 23.

<sup>78</sup> “O nekotorykh voprosakh planirovki i zastroiki gorodov KNR,” Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 365-2-1692, 293.

Anshan's 1959 plan also explicitly abandoned the idea of consolidating planning and construction power in the hands of the city government, an idea that was held, even though not necessarily implemented, by the 1953 and 1956 plans. The 1959 plan held that the city authorities were responsible only for planning "city-wide industry and social welfare facilities" and that all the other things were under the command of each Commune. But the 1959 plan was similar to the earlier two plans in its recognition of the necessity to construct new residences: it decided to construct 6.4 km<sup>2</sup> of new housing in the next eight years,<sup>79</sup> a target that it did not achieve.

The GLF also led to a dramatic increase in the size of the Angang workforce from 1958. In 1958, facing the shortage of labor, Angang and the Anshan City Government recruited 52,700 new workers. Of them, 11,621 were from the city, and 41,079 from the countryside.<sup>80</sup>

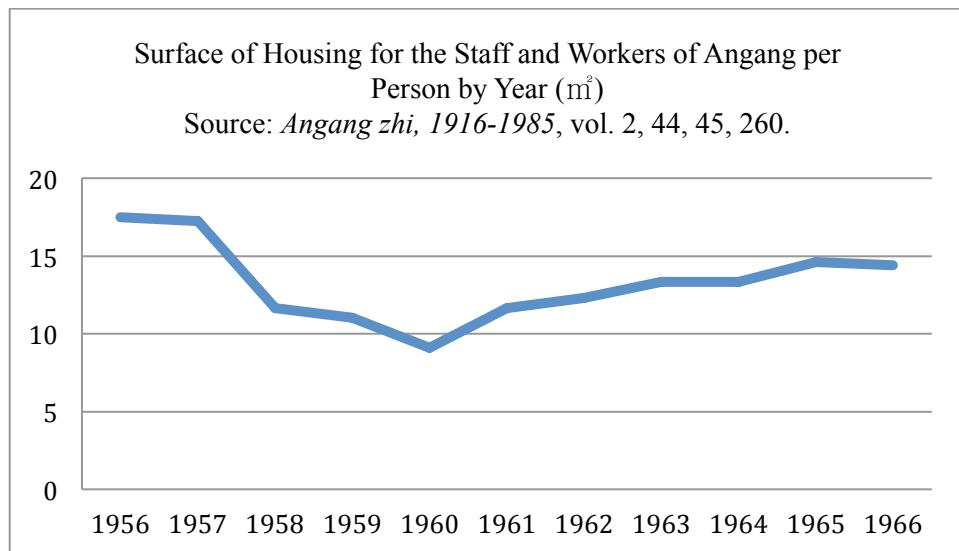


<sup>79</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: chengxiang jianshe juan*, 23-25.

<sup>80</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi*, 1916-1985, vol. 2, 44.

As shown in this graph, both the total population of the city and the number of the Angang employees within it rose during the GLF. It was in the midst of this situation that one young man from Hunan Province came to Anshan to work in Angang in November 1958. He served as a bulldozer driver in Angang's General Chemical Factory, but after working for slightly over a year, he left to join the People's Liberation Army. That young man, Lei Feng (雷鋒, 1940-1962), was soon killed in an accident, and posthumously became the renowned model citizen of the PRC—still today.<sup>81</sup>

Because of the sudden increase in the workforce, the housing surface per person declined rapidly during the GLF.



Due to halt in the construction of new apartment complexes and the arrival of newcomers, the City Government and Angang attempted to solve the housing crisis by

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<sup>81</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 71.

making the housing supply and distribution more equal across workers. On January 1, 1957, the CCP Anshan City Committee and the Anshan City government set up the Anshan City Real Estate Adjustment Committee to fix the imbalance in the use of housing and office buildings.<sup>82</sup>

One method was to put privately-owned apartments under more strict regulation of the city authority. In February 1957, the city authority implemented “socialist transformation” of privately-owned real estate, the total size of which was 522,900m<sup>2</sup>, occupying 42% of all the real estate except for those owned by Angang. For the socialist transformation of these estates, the city authority took three measures: semi-public ownership (*gongsi heying*), lease by the state, and the strengthening of control.<sup>83</sup> On May 20, 1960, the Anshan City Government decided to put 7,700 privately-owned rental apartments under the control of the real estate department of the city government. Through this, they unified the management, repayment, rent, and tax. The goal of this new policy was to stop disputes over rent and private selling of apartments.<sup>84</sup>

The other method was to adjust the allocation of apartments owned by the city government and the SOEs. According to one interviewee of mine, his father, a Manchukuo-educated Chinese engineer, first lived in an apartment with three rooms for the family of six. In 1960, however, the “Angang Constitution” raised the status of workers, and therefore his apartment was allocated to workers. As a result, his family was forced to move to a smaller, lower quality apartment with two rooms.<sup>85</sup> By November 5, 1959, Angang adjusted thirty-two accommodations for single employees, a change that

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<sup>82</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 181.

<sup>83</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 182.

<sup>84</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 228.

<sup>85</sup> Interview with L (Chinese, male, b. 1949), Anshan, June 23, 2017.

affected 32,000 staff and workers.<sup>86</sup> On June 22, 1960, the City Committee decided to adjust the family housing in Angang and other industrial enterprises in the city, following the example of the previous adjustment of the single dormitories. They then held a meeting of 180,000 people on August 19 to propagandize this policy, and between August 25 and September 3, many moved to new apartments.<sup>87</sup>

### **Retreat from the Great Leap Forward**

In terms of economic performance, the GLF was a miserable failure. Even though China produced several times more iron and steel products, most of the products made in newly built small or backyard furnaces were simply of unusable quality. More serious was the situation in the countryside, where tens of millions died. At the end of 1960, Mao made a limited self-criticism for his excessive optimism at a Party conference, though he did not admit that the core ideas behind the GLF were wrong.<sup>88</sup> Despite Mao's objections, further recovery measures were taken from 1962 by Liu Shaoqi, who had succeeded Mao as the President of the PRC in April 1959.<sup>89</sup> They drastically reduced urban population by shipping 10 million people back to the countryside by the end of 1962. They also reduced capital construction projects and reexamined the cases of the CCP members who had been denounced for "right-wing opportunism."<sup>90</sup>

After the craze of the Great Leap, Angang found itself filled with unusable small furnaces and the original equipment that had suffered from overuse.<sup>91</sup> According to an investigation in December 1961, about 50% of its equipment was either unable to operate

<sup>86</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 218.

