

Introduction

This project seeks to analyze key historical developmental concepts and events in the Chinese oil industry: namely the concepts of self-reliance, Sino-Japanese oil trade and the transition from self-reliance to internationalization; from the establishment of the Daqing oilfield to its early days of internationalization. These themes will be examined in the subsequent chapters and are embedded within the empirical case study of Daqing, the People's Republic of China (PRCs) premiere oilfield for most of the postwar period and a symbol of industrialization and self-reliance in the country. In the process of examining the selected themes, Japan's role in stimulating the development of the Chinese oil industry will also be highlighted as the Japanese state and its business sectors emerged as a supplier of technology and equipment to the Chinese oil industry and its first major oil customer in the early internationalization phase of the industry. The political and conceptual metamorphosis of self-reliance to internationalization will also be examined in this project.

At the founding of the PRC, China's oilfields were producing an annual output of 120 000 tons and, even in 1952, oil production

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constituted only 1.3 percent of China's total energy production.¹ But, in 1960 with the discovery of Daqing, China saw hope for oil self-reliance for the first time. Crude oil production attained six million tons in less than four years.² Thirteen years after the discovery of Daqing in 1960, China's crude oil output reached 100 million³ by the time China was ready to export its oil resource to the outside world with the US recognition of China in 1972 and the open-door policy in 1978. Daqing was one of the main propelling forces pushing China's ranking in terms of global oil production from 12th in 1965 to 8th in 1978, 6th in the 1980s and 5th in 1990 ranked after the familiar names in global oil production like Saudi Arabia, US, Russia and Iran.⁴

Daqing was also the PRC's first indigenously-designed oil complex.⁵ The spatial construction of Daqing was deliberately conceived and purposeful. The oilfield facility is spacious,⁶ much like Manchuria with its wide open space for settlers. It was an empty flat land waiting to be subjugated and settled. The whole facility was a curious mix of urbanization and rural environmentalism. Daqing had a feel of utopian camaraderie and enjoyed high morale. Daqing's successes became a source of pride for China's oil bureaucracy and also generated a great sense of confidence amongst its staff. With great progress made in Daqing, Yu Qiuli (Daqing's first manager) won acclaim from Mao Zedong who called on the whole nation to emulate the organizational principles of Daqing. Mao was so impressed by Yu and his work at Daqing that, when he became disenchanted with

¹ Wong, J. and Wong, C. K. (1998). *China's New Oil Development Strategy Taking Shape*, p. 12. Singapore: World Scientific.

² Ibid.

³ Ibid., p. 13.

⁴ Thomson, E. (2001). *China's Growing Dependence on Oil Imports EAI Background Brief No. 87*, p. 2. Singapore: East Asian Institute.

⁵ Zhongguo Lianyou Gongye (China Oil-Refining Industry) Editorial Team (1989). *Zhongguo Lianyou Gongye (China Oil-Refining Industry)*, p. 408. China: Shiyong Gongye Chubanshe.

⁶ Bartke, W. (1977). *Oil in the People's Republic of China*, p. 75. Montreal: McGill-Queens University Press.

economic progress in the 3rd five-year plan for the oil industry, he turned to Yu Qiuli to head a new planning group and named Kang Shien a member of this group.⁷

The technocratic (Yu)-ideological (Mao) alliance disseminated images of Daqing development to all walks of life. Both groups were instrumental in supplying the enormous resources necessary for Daqing's development. The technocracy and their expert knowledge were needed to resolve the contradiction and gap between ideological modernization and material progress. Oil and the modern processes it powered was necessary to support the Communist Revolution with the eradication of backwardness and self-strengthening as part of its aims.

To a large extent, when oil first gushed out, Daqing's victorious construction also took hold of the realm of imagination. It was as much about imaginative projection, and symbol-making as the material process itself. Ideological ideas about what Daqing potentially represented shaped the appropriation of its use in the public imaginative realm. Imaginative projections continuously interacted with public perceptions. The mere discovery incited exuberance that became infectious and generated high hopes for the project. As Daqing performed quantitatively, it drew in an increasingly inclusive participation of Chinese society.

The Daqing movement went on to mobilize the energies of workers, agriculturalists, technocrats, planners in other sectors of the Chinese economy and society. From top down to bottom up, agents of Daqing sought to involve all sections of Chinese society in the project. A variety of organizations and people played a role in the ongoing process of mobilization for oil self-reliance. Daqing-era oil industry literature stated that self-reliance did not just apply to vital industrial process and machineries but also included peripheral functions like haircutting and instituting mutual assistance amongst workers to help

⁷ Lieberthal, K. and Oksenberg, M. (1986). *Bureaucratic Politics and Chinese Energy Development*, p. 67. Prepared for the Department of Commerce Contract No. 50-SATA-4-16230. Washington: Center for Chinese Studies, The University of Michigan.

each other cut their hair.⁸ Even in popular folklore, the glorification of Model Worker Wang Jinxi elucidated the popular reading of the Daqing phenomenon. In a scene from the movie, *Daqing Shiyou Huizhan*, Ironman Wang was seen heroically drenched in mud in a pit during an excavation.⁹ Such popular readings of Daqing provided the primary medium through which cross-sections of Chinese society would experience Daqing.

