

Uncertain Prosperity: A Political Scientist's Analysis of Thirty Years of Reform in China

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The mainstream view is that the reform and opening up begun in 1978 was an important turning point in contemporary Chinese history. During the past thirty years, this vast nation has gained extraordinary economic achievements, and has also given the world numerous tragic shocks. It is fair and proper to say that the human race has never before seen a huge nation of 1.3 billion people being transformed by modernization. The time to examine this transformation and fix praise or blame still lies in the future.

We already know that outside observers of China, who were ready to sing a dirge, have had to postpone their elegy, since China has not yet collapsed. Yet those who proclaim a miracle cannot disregard China's risks and hardships. Those who assess events from inside the country are struck by the large coastal cities and the rapid rise in ostentatious wealth of a few lucky people. Yet the backwardness and hardship of life in remote regions and among the lower social strata trouble people more and more. The population sometimes expresses its emotions in a crescendo of national fervor, and sometimes in despair at the deep divisions and lack of mutual trust on all sides. China's shifting, ambiguous reality lies precisely here: evident crises on all sides are wearing the nation down, while it advances with a song of triumph. Things look prosperous, but everywhere a clear picture is uncertain.

Due to limitations in ability and space, this essay cannot elucidate everything, but only select some important points for readers to consider.

1.) Liberate one's thoughts: some emerging mechanisms of China's reform

To sketch the picture with the artistic language of the stock market, the emergence of reform in China is a one-time "ricocheting bullet." From the 1950s, China did not permit private property inside the country. Everything was nationalized, which suppressed both the creative power of the rich and material production. Externally, ties were broken with the West, shutting out the power of global capitalism. The door to the outside world was locked and bitter power struggles ensued. According to calculations by Prof. Chen Zhiwu of Yale University, the average daily wage for a labourer in Beijing in 1976 was one RMB, roughly equivalent then to 2.5 *jin* of rice, 1.4 *jin* of meat, or 10 eggs. In market basket comparisons, this was a new low for anytime since the reign of the Qing Emperor Qianlong [1736-1795] (Chen Zhiwu, 2007). After more than 20 years of building socialism, the superiority of the socialist system had still not been proven. The government was facing a severe crisis of confidence. At the same time, the highest leaders in the Party stepped off the stage, and the government recognized that its foundation of confidence had eroded. Confronted with problems, the Party in Beijing took steps to save itself.

The 30 years of reform can be divided into two different phases, with the market reforms of 1992 forming a simple division. The majority of Chinese gives high marks to the reforms of 1978-1992, and even calls them "glorious reforms," which were a win-win situation for the nation and the people. The core of those reforms was self-restraint, "the state retreats and the people advance." In many political and economic zones the state ceded authority and let others profit. The state provided room for vitality, loosened restrictions, encouraged the masses to increase their ability to feed themselves, and restored the earning of interest. Reform in those days saw a reduction in the government's ability to draw resources to itself on the one hand, and improvement in the people's well being on the other hand, thus winning relatively

widespread public support.

Beginning in 1992, privatization became the next step forward under the government's direction. Industrial assets and all kinds of natural resources became objects of property rights and certificates, or financial stocks, and changed into circulating capital. Especially after the reform of urban housing in 1998 gave a wake-up call for the price of land, the wealthy started to perform a stream of magic tricks. In China today, over 4000 km. of expressways are constructed annually, enough to stretch across the USA. The floor space of commercial skyscrapers built in Shanghai within a five year period was even greater than the floor space built in Hong Kong for over 50 years. At the same time, social inequality intensified, and the grudges of the rejected masses accumulated. A collective feeling of relative deprivation and subjective poverty wove its way into society, with people feeling like they were being beaten down and ruined. There were public dangers on all sides. Public authority, which had temporarily loosened, got a renewed taste of the great advantage of disposing of resources. The viewpoint of "the bureaucratic standard" returned. Newly revived official authority and high-ranking capital formed an alliance. Areas of monopoly returned. Reform became a difficult matter of balancing interests.

Some historians are of the opinion that, given China's overly stable structures, if those in authority are to reform the administration, then there must first be ideological reform. But ideological reform might ruin the legitimacy of those in authority. If reforming influences must advance, then there is only one direction: to construct a legal foundation that can sponsor reform, while at the same time supporting the ideology of the authorities. This is a re-elaboration of ideology. (Jin Guantao, 2000) Party officials are in the habit of calling this "liberation of thought."

Certainly during these 30 years, every time great changes were initiated, they were accompanied by the cry for liberation of thought on the part of the leading authorities. For example, the key proposition of 1978, "facts are the sole criteria for determining

truth,” is not really deep or profound. It pointed to basic Marxist principles to indicate that the correctness or incorrectness of Mao’s policy line must be examined by looking at the actual situation. This broke the myth of the thoughts of Chairman Mao, and pulled socialism away from utopian dreams and back to the real world. In 1987, the 13th National Party Congress expounded the theory of the Preliminary Stage of Socialism, implying that the road to communism would be a long one. It stressed that poverty is not socialism, which requires a major development of the productive forces. “It doesn’t matter if a cat is black or white, just as long as it catches mice.” The vital power of the people was then gradually liberated. During his southern tour in 1992, Deng Xiaoping said that emphasizing growth was a solid doctrine, since the market does not distinguish between those named Socialist and those named Capitalist. Reform then took a big step forward.

After these changes, the social structure of China deteriorated. With the establishment of the new political authority in 1949, workers and poor farmers had “overturned their identity” and had become the masters of the country, while capitalists and landlords were beaten down. But today, workers and farmers have sunk to the level of a low, weak social stratum, while capitalists have risen up to a new wealthy social stratum. Yet historical memories remain. The weak groups fondly remember their time in the limelight, and feel dismal in their new circumstances. Capitalists worry that the revolution will revive, and fear for the security of their property. Those without money are unhappy with the government. Those with money want to participate in government. Left wing and right wing pressures are simultaneously directed at the authorities.

In 2001, Jiang Zemin promoted the Party as representing the advanced social productive forces, advanced culture, and the interests of the overwhelming majority of the population. The theory of the Three Represents was not an expression of empty words. In fact it was a positive response to political appeals on the part of the wealthy. The heart of the Three Represents theory was to allow capitalists to be admitted to the Party. Formerly the vanguards

of the proletariat, Communists have transformed themselves into representing those with property, and also into becoming the vanguard of Chinese nationalism. The right to own private property was written into the Constitution. The Property Rights Law established the equality of private and public property, and swept away the anxiety for the future of those who create wealth. In 2005, Hu Jintao began to advocate a harmonious society based on individual and scientific development. The new circle of rulers has evidently become aware that the anger of the masses at the bottom of the heap is accumulating to the extent that it is becoming a high risk to society. They are trying to alleviate regional and social antagonistic feelings by means of “big structural shifts” in social policy and by energetically “reducing inequalities and lowering insecurities” (Wang Shaoguang, 2008).

If we were to examine more thoroughly and summarize the wording of Communist ideology and the shifts in public policy it brought forth, the “inner core” and “protected zones” were adjusted time after time. After every adjustment, the “inner core” of what socialism must defend became smaller and smaller, while the space of reform became larger and larger. If we simply look at the force and results of policy shifts, 30 years of unbroken adjustments and reforms have not been inferior to the changes seen in Western democracies after one political party replaces another as the party in power.

2.) Local competition: resilient authorities in China’s reforms

(At this point the translator begins summarizing, rather than translating word for word.)

In 2005, the UN published statistics on the level of human development. Guizhou was on the same level as Namibia, but Shanghai was even with Portugal. This shows the gap among different regions, and the intensity of competition.

Although China has a centralized government, it is a vast country with huge local disparities. The leading circles in the central government are hard pressed to respond to every little

change. There is a gap between their subjective desire to control and their objective ability to control. Implementing policies and controlling local officials happens sporadically, now tightly, now loosely (Liu Ya-Ling, 1992). "Government policies do not extend beyond Zhongnanhai," meaning rules cannot be enforced. If forceful measures get results in place A, then they may not get the same results in place B. So the central and local governments fight with determination, and it is amazing how people in authority can bounce back.

Before the reforms, local government had scope to exercise its own power, but the same national outlook unified different levels of government. The local government served as the agent of the national one. After the reforms, local authorities could seek their own interests and were motivated to use the room for maneuver available to them. Local people were beginning to make profits, and the authorities changed to become their agents. Different levels of government derived certain benefits from enterprises, and had different abilities to control them. "The local government promptly became factory managers" (Andrew Walder, 1995). The balance of political and economic benefits motivated the government to push reforms. As the Centre let go of controls, the local government gained confidence in economic growth. Local officials and the wealthy became more tolerant of each other, leading to "an alliance of the rich and the government."

Since the Centre had rejected its original policy of liquidating enemies and demanding absolute obedience from bureaucrats, the reform process started to lead to much negotiation of prices and adjustment of policies. Tax sharing with localities in 1994 especially led to a trend to promote local self-interests. With no constitutional safeguards on the division of power, local governments opted for opportunism, sailing with the wind, and acting as they wished.

When faced with the hard choices of either staying with the old or trying something new, local administrators rushed and made decisions as they went along. When there were no guidelines, the

higher level gave the lower level enough authority to try something new, and the lower level became more confident in taking the initiative. Inattention from above first became policy and then the law, and expanded in scope. During the course of 30 years, there have been thousands of cases of localities doing “new illegal things.” Higher connivance with lower level infractions has led to many major reforms eventually becoming legal.

Some local governments joined the investment fever while the Centre still showed a red light. But once the light turned yellow, everyone got into the race. They had to grasp the opportunity and position themselves favorably in the competition. The Centre “shot” some of those in front who were evading the rules. In the next round of reform, localities had to choose whether to risk breaking the rules first and doing something to make up for it later, or to renounce their local standpoint and immediately pledge loyalty. Local officials laughed at those who were unable to compete in the race or who did not know how to take advantage of “collapsing standards.”

While local officials had more room for decision, their fate still lay in the hands of higher levels of government. The “oppressive structure” still had not changed much, and local authority could not expand too far.

An interesting competition developed among localities. Headhunters from higher levels of government went to recruit local officials who were successfully promoting economic growth. Local officials in turn wanted to rise through the ranks and join city teams, and then provincial teams. Competition was fierce, and the whole country turned into a business arena.

As the localities jockeyed for power, we can see that the entire administrative apparatus became a huge set of branch offices under Party control. The Central Government started to look like a corporate board of directors, while local officials were entrusted to manage business affairs. Local agents who managed affairs well asked for promotion to the Centre, or at least for a monetary reward. The rewards could be cash, or something that would pay over time,

such as a promotion. If the directors could not pay enough to satisfy, then the managers might help themselves to funds from the enterprise. Faced with officials colluding with business people, the Centre "threatened serious punishments before and punished selectively afterwards." Such flexible enforcement stimulated local corruption.

3.) Leaping over anxieties: difficulties with reform at the national level

China today more and more presents the image of a huge flower vase. The best descriptions and the worst criticisms are both true at the same time at different levels. Several key reasons that created this situation of being at a loss as to what to do perhaps come from three kinds of post-1978 continuous transformations, none of which has yet come to completion. The first is the transformation from a closed to an open society, the second from an agricultural to an industrial nation, and the third the privatization of the economy. Let's not forget that this may well be the current, fundamental national situation.

Comparatively speaking, there were historic stages in the modernization process of Western nations. After Columbus discovered the Americas in 1492, transnational maritime commerce caused Western Europe to change from a closed to an open society. Industry replaced agriculture in the Industrial Revolution of the 19th and early 20th centuries in the USA and other Western societies. In the late 20th Century the USSR and other Eastern European nations underwent a transition from planned to market economies. These structural changes caused great social transformations.

China had a great history, but then it endured a century of humiliation. Modernization is a great dream of restoring our people to greatness. The strategy of modernization has a sacred aura. Openly or implicitly, this is a historical duty. At the beginning of the PRC, the first generation leaders planned to outdo capitalism by overtaking England and the USA, but China was populous and poor. Mao Zedong wrote in a poem, "So many urgent matters; the world

rolls on, light presses upon darkness. Ten thousand years are too long, seize the day, seize the hour!" (*Reply to Guo Muruo*, Jan. 9, 1963)

Modernization in the West took almost 500 years, in three interlocking stages. First came the age of political absolutism, marked by building up the nation state and a complete government, centered on order and stability. Then came the age of democracy, marked by participation in politics and the theory of law, with core values of freedom and efficiency. Then came the age of welfare, marked by guarantees for living, and core values of equality and justice. One stage flows into the next, with no sharp boundary. Power and wealth have to exist before they can be shared.

However times have changed and China cannot follow the model of the first nations to modernize. China must rapidly cover all three stages concurrently. The official phrase is to "correctly manage the relationships of stability, development and reform." On the one hand, the country must establish an all-round political structure, which ensures stability. On the other hand, the process of modernization brings with it an ever-rising tide of popular participation in politics, causing ceaseless trouble for the not-quite-mature government. Economic growth must be put in first place to guarantee that the political system will have resources to solve the people's problems of livelihood. Yet while the need for high-speed growth presses upon the government, the people demand justice and equality.

Don't underestimate the pressure people feel when they compare their lives to those of others. Chinese people took the opening to the outside world to heart. People neglect history and compare themselves with others in the immediate situation. They do not compare China now to the USA of 50 years ago, to the Japan of 40 years ago, or to the Taiwan of 20 years ago. A problem is that comparisons cannot be restricted to only the material, economic level. The people also look at Western freedom and democracy, and so dissatisfaction spreads. It's like someone being restrained hand and foot: once the handcuffs are removed, the shackles on the feet

become unbearable.

Unlike the West, China's model of economic development is led by the state. Changes in Western capitalism moved in step with the evolution of social self-organization. Before Keynes and Roosevelt [the 1930s], the state only played the role of a "night watchman." Today Western nations are balanced stably on a tripod of government, the market, and society. But in China, there is only a slight degree of social self-organization, and the market is not fully grown. So modernization proceeds in a top-down style. The state leads the process, and also has to bear the consequences. Success brings public recognition, but failure could create a crisis of legitimacy. The market and society both weigh heavily on the government. Market failure or social disorder would burden the government and the people alike with anxiety. In a time of worry, every side will lack the patience to make adjustments.

With three great transformations underway at once, administrative organs shoulder complex responsibilities without precedent. It was easy to gain public acceptance for the initial stage of reform, and to spread the dividends everywhere. But as the reforms deepened, there were dramatic developments as to which areas benefited. The losing strata of society set their hearts against the reforms.

The administrative bodies are under pressure from both conservatives and liberals, fighting a war on two fronts. Although the authority of the Chinese government is strong, it is not free to adopt policies arbitrarily. So it will be hard for China to catch up to the leading nations and take their place.

People worry about the risk of structural change. It is hard to find room to experiment with social structures. Rigid education and ideology has created large numbers of angry youth, who are often wildly and emotionally proud of their nation. In a flash, they can suppress rational debate. In the short term, democratization will be extremely difficult.

Economists say that when economic latecomers try to catch up to the developed nations, they first copy industrialization, and

private enterprises appear. Next the legal structure changes, and laws on private property are promulgated. Then the political structure becomes more representative of the people. The constitution changes, borrowing from the developed nations. Ideology and moral norms change more slowly than economic structures.

Another analysis compares the stages of Leftists and Rightists, who are in command. Leftists ruled China during the time of Mao, and Rightists ruled Spain under Franco, and Taiwan under Jiang, father and son. Rightists worry about Ultra-Leftists staging a comeback. If the Rightists can maintain social stability, then the power of the Leftists to resist will be greatly reduced, and it will be easier to persuade them to go along with the changes. (Lin Da, 2007) Over the decades, Taiwan gradually became democratic. If Leftists gradually turn to the right, then structural changes will become much easier. From this point of view, there is still hope for China, which is now moving to the right.

Reference works are listed at the end of the Chinese version of this article