<sup>87</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shizhi: dashiji juan*, 232.

<sup>88</sup> Walder, *China under Mao*, 181.

<sup>89</sup> Mao still retained the more important post of the Chairman of the CCP.

<sup>90</sup> Walder, *China under Mao*, 184.

<sup>91</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Angang juan*, 17.

until repair or was operating with problems.<sup>92</sup> Angang's official company history described the outcome of the GLF:

Due to high targets, high pressure, and unwise commands...it failed to follow the rules of production and violated scientific management. Although staff and workers went all out and took great pains to work hard, the loss and waste were huge.<sup>93</sup>

Moreover, GLF worsened the imbalance of production within Angan, a problem it had suffered at least since 1957—especially its low capacity in mining in comparison with its capacity in iron-making and steelmaking. But because the Great Leap Forward suddenly strengthened Angang's steelmaking capacity, this imbalance only worsened.<sup>94</sup> In a meeting in March of 1959, First Secretary Yang Shijie of the City Committee and Director Yuan Zhen (袁振) of Angang reported to Bo Yibo (薄一波), the PRC vice-premier and the director of the Economy Committee, that Angang was trying to complete the mission of producing 6 million tons of steel per year. However, they also noted the problem of imbalance in production capacities and pointed out that mining, transportation, coke-making, and power were insufficient for that goal. Yang and Yuan thus asked for the assistance of the CCP national authority.<sup>95</sup>

Angang followed the new policy of the PRC government, and began the “era of adjustment (*tiaozheng shiqi*)” from 1961, by drastically downsizing production targets, slowing the pace of development, improving the production structure, and eliminating the management chaos. The lower production targets helped Angang meet both internal and

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<sup>92</sup> NBCK, December 20, 1961.

<sup>93</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 18.

<sup>94</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 119.

<sup>95</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 71.

external conditions.<sup>96</sup> Angang then put halted several blast furnaces to repair them, and also mended open-hearth furnaces, and brought them back to normal production capacity. By 1965, they had repaired 85% of all equipment.<sup>97</sup>

In the period of adjustment in the national economy, Angang needed to cut down its workforce, which had increased dramatically during the GLF. In July 1961, Angang began laying off its employees.<sup>98</sup> Between 1961 and 1963, Angang laid off 84,000 employees, which was equivalent to 38.5% of the total workforce in 1960. Of those fired, 57,189, or about 68%, returned to the countryside. Angang also sent 18,024 family members of its staff and workers back to the countryside in 1962 and 1963.<sup>99</sup>

On August 10, 1961, First Secretary Yang Shijie of the City Committee admitted in a meeting that there were “shortcomings and errors” in Angang’s policies in the year 1960. Among the errors he mentioned were the overly ambitious production goals and the tendency to “become too leftist in the fear of becoming rightist.”<sup>100</sup> In January 1962, Angang’s CCP Committee restored honor to some of those who had been designated “rightist elements.”<sup>101</sup>

Still, some important trends of the Great Leap Forward endured even after the failure of the campaign became apparent. For one, the repairing of equipment that had been damaged during the GLF was done through mass mobilization—the very mode of

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<sup>96</sup> The original production plan set production targets of 5.3 million tons of pig iron and 5.9 million tons of steel. The revised plan, however, lowered the targets to 3.06 million tons and 2.84 million tons respectively.

<sup>97</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 18.

<sup>98</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 75.

<sup>99</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 2, 44.

<sup>100</sup> Zhonggong Anshan shiwei dangshi gongzuo weiyuanhui, *Zhongguo gongchandang Anshan difang dangshi dashiji, 1927-1990*, 83.

<sup>101</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1916-1985*, vol. 1, 76.

work characteristic of the GLF.<sup>102</sup> Furthermore, the tension between local cadres and SOE cadres also persisted. Some cadres looked at technicians with suspicion, thinking that they might have political problems, which worsened the morale of the technicians. One technician reportedly said, “while in primary school, I was a flower of the motherland. While in high school, I was the future of the motherland. After graduating from college, I became a target of remolding.”<sup>103</sup> Even after the GLF as an economic policy was retracted, its political consequences, which empowered local cadres and workers vis-à-vis SOE cadres and engineers, persisted to some extent.

Yet another lasting influence of the GLF was the local CCP organizations’ control on Angang. From the end of 1961, the CCP Angang Committee asserted its leadership on Angang by establishing the “director responsibility system under Party committee leadership,”<sup>104</sup> formulated in a new state regulation on SOEs.<sup>105</sup> Under the leadership of the CCP Angang Committee, Angang launched a Campaign to Learn from the People’s Liberation Army and Daqing from 1963. In the April of 1964, the CCP appointed Wang Heshou (王鶴壽) both as the First Secretary of the CCP Anshan Municipal Committee and the Secretary of the CCP Angang Committee. In the following month, Director Yuan Zhen (袁振) left Angang, and Lin Cheng (林誠) served as its acting director.<sup>106</sup>

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<sup>102</sup> Anshan shi renmin zhengfu difangzhi bangongshi, *Anshan shi zhi: Angang juan*, 18.

<sup>103</sup> NBCK, July 3, 1964.

<sup>104</sup> In the September of 1958, the CCP Liaoning Provincial Committee approved the revival of the CCP Angang Committee.

<sup>105</sup> In September 1961, the CCP central authority issued a draft of “Regulations on Work of State-Owned Industrial Enterprises (國營工業企業工作條例),” which was also called the “Seventy Rules on Industry (工業七十條).” *Angang shizhi bianzuan weiyuanhui, Angang zhi, 1916-1985*, vol. 1, 75.

<sup>106</sup> *Angang shizhi bianzuan weiyuanhui, Angang zhi, 1916-1985*, vol. 1, 19.

## **Growing Out of the Stalinist Model**

The Great Leap Forward was simultaneously a rupture from and a continuation of the immediately preceding First Five-Year Plan. It was also a reflection of the changes in global geopolitics, especially the emerging Sino-Soviet Split. Mao was unhappy, to say the least, with Khrushchev's harsh criticism of Stalin, who, despite many disputes and disagreements, provided a model for Mao's new state. Soviet advisors, including Khrushchev, were critical of the ambitious goals in the GLF from the very beginning. As a sign of the souring Sino-Soviet relations, Moscow repatriated Soviet experts from China in 1960. During China's conflict over the border with India in October and November 1962, the Soviets not withheld support from China, but also continued to provide arms to India. With the Cuban Missile Crisis in these same months, Mao publicly indicted Khrushchev for his move from adventurism to capitulationism. In both foreign policy and domestic politics, China turned away from the Soviet Union. Nevertheless, Mao's attempts to create China's own version of socialism still bore imprints of the Stalinist system. China was not discarding Soviet-style socialism, but was remaking it, without discarding the basic characteristics of what I have referred to as hyper-industrialism.