DECLARATION OF SELF-RELIANCE

Daqing's discovery made it possible for the Chinese leadership to declare that they were now "self-reliant" in their supply of oil. Zhou Enlai's famous oil self-reliance remarks were declared at the Second National People's Congress on 17 November 1963 against the backdrop of "a sunlit large five-star banner (China's national flag) embodying the most cherished essence of Oriental peoples."¹⁰ The powerful imagery also described as a "glorious war result (*buihuang de zhanji*)" was constructed as a befitting end to the "Eastern giant's (*dongfang daguo*)" longstanding slavish dependence ("*yangrenbixi*") on foreign oil supplies.¹¹

In that speech which was released to the Second National People's Congress (*Quanguo Renda Erjie Shichi Huiyi*) held between 17 November to 3 December 1963, Zhou Enlai said: "Because of the discovery and construction of the Daqing oilfield, our country's economic construction, the oil needs of defense and civilian applications which had depended on foreign imports in the past, are now basically self-reliant, whether in volume or in variety. (*Youyu Daqing youtian de faxian he jiancheng, woguo jingji*

⁸ Li, C. (1977). *Yi "Lianglun" Wei Zhidao, Jiansbeguodeying de Jichendui (Using the "Two Theories" as Guidance, to Build a Solid Grassroot Team)*, p. 83. China: Renminchubanshe.

⁹ Tatsu, K. (2002). *Cbugoku no Sekiyuu to Tenran Gasu (China's Oil and Natural Gas)*, p. 18. Japan: Institute of Development Economies.

¹⁰ Chen, D.K. (1994). *Zhongguo Shiyou Dabui Zhan (A Chinese Great Battle for Oil)*, p. 300. China: Bayi Chubanshe.

¹¹ *Ibid.*, p. 304.

jianshe, guofang jianshe he renmin xuyong de shiyou, guoqu dabufen yikao jingkou, xianzai buguan shizai shuliangshang buozhezai pinzhongshang, dou yijing jiben zbigaile)".¹²

Daqing is widely acknowledged by both foreign and domestic observers intimate with the Chinese oil industry to be the main contributing factor to China's success in becoming basically self-reliant in 1962. China's oil self-reliance is usually judged by the amount of its oil imports which showed a dramatic reduction from 1962. This was not the only standard that can be used to judge China's self-reliance in oil. In fact, of greater strategic concern to China's planners, perhaps, was self-reliance in military-grade oil, particularly those used by China's aviation industry and air force. Overall, Daqing's symbolism of self-reliance was augmented by the fact that China produced 30 million tons in 1972 or 1.1 percent of the world's total output of oil and her oil production global ranking increased by 16 percent between 1971 and 1972, occupying the sixth place after Algeria (43.1 percent), Saudi Arabia (27.7 percent), Indonesia (21.3 percent), Nigeria (18.8 percent) and Canada (16.6 percent).¹³

The chronological evolution of self-reliance perhaps reached its zenith in the PRC when the cherished aim of self-reliance was vigorously projected onto all Chinese industries through the "Learn from Daqing" conferences. Daqing-ism meant "getting every enterprise to emulate Taching [Daqing] and work hard and self-reliantly".¹⁴ Self-reliance had evolved to become a value system in Daqing. It embodied and became defined as a national culture through which a collective or communal identity can be constructed and highlighted. The doctrine was freed of its spatial limitations and was allowed to blossom extensively. The doctrine of self-reliance also

¹² Wen, H., Wang, Z., Zhang, J., Guan, X., Liu, M., Chen, Z., Dai, N., Nan, Y., Wu, Q., Zhang, S. and Wang, S. (2002). *Bainian Shiyou (100 Years of Petroleum)*, 1878-2000, p. 156. China: Dangdai Zhongguo Chubanshe.

¹³ Bartke, W. (1977). *Oil in the People's Republic of China*, p. 45. Montreal: McGill-Queens University Press.

¹⁴ Foreign Languages Press (1977). *The National Conference on Learning from Taching in Industry Selected Documents*, p. 67. Beijing: Foreign Languages Press.

acted as an ordering and bordering ideology within the national imagination against foreign reliance.

Every successive Chinese leader has tried to claim the credit for China's oil self-reliance. Chairman Hua Guofeng, successor to Mao Zedong, declared at the National Conference on Learning from Taching (Daqing) in Industry in 1977 that, under his watch and other senior leaders, Daqing became "one of the world's few huge oilfields at high speed, thus ridding China once and for all of backwardness in the petroleum industry and ending the days when China had to depend on imported oil. Taching's (Daqing's) petroleum output has been rising steadily over the past 17 years at an average annual increase of 28 percent. The present Taching (Daqing) is equivalent to six Tachings (Daqings) in 1965, the year before the start of the Great Cultural Revolution... It has its own unique creations, many of which are up to or surpass the most advanced world standards."¹⁵ He credited his administration for restoring Chinese oil self-reliance again after production declined during the Cultural Revolution, adding his legacy to the long-vaunted goal of Chinese oil resource nationalism.

While the multitude of terms and explanations for self-reliance point to its appropriation by different Chinese factions, it also underlines the evolutionary nature of the term and the continuity that underlies this process through what would generally be classified as sharp discontinuities in Chinese oil history. The element of self-reliance showed continuity in contextual readings of oil development in China. Self-reliance mitigates and smoothens out these sharp discontinuities into meandering contours in Chinese industrial history. The multiplicity of meanings of the term self-reliance was sometimes obscured, ignored or intentionally made amorphous so that terms could be made adaptable and acceptable under different regimes, times, regions and environments.

But care was taken throughout to ensure that exceptions applied to self-reliance. For example, in 1965, Mao enunciated the idea that it was not against self-reliance to have international assistance.

¹⁵ *Ibid.*, p. 11.

His views were printed in the Peking Review: “While adhering to the policy of self-reliance in our socialist construction, we have highly valued and welcomed international assistance... China cannot procure funds for construction by contracting enslaving foreign loans at the expense of her sovereignty and independence... We rely solely on international accumulation of funds for large-scale construction.”¹⁶ This line was seized on by reformers in the post-Maoist era who then argued that self-reliance and foreign trade were not mutually exclusive.¹⁷ Such pragmatic thinking endured even during the era of the Gang of Four in the Cultural Revolution when it was argued that foreign technology and equipment should be imported and made to serve China (*Yangwei Zhongyong*).¹⁸

In the post-Mao era, the ability to accommodate foreign help into self-reliance as and when the situation necessitated it was developed much further by Deng Xiaoping who went before the Sixth Special Session of the UN General Assembly on 10 April 1974 and said: “By self-reliance we mean that a country should rely on the strength and wisdom of its own people, control its own resources, strive hard to increase food production, and develop its national economy step by step in a planned way.”¹⁹ He also argued that self-reliance did not rule out foreign help in achieving such goals. In Deng’s time, these arguments were prompted by post-Cultural Revolution economic pressures which were beginning to mount on the Chinese side as well.

This was a significant paradigm shift since, at the founding of the People’s Republic of China, one of the central tenets of the communist doctrine was self-reliance which included resisting the influx of foreign or capitalist finances. Even as late as 1977, the Chinese government mouthpiece, *People’s Daily*, insisted that China should not permit any foreign interests (including jointly-managed companies)

¹⁶ Lee, T. H. (1995). *Politics of Energy Policy in Post-Mao China*, p. 180. Korea: Asiatic Research Center, Korea University.

¹⁷ *Ibid.*, p. 188.

¹⁸ *Ibid.*

¹⁹ *Ibid.*

from touching Chinese raw materials.²⁰ However, this doctrine became increasingly difficult to uphold, particularly after the economically devastating Cultural Revolution in the 1970s.

The concept of self-reliance was molded and modified to fit changing circumstances brought about by international trade in oil with the Japanese. Neither Daqing's demonstration of superhuman efforts by workers like Ironman Wang nor makeshift equipment could hold off equipment modernization entirely without the help of foreign input and advanced technologies. Although China mastered basic oil technologies or had adapted them from foreign sources, their equipment were found wanting as China's economy opened up to the world. The re-configuration of self-reliance from being dependent on one's resources and capability and oil production for domestic uses to the institution of high-volume production for exportation and the influx of foreign technological assistance will be studied in detail in the subsequent chapters.

After the introductory chapter, the next section of the book will outline the founding of the Daqing oilfield. Chapter Three surveys how Daqing's numerical successes translated into the transformation of the oilfield into an ideology, serving as a model for heavy industrial development. This phase of Daqing development represented the peak of its model status. In Chapter Four, central to the ideology of Daqing-ism, is the concept of self-reliance in an era of PRC development where foreign technological help was extremely limited. Chapter Five analyzes the onset and impact of the Cultural Revolution. When Mao's social experimentation was finally over, Chapter Six examines how the oil industry's Petroleum Faction returned to power again with a conscious re-configuration of the self-reliance doctrine. Chapter Seven looks at the limitations of self-reliance and how it finally gave way to an oil trade with Japan, its first foreign partner in the oil industry since the Sino-Soviet split.

²⁰ Newby, L. (1988). *Sino-Japanese Relations*, p. 39. London: Routledge.