

# **The Third Way: the Question of Equity as a Bone of Contention Between Intellectual Currents**

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In China, twenty years of reform, which started precisely with the repudiation of egalitarianism and the encouragement to “get rich first”, has led to a serious interrogation of the ethics of wealth creation and accumulation. The issue of equity has become a subject of intense intellectual contestation in China, particularly in the recent debates between the liberals and the new left.<sup>1</sup> For a society with a time-honoured tradition of putting emphasis on collective values, there is every reason for all parties in the dispute to claim concern for equity and selfless motivation in probing the question of social justice, although they are deeply divided in their assessment of the extent of inequalities in China today, especially in comparison to the Mao era; in their opinions about the origin of the current inequalities; and in their attitudes toward and remedies for them. This paper is an attempt to explore the complexity of contention between the left and the liberals, as well as the prospects for a third way for China.

### **The Dilemma of the Left-on-the-Offensive**

The left in China today can be divided into the old left and the new left, though they share their love for parts of Maoism and their hostility toward capitalism. The old left is a fairly homogeneous group who are too rigid to make sense of changing realities and whose ideology is orthodox Marxism-Leninism-Mao Zedong Thought,<sup>2</sup> whereas the new left consists of at least three groups: post-modernists, populists and neo-nationalists.

Contrary to the official ideology proclaiming the leading position of the proletarian class, the old left have painted a picture of a clear stratification in the current Chinese society where the working class is exploited by the petty bourgeoisie, bourgeoisie, bureaucratic bourgeoisie, comprador bourgeoisie and international bourgeoisie.<sup>3</sup> In their view, “the

<sup>1</sup> The debate has focused on three themes: whether a critique of capitalism in China has become the task of the greatest urgency for Chinese intellectuals; whether China should pursue modernity as defined by the West; and whether “economic democratization should be prioritized over liberalism. For reports and comments, see Xu Jilin, ‘Qimeng de mingyun: ershi nian lai de zhongguo sixiang jie’ (The Fate of Enlightenment: The Chinese World of Thought in the Last 20 Years), *Ershiyi Shiji* (Twenty-first Century), 1998:12,50, p. 3-13; Xu Jilin, Liu Jing, Luo Gang and Xue Yi) ‘Xunzhao “disantiao daolu”: guanyu “ziyouzhuyi” yu “xinzuoyi” de duihua’ (In Search for the “Third Way”: a Dialogue about “Liberalism” and “New-Left”), in Xu Jilin, *Lingyizhong Qimeng* (Another Kind of Enlightenment), Huacheng Chubanshe, 1999, p. 276-302; Li Zehou, ‘Ziyoupai he mincuipai’ (Liberals and Populists), in Li Zehou, *Bozhai Xinshuo* (New Statements from the Boulder House), Hong Kong: Tiandi Tushu, 1999, p. 115-122; Geremie R Barmé, ‘The Revolution of Resistance’, in Elisabeth Perry and Mark Selden, eds., *Social Change in Contemporary China: Conflict and Resistance*, London: Routledge, 2000, p.198-220; and Yuan Weishi, ‘Ziyouzhuyi lunzheng guankui’ (A Restricted View of the Debate on Liberalism), *Kaifang Shidai* (Open Times), 2000:2, p.37-45.

<sup>2</sup> The current old left has developed from the conservative wing of the party-state who were against market-oriented reforms and opening to the outside world. Their spiritual leader is Deng Liqun and their main ideas have found expression in, and are best embodied by, several *wanyanshu* (a ten-thousand-word report prepared for perusal by the top leadership) and several ultra-left journals such as *Dangdai Sichao* (The Contemporary Ideological Trends), *Gaojiao Lilun Zhanxian* (The Theoretical Front of Higher Education), *Wenyi Lilun Yu Piping* (Literary Theory and Criticism), *Zhenli de Zhuiqiu* (In Quest of the Truth), and *Zhongliu* (Midstream).