The experiment in localism was one notable example of both change and continuity. Industrial enterprises in Chinese cities were still operating within the same bureaucratic structure that had been made in the preceding period: major SOEs were under both vertical control from the industrial ministries through SOE cadres and horizontal leadership from the local CCP organizations through local cadres. In a dramatic rupture from the centralized policy making during the First Five-Year Plan, however, Mao empowered local CCP organizations and local cadres within the same

bureaucratic structure. Making use of the Chairman's new agenda, CCP committees in provinces, cities, and towns took control of state-owned enterprises in their jurisdictions from industrial ministries in Beijing.

Mao's localism was also associated with anti-technocratic, egalitarian ideals. Newly empowered local cadres mobilized workers and encouraged them to take command of factories. Workers' initiatives in technological innovation were highly praised, and SOE cadres such as factory managers and engineers were required to learn from workers. Local cadres even attempted to give equalized status between workers and better-educated managers and engineers. It was a considerable change from the previous period, yet egalitarian ideals were nothing new to socialist ideology. The CCP highly regarded egalitarianism as a value from the beginning; during the GLF, it was pursued with more enthusiasm.

These changes, however, were ultimately motivated by the same geopolitical concerns as the First Five-Year Plan—only now in a more purified form. As shown in previous chapters, the imbalanced investment focus on heavy industry in the First Five-Year Plan was legitimized by the necessity for war, first the Civil War with the Nationalists and then the warfare with the US in the Korean War. While China was not involved in a major war during the period of the GLF, it was constantly involved with smaller military conflicts, such as the Second Taiwan Strait Crisis (1959), the China-Burma border campaign (1960-1961), the Sino-Indian War (1962). Besides these external wars, the Chinese Army was involved with the suppression of uprisings in Tibet (1959) and Xinjiang (1960). None of them was a major war, but they nevertheless increased a perception that a major war, perhaps either with the United States or the Soviet Union,

was just over the horizon. As a result, the PRC government continued to focus impartially on heavy industry. Communist Party committees in towns and factories mobilized workers and students in mass campaigns with slogans filled with various “battles,” “wars,” and “military orders” for steel production. Rather than merely departing from the Soviet model, China was actually remaking the socialist system.

China’s growth out of the Soviet model is clearly distilled in the “Angang Constitution.” During the First Five-Year Plan, Angang served as a symbol of China’s friendship with the “Soviet Big Brother,” with its new plants built according to Soviet-made designs, its use of Soviet machines, and the help given by the Soviet engineers. Yet, in 1960, Chairman Mao provided Angang with a new, opposite role as a symbol of China’s departure from Soviet socialism. While this “constitution” was sidelined for a few years after the GLF, it soon found itself resurrected during the Cultural Revolution, when the Soviet Union became the largest geopolitical threat to China, and China found itself in a more self-conscious search of its own independent vision for socialism.

# Conclusion

## A Rustbelt City

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With a declining industrial sector, Manchuria today is often called China's "Rustbelt," compared with the "Sunbelt" around Guangdong and Shanghai. A 2015 *Washington Post* article notes:

Nicknamed the Rust Belt, the three provinces of northeastern China have survived tough times before, just as their famously tough inhabitants survive the region's brutally cold winters...This is a region where factory workers still look back fondly on the good old days of the Soviet-style planned economy and the industrialization drive that Mao Zedong undertook in the 1950s. This is a region...without the culture of entrepreneurship you find on China's southern and eastern coasts.<sup>1</sup>

In the post-Mao reform period, Manchuria simply lagged behind, with its age-old SOEs like Angang failing to keep pace with market-oriented economic reform under the leadership of Deng Xiaoping (鄧小平). Industrial Manchuria has since become a hyper-industrialist island in the sea of market capitalism controlled by the Leninist single-party state. The history of Angang and Anshan provides a key for understanding how the Chinese political economy has been formed in different parts of the country.

### Hyper-Industrialism

It is common to understand the twentieth century as the period of history divided by the binary of capitalism and socialism. A closer look at the history of Anshan and industrial Manchuria, however, shows that certain capitalist regimes and socialist regimes had much in common and formed an alternative developmental model differing from the

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<sup>1</sup> Simon Denyer, "In China, a Ghost Town Points to Shifting Fortunes," *The Washington Post* (24 Aug. 2015).

liberal, market-oriented capitalist system. Despite major differences and mutual animosity, all the regimes that ruled Anshan –imperial Japan, Nationalist China, the Soviet Union, and Communist China – shared certain commonalities as late-industrializing regimes. Regardless of whether they had nominally capitalist or socialist systems, they all embraced what I have referred to as “hyper industrialism”: the state’s firm conviction in its own capacity to industrialize the economy, primarily for the goal of building national military strength.

While the English Industrial Revolution began with light industry, especially textiles, the hyper-industrialist regimes sought to industrialize their economies through a focus on heavy industry. Steel was deemed especially important because of its potential contribution to the entire industrial system and for its military use. As a result, for both Manchukuo and the early PRC, the symbol of modernity was the steel industrial complex, not textile factories.

In a hyper-industrialist milieu, the main agent of development was not a private business owner but rather the state that invested in strategically important sectors, usually through economic plans and state-owned enterprises (SOEs). In order to develop a capital-intensive industry like steel in a relatively backward country, the successive regimes of Manchuria took initiative in investment. Heavy industry in Manchuria was first developed under Japanese colonialism. After World War II, the Nationalists reorganized former-Japanese enterprises into SOEs, and as a result, in the early PRC, Manchuria had the largest concentration of SOEs and heavy industry.

Unlike in classic market capitalism, profit making was not the primary motivation in hyper-industrialist projects. Rather, the national interests as defined by the state

officials took priority, and therefore the state generously funded these enterprises with the state budget in spite of their questionable profitability. In ruling Manchuria, the Japanese state, especially during the Manchukuo period, continued to invest in mines and factories, which continued to lose money but still kept growing—a pattern that persisted in the Mao period. It is right that, as János Kornai argues, the socialist planned economy was “resource-constrained” rather than “demand-constrained,” but this was also the case in certain capitalist societies.

Hyper-industrialism was to a large extent a product of the total wars of the twentieth century. During the Second Sino-Japanese War, the necessity of steel and other heavy-industry products for Japan’s war legitimized further investment in Manchurian industrial enterprises. After WWII, the Nationalists and the Japanese collaborated in order to reconstruct industrial Manchuria for the purpose of building up Nationalist China’s war economy. In the early PRC, the CCP reconstructed and developed the region’s industry at least partially for the purpose of war, and thus also used the methods of wartime mobilization.

Hyper-industrialism was also born global: it emerged out of transnational exchanges of ideas, items, and know-how beyond the boundaries of the socialist and capitalist camps. While Soviet economic planning was initially inspired by the German war economy during World War I, the Soviet planned economy, in turn, inspired Japanese economic policies in Manchuria. The early PRC’s “socialist industrialization” relied upon not only the Soviet model, but also upon the industrial legacies inherited from the Japanese and Nationalists. This inheritance in the early PRC is well depicted in the

stories of Japanese and Nationalist engineers who worked for the Chinese Communist reconstruction of factories and mines across Manchuria.

For all the state's aspiration of to micromanage the economy and society, its hyper-industrialist policies faced constant constraint from on-the-ground reinterpretations by street-level bureaucrats and ordinary people. Despite its own pretension to be a monolithic entity, political and economic power was fragmented even within the state apparatus. State bureaucrats competed with each other over control of industrial enterprises and urban development projects. Moreover, varying non-state actors from engineers to domestic immigrants also pursued their own interests within the rules of the game set by the state, carefully avoiding challenging the very authority of the regime itself.

### **The Transnational Origins of Industrialist Manchuria**

Manchuria's status as the center of hyper-industrialism in Mao-era China largely derived from Japanese and Nationalist legacies in the region. In 1916, the Japanese established the Anshan Ironworks (鞍山製鐵所) to mine ore and produce pig iron in Anshan. The Japanese military takeover of Manchuria in 1931, followed by the creation of the puppet state of Manchukuo in 1932, dramatically accelerated the development of heavy industry in the region. The Anshan Ironworks was soon expanded into a much larger steel plant, the Shōwa Steelworks (昭和製鋼所).

Manchukuo's economic policies exhibited all the major features of what I have called "hyper-industrialism." First, the Manchukuo bureaucracy implemented firm control over the local economy. Disappointed by the perceived failure of *laissez-faire* capitalism since the Great Depression, Japanese experts and bureaucrats looked to the

Soviet Union and Nazi Germany as a model of state economic planning. Second, state investment focused decisively on heavy industry, especially steel, and extended various forms of support to the Shōwa Steelworks and other enterprises. Third, much like the SOE system in socialist economies, the Manchukuo government integrated the Shōwa Steelworks and other major enterprises directly into its economic bureaucracy. Finally, all these policies were primarily motivated by a desire to strengthen the military capacity of Japan and its wartime empire.<sup>2</sup>

Meanwhile, during the Second Sino-Japanese War (1937-45), China's Nationalist government also developed an industrial base in the inland region around Chongqing to sustain their resistance.<sup>3</sup> While the Nationalists developed all the characteristics of hyper-industrialism during the war, their economic size was much smaller than Japan-controlled Manchuria.

Manchukuo's Major Industrial Products as Percentage of Total in China (1943)			
Coal	48.8%	Salt	26.1%
Pig Iron	88.5%	Ammonium Sulfate	69.0%
Steel	91.0%	Soda Ash	60.0%
Electricity	66.5%	Machinery	95.0%
Cement	66.0%		

Source: Dongbei wuzi tieojie weiyuanhui yanjiuzu 東北物資調節委員會研究組, *Dongbei jingji xiaocongshu* 東北經濟小叢書 (Beiping & Shenyang, 1947-1948), vol. 9, 32.

<sup>2</sup> Ramon H. Myers, "Creating a Modern Enclave Economy: The Economic Integration of Japan, Manchuria, and North China, 1932-1945," in Peter Duus, Ramon H. Myers, and Mark R. Peattie (eds.), *The Japanese Wartime Empire* (Princeton: Princeton University Press, 1996), 136-170; Louise Young, *Japan's Total Empire: Manchuria and the Culture of Wartime Imperialism* (Berkeley: University of California Press, 1999), 183-240.

<sup>3</sup> William Kirby, "The Chinese war economy: mobilization, control, and planning in Nationalist China," in *China's Bitter Victory: The War With Japan, 1937-1945*, Edited by Steven I. Levine and James C. Hsiung, (New York: M.E. Sharpe, 1992), 185-213; Bian, *The Making of the State Enterprise System in Modern China*.

Shortly after Japan's surrender in World War II in August 1945, the Soviet military forces occupied Manchuria and removed a significant volume of industrial equipment from Japanese-built factories to Russia. The damage of this “de-industrialization” of Manchuria was substantial, but not total.<sup>4</sup> Despite the Soviet de-industrialization, a significant portion of the Japanese-period assets still remained in Manchuria.

Following the Soviet retreat, the Nationalist government took over most of Manchuria’s industrial centers, including Anshan, in 1946. The Nationalist government merged and reorganized former Japanese enterprises in Manchuria into large-scale SOEs, applying the system that they had developed during World War II. For instance, Nationalist China merged the Shōwa Steelworks and other smaller factories in Anshan into a single SOE, and named it the Anshan Steel and Iron Works (鞍山鋼鐵公司, Angang)—the name that the CCP has retained up until the present. To manage Angang and other SOEs, the Nationalists moved many Chinese managers, engineers, and scientists from the Chongqing region to Manchuria, while forcing or convincing some Japanese managers and engineers to continue to work in the same workplaces.<sup>5</sup>

Many of the major construction projects of the PRC First Five-Year Plan (1953-57) built upon existing industrial foundations in the Manchurian and Shanghai regions. In a 1954 Russian-language report on the ORC First Five-Year Plan, Zhou Enlai wrote: “it is necessary first to make full use of industrial enterprises in Northeast China [Manchuria]

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<sup>4</sup> E. P. Volkov and S. D. Gusanov, “Otchet po demontazhu i otgruzke oborudovaniia An’shan’skogo Metallurgicheskogo Kombinata v Man’chzhurii” (November 1945), Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (Moscow), 8875-1-3071, p. 20.

<sup>5</sup> Takasaki Tatsunosuke 高崎達之助, *Manshū no shūen* 滿洲の終焉 (Tokyo: Jitsugyō no Nihonsha, 1953), 305-307.

(steelmaking, machine-building, and others) and Shanghai (especially machine building).<sup>6</sup> On top of its sheer economic size, Manchuria's industrial economy was dominated by heavy industry and SOEs—the two pillars of “socialist industrialization.”

During the Chinese Civil War (1945-49) and the early PRC period, Manchuria became the first industrialized region to fall under CCP control, and the Nationalist and Japanese legacies there played a critical role in the PRC's introduction of “socialist industrialization” modelled after the Soviet Union. For reconstructing Japanese-built factories and mines, the CCP employed not only Chinese Nationalist staff but also more than 10,000 Japanese nationals, including some 100 engineers in Anshan (Chapter 3).<sup>7</sup>

Moreover, the dominant form of ownership of industrial enterprises in Manchuria was, from the beginning, the SOE—a form of organization leftover from the Nationalist reorganization of the region's enterprises between 1946 and 1948. According to a 1949 Soviet diplomatic record, Chairman Mao explained that, “the Japanese and the KMT [Nationalists] promoted concentration of capital at the hands of the state”<sup>8</sup> in Manchuria, unlike in other regions. The region's high rate of state ownership of industry was truly exceptional when compared to other major industrial centers such as Shanghai, and Manchuria thus served as the laboratory of the SOE system in the PRC.

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<sup>6</sup> “Doklad Chzhou En'laia ‘Ekonomicheskoe polozhenie v Kitae i zadachi piatiletnegostroitel'stva’” (August 29, 1952), in Kurapova et al. (eds.), *Kitaiskaia Narodnaia Respublika v 1950-e gody*, vol. 2, 164.

<sup>7</sup> Matsumoto, “Manshūkoku” kara shin Chūgoku e; King, *China-Japan Relations after World War Two*, 58-65.

<sup>8</sup> “Zapis' besedy A. I. Mikoiana s Mao Tsze-dunom po voprosam vnutrennei politiki KPK” (February 5, 1949), in A. M. Ledovskii et al. (ed.), *Russko-kitaiskie otnosheniia v XX veke: materialy i dokumenty* (Moscow: Pamiatniki istoricheskoi mysli, 2000-), V-2, 72-78.

Furthermore, the PRC's Soviet-style economic bureaucracy first emerged in prototypes in Manchuria during the Civil War.<sup>9</sup> As a result, the Communist leaders who experimented with the planned economy in Manchuria during the Civil War proceeded to dominate the national-level economic-planning bureaucracy in the early PRC. For instance, in November 1952, seven of the seventeen members of the PRC State Planning Commission had previous experience in Manchuria.<sup>10</sup>

Finally, like their Japanese and Nationalist predecessors, the PRC's state-led industrialization was largely motivated by the needs of building national military capacity. Shortly after the founding of the PRC, China entered a war with the United States on the Korean Peninsula (1950-1953), during which Manchuria served as the arsenal and supply depot for Chinese armies in Korea. Especially important within Manchuria was the triangle of the industrial cities – Shenyang, Fushun, and Anshan – which a *Time* magazine article referred to as “Red China’s Ruhr.”<sup>11</sup> To some extent, the early PRC was in a continuous state of war, as it was constantly involved with smaller conflicts, such as the conquest of Tibet (1950), the two Taiwan Strait Crises (1954-1955 and 1958), the suppression of the Tibetan uprising (1959), the border conflict with Burma (1960-1961), and the Sino-Indian War (1962).

## **Hyper-industrialism as Everyday Experience**

In industrial Manchuria and other parts of China, the hyper-industrial state attempted to control and develop the economic life of its people, but only ended up creating the “rules

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<sup>9</sup> During the Civil War, Soviet diplomatic missions in Manchuria helped the Chinese Communists there learn the institutions and methods of Soviet economic planning. V. Zorin to A. D. Panov (September 20, 1948), Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (Moscow), 0100-41-277-48.

<sup>10</sup> Kokubun Ryōsei 國分良成, *Gendai Chūgoku no seiji to kanryōsei* 現代中國の政治と官僚制 (Tokyo: Keio gijuku daigaku shuppankai, 2004), 31-36, 69-75.

<sup>11</sup> “North of the Great Wall,” *Time*, 59-20 (May 1952), 42-43.

of the game”—a set of ideological and organizational rules within which local-level actors pursued their own interests. Through bureaucratic organization and ideological education, the Communist state sought to mold the social order and people’s minds so that they would contribute to the nation’s heavy industrialization. Still, the resulting socialist planned economy had room for maneuvering by lower-level bureaucrats and non-state actors.

First of all, the state bureaucracy in the early PRC was not as monolithic as it pretended to be, and it often involved various types of on-the-ground negotiations among lower-level bureaucrats. SOEs like Angang were simultaneously under multiple lines of commands, especially two lines of control—Beijing’s vertical line through factory managers and the local CCP organizations’ horizontal line through local cadres. In their daily operations, SOE constantly re-interpreted and distorted commands from state planning organs to maximize their own interests through tactics varying from clandestine subversion to open disagreement (Chapter 4). Moreover, SOEs and local governments often disagreed and competed with each other over issues related to the construction of urban space, as shown in the dispute between Angang and the Anshan City Government in the mid-1950s (Chapter 5).

Moreover, the state’s hyper-industrialist policies were also challenged by non-state actors. One prime example was domestic migrants from countryside, who used various state-sanctioned means, including military service, to move to the city. The state officials’ lack of power to control this migration led to the unexpected pace of urban population increase, which in turn led to the failure of urban planning in Anshan (Chapter 5).

These lower-level bureaucrats and non-state actors pursued their own interests by following the rules set by the Party-State, and ironically, this pervasiveness of state organization and ideology manifested itself most clearly in these moments of protests. One notable instance was the 1957 Hundred-Flowers Campaign, during which Angang engineers articulated their criticisms of local CCP cadres by deploying the PRC's official political discourse and thus showing their ultimate loyalty to the authority of the CCP (Chapter 6). As Elizabeth Perry has noted, Chinese protestors usually “played by rules” set by the state, rather than asserting their universal rights.<sup>12</sup> In other words, the citizens of the PRC voiced their demands by “speaking Maoist,” just like Soviet workers did so by “speaking Bolshevik.”<sup>13</sup>

Such room for negotiation for street-level bureaucrats and ordinary residents in Mao-era China was even higher than in the Soviet Union under Stalin, thanks to Mao’s revolutionary vision that stressed human solidarity and bottom-up mass movement. This vision of the revolution showed a contrast with Stalin’s technocratic, bureaucratic vision of “revolution from above.” Even in the early and mid-1950s, Mao’s enthusiasm for bottom-up mobilization and localization manifested itself in popular mobilization campaigns. Divergence between Soviet socialism and Chinese socialism was even greater during the Great Leap Forward, when the local governments took control of SOEs in their jurisdiction and encouraged ordinary workers to take over the work of engineers (Chapter 7).

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<sup>12</sup> Elizabeth Perry, “A new rights consciousness?,” *Journal of Democracy*, vol. 20-3 (2009), 17-20; Elizabeth Perry, “Popular protest in China: playing by the rules,” in Joseph Fewsmith (ed.), *China Today, China Tomorrow: Domestic Politics, Economy and Society* (Lanham, MD: Rowman and Littlefield, 2010), 11–28.

<sup>13</sup> Kotkin, *Magnetic Mountain*, 198-237

Against this background, one can fully understand why a Japanese office worker who worked under the CCP in Angang observed that the CCP-controlled workplace “felt more like a study place than a workplace.”<sup>14</sup> He was right that the workplace under state socialism was like a school. But it was not just any school. It was a strict boarding school.<sup>15</sup> As students, the citizens did not just work there. They ate, played, and slept within the closed compound of their workplaces. As teachers, CCP bureaucrats taught citizens not only in the classroom, but also in every corner of their everyday life, setting rules about how to talk, how to eat, how to clean the room, and how to sleep. Some unruly students openly rebelled against the teachers, and were punished. But smart students soon grasped how to play the game, sometimes by cheating the teachers, sometimes articulating their causes using the rules given by the teachers.

This microhistory of political language and organization leads to the balanced conclusion that although the Maoist state did not hold omnipotent power over society, it still mattered more than as a mere arena for social groups. In other words, even though the Maoist state placed virtually all corners of Chinese society under some form of supervision by state agents, it simply could not absolutely micromanage all the behaviors of these lower-level agents and individual citizens under their supervision. Both state agents and ordinary citizens pursued their interests, but they achieved this through the

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<sup>14</sup> Record of interview with “S-402” (male, 53), October 21-25, 1954, *Chūkyō jijo*, riku 517 (March 11, 1955), Archives of the Japanese Ministry of Foreign Affairs (Tokyo), Post-WWII record A’-4-1-1-4.

<sup>15</sup> For an analogy of Soviet society under Stalin to school, see Sheila Fitzpatrick, *Everyday Stalinism: Ordinary Life in Extraordinary Times: Soviet Russia in the 1930s* (Oxford: Oxford University Press, 1999), 226-227.

reinterpretation and appropriation of the ideologically sanctioned rules—not in open defiance.<sup>16</sup>

## After Hyper-Industrialism

Although the rise industrial Manchuria was brought about by hyper-industrialism, it was also the hyper-industrialist mode of state thinking that began the process of its fall. Starting from late 1964, the CCP leadership launched an ultimate form of hyper-industrialism: the Third Front Construction. This entailed the buildup of new industrial bases in inland regions such as Sichuan in order to protect Chinese industry from US and Soviet military threats, almost to the complete neglect of economic rationality. While the new policy had considerable waste in terms of economic efficiency, the goal of this policy was not economic development but rather strengthening the PRC's national defense in face of external security threats. In the north, Sino-Soviet relations deteriorated so much that the Soviet Union mobilized a million troops toward the border with China. In the south, the Vietnam War escalated, and the US bombed North Vietnam near the Sino-Vietnamese border. Out of fear that the “First Front” in the coastal areas, including Manchuria and Shanghai, were vulnerable to attacks from the Soviet Union and the United States, the CCP leadership decided to move the focus of industrial construction to the “Third Front” in the inland region.<sup>17</sup> As a result, the PRC government not only reduced the proportion of investment in Anshan and other parts of industrial Manchuria,

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<sup>16</sup> See Elizabeth Perry, “A new rights consciousness?,” *Journal of Democracy*, vol. 20-3 (2009), 17-20; Elizabeth Perry, “Popular protest in China: playing by the rules,” in Joseph Fewsmith (ed.), *China Today, China Tomorrow: Domestic Politics, Economy and Society* (Lanham, MD: Rowman and Littlefield, 2010), 11–28.

<sup>17</sup> Covell Meyskens, “Third Front Railroads and Industrial Modernity in Late Maoist China,” *Twentieth-Century China*, 40-3 (2015), 238–60.

but also moved a massive amount of industrial facilities and human resources from Anshan and elsewhere more inland.

Around the same time as the Third Front Construction, Anshan and industrial Manchuria also went through the upheavals of the Cultural Revolution (1966-1976). In Anshan, the period of rebellion was short-lived, and the People's Liberation Army took control as early as February 1967. Beijing then established an Anshan City Military Control Committee in August 1967, and ordered it to "seize revolution and promote production." In May 1971, Angang, which had been an SOE under Beijing's direct control, was reorganized as the First Industry and Transportation Group of the Anshan Revolutionary Committee.

Despite the removal of some facilities and human resources for the Third Front Construction and the turmoil of the Cultural Revolution, industrial enterprises in Manchuria continued their operations. Steel production in Anshan declined in 1967, but again continued to grow from 1968 onward. The story of Anshan reveals how the Cultural Revolution's radical political campaigns were reconciled with the goals of industrial production, and that in spite of radical changes in politics, there were also important continuities between this period and the earlier period, including the regime's obsession with heavy industry production and the rivalry between the SOE and the local government. In November 1975, Angang was resurrected as an SOE as a result of Deng Xiaoping's initiative.

After Mao's death in 1976, especially after Deng Xiaoping's consolidation of power in 1978, China began its gradual transition from a planned economy to a market

economy. Deng's economic reform started with the agricultural sector,<sup>18</sup> and then extended to the boom in the countryside of township-and-village enterprises—industrial enterprises owned and managed by local governments.<sup>19</sup> From the early 1990s onwards, China's economic growth was led by the urban private sector and foreign direct investment: regions such as Shanghai and Guangdong enjoyed an economic boom driven by private enterprises and foreign investment.

Post-Mao reforms, especially in the urban industrial sector, also marked China's departure from hyper-industrialism. To introduce market mechanisms, reformers began to, at least partially, privatize industrial enterprises.<sup>20</sup> The growth was driven not by heavy industry such as steel but by light industry such as textile. Even though major SOEs like Angang were not privatized, the PRC government attempted to reform their management system such that their business would become profitable.<sup>21</sup> China's gradual transition from a socialist planned economy into what the PRC government calls the “socialist market economy” enabled an unexpected rate of economic growth, which has made China the second largest economy in the world—behind only the US.

However, this success story does not apply equally across all of China. When the PRC government inaugurated economic reform in the late 1970s, Angang's industrial facilities were already rather outmoded. Much of its industrial equipment had been built

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<sup>18</sup> Jean Oi, *State and Peasant in Contemporary China: The Political Economy of Village Government* (Berkeley: University of California Press, 1989), 155-226.

<sup>19</sup> Jean Oi, *Rural China Takes Off: Institutional Foundations of Economic Reform* (Berkeley: University of California Press, 1999).

<sup>20</sup> Jean Oi and Andrew Walder (eds.), *Property Rights and Economic Reform in China* (Stanford, Calif: Stanford University Press, 1999); Jean Oi (ed.), *Going Private in China: The Politics of Corporate Restructuring and System Reform* (Stanford: Walter H. Shorenstein Asia-Pacific Research Center Books, 2011).

<sup>21</sup> Edward S. Steinfield, *Forging Reform in China: The Fate of State-Owned Industry* (Cambridge: Cambridge University Press, 1998).

in the 1950s and the 1960s—some even dated back to the 1930s. As one World Bank economist suggested, it might have been more efficient to construct entirely new plants in a different place and to abandon the existing plants. In any case, the Chinese policy makers did not choose to construct new industrial plants. The most likely reason for their decision was political, rather than economic. Angang was one of the largest SOEs in an officially socialist country. If they had built a new plant in a different place or gone into bankruptcy, they would have had to move its employees to the new industrial site or find new jobs for them. In other words, the survival of this giant loss-making SOE was a consequence of the PRC’s self-definition as socialist.<sup>22</sup>

Once it decided to modernize its facilities, Angang imported a tremendous amount of industrial facilities from Japan, the United States, and Western Europe—made possible by China’s diplomatic normalization with the West and Japan.<sup>23</sup> Aside from access to advanced technology, China’s reintegration with the world economy provided Angang with a partial solution to one of the most pressing problems of modernization: funding. In 1988, Angang began borrowing from foreign countries as well as from the World Bank. The largest foreign loan was an export credit of 17.2 billion JPY with Japan for a semi-tandem rolling project.<sup>24</sup>

On top of equipment and money, Angang also began absorbing industrial knowledge from abroad. Many scientists and engineers of Angang studied English, German, and Japanese to learn new knowledge on the steel industry from the US, West Germany, and Japan. A retired Angang engineer told me that Angang had had many

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<sup>22</sup> William A. Byrd, “The Anshan Iron and Steel Company,” in William A. Byrd (ed.), *Chinese Industrial Firms under Reform* (Oxford; New York: Oxford University Press, 1992), 356.

<sup>23</sup> Angang shizhi bianzuan weiyuanhui 鞍鋼史誌編纂委員會, *Angang zhi, 1986-2008* 鞍鋼誌: 1986-2008 (Beijing: Yejin gongye chubanshe, 2011), 219-220.

<sup>24</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1986-2008*, 355.

collaborative projects with Japan since 1978. The engineer began learning Japanese at the age of 40 or 41 in a school within Angang. During our interview, his daughter told me that she remembered seeing her father studying Japanese every morning. The books and articles that he had translated from Japanese to Chinese were still lying in the bookshelves in the old engineer's apartment, where our interview took place.<sup>25</sup>

In spite of these efforts, the upgrading of Angang's facilities progressed only with difficulty. The Angang factories had been built in successive periods since the 1910s, and by the 1980s, the industrial site had become too dense and disorganized. Almost all sizable construction projects required the moving of other units to make room, and the moving of these often required moving other units, as well. While digging, construction teams frequently unearthed pipes previously unknown to them.<sup>26</sup>

Even more difficult than the overhaul of industrial facilities was the reform of Angang's management system that had held it back from turning a profit. Between the mid-1980s and mid-1990s, the Chinese government implemented a new system in which SOEs could retain a portion of residual profits after paying the set amount of tax, rather than submitting all their profits to the state. This system aimed at giving the SOEs incentives for increasing profits. Nevertheless, Angang failed to become genuinely profitable in spite of the increased "profits" on paper. First, Angang made profit by making use of the double price system. In China in the late 1980s and the early 1990s, both state planning allocation of goods and market trade coexisted simultaneously, and the planning prices were usually lower than market prices. Under this system, Angang

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<sup>25</sup> Interview with Z (Chinese, male, b. 1939) in Anshan on July 2, 2016.

<sup>26</sup> Byrd, "The Anshan Iron and Steel Company," 358.

made profits by purchasing raw materials at lower planning prices and selling steel products at higher market prices.<sup>27</sup>

Second, Angang was making nominal profits by borrowing loans from state banks that it could not return and selling its products to purchasers who could not pay for the sales.<sup>28</sup> These triangular debts played an important role in the regional transfer of wealth within China, as a significant portion of the household savings in the state banking system came from southern coastal regions like Shanghai or Guangdong.<sup>29</sup> The Rustbelt not only coexisted with the Sunbelt, but also was financially dependent upon the latter.

In addition to the failure to make profit, competition between vertical control from Beijing and horizontal leadership from the local CCP organization continued to haunt Angang. After it was reincarnated as an SOE in 1975, Angang was under the dual leadership of Liaoning Province and the Ministry of Metallurgy in Beijing, with the province playing the primary role.<sup>30</sup> Under this system, the central government expected Angang to increase production, while Liaoning Province demanded it maximize profit and pay more taxes. The two goals – high output and high profits – often contradicted to each other, and Angang consequently found itself torn by opposing imperatives from Beijing and the province.<sup>31</sup>

In 1993, Angang officially became an “enterprise directly belonging to the center,” but the conflict between the Ministry of Metallurgy and Liaoning Province still persisted. In the early 1990s, US political scientist Edward Steinfeld asked Angang officials who

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<sup>27</sup> Byrd, “The Anshan Iron and Steel Company,” 324 & 328. Byrd used the term of “rent-seeking” to explain this phenomenon.

<sup>28</sup> Steinfeld, *Forging Reform in China*, 85.

<sup>29</sup> Steinfeld, *Forging Reform in China*, 271.

<sup>30</sup> Byrd, “The Anshan Iron and Steel Company,” 310.

<sup>31</sup> Byrd, “The Anshan Iron and Steel Company,” 310-312. In the end, Angang stopped production of many low-profit or lossmaking items in the 1980s under influence of Liaoning Province.

“owned” the company. The officials gave him a range of different answers. Some said it was the State Council, others answered the State Planning Commission, and still others claimed it was the State Commission for Economics and Trade. Yet others pointed to the local governments of Liaoning Province and Anshan City. Facing these answers, Steinfeld concluded that “in essence no single principal supervisory body seems to exist.”<sup>32</sup>

The final echo of the hyper-industrialist period in Manchuria was in the political education of workers. As in the Mao period, Angang continued its conscious efforts to create and strengthen a sense of shared identity among its workers in the 1990s. In addition to providing social welfare, workshop labor unions also organized various holiday recreational activities such as picnics or trips to movie theaters.<sup>33</sup>

Angang also frequently referred to its “good old days” from the Mao period, in which Angang had been praised nationwide as the most important enterprise of the young People’s Republic. Mao-period model worker Meng Tai (孟泰, 1898-1967) became the focus of mythmaking by Angang and Anshan in the reform period.<sup>34</sup> Angang established the Meng Tai Memorial Hall, and some Angang workers were conferred the title of “Meng Tai-style model workers.” Meanwhile, the city government named a park after him, and built his statues throughout Anshan.<sup>35</sup>

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<sup>32</sup> Steinfeld, *Forging Reform in China*, 91.

<sup>33</sup> WeChat interview with Z (Chinese, female, then in her 50s, former Angang worker), June 2, 2016.

<sup>34</sup> For Meng Tai, see Chapter 6.

<sup>35</sup> Angang shizhi bianzuan weiyuanhui, *Angang zhi, 1986-2008*, 485.



The Meng Tai statute in the Meng Tai Park in Anshan  
(Photo taken by the author, June 25, 2017)

As was the case with the Hundred-Flower Movement of 1957, the very power of political education manifested itself most vividly at the time of protest. In the 1990s, economic reform resulted in a massive layoff of workers all over China. In many cities, including Anshan, dissatisfied workers went out into the streets and shouted their demands at the Party-State. Anshan's official yearbook describes the situation in 1998 as follows:

Many of the masses visiting authorities lacked trust in the lower-level Communist Party committees or governments. They had a rather confrontational mentality. They demanded to meet major leaders of the CCP City Committee and the city government. Some of the masses visiting authorities pushed or wrestled with officials who were trying to persuade them to leave, thus making the latter's work

more difficult. According to statistics, 130 groups of visitors encircled the City Committee and the City Government or blocked railways and roads.<sup>36</sup>

For example, on April 6, 1998, around 500 retired workers from the No. 3 Metallurgic Construction Company in Anshan were enraged by a delay in the payment of their wages, and protested by lying down across a major railroad.<sup>37</sup> On April 14, 1998, 200 retired workers of the same company occupied the city's railway lines for forty minutes because payment of their pension had been suspended.<sup>38</sup>

Even if workers protested, though, they often articulated their demands in ways that would not challenge the authority of the CCP regime itself. This is shown in the workers' tactics of appealing to the upper level of the government, rather than to the local government that was directly responsible for their grievances. Both local and SOE cadres in Anshan made efforts to prevent Anshan residents from approaching the Liaoning Provincial Government or the PRC government.<sup>39</sup> On May 8, 1998, Angang learned that ten retired workers of the company had already bought tickets for a train ride to Beijing. After receiving the news, Angang soon found them and took their train tickets, thus preventing them from appealing to the central government.<sup>40</sup>

The sporadic and scarce records available on workers' protest in Anshan in the 1990s seem to show that workers and local authority conflicted with one another within a shared set of socialist values, which was given by the Party-State. When they articulated their demands, Anshan workers in the 1990s were "rules-conscious," rather than "rights-

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<sup>36</sup> *Anshan nianjian* 鞍山年鑑 (1999), 41.

<sup>37</sup> *Ming bao*, 19 April 1998; cited in page 49 of Feng Chen, "Subsistence Crisis, Managerial Corruption and Labor Protests in China," *The China Journal*, no. 44 (2000), 41-63.

<sup>38</sup> *Anshan nianjian* (1999), 42. Yongshun Cai, "Distinguishing between the Losers: Institutionalizing Inequality in China's Corporate Restructuring," in Oi (ed.), *Going Private in China*, 81.

<sup>39</sup> *Anshan nianjian* (1998), 59.

<sup>40</sup> *Anshan nianjian* (1999), 43.

conscious.” Their protests were based on their desire to preserve the social welfare benefits that they believed were promised by the Party-State, rather than an appeal to universal values such as human rights or equality. Shouting on the streets of Anshan two decades after Mao’s death, these workers were still speaking Maoist.

The story of Anshan and Angang in the post-Mao reform period shows us how industrial Manchuria – or the Northeastern “Rustbelt” – is still bound by the system that had originated in the Mao period and even before. Historical continuity is the key to understanding regional divergence within China. In the coastal “Sunbelt” in eastern and southern China, the success of private enterprises since the 1980s can at least partly be attributed to historical precedents that were different from Manchuria. At least in some parts of these regions, *de facto* private enterprises had been present in a covert way even during the Maoist period, and it was in these places that private business initially flourished in post-Mao China.<sup>41</sup> These conditions did not exist in Manchuria. With the highest concentration of heavy industry and SOEs, Manchuria was so close to Mao’s industrial vision from the very beginning, and so enjoyed its status as the model region of socialist industrialization. The legacy of this past never went away in the reform period. In Angang’s newly modernized, gargantuan industrial complex – which even today produces a tremendous amount of steel and financial losses for the country – we see the hyper-industrialist dreams of Mao, his comrades, and his enemies still reaching into the present.

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<sup>41</sup> Yia-ling Liu, “Reform from Below: The Private Economy and Local Politics in the Rural Industrialization of Wenzhou,” *The China Quarterly*, vol. 130 (1992), 293-316; Chih-Jou Jay Chen, “Local Institutions and the Transformation of Property Rights in Southern Fujian,” in Oi and Walder (eds.), *Property Rights and Economic Reform in China*, 49-70.

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Institute of Modern History, Academia Sinica 中央研究院近代史研究所 (Taipei)

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