

**Guerrilla Capitalism: Revolutionary Legacy, Political Cleavage, and the
Preservation of the Private Economy in Zhejiang**

Qi Zhang

China Center for Economic Studies and School of Economics, Fudan University

Mingxing Liu

China Institute for Educational Finance Research, Peking University

Victor Shih

School of International Relations and Pacific Studies, UCSD

Abstract

In this article, we propose a causal relationship between a region's communist revolutionary legacy before 1949 and the variation in private sector development after 1949. In the case of Zhejiang, the pre-1949 revolutionary experience led to the power struggle between two elite groups, the guerrilla cadre group and the southbound cadre group, in the province after 1949. As the weak side, guerrilla cadres were willing to protect local economic interests in exchange for local popular support, which improved their odds of political survival. As a result, in contrast with counties where the guerrilla forces were historically weak, counties with strong guerrilla forces before 1949 saw significantly more robust private sector development throughout much of the Mao and post-Mao periods. This article provides preliminary historical and statistical evidence in support of this hypothesis.

Much effort has been made to explain why the private economy in some regions of China was able to develop at a breakneck pace after 1978.¹ In this article we review this question by exploring Zhejiang's political and economic history after 1949 and provide a novel explanation of the driving forces of private sector development. The purpose of this article is to use in-depth historical research and interviews to generate hypotheses about the growth of the private sector in an authoritarian regime with a strong socialist legacy and to provide preliminary historical and statistical evidence in support of these hypotheses.

Among China's 31 provinces and municipalities, Zhejiang is unique in its stellar record in developing the private economy in the reform era. Even during the height of collectivization in the late 1950s, “deviant” economic activities such as household farming and the black market sprung up in many parts of the province. Most astonishingly, our field research provides strong evidence that the private sector made its greatest strides during the Cultural Revolution, a utopian campaign launched by Mao. Simply put, the party state never managed to cut off Zhejiang’s tail of capitalism. Thus, it was no surprise that when reform was launched in 1978, Zhejiang's private sector again became the primary engine of its rapid growth. As of 2006, 2.2 million private enterprises employed more than 8.7 million workers, had total sale of 98.5 billion Yuan, and exported 25.1 billion Yuan of goods. In addition to household businesses and small-and-medium industries, Zhejiang is also home of more than one-third of the 500 largest private sector firms (PSFs) in China. Taizhou, a medium city in the province, alone hosts 15 of China’s top PSFs, which is equivalent to the

total number of top PSFs located in the entire Guangdong Province.²

Although as a whole very impressive, the development of the private sector in the province was spatially unbalanced. In some regions such as Wenzhou, Jinhua, and Ningbo, etc, the private sector consistently thrived, while in other regions like Quzhou and Huzhou, large state-owned enterprises (SOEs) and collective firms dominated the economy through much of the 1990s. As expected, places where the private economy thrived after the reform were also the ones where private activities had been the most resilient in the Mao period (1949-1976), suggesting strong path dependence in Zhejiang's capitalism. The big question is what made capitalism so resilient in these regions of Zhejiang throughout the Mao period.

In this article we pin down the relationship between the province's communist revolutionary legacy before 1949 and the regional variation in private sector development after 1949. The pre-1949 revolutionary experience in Zhejiang led to a power struggle between two elite groups after 1949, the guerrilla cadre group and the southbound cadre group. As the weak side, the guerrilla cadres in regions where they had operated prior to 1949 were willing to protect local economic interests in exchange for grassroots support, which helped their political survival. As a result, in contrast to counties where the guerrilla forces were historically weak, in counties with strong guerrilla forces before 1949 the private economy was better developed in the long run after 1949.

In the following, we first outline the debate on the rise of capitalism in China in general and in Zhejiang in particular. We then provide some background on

Zhejiang's revolutionary history, which gave rise to the Guerrilla/ South Bound cadre cleavage in the political elite. We then provide some preliminary statistical evidence showing the coincidence between Guerrilla counties—counties where local Guerrilla had had a sizable presence—and persistent private sector activities in the Mao and reform periods. The main thrust of this piece, however, is to provide through a carefully constructed historical narrative an account of the exact mechanism whereby political cleavages in the elite led to the survival and revival of indigenous capitalism in some regions in Zhejiang.

The Debates and our Hypothesis

A wide range of factors have been put forward to explain why and how the indigenous private economy re-emerged and gained ground after the trauma of the Cultural Revolution. Many researchers emphasize the importance of the formal institutional changes at the national level, which led to the change in laws, regulations, and decrees (Shirk 1993; Lin, Cai, and Li 2003; Huang 2008; Naughton 2008, 91-135). The feature of central factions and their patron-client relationships with provincial leadership may have played a similar role in encouraging provincial leaders to bring about policy changes that were congenial to private entrepreneurship within their jurisdiction (Cai and Treisman 2006; Shih 2008). State policy changes, such as fiscal decentralization or recentralization, not only put local governments under effective constraints in the form of "federalism in Chinese style (Montinola, Qian, and Weingast 1995)," but also may have provided local officials incentives to promote the

private sector (Oi 1992; Qian and Weingast 1997; Whiting 2001). Some scholars also stress initial endowment such as the geographic conditions, business traditions, and the inborn entrepreneurial spirit (Démurger et al. 2002).

Although the above explanations address why the private economy re-emerged and gathered momentum after 1978, they fall short of accounting for the vast geographic heterogeneity in post-reform private sector development both across provinces and within provinces. In addition, they likely exaggerate the role of high-level politicians in determining the intraprovincial economic variance.³ At the other end of the spectrum, there are excellent micro accounts of how local cadres nurtured and encouraged private sector development after the reform, but it remains unclear why only cadres in certain localities in China adapted local corporatist strategies (Oi 1995), or tolerated various informal coping strategies used by rural entrepreneurs to circumvent restrictive regulations and discriminatory policies (Huang 2007; Tsai 2007). To address regional heterogeneity, some researchers have examined geographical conditions (e.g., the distance from Taiwan, etc), as well as business cultures and traditions. Many also emphasized the historical legacies inherited from the Mao period, including patterns of state investment, bureaucratic capabilities, as well as major historical shocks.⁴ By affecting the initial economic and political conditions toward the end of the Mao Era, factors such as the economic resources available for local cadres (Whiting 2001), traumatic experience at the local level (Yang 1996), a geography-based economic management system (Qian and Xu 1993), and local officials' capacity to distribute resources (Oi 1995) determined the course of

the private sector development in different places after 1978. Yet, in a country ruled by a powerful revolutionary party dedicated to eradicating non-socialist activities, existing accounts do not provide a satisfying explanation of how the private economy survived the Mao period in some places (Y-L Liu 1992). Accounts which focus on historical or institutional legacies in the Mao period may suffer from omitted variable bias if both the identified historical legacy and private sector growth after 1978 arose out of a third variable. Furthermore, many legacy accounts have difficulties explaining intra-provincial economic variation at the county level, which could be quite substantial.