<sup>3</sup> Anonymous, ‘Yingxiang woguo guojia anquan de ruogan yinsu’ (Several Factors Concerning the National Security of Our Country), in Shi Liuzi, ed., *Beijing dixia “wanyanshu”* (The Ten-thousand-word and Other Underground Writings in Beijing), Hong Kong: Mingjing Chubanshe, 1997, p.30-31.

blood and sweat of the working people are being used to nurture and feed a bourgeoisie” in China.<sup>4</sup> They further attack the philosophical foundation of the current reforms based on the false assumption of “economic man”, an assumption leading to the betrayal of the socialist cause and a capitalist restoration.<sup>5</sup> They do not hide their nostalgia for the 1950s and the early 1960s, when, according to their judgement, there was fast economic growth and little social inequality.<sup>6</sup>

There is a delicate relationship between the old left and the current communist leadership in China. In terms of their defence of the current political order characterised by the communist leadership and the hegemony of communist ideology, they rely on each other for support. However, the old left are constantly annoying the current communist leadership with their wholesale dismissal of market reforms; their alarmist warning of an imminent catastrophe in the collapse of communist rule; and their insistence on the Marxist orthodoxy of class struggle, despite its alienation of a majority of the population.

The new left share with the old left a disapproval of market reforms and the invasion of international capital, but the new left are armed with a much more up-to-date ideological arsenal. The nationalist faction mainly borrows theoretical weapons from post-colonial criticism and blames the invasion of Western goods, Western capital and Western values for the escalation, if not the creation, of inequalities and other vices in contemporary China.<sup>7</sup> A slightly different agenda emphasises concern for “state capacity”. These approach sees not only China’s national pride and sovereign state power being sacrificed in an economy increasingly dependent on world capitalism, but also the dangers posed by the process of economic decentralisation undermining the fiscal, economic and political power of the central government to address inequalities in Chinese society and in maintaining national unity.<sup>8</sup> The populist faction, mainly literary critics, spares no effort in exposing the “social polarization” (*liangji fenhua*), the “inequalities” (*shehui bujun*), and the “spiritual degeneration” (*jingshen duoluo*) brought about by market reforms and

<sup>4</sup> Jiang Chuan, ‘Siyouhua: yong laodong renmin de xuehan chongxin peizhi he yangfei yige zichanjieji’ (Privatisation: Using the Blood and Sweat to Nurture and Feed a Bourgeoisie), *Dangdai Sichao* (Contemporary Ideological Trends), No.5, 1990.

<sup>5</sup> Xin Mao (pseudonym), ‘Gaihe he jingji ren’ (Reform and the Economic Man), in Shi Liuzi, ed., *Beijing dixia “wanyanshu”* (The Ten-thousand-word and Other Underground Writings in Beijing, Hong Kong: Mingjing Chubanshe, 1997, p.201-230.

<sup>6</sup> Ou Zhizhu, ‘Quanmin suoyou, quanmin jiewu ma?’ (Does Ownership by All People Mean Ownership by No-one?), *Zhongliu* (Midstream), No.4, 1998; Xin Mao (pseudonym), ‘Gaihe he jingji ren’ (Reform and the Economic Man), in Shi Liuzi, ed., *Beijing dixia “wanyanshu”* (The Ten-thousand-word and Other Underground Writings in Beijing, Hong Kong: Mingjing Chubanshe, 1997, p. 206-207.

<sup>7</sup> For three most aggressive attacks, see Song Qiang, Zhang Zangzang and Qiao Bian, *Zhongguo keyi shuo bu* (China Can Say No), Hong Kong: Mingbao Chubanshe, 1996; Li Xiguang, Liu Kang, et al, *Zai yaomohua zhongguo de beihou* (Behind the Scenes of Demonising China), Beijing: Zhongguo Shehui Kexue Chubanshe, 1996; and Fang Ning, Wang Xiaodong, Song Qiang, et al, *Quanqiuhua yinying xia de zhongguo zhilu* (China’s Road under the Shadow of Globalisation), Zhongguo Shehui Kexue Chubanshe, 1999. For wider discussions on nationalism in China today, see also Li Shitao, ed., *Minzu zhuyi yu zhuanxing qi zhongguo de mingyun* (Nationalism and the Fate of China in Transition), Shidai Wenyi Chubanshe, 2000.