We believe the key to understanding the vast regional variation in private entrepreneurship within Zhejiang lies with its unique power structure formed in 1949, which originated from the province's communist revolution experience before 1949. Due to patterns of the Chinese revolution, the local power structure in Zhejiang was divided into two opposing groups: the southbound cadre group and the local guerrilla group. The local Guerrilla was marginalized due to its poor relationship with higher-level authorities and to the lack of patrons at the provincial and central level. They thus faced great political uncertainties and were often victims of ideological campaigns launched by both national and local leaders. In other words, after 1949 the political survival of the local guerrilla cadres, who were the backbone of lower level cadres at the county level or below, could not rely on the vertical patron-client networks that southbound cadres enjoyed. Rather, their political security hinged on winning over the popular support of local people, which motivated them to protect

local economic interests from the encroachment of the radical state policy in exchange for grassroots political support.

The symbiotic relationship between local Guerrilla cadres and grassroots interests helps explain why private economic activities could be preserved even in the Maoist era. To be specific, from the 1950s to the Four Clean-ups (*siqing*), local guerrilla cadres protected the economic interest of its potential constituencies, namely, the rural population, through passively resisting waves of prohibition against private economic activities. In the radical atmosphere in the run-up to and after the Great Leap Forward, guerrilla cadres only dared to passively protect private entrepreneurship. However, such passive resistance made an enormous difference in some places because private businesses survived these policy shocks.

During the Cultural Revolution, when the local governments disintegrated and the support of the masses played a vital role in determining local guerrilla cadres' political survival, the local guerrilla cadres took the initiative in mobilizing the masses to defend themselves against their opponents. In return for sustained popular support, Guerrilla cadres actively provided local entrepreneurs with protection from hostile regulations from higher levels and even in some cases facilitated a wide range of private economic activities. Thus, the pact of mutual protection in some Zhejiang counties between Guerrilla cadres and local economic interests allowed these counties to have a strong head-start in private economic development at the dawn of the reform. In these counties, the private economy was better developed in the long run than the counties where local guerrillas had been weak.

By emphasizing the importance of the local guerrilla group, our research resonates with Liu Yia-ling's seminal work on Wenzhou (Y-L Liu 1992). But we differ from her in the interpretation of many historical scenarios, as well as the causal mechanism: Liu argues that Wenzhou's singular success stemmed from its liberation by local guerrilla forces in 1949. According to Liu, Guerrilla cadres took over the local government in Wenzhou and protected the private economic interests of their families and friends. However, our research into the leadership composition of all the counties in Zhejiang reveals that southbound cadres from the field armies dominated city and county level leadership positions, including those in Wenzhou, throughout the Mao and early reform periods. Clearly, a more nuance political mechanism was at work. Our research reveals that the symbiotic relationship between low level Guerrilla cadres and local economic interests was maintained by Guerrilla cadres' *inability* to get promoted. Without guerrilla cadres' low likelihood of moving upward, Guerrilla cadres and local entrepreneurs would not have been as invested in the relationship, which would have lessened Guerrilla cadres' protection of the local private economy. Had local Guerrilla fighters had close ties with higher level patrons, they would have relied on patronage instead of local interests for political protection and would have had weak incentive to protect local economic interests.⁵ Thus, in contrast to Liu's account, we argue that the *failure* of Guerrilla cadres to take over the Wenzhou leadership motivated them to invest in a long-term relationship of mutual protection with local economic interests.

Our research also sheds light on how elite struggle in a single-party authoritarian

regime affects long-term economic growth. We argue that when the power-sharing commitment of the existing regime is not secure enough, political elite must seek strategic ways to guarantee their political survival (Bueno de Mesquita *et al.* 2002; Haber 2006, 693-707). If the local political elite cannot build their political careers on higher level patronage, they will seek political support from below. As in Zhejiang, they may do this by imposing self-constraints on predatory behaviors, providing public goods such as localized property rights protections, and generating growth-enhancing institutions, formal or informal, to deliver visible economic benefits to their constituents, which guarantees robust long-term growth. On the surface, this mechanism may be transient. However, this mutual protection relationship between the peripheral elites and their grassroots constituents is stable as long as the former's weak status in the existing regime remains intact.

Sources and Research Sites

In order to carry out this research, the authors collected economic and political data of all counties of Zhejiang from the 1950s to the late 1990s and visited the archives of a number of counties of Zhejiang province over the past 5 years. The authors also consulted dozens of county gazettes and interviewed dozens of local party historians and cadres of various levels. We also interviewed scores of retired cadres who were personally involved in the historical events we examine. To compile historical details for the case studies presented below, the authors made several visits to Hangzhou, Wenzhou, Quzhou, and Lishui. Because all the counties in question are in Zhejiang, they were similar geographically and culturally. Further,

we chose both affluent and poorer counties with different revolutionary histories to discern whether a guerilla legacy had an impact among rich and poor counties. For example, Xiaoshan (near Hangzhou) and Wenzhou were wealthier and had active guerrillas before 1949, while Hangzhou's other districts had developed economy but had little guerrilla activities. In contrast, Quzhou was poor and no guerrillas garrisoned there, while Lishui had a similar economic status but was on the turf of the guerrillas.

Intense interviews are a key part of this research. The interview questions cover the land reform, agricultural cooperation movement, the Great Leap Forward, the Cultural Revolution, as well as major events in the reform era until the 2000s. From these interviews we acquire valuable information about the complex personal relationships and power struggles unmentioned by archival sources. Because many issues are still sensitive in the eyes of the interviewees, we have protected the anonymity of the interviewees.

Revolutionary History, Power Structure after 1949 , and Private Sector Growth

The communist movement in Zhejiang came into being as early as 1922, when the first party branch in the province was founded. But after the Guomindang (GMD) launched a series of purges against the Chinese Communist party (CCP) in 1927, the party organization in Zhejiang was nearly destroyed. In 1935, a defeated column of the Red Army in Jiangxi province under the command of Su Yu and Liu Ying reorganized their remnant forces into an advance division (*ting jin shi*) and retreated

east into Zhejiang to carry out guerrilla struggle. They established two guerrilla base areas during the Three-Year Guerrilla War Period (1935-1937): the Southwestern Zhejiang Guerrilla Base Area and the Southern Zhejiang Guerrilla Base Area. ⁶

The struggle of relatively isolated Guerrilla forces had far reaching political consequences on the local power structure. First, because the revolutionaries were scattered in isolated “mountaintops” across Zhejiang, they had minimal contact with the party center and mainly relied on their own self initiatives and resources in the struggle. The conditions of isolated Guerrilla struggle gave rise to independent, disciplined, and internally coherent local guerrilla forces. For the same reasons, the communist movement in Zhejiang had minimal impact on the revolution in other parts of China before 1949. Very few major figures in the CCP were directly involved in the Zhejiang struggle. As a result, the leadership of the local guerrilla had few ties to the center of the Communist movement and to the major factions in the party. The relatively marginalized status of the local guerrillas was solidified after 1949 and gave rise to mutual protection between the Guerrillas and local private interests.

The invasion of Japan and the truce between CCP and GMD after the Xi’an accident in 1937 allowed initially weak local guerrilla forces to grow into a sizable armed column during the War Against Japan (1937-1945). During the war, local forces became stronger and consolidated into the Yongyue Anti-Japanese Guerrilla Contingent of Southern Zhejiang in 1945.⁷ During the same period, some communist guerrillas around Shanghai moved into eastern Zhejiang to establish the Eastern Zhejiang Anti-Japanese Base Area in 1942. ⁸ From these two bases, local guerrillas’

forces expanded rapidly during the Civil War period (1947-1949). By 1949 when the Communist field armies swept down from northern China, local guerrilla forces had the capacity to liberate 24 county seats ⁹on their own even before the arrival of the field armies. Based on Zhejiang's revolutionary history, Table 1 (the first column) divides its counties into four categories. To make our analysis simple and clear, in this article we call the first three categories of counties the guerrilla counties (i.e., where active local guerrillas were found before 1949), while the fourth category of counties the non-guerrilla counties (i.e., where there were no active guerrilla forces before 1949). ¹⁰

[Table 1 about here]

Besides local guerrillas, two southbound central field armies also marched into Zhejiang in 1949 and liberated localities with little or no guerrilla presence. Among them, the Third Field Army liberated some areas in eastern Zhejiang. The Second Field Army liberated some areas in southwestern Zhejiang. Therefore in 1949, when CCP took over Zhejiang, the power of Zhejiang was shared principally between two major groups: the first group consisted of military officers from the field armies and the southbound civilian cadres who arrived in the wake of the field armies. The cadres of this group were referred to as "southbound cadres" because the vast majority of them were from provinces of Shandong, Hebei, Jiangsu, etc. The second group was the local guerrillas.

Although the two groups both belonged to the victorious communist camp, great power asymmetry between them put the local Guerrilla cadres at a disadvantage from

the beginning. For all local Guerrilla fighters' sacrifices for the cause of the party, the southbound cadres saw themselves as the exclusively representatives of the will of the party center, part of whose mission was to rein in the unruly local Guerrilla forces. The independent and at times disobedient local guerrillas, though nominally comrades, became the thorns in the flesh for the southbound cadres. Friction and power struggle soon emerged between the two groups.

In retrospect, the cleavage between the two groups became an excellent predictor of private sector development, industrial output, and overall GDP growth in both the Mao period and the post-Mao period. On Table 2, we contrast the economic results between strong Guerrilla counties, the sites of Guerrilla headquarters, guerrilla counties, where Guerrilla forces had been active, and the non-guerrilla counties, which had no Guerrilla activities and were liberated by field armies. As Table 2 shows, in most comparisons, the guerrilla counties, especially strong guerrilla counties, had higher levels of private sector output by the late 1990s and stronger growth rates and industrial output growth throughout the Mao and post-Mao periods, and these differences are statistically significant.

[Table 2 about here]

Examining the static picture in panels F, G, and H, private sector output and per capital GDP overall were much higher in Guerrilla, especially strong Guerrilla areas, than in non-Guerrilla areas in 1998. In 1998, per capita private sector output in strong Guerrilla counties was 68% higher than in non-Guerrilla counties.¹¹ Even looking at the much broader category of non-state firms, which also included

collective enterprises, strong Guerrilla counties enjoyed 72% higher output than in non-Guerrilla counties in 1998.

Over the period of 1952-1998, on average the per capita industrial output growth rate is 12.4 percent in the guerrilla counties and 13.1 percent in strong guerrilla counties, 1 percentage point and 1.7 percentage points higher than that in the non-guerrilla counties, respectively. When broken down by periods, the contrast for the period of 1952-1965 is not statistically significant (Panel B), while that for the period of 1965-1978 are statistically significant (Panel C). In the following historical narrative, we explain how this result is consistent with our finding that the protection provided by the local guerrillas was the most powerful during the Cultural Revolution.

During the period of 1978-1998, the per capita GDP growth rate is 12.5 percent in all guerrilla counties and 13.4 in strong guerrilla counties, while that in non-guerrilla counties is 11.3 percent. To be sure, these differences are not definitive, but they do offer supportive evidences to the relationship between the revolution and the long-term development we emphasize in this research, suggesting how the incentives of the two groups of cadres differed.¹²

The Conflict within Elite and its Implications for Local Entrepreneurship

In the discussion below, we seek to provide an analytical narrative to explain the clearly stronger economic performance of the guerrilla counties for much of the Mao and post-Mao periods (Bates *et al.* 1998). Instead of focusing on specific counties,

we collect interview data in Hangzhou, Wenzhou, Quzhou, and Lishui to identify political dynamics that ran through these counties. We also identify differences in cadre behavior in these counties to tease out additional political dynamics throughout different periods between 1949 and 1990. The ultimately aim is to identify at the micro level the exact political dynamics which ultimately endowed the Guerrilla counties with much greater level of private entrepreneurship by the late Mao period.

1949: In the Wake of Liberation

Tension between the local guerrillas and the southbound cadres began to manifest as early as 1949. Shortly after local guerrilla forces took over some counties from the Guomindang (GMD), the guerrilla leadership appointed themselves the leaders of these counties. County government organs were also mainly staffed by guerrilla cadres. At first, they naively believed that their authority over these counties would continue even after the arrival of their field army comrades. However, rather than showing their respect to the local communists, the southbound cadres immediately moved to diminish the power of the local revolutionaries and to establish their own supremacy. For example, Xiaoshan County was liberated by the Jinxiao Detachment (*Jinxiao zhidui*), an influential local guerrilla force, in May 1949. Before the liberation, the local guerrillas had already trained the personnel and established its own administrative agencies to govern over Xiaoshan. However, on the same day that the local guerrillas entered the county seat, its leaders received an urgent telegram from the 7th Corps of the 3rd Field Army, ordering them to stop the take-over until the arrival of the southbound cadres.¹³ In fact, what happened in Xiaoshan also took

place in other places, in which local guerrillas were squeezed out of most of the top positions in the county party committees, the decision-making centers at the county level. Because of such bullying behavior, southbound cadres obtained and maintained their dominance in key county positions until the Cultural Revolution. Local guerrilla cadres retained a minority of top county positions and filled many lower level positions in counties which they liberated. After the first party congress in the province, only in 20% of the counties did local Guerrilla cadres make up even 20% of the top county leadership over the period of 1950-1966, including the party secretary and all the vice secretaries positions.¹⁴

Local guerrillas could do little to stop this power grab because they had few high level patrons. Very few guerrilla elite were absorbed into the provincial party committee. Among the 14 members of the first session of the provincial standing party committee (PSPC) established in 1949, Tan Qilong , Yang Siyi , and Gu Dehuan were the only three who had local guerrilla background.¹⁵ For the same reason, local guerrillas also lacked a strong leadership to unite them together and to organize resistances at the provincial level.