<sup>8</sup> See, for example, Wang Shaoguang and Hu Angang, *Zhongguo Guojia Nengli Baogao* (Report on China’s State Capacity), Hong Kong: University of Oxford University Press, 1994

capitalist modernity.<sup>9</sup> The post-modernist faction is the most sophisticated of the three. Borrowing neo-Marxism, post-modernism and post-colonial critique from the West, utilising class-based discourses, and raising the issues of social justice, class exploitation and the hegemony of global (western) capital, they have effectively problematised the Chinese quest for Enlightenment values (such as liberty, science and rationality), modernity and globalisation.<sup>10</sup>

If the Marxist or neo-Marxist critique of Chinese reality cannot be dismissed as entirely irrelevant, the critique is crippled by the lack of viable alternatives. The Chinese left, old and new alike, can combat the tendency toward inequality only by conceiving of models in the Maoist tradition, which have already been discredited thanks to the bankruptcy of state socialism not only in China but all over the world. The favourite model for the old left is Nanjie Village in Henan Province. Since 1984 this village has managed to achieve remarkable economic success through collective farming and development of enterprises, rather than implementing the national policy of the “household responsibility system”.<sup>11</sup> However, most Chinese are on the alert against the revival of some “Cultural Revolution legacies” in this village, such as cultivation of personal cults, small group political study and criticism, and the military training of employees.

The new left are fond of talking about “systemic renovation” (*zhidu chuangxin*) and “Chinese modernity”, but the concrete programs they offer, such as “economic democracy” as demonstrated by the experience of the “people’s commune” and the “Charter of the Anshan Iron and Steel Company”,<sup>12</sup> are nothing but Maoist fantasies cast aside by the current Chinese government and the public as a whole. The Chinese new left take delight in praising the practice of involving workers in management in the Mao period as the Chinese version of post-Fordism. However, even post-Fordist empowerment in the West via workers’ voluntary participation and teamwork is still more rhetoric than reality in breaking down the hierarchy of management, not to mention the lack of any meaningful effect of forced participation in Mao’s China on addressing the unequal distribution of power in the workplace.

<sup>9</sup> For a typical example, see Han Yuhai, ‘Zai ziyou zhuyi zitai de beihou’ (Behind the Liberal Pose), *Tianya* (Frontiers), No.9, 1998; Han Yuhai, ‘Women shifou yao jieshou yige tongzhihua shijie’ (Do We Need to Accept the World of Uniformity), *Ershiyi Shiji* (Twenty-first Century), 1999:8; Han Yuhai, ‘Ziyouzhu yi de lilun pinfa’ (Poverty of the Liberalist Theory), *Yazhou Yuekan* (Asia Monthly), 2000:1. See also Liang Xiaosheng, *Zhongguo Shehui Ge Jiecheng Fenxi* (An Analysis of Social Strata in China), Jingji Ribao Chubanshe, 1997.

<sup>10</sup> Wang Hui, ‘Dangdai zhongguo sixiang zhuangkuang yu xiandaixing’ (The State of Thought in Contemporary China and Modernity), *Tianya* (Frontiers), 1997:5, p.133-150; Wang Hui, ‘Guanyu xiandaixing wenti dawen’ (Questions and Answers about Modernity), *Tianya* (Frontiers), 1999:1.

<sup>11</sup> Wang Yuli, ‘Najie bushi meng: Wang Hongbing he cunminmen de tanshuo’ (Nanjie Is Not A Dream: Exploration By Wang Hongbing and His Fellow Villagers), *Zhongliu* (Midstream), No.7, 1994..