The Local Cadres in Retreat

Local guerrilla cadres fared even worse when the party launched a series of political campaigns in the 1950s. These campaigns not only intensified the contradiction between the two groups, but also provided southbound cadres opportunities with which to encroach on the already weak power of the local guerrilla

cadres.

In the “Three-Antis Movement” (1951-1952), for example, dozens of major guerrilla cadres in Xiaoshan County were persecuted. Jiang Changguo, a guerrilla leader who led a detachment of *Jinxiao Zhidui* to take over the county in 1949, was called back from Hangzhou to Xiaoshan by the county authority. When he arrived, he was detained for 15 days. Until today nobody knows who set the trap for him and for what reasons, though it was widely believed that southbound cadres hatched the plot.¹⁶ In Wenzhou, investigation teams were set up in the mid 1950s to examine whether a noted guerrilla cadre, Zhou Pizheng, had once betrayed the CCP and surrendered to the GMD.¹⁷ The guerrillas in Lishui Prefecture came under close scrutiny by southbound cadre dominated county leadership, who accused the guerrilla cadres of being rightists and proponents of “localism,” a fatal charge at the time which led to the purge of many local cadres.¹⁸

After the mid-1950s, the guerrilla cadres’ inferiority became more obvious. In 1957, Yang Siyi lost his seat in the provincial standing committee during the Anti-Rightist Movement (Forster 1997, 191-233). In fact, until the late 1970s, none of the PSPC members had a guerrilla background. This further weakened guerrilla cadres’ ability to counterattack or even to protect themselves. To be sure, a handful of guerrilla cadres took a confrontational stance by appealing to higher authorities. Without exception, they were labeled by the southbound leadership as “counterrevolutionaries.”¹⁹

Guerrilla Cadres' Passive Resistance to Central Policies

Ironically, the southbound cadres' offensive against the power base of the local cadres helped weaken state control over the local economy and society. For one thing, the incessant political campaigns in the 1950s, principally in the name of anti-localism, not only made it clear that the local guerrilla elites were the main targets of the campaigns, but also inevitably transformed the southbound-guerrilla confrontation into a southbound-local one. For most cadres native to Zhejiang, they were naturally suspected by the southbound leadership. As a result, a political ceiling was imposed on them, blocking their upward mobility.

In contrast, southbound cadres were more likely to climb up the political ladder. For example, Yuan Fanglie (a southbound cadre) rose quickly from a county leader in Quzhou to a member of the provincial standing committee. Later, Yuan, instead of a local Guerrilla cadre, became the party secretary of Wenzhou Prefecture.²⁰ Without a vertical patron-client network which provided protection, Guerrilla cadres faced considerable risks if they fully implemented the radical policies proposed by the party center. When these policies proved badly designed and caused considerable losses, southbound cadres conveniently made Guerrilla cadres scapegoats to placate the masses. For example, during the Great Leap Forward (1958-1960), the party center called for a rectification movement (*zhengfeng yundong*) to redress the problems associated with state cadres' misbehaviors. Over 90% of those punished during the rectification movement in Xiaoshan County, were grassroots-level native cadres.²¹

Local cadres quickly learned that the optimal strategy to minimize the political

risks was to strike a balance between fulfilling their duties as state cadres and avoiding going to extremes. In the midst of Mao's call to realize communism, local cadres had to go through the motion with unpopular policies. Yet, where they could, they also tolerated some degree of "deviant" economic activities. After the abolition of household farming in 1957, for example, local cadres in Yongjia County helped peasants evade state prohibition against it by tipping them off prior to the arrival of inspection teams. Some also reduced the size of the production teams to the size of rural households, thus restoring household responsibility in reality.²² In the Great Leap famine (1958-1960), local cadres allowed hungry villagers to cultivate land in the mountains and to grow grain and sweet potatoes. Moreover, they tacitly permit peasants from the mountainous district to sell sweet potatoes in famine-stricken areas. Local cadres also moved swiftly to distribute private plots back to peasants in late 1960 when the central government allowed experimentation with private plots.²³

Guerrilla cadres soon found that their generous treatment of the masses was paying off politically. In the ensuing Four Clean-ups Campaign (1963-1965), southbound cadres again attempted to direct pressure on the guerrilla cadres by labeling them as "the four unclean cadres," aiming at pitting peasants against local cadres by organizing mass meetings in which village participants were encouraged to openly reveal and criticize the wrongdoings of the communal and brigade cadres. But their effort largely failed, partly due to the refusal of the masses to cooperate. On the contrary, peasants either did not criticize local cadres or even actively protected them from political prosecution. In one village of Liushi township in Yueqing County, an

area with strong Guerrilla tradition, the work team stayed in the village for three months but did not uncover any negative evidence against the village cadres because the village residents who had received private plots were satisfied with their local leaders and therefore had no motivation to cooperate with the work team.²⁴ Peasant passivity during the Four Clean Movement made both peasants and local cadres realize the benefits of mutual aid, which encouraged more cooperation between the local cadres and the masses. In contrast to Liushi, local officials of Lishui paid a heavy price for their bullying behaviors over peasants in past years as they were criticized by the struggle meeting organized by dissident villagers.²⁵

The emerging symbiosis between Guerrilla cadres and the local population also manifested in the rise of black market activities in the early 1960s, which was condoned by local cadres in guerilla counties. In Xiaoshan County, for example, black market transactions for coupon became widespread after 1963.²⁶ In Yueqing County, the barter trade for lumber and wood had thrived since late 1961 and finally formed into a specialized black market in the mid-1960s.²⁷ A cotton market was founded in Dongyang county by the end of 1964. It was so prosperous that the daily trading volume reached 14 thousand Jin (1 Jin≈1.1 Pound).²⁸ At the same time, another major cotton market was located in Yiwu county. In two townships of Yiwu county, the daily trading volume came to 3 thousand Jin. In one district of Huangyan County, there were 6,000 households, more than 30 percent of total rural households, engaged in private spinning and weaving. In the first eight months of 1964, the peasants produced 62 thousand Jin of yarns and 0.96 million Chi (1 Chi=1/3 meter)

clothes to be sold on the local marketplace. Many peasant households even withdrew from collective farming and made a living by exclusively specialized in producing yarns and cloths for the black market.²⁹

To be sure, only in places where local guerrilla cadres were relatively strong can the local cadres continually provide a protective umbrella for local people. In such places, despite the marginalization of local guerrilla cadres in party committees, their de facto political influence remained pronounced due to their entrenched social network formed during their pre-1949 revolutionary experiences. Hence the party needed local cadres' cooperation to carry out and oversee its policy implementation, which created opportunities for collusion between the latter and the local populace. One way to see this is to see the leadership position distribution in the county administration, which carried out the party's policies. In the non-guerrilla counties, during the period of 1949-1966, the key positions of the county administration was staffed primarily by the southbound cadres in that on average only 14 percent of all county & deputy county head positions of a county government were Zhejiang natives. By contrast, in the guerrilla counties the average local cadre proportion was 32 percent, nearly 2.3 times the size of the non-guerrilla counties.³⁰

Local Guerrillas Redux: the Cultural Revolution as a Turning Point

It is worth noting that despite the mutual support between the local guerrilla cadres and the local people, given the overall adverse political environment at the time, if history had unfolded down the same road as it had in the 1950s, guerrilla cadres may not have survived as a coherent political force in local politics for long. ³¹

Fortunately, national political shocks created space for the cementing of the alliance between Guerrilla cadres and local economic interests.

Rebellion was Justified: The Power Struggle in the Cultural Revolution

The coming of the Cultural Revolution in 1966 turned the tide in favor of local Guerrilla cadres. At various levels, the southbound leadership became the primary target of the campaign and was labeled as the “capitalist roader in power.” For the guerrilla cadres in the guerrilla counties, for the first time since 1949 they had the ideological ground on which to establish their own mass organizations and organize militia forces to protect themselves and to orchestrate actions against their opponents, including the incumbent southbound leadership and its affiliated mass organizations. Their actions were effective and coordinated, not only because they were more experienced in mobilizing the local people but also because the national political atmosphere, embodied by interventions from Beijing, was much favorable to the rebels.³² In fact, across Zhejiang province, the local southbound leadership as well as their patrons at the provincial authority had to take a defensive position in the face of attacks from the rebels. By February 1967, the rebels basically had seized power from the incumbent power holders, although the conflicts between the rebel and conservative mass organizations continued.

With the downfall of the old southbound leadership, however, a new threat to the local rebels was looming. In March 1967, the center decided to set up the Zhejiang Provincial Military Control Commission to put the province under military control. As the military was sent to different localities to support the leftist (*zhi zuo*), the local

rebels soon found they were on the verge of a new power reshuffle. It was apparent that the military would assume the paramount power across different localities, and the local Guerrillas had to find a way to take advantage of the new power balance.

In the non-guerrilla counties, the military take-over went smoothly, marked by the early formation of the local revolutionary committees to replace the local governments. But in the guerrilla counties, the situation was much more complicated because the guerrilla groups tried their best, by themselves or in alliance with other rebel groups, to keep the military away from their spheres of influence.³³ In Yueqing County, for example, the local guerrilla group allied with Tu Qingxia, the resourceful and capable head of Yueqing's biggest mass organization, to keep the military from their sphere of influence. With the forceful aid from the local guerrilla cadres, Tu eventually defeated his challengers supported by the military and forced the local military representative to resign and his successor to acknowledge his de facto influence in Yueqing.³⁴ In Yu'yao county, the mass organization supported by the local guerrilla group made strong resistance against its rival mass organization backed by the military and forced the provincial leadership to summon a meeting at Hangzhou to resolve the stalemate.³⁵

Ultimately, the Cultural Revolution in 1966-1970 completely turned the situation around in Zhejiang province by tilting the political balance toward the guerrilla group. The old southbound civilian group was undermined substantially. Although the subsequent provincial military authority attempted to establish absolute authority in Zhejiang, it met with the active resistance from the local guerrilla group, and military

authority quickly collapsed shortly after the Lin Biao Affair in 1971. The turbulence and factional antagonism after the downfall of the military authority continued to distract the provincial southbound leadership, which returned to Zhejiang but had been considerably weakened by the Cultural Revolution (Forster 1990). When the Cultural Revolution came to an end, the local guerrilla groups had largely consolidated their original power bases. After the Cultural Revolution, although the guerrilla faction still lacked strong and reliable patrons at the provincial level, the systematic political persecutions against them ended for good. Since then, political elite continued to jostle for power, but in a much gentler fashion.

Capitalism Took Root in the Cultural Revolution

To be sure, the Cultural Revolution made mass mobilization by local guerrilla cadres a necessary act of self-preservation. Mobilization allowed Guerrilla cadres to overwhelm rival Red Guards, strike down the incumbent southbound civilian leadership, and deal with the threat from the subsequent provincial military authority. For local guerrilla cadres who cannot count on the patronage-client networks at higher levels, the mass line (*qun zhong lu xian*) was no longer a political rhetoric.

To win over the popular support, local cadres paid more attention to its public image and tended to be more self-disciplined. In Yueqing County, for example, the local cadres retrieved the slogans such as "do not take a single needle or piece of thread from the masses" to portray themselves as the protector of the masses.³⁶ Besides, similar to what they had done previously, local cadres continued their half-hearted implementation of Maoist economic policies. The implementation of

policies, like "Learning Dazai Model in Agriculture,"³⁷ became mere formality in many counties in Jinhua, Wenzhou, and Ningbo, etc.³⁸

In addition, local cadres were more willing and daring to protect local economic interests. Due to the acquiescence and help of local cadres, local entrepreneurs were able to extend their formerly local business networks to neighboring counties or even to other provinces. In Xinjie Commune of Xiaoshan County, since the early 1970s, more than 65 percent of peasant households grew saplings for private peddlers, who sold them to other counties as well as to buyers from Nanjing and Shanghai. Local cadres explicitly authorized the business by writing letter of introduction for its commune members to sell saplings in other places or by granting the certificate of export to private sapling peddlers.³⁹ In Pingyang county, peasants sold hand-woven clothes to eight provinces, including Jiangsu, Liaoning, and Fujian, etc, and twenty-four counties. Local cadres in communes, banks, fiscal departments, communication departments, etc, were involved to provide facilities to the business.⁴⁰ In Yueqing county, peasants engaged in private businesses by organizing underground construction teams, underground long distant transport, underground stores, and so forth. Many local entrepreneurs even privately hired laborers, which was legally and ideologically prohibited at the time.⁴¹

Moreover, local cadres displayed greater initiatives in developing local private and collective industries. In Ningbo, for example, local governments in Yinxian county, Ci'xi county, Ninghai county, etc, allowed the engineers and technicians of the SOEs to provide technical support to the commune-and-brigade firms (CBFs), which

were de facto private firms. CBFs were also permitted to receive orders from other places, which boosted production and profit. In Wenzhou region, the CBFs and private household factories sprung up after 1967 in Yueqing, Yongjia, Rui'an, Pingyang, to supply products for local and remote markets. In many parts of Zhejiang, it was not rare for CBFs to subcontract production to individual households or to individuals who could hold shares in the CBFs. Peasants were allowed to start up their own household factories as long as they were affiliated with the CBFs. To sell the goods produced by these factories out, private marketing business was accordingly encouraged to develop. In addition, individual salesmen were able to get the introduction letters from the CBFs and even SOEs to justify their marketing so as to advertise products in other counties, even outside Zhejiang province.⁴² Not surprisingly, this permissive environment allowed the explosive growth of the private sector, which ultimately dominated the local economy. In many counties, the output of the non-state industrial sector had exceeded SOE output by the end of the Cultural Revolution.

In contrast, non-guerrilla counties resembled the rigid Soviet-style commanding economic model. In Quzhou, for example, its leaders throughout the Cultural Revolution were enthusiastic about “learning from the Dazhai model” in agriculture and clamping down on underground economic activities.⁴³ Even when TVEs had thrived in many parts of Zhejiang in the early 1980s, its leadership still stuck to a strategy of emphasizing the predominance of SOEs⁴⁴

Zhejiang in the Reform Era: Old Wine in a New Bottle

In the guerrilla counties, local cadres were obviously the biggest winners of the Cultural Revolution as the old local southbound leadership laid in ruin. More important, as the Cultural Revolution came to an end, local cadres with Guerrilla background returned to the political arena with power and in many cases a strong network of support from the local private sector. It was now impossible to marginalize them in the old manner. In Guerrilla areas such as Wenzhou, Taizhou, and Jinhua, local politics was now in the hands of the offsprings or followers of the guerrilla cadres.⁴⁵

But the provincial power structure created in 1949 was not eradicated. Few local cadres from the guerrilla group can be found at higher levels, especially at the provincial level. As of 1982, for example, the southbound cadres still accounted for 75 percent of positions in the PSPC of Zhejiang. Until Today, provincial officials in the reform era still mainly came from Hangzhou, Jiaxing, and Huzhou, which were dominated by southbound cadres. In other words, although much weaker, the factions and networks southbound cadres established between 1949 and 1978 were preserved at the provincial level. The implication is clear but unpleasant for local cadres with guerrilla background—dominance of the provincial power center remained a distant goal decades after the liberation.

For the local economy, however, the continual weakness of Guerrilla cadres at the provincial level encouraged them to protect and nurture local private interests. They were less likely to pander to higher authorities by sacrificing local economic

interests, following the same logic as before.⁴⁶ A new feature of the post-reform politics is that local cadres became increasingly able to materially benefit from the local private sector. Corruption aside, many local officials chose to “go to the sea” by starting businesses themselves, holding stakes in joint-stock companies managed by private businessmen, or becoming the senior managers or consultants of private enterprises after retirement. The local political elite could draw on growing wealth to augment its political strength, which further strengthened their motivations of promoting and protecting local private economic interests.

The force of local cadres as a group and its relationship with the private entrepreneurs in the post-reform era were not more clearly demonstrated than the Eight-Big-Kings (EBKs) affair, which took place in Yueqing county in the early 1980s. In 1982, the central government launched a campaign to crack down on "economic crime." Having long been dissatisfied with the rampant capitalism pervasive in Wenzhou, the provincial authority targeted Yueqing and sent an investigating team into Liushi Township in the county. After some investigation, some wealthy private entrepreneurs were identified as bad elements. Many of them were quickly arrested, while two of them, Zheng Yuanzhong and Hu Jinlin fled and were not arrested until 1983 and 1984, respectively.⁴⁷

In the EBKs affair, Yueqing's local cadres as a whole were on the side of the private entrepreneurs. Zheng and Hu were able to evade arrests because local cadres had tipped them off. ⁴⁸ Moreover, the provincial investigating team met strong opposition from the county leadership. There was a considerable divergence of

opinion regarding the nature of the local private economy between the two sides, and eventually a heated debate erupted. While the provincial investigating team labeled the county leadership as "pursuing capitalism," the latter responded by dubbing the former as "committing the mistake of doctrinarism."⁴⁹ This was a rare challenge by subordinates against their superiors.

The EBKs affair revealed the local cadres' growing confidence in their own power after the Cultural Revolution and foreshadowed an impenetrable symbiotic relationship between local cadres and local private sector across Zhejiang province in the reform era.⁵⁰ This without question laid the solid foundation for local private economy taking off after the reform. By the same token, this also constituted the driving force behind the divergence of private economic development between different counties. By the end of the 1990s, the private economy in the guerrilla counties, especially strong guerrilla counties, were better developed than that in non-guerrilla counties (see Table 2).

Conclusion

Zhejiang's experience of the development of private economy reveals how historical political shocks impact the economy in China. The revolutionary history led to the power structure formed in 1949, which shaped the motivations of local political elite to nurture the private economy. To be sure, the national political and economic environment to a large extent determined how and how much guerrilla cadres could protect local entrepreneurship. The evidence shows that before the Cultural

Revolution, when the national political atmosphere was tense and the ideological campaigns imposed huge pressures on local cadres, they had little space to maneuver and at best were able to give tacit permissions to underground economic activities. During and after the Cultural Revolution, when national politics allowed local cadres more freedom to mobilize their political support, they showed no hesitation to do so openly and their involvement in the local non-orthodox businesses were in full swing.

This causal explanation goes beyond Zhejiang province and can explain variation in private economic development elsewhere with similar contexts. In Guangdong province and Fujian province, for example, similar cleavages emerged between dominant southbound cadre groups and politically marginalized local guerrilla cadres. As expected, private economy became prosperous in areas falling into the guerrillas' sphere of influence, e.g., Zhujiang Delta Area in Guangdong province (which belonged to the Dongjiang Guerrilla Area before 1949) and Quanzhou district in Fujian province (which were under the control of Minzhong Guerrilla Area).

Although in all the above example it is local guerrillas who acted as the patrons of local private sector, we want to emphasize that in this study the key explanatory variable is local guerrilla elite's political status after 1949 rather than their native origin in a locality. Where Guerrilla cadres were trapped in low level positions as was the case in Zhejiang, they had an incentive to protect local entrepreneurs. If, however, local guerrillas before 1949 became a significant part of the provincial ruling group after 1949, we expect local guerrilla cadres to rely on patron-client networks with provincial or central elite to guarantee their political security and

promotion. Thus, these cadres, similar to southbound cadres in Zhejiang, were expected to be loyal executors of state policies, even if they harmed local private economic interests. In fact, that was the scenario in other provinces, such as Shanxi and Hebei. Although we only provide preliminary evidence to the Guerrilla hypothesis of private sector growth, we believe further investigation into the provincial power structure of various provinces in 1949 can yield important insights on subsequent political and economic development in these provinces.

Table 1 A Full List of guerrilla counties and Non-Guerrilla counties

0=non-guerrilla county; 1=weak guerrilla county,
2=normal guerrilla county, 3=strong guerrilla county

An'ji	0		Qingtian	2
Changshan	0		Rui'an	2
Changxing	0		Shaoxing	2
Chun'an	0		Shengxian	2
Deqing	0		Suichang	2
Haining	0		Taishun	2
Haiyan	0		Wencheng	2
Jiangshan	0		Xinchang	2
Jiashan	0		Yiwu	2
Kaihua	0		Yuhuan	2
Longquan	0		Yunhe	2
Longyou	0		Zhenhai	2
Pinghu	0		Cixi	3
Qingyuan	0		Fuyang	3
Quxian	0		Pujiang	3
Tongxiang	0		Shangyu	3
Xiangshan	0		Tonglu	3
Yuhang	0		Wenling	3
Linhai	1		Wuyi	3
Sanmen	1		Xianju	3
Songyang	1		Xiaoshan	3
Tiantai	1		Yinxian	3
Cangnan	2		Yongjia	3
Dongyang	2		Yongkang	3
Fenghua	2		Yueqing	3
Huangyan	2		Yuyao	3
Jiande	2		Zhuji	3
Jiaojiang	2			
Jinhua	2			
Jinyun	2			
Lanxi	2			
Lin'an	2			
Lishui	2			
Ninghai	2			
Pan'an	2			
Pingyang	2			

Note: See footnote 24 for the definition of different categories of counties. Our sample counties include counties and county-level cities based on Zhejiang's 2000 administrative division.

Table 2 Economic performance in different categories of counties

A.	Average annualized growth rate of per capita industrial output (%), 1952-1998	No. of counties	Mean	Std.	Difference of Means
	strong guerrilla counties	14	13.1 (1)	1.5	(1)-(3)=1.7***
	all guerrilla counties	40	12.4 (2)	2.3	(2)-(3)=1.0**
	non-guerrilla counties	18	11.4 (3)	1.9	
B.	Average annualized growth rate of per capita industrial output (%), 1952-1965				
	strong guerrilla counties	14	5.32 (1)	0.52	(1)-(3)= -0.76
	all guerrilla counties	40	5.86 (2)	0.84	(2)-(3)= -0.23
	non-guerrilla counties	18	6.08 (3)	1.21	
C.	Average annualized growth rate of per capita industrial output (%), 1965-1978				
	strong guerrilla counties	14	10.0 (1)	0.94	(1)-(3)= 1.8**
	all guerrilla counties	40	9.95 (2)	0.52	(2)-(3)=1.75***
	non-guerrilla counties	18	8.2 (3)	0.5	
D.	Average annualized growth rate of per capita industrial output (%), 1978-1998				
	strong guerrilla counties	14	20.8 (1)	0.90	(1)-(3)=3.6***
	all guerrilla counties	40	18.8 (2)	0.74	(2)-(3)=1.6*
	non-guerrilla counties	18	17.2 (3)	0.76	
E.	Average annualized growth rate of per capita GDP (%), 1978-1998				
	strong guerrilla counties	14	13.4 (1)	1.8	(1)-(3)=2.1***
	all guerrilla counties	40	12.5 (2)	2.4	(2)-(3)=1.2***
	non-guerrilla counties	18	11.3 (3)	1.7	
F.	Per capita industrial output by private sector in 1998 (Yuan)				
	strong guerrilla counties	15	2722.6 (1)	1139.3	(1)-(3)=1108.8***
	all guerrilla counties	43	1951.0 (2)	1283.5	(2)-(3)=337.2***
	non-guerrilla counties	18	1613.8 (3)	990.9	
G.	Per capita industrial output by non-state sector in 1998 (Yuan)				
	strong guerrilla counties	15	30294.7 (1)	14030.1	(1)-(3)=12,729***
	all guerrilla counties	43	20964.9 (2)	15120.0	(2)-(3)=3399
	non-guerrilla counties	18	17565.7 (3)	11847.9	
H.	Per capita GDP in 1998 (Yuan)				
	strong guerrilla counties	15	11798.5 (1)	3756.8	(1)-(3)=2214.1***
	all guerrilla counties	43	9651.5 (2)	4599.2	(2)-(3)=67.1
	non-guerrilla counties	18	9584.4 (3)	4176.2	

Note: *, **, *** denotes significance at 1%, 5%, and 10% levels, respectively, by one-tail *t* test.

Source: various county gazetteers, Statistics for new Zhejiang (1952-1998), Chinese statistical press, 2000.

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¹ By private economy, we mean domestic businesses engaged in profit-seeking production and exchange activities for self-interests of individuals or a group of people, regardless of the scale of such activities. Accordingly, by private entrepreneurs, we mean individuals engaging in such activities for their own gains.

² This is the 2007 figure. See <http://biz.zjol.com.cn/05biz/system/2007/08/08/008679195.shtml>.

³ Regarding the Zhejiang case, for example, the vigor of Zhejiang's private sector today likely had little to do with the support of the provincial leadership, as it was seldom staffed with reform-minded figures. In fact, Zhejiang lacked a reform-minded leadership in the early 1980s and was staffed by staunch advocates of Maoist economic policies such as Tie Ying or political acrobats like Li Zemin. Indeed, after 1978, Zhejiang's provincial leadership enthusiastically carried out campaigns which sought to stifle private economic activities. Interview at Wenzhou city, November 2008.

⁴ In this regard, the legacy of the Cultural Revolution has received a great deal of attention. For how the Cultural Revolution affected economic decentralization and rural industrialization after 1978, see Joseph, Wong, and Zweig (1991). For how the Cultural Revolution sowed the seed of reform, see Luper (1996, 199-232), Perry and Wong (1985).

⁵ This is the scenario of political economy in provinces such as Hebei, Shanxi, Shaan'xi, etc.

⁶ For a detailed account of the local guerrillas fighting in Zhejiang province against the backdrop of The Three-Year War period, see Benton (1992).

⁷ *Wenzhou Party History Vol. I*, p. 195-202.

⁸ The guerrillas operated in this area were then reorganized as the Zhedong Guerrilla Column of the New Fourth Army in 1943. See Internal publication. 1987. *the Zhedong Anti-Japanese Base Area*, 1-5. Beijing: Zhonggong dangshi ziliao Publisher.

⁹ There were in total 76 counties at the time.

¹⁰ We divide all its counties into four categories based on their status one year before the liberation of Hangzhou in 1949: (1) Strong guerrilla county: a county where a sizable guerrilla force was garrisoned or headquarters were located in that county. (2) Normal guerrilla county: a county where there were active guerrilla forces but was not the location of Guerrilla headquarters (3) Weak guerrilla county: a county that was liberated by local guerrilla in 1949 but had little Guerrilla activities prior to that year; (4) Non-guerrilla county: a county that had no active guerrilla forces before 1949, nor was it liberated by local guerrilla. The data source is the Provincial Party Organization History compiled by the provincial office for party history.

¹¹ Since the late 1990s, Zhejiang province underwent frequent changes in the administrative divisions at county level so that many counties and county-level cities were merged into a bigger city or divided into several areas belonging to different administrative units. As a result, data before and after 1998 are not comparable.

¹² Besides the t-test results, we also run formal regressions to examine the causal effect of revolutionary history i.e., whether a county is a guerrilla county or a non-guerrilla county) on per capita private industrial output (PCPIO) in 1998 (dependent variable). We control for the effect of geographical factors, such as the altitude of a county seat, the geographical distance between a county seat to Shanghai, and so on. We find if a county had active guerrilla forces before 1949, it would have higher PCPIO in 1998 than counties without an active guerrilla forces before 1949. This result is robust to different model specifications.

¹³ The name of the sender of the telegram was Ji Pengfei, the deputy political commissar of the 7th Corps at the time. Interview in Xiaoshan, July 2008.

¹⁴ This figure was calculated by the authors based on the data from various county gazettes.

¹⁵ Strictly speaking, the three just worked in the Eastern Zhejiang Guerrilla Area for a short period during the Anti-Japanese War. Among them, only Yang was a local native. Besides, another PSPC member Sha Wenhan also had local background in Zhejiang. But Sha was transferred to Shanghai in 1928 and since then had been working outside Zhejiang until 1949. Sha was also purged as a rightist in 1957.

¹⁶ Interview in Xiaoshan county, December 2008.

¹⁷ Interview in Yueqing county, April 2009.

¹⁸ Interview in Lishui county, July 2009. It is likely that Mao launched the campaign against “localism” in the mid-1950s precisely to eradicate the influence of

local Guerrilla leaders, who had significant influence over several provinces, including Zhejiang, Guangdong, Yunnan and Fujian. See Solinger *et al.* (1977).

¹⁹ Interview at Lishui county, July 2009.

²⁰ Interview at Quzhou, December 2008.

²¹ The data source was Xiaoshan county archive, calculated by the authors.

²² Wenzhou Party Historical Research Office. eds. 2006. *The Fountainhead of China' Rural Reform: The Practice of Household responsibility in Yongjia County of Zhejiang Province*, 418-440. Internal publication.

²³ Interview in Yueqing County, May 2009. Interview in Yongjia county, February 2007. It is worthwhile pointing out here that the Wenzhou prefectural authority did not authorize the return-the-private-plots policy until August 1961.

²⁴ Interview at Yueqing county, May 2009.

²⁵ Interview at Lishui County, July 2009.

²⁶ Interview at Xiaoshan County, December 2008.

²⁷ Interview at Yueqing County, May 2009.

²⁸ See the circular of the Central Committee and the State Council on strengthening the management of market and striking speculation and profiteering, No.717, November 12, 1964.

²⁹ *ibid.*

³⁰ Data are collected by the authors from various county gazettes.

³¹ Lishui county provides such an example. Under the savage attack from the county southbound leadership, the local guerrilla group, which was historically strong before 1949, became too weak to resist the pressure from the southbound leadership. Due to that, until the advent of the Cultural Revolution, local cadres of Lishui were compliant implementers of the policies of the southbound leadership. Interview at Lishui county, July 2009.

³² For a detailed recount of the evolution of the Cultural Revolution, see Forster (1990).

³³ These revolutionary committees (RCs) were staffed by the "three-in-one unity (*san lian he*)" combination of local military representatives, mass organization representatives, and surviving southbound cadres delegates. The time used for establishing a local county revolutionary committee after January 1967 in counties in the guerrilla counties was much longer than that in the non-guerrilla counties. On average, the time interval between January 1967 and the formation of the RCs in the guerrilla counties was 18.2 months, while that in the non-guerrilla counties was 14.4 months. This difference is statistically significant from zero (p-value is 0.01).

³⁴ Interview at Yueqing county, April 2009.

³⁵ Yu'yao County Gazetteer, pp. 43-45.

³⁶ Interview at Yueqing county, May 2009.

³⁷ The nationwide LDAM campaign had started from 1964 and was intensified in the Cultural Revolution, which emphasized what the politically correct line was, including collectivizing private plots, prohibiting private sidelines, etc. For a discussion of the radical agricultural policies during this period, see Zweig (1989).

³⁸ In Wenzhou, as mentioned before, the individual farming was widespread. In Jinhua, the leftist policies, such as political evaluation system (*zhengzhi pingfen*) and upgrading the production team into brigade (*bingdui shengji*), were resisted by local cadres and could hardly be carried out. See various county gazetteers in these regions.

³⁹ A report on Checking the wild wind of capitalism by the Xinjie Commune Party Committee, Archival material in Xiaoshan County Archive, 03/13/1973.

⁴⁰ A report on strengthening the struggle against embezzlement, theft, and profiteering, Wenzhou Prefectural Party Committee (File No. WPPC(73)-103), Archival material in Yueqing County Archive, 05/19/1973.

⁴¹ A report on opposing embezzlement and theft and profiteering, and smashing the offensive of capitalism. Wenzhou City Party Committee, Archival material in Yueqing County Archive, 12/28/1973.

⁴² Interview at Yueqing county, May 2009; interview at Yongkang county, November 2008.

⁴³ Interview at Quzhou, December 2008

⁴⁴ Quzhou City Gazetteer, pp. 406

⁴⁵ For example, in our interview with local cadres in Wenzhou region, a vast number of our interviewees, from village heads to township cadres, are sons, nephews, and other blood relatives of their guerrilla predecessors.

⁴⁶ As expected, many southbound cadres still demonstrated considerable doubt toward developing private economy and moved slowly in experimenting with reform-oriented economic measures. Interview at Xiaoshan county, July 2008.

⁴⁷ Interview at Wenzhou city government hall, May 2009. It is worth pointing out that there are different versions regarding who are the Eight Big Kings. For one news report on the EBKs affair, see *The Eight Big Kings met again in Liushi after twenty years after 1982 (ba da wang ershiliu nian hou xiangju liushi)*.

<http://news.sina.com.cn/c/2008-02-22/060013454823s.shtml>. Also see *Reform Asks For Courage and Wisdom (gaige xuyao yongqi he zhihui)*, <http://www.wzwmw.com/pages/22/200811/19-3595.html>.

⁴⁸ Ibid. It is confirmed by the interview at Yongjia county, February 2007.

⁴⁹ Ibid.

⁵⁰ Interview at Hongqiao township, Yueqing county, May 2009.