<sup>12</sup> Cui Zhiyuan, ‘Zhidu chuangxin yu dierci sixiang jiefang’ (Systemic Renovation and the Second Mind Emancipation), *Ershiyi Shiji* (Twenty-first Century), 1994: 8; Cui Zhiyuan, ‘Mao Zedong “wenge” lilun de desh yu “xiandaixing” de chongjian (The Success and Failure of Mao’s Cultural Revolution Theory and the Reconstruction of Modernity), *Xianggang Shehui Kexue Xuebao* (Hong Kong Journal of Social Sciences), Spring 1996, no.7, p.49-74; Cui Zhiyuan, ‘Angang xianfa yu hou futezhuyi’ (The Charter of Anshan Iron & Steel Company and Post-Fordism), *Zhongguo yu Shijie* (China and the World), 1997:1.

## The Potential for Liberals-on-the-Defensive

There is a so-called “economic liberalism” widely practised in China under reform. This brand of liberalism can be defined as development of a private economy under the guidance of authoritarian regime. It lays emphasis on the economics of the free market, but not, and sometimes at the expenses of, the politics of personal liberties. However, at the early stage of reform, there was a widely held belief in commodities as an “inherent equaliser” (*tianshengde pingdengpai*), as well as a common assumption that money and money only would be powerful enough to create a democratic, free and equal society by dismantling totalitarian political structures and power monopoly. Since the 1980s large proportion of the population has gone mad with “commodity fetishism” or “money fetishism” and has been vying with each other to “get rich first” by whatever means available. This kind of mentality and practice were occasionally coupled with theoretical justification, on the grounds that it was necessary for the transition to a market economy, civil society and democratic polity in China. Even in the 1990s, when power and money reinforced each other to foster a “power economy” based on annexation of public property and unequal competition, the rapid accumulation of wealth by power holders and their associates in this manner has led to serious social polarisation where the “super rich stratum” (*baofu jieceng*) contrasts sharply with the poor. Some scholars still insist that the best way to prevent the “erosion [appropriation] of state property” (*guoyou zichan liushi*) is to undertake privatisation in an open and orderly manner rather than shying away from privatisation and the development of personal wealth.<sup>13</sup>

It is not surprising that Chinese liberals have been accused by some observers of ignoring inequalities and other evils brought about by the market economy,<sup>14</sup> as liberals in China today wholeheartedly support the projects of marketisation, modernization, globalisation

<sup>13</sup> Zheng Yefu, ‘Fubai de zhengfu gongneng’ (Positive and Negative Functions of Corruption), *Dushu* (Reading), 1993:5; Zheng Yefu, ‘Shehui shengtai xue de fubai yu shehui zhuangui qi de fubai’ (Corruption in Social Ecology and Corruption in the Period of Social Transition), *Zhanlue Yu Guanli* (Strategy and Management), 1994:3; Zhang Shuguang, ‘Fubai wenti de zai sikao’ (Rethinking on Corruption), *Dushu* (Reading), 1994:2; Zhang Shuguang, ‘Fubai yu huilu de jingji fenxi’ (An Economic Analysis on Corruption and Bribery), *Zhongguo Shehui Kexue Jikan* (China Social Sciences Quarterly), 1:6, February 1994; Gong Xihui, ‘Yuqi toutoumomo wuguize de siyouthua, ningke yao gongkaiyouxude siyouthua’ (The Superiority of Privatisation in an Open and Orderly Manner Over Covert and Chaotic Privatisation), in Zhang Wenmian, et al, eds, *Zhongguo Jingji Dalunzhan* (Debates on the Chinese Economy), Beijing: Jingji Guanli Chubanshe, 1996, p.91-92; Zhang Wushang, ‘Yi chanquan huan tequan, chujin siyouthua’ (Zhang Wushang on Promoting Privatisation Through Exchanging Privileges With Property), in Zhang Wenmian, et al, eds, *Zhongguo Jingji Dalunzhan* (Debates of Chinese Economy), Beijing: Jingji Guanli Chubanshe, Vol.2, 1997, p. 268-269; Zhang Weiyin, ‘Youxie fubaide cunzai, bushi zuihao ye shu ciyou’ (The Existence of Corruption to a Certain Degree Is Next to the Best If not the Best), in Zhang Wenmian, et al, eds, *Zhongguo Jingji Dalunzhan* (Debates on the Chinese Economy), Beijing: Jingji Guanli Chubanshe, Vol. 2, 1997, p.269-270.

<sup>14</sup> Xu Jilin, Liu Jing, Luo Gang and Xue Yi, ‘Xunzhao “disantiao daolu”: guanyu “ziyouzhuyi” yu “xinzuoyi” de duihua’ (In Search for the “Third Way”: a Dialogue about “Liberalism” and the “New-Left”), in Xu Jilin, *Lingyizhong Qimeng* (Another Kind of Enlightenment), Huacheng Chubanshe, 1999, p. 276-302; Li Zehou, ‘Ziyoupai he mincuipai’ (Liberals and Populists), in Li Zehou, *Bozhai xinshuo* (New Statements from the Boulder House), Hong Kong: Tiandi Tushu, 1999, p. 115-122.

and privatization.<sup>15</sup> Nevertheless, the issue of equity is also of central concern to liberals, who in the recent debate with the new left have distanced themselves from “economic liberalism”, especially those who are strongly inclined to social democracy.<sup>16</sup> Despite the fact that some leading liberals have made an appeal to return to the basics of classical

<sup>15</sup> Li Shenzhi, ‘Hongyang beida de ziyoushuyi chuantong’ (Promoting and Developing the Liberal Tradition of Beijing University), preface to Liu Junning (ed) *Ziyoushuyi de Xiansheng: beida chuantong yu jinxiandai zhongguo* (The Harbinger of liberalism: The Tradition of Beijing University and Modern China), Beijing: Zhongguo Renshi Chubanshe, 1998; Li Shenzhi, ‘Fengyu canghuang wushinian’ (The Sombre Fifty Years), *Kaifang Zazhi* (Open Magazine), 2000:2, p.34 – 39; Li Shenzhi and He Jiadong, *Zhongguo de Daolu* (The Road for China), Nanfang Ribao Chubanshe, 2000; Liu Junning (ed), *Ziyoushuyi de Xiansheng: beida chuantong yu jinxiandai zhongguo* (The Harbinger of liberalism: The Tradition of Beijing University and Modern China), Beijing: Zhongguo Renshi Chubanshe, 1998; Liu Junning, ‘Ziyoushuyi: jiushi niandaide “busuzhike”’ (Liberalism: an “Unexpected Guest” of the 1990s), *Nanfang Zhoumo* (Southern Weekend), 29 May 1999; Zhu Xueqin, ‘1998 ziyoushuyi xueli de yanshuo’ (The Discourse on Liberalism in China in 1998), in Lu Yuming, et al, *Xueshuo Zhongguo* (Theories in China), Jiangxi Jiaoyu Chubanshe, 1999, p.202-224; Qin Hui, ‘Zhongguo xiandai ziyoushuyi de lilun shangque’ (A Theoretical Deliberation on Liberalism in Modern China), in Qin Hui, *Wenti Yu Zhuyi* (Issues and Isms), Changchun Chubanshe, 1999, p. 116-133; Qin Hui, ‘Zhongguoshi de “xin zuopai” lilun bianxi’ (The Theory of the “New-Left” with Chinese Characteristics: An Analysis), in Qin Hui, *Wenti Yu Zhuyi* (Issues and Isms), Changchun Chubanshe, 1999, p. 156-176; and Wang Dingding, ‘Zhongguo jiushi niandai gaigede zhengzhi jingjixue wenti’ (Issues of Political Economy for Reform in China in the 1990s), *Ershiyi Shi Ji* (Twenty-first Century), 1999:6, p.23-29; Wang Dingding, ‘Ziyou: yiduan jiaotashidi de xushuo’ (Liberty: an Earnest and Down-To-Earth Narrative), in Li Shitao (ed), *Ziyou zhuyizhizheng yu zhongguo sixiangjie de fenhua* (The Debate on Liberalism and the Split in the Chinese World of Thought), Shidai Wenyi Chubanshe, 2000, p. 362-368; Xu Youyu, ‘Ziyoushuyi yu dangdai zhongguo’ (Liberalism and Contemporary China), *Kaifang Shidai* (Open Times), 1999:3, p.43-51; Yuan Weishi, ‘Ziyoushuyi lunzheng guankui’ (A Restricted View of the Debate on Liberalism), *Kaifang Shidai* (Open Times), 2000:2, p.37-45.

<sup>16</sup> There are twists and turns in using the term social democracy in history. Marx and Engels preferred the term communism, but they also tolerated social democracy because it was widely used by the proletarian parties in Europe. At the turn of the 19<sup>th</sup> and 20<sup>th</sup> century a communism-social democracy split took place and from then on the two terms referred to two different things. Whereas communism referred to the political ideology and movement to achieve socialism through the violent “proletarian revolution” and the “proletarian dictatorship”, social democracy referred to the political ideology and movement for an evolutionary transition of society from capitalism to socialism through legal and peaceful processes, the process of election in particular. In the Declaration of Principles unanimously adopted by the Socialist International in 1951 the term “democratic socialism” was chosen to replace social democracy, with an aim to register a complete opposition to communist totalitarianism and a compromise with the capitalist camp. Most parties transformed from communist parties in the former Soviet Union and Eastern Europe since the late 1980s have also chosen the term “democratic socialism” to describe their new ideology. In reality, by the 1950s the ideology of social democracy had been revised to the extent that the project to replace the capitalist society with the socialist society was abandoned in favor of reforms within the capitalist framework, and, as a consequence, there was no meaningful distinction between the two terms of social democracy and democratic socialism. The Chinese translation of “Social democracy” is “*minzhu shehui zhuyi*”, and that of “democratic socialism” is “*minzhu shehui zhuyi*”. As in the West, nowadays the two terms “*minzhu shehui zhuyi*” and “*shehui minzhu zhuyi*” are interchangeable in China. Furthermore, in my opinion, the Chinese liberals in contemporary China can be further divided into two sub-groups, namely the group of liberals such as Li Shenzhi, Liu Junning and Zhu Xueqin, who concentrate on the promotion of individual liberty, and the group of social democrats, such as Qin Hui, He Qinglian and Xu Jilin (who prefers to stay outside the liberal and new left camps), seeking to balance individual liberty with a strong welfare state. According to Qin Hui, there is a strong “overlapping consensus” between liberalism and social democracy in contemporary China and the differences between liberals and social democrats have not yet become an issue. See Qin Hui, ‘Ziyou zhuyi, shehui minzu zhuyi yu dangdai zhongguo “wenti”’, *Zhanlue yu Guanli* (Strategy and Management), 2000:5, p. 83-91.

liberalism,<sup>17</sup> and despite the fact that John Rawls's emphasis on the right of the "least advantaged" has been challenged by fundamentalist liberals like Robert Nozick as equalising people's achievements rather than their opportunities,<sup>18</sup> most Chinese liberals today are true believers of John Rawls's "two principles of justice": "First: each person is to have an equal right to the most extensive basic liberty compatible with a similar liberty for others. Second: social and economic inequalities are to be arranged so that they are both (a) reasonably expected to be to everyone's advantage, and (b) attached to positions and offices open to all."<sup>19</sup> Not only do Chinese liberals do their utmost in promoting market efficiency, liberty, democracy and the rule of law, they also take great pains in promoting social justice, even before the new left took up the issue; not only do they advocate equality of opportunity and procedural justice, they also stand for distributive justice to a great extent.<sup>20</sup> As a matter of fact, the social democrat elements within the liberal camp in particular are closely following the tradition of utopian liberal political economy with great enthusiasm in the egalitarian mode of the liberal welfare state.

However, Chinese liberals differ from both the Chinese old and new left in two fundamental ways in tackling the issues of equity and inequalities. First, the liberals see the authoritarian political system, as well as the resultant marketisation of political power in the process of transition to the market economy (rather than the market economy per se), as the primary source of inequality, including the unequal distribution of wealth. Based on the observation that power holders have abused their power to complete the

<sup>17</sup> For example, Liu Junning, 'Beida chuantong yu jinxiandai zhongguo de ziyoushuyi' (The Tradition of Beijing University and Liberalism in Modern China), in Liu Junning (ed), *Ziyoushuyi de Xiansheng: beida chuantong yu jinxiandai zhongguo* (The Harbinger of Liberalism: the Tradition of Beijing University and Modern China), Beijing: Zhongguo Renshi Chubanshe, 1998, p.1-11. See also Xu Youyu, 'Chongti ziyoushuyi' (Bring Up Liberalism Again), in Xu Youyu, *Ziyoude Yanshuo* (Liberal Discourse), Changchun Chubanshe, 1999, p. 283-294; and Xu Youyu, 'Ziyoushuyi, falankefu xuepai ji qita' (Liberalism, Frankfurt School and Others), conclusion, in Xu Youyu, *Ziyoude Yanshuo* (Liberal Discourse), Changchun Chubanshe, 1999, p. 317.

<sup>18</sup> Robert Nozick, *Anarchy, State, and Utopia*, New York: Basic Books, 1974.

<sup>19</sup> John Rawls, *A Theory of Justice*, Oxford: Clarendon Press, 1972, P.60

<sup>20</sup> Qin Hui (Bian Wu), 'Gongzheng zhishang lun' (On Supremacy of Justice), *Dongfang* (Orient), 1994:6; Qin Hui (Bian Wu), 'Zailun gongzheng zhishang: qidian gongzheng ruhe keneng' (The Second Essay On Supremacy of Justice: Possibility of Justice at Starting Point), *Dongfang* (Orient), 1995:2; Qin Hui (Bian Wu), 'Gongzheng, jiazhi lixing yu fan fubai: sanlun gongzheng zhishang' (Justice, Value Rationality and Anti-corruption: the Third Essay on Supremacy of Justice), *Dongfang* (Orient), 1995:6; Qin Hui (Bian Wu), 'Gongzheng wei daode zhiji' (Justice as the Foundation of Morality: the Fourth Essay on Supremacy of Justice), *Dongfang* (Orient), 1996:5; Qin Hui, 'Shehui gongzheng yu xueshu liangxin' (Social Justice and Academic Conscience), in Li Shitao (ed), *Ziyoushuyizhi zheng yu zhongguo sixiangjie de fenhua* (Debate on Liberalism and the Split in the Chinese World of Thought), Shidai Wenyi Chubanshe, 2000, p. 388-396; Qin Hui, 'Shehui gongzheng yu zhongguo gaige de jingyan jiaoxun' (Social Justice and the Lessons of Reform in China), in Qin Hui, *Wenti yu Zhuyi* (Issues and Isms), Changchun Chubanshe, 1999, p. 33-40; Qin Hui, 'Ziyoushuyi, shehui minzu zhuyi yu dangdai zhongguo "wenti"', *Zhanlue yu Guangli* (Strategy and Management), 2000:5, p. 83-91; He Qinglian, *Xiandaihuade Xianjing* (The Pitfall of Modernisation), Beijing: Jinri Zhongguo Chubanshe, 1998; Xu Youyu, 'Ziyoushuyi yu dangdai zhongguo' (Liberalism and Contemporary China), *Kaifang Shidai* (Open Times), 1999:3, p.43-51; Xu Youyu, 'Ziyoushuyi, falankefu xuepai ji qita' (Liberalism, Frankfurt School and Others), in Xu Youyu, *Ziyoude Yanshuo* (Liberal Discourse), Changchun Chubanshe, 1999, p. 305-318; Zhu Xueqin, '1998 ziyoushuyi xueli de yanshuo' (Discourse on Liberalism in China in 1998), in Lu Yuming, et al, *Xueshuo Zhongguo* (Theories in China), Jiangxi Jiaoyu Chubanshe, 1999, p.202-224.

process of “primitive capital accumulation”, He Qinlian comes to the conclusion that unfair distribution in China today does not manifest itself in the distribution of national income [through wages or taxes], but mainly in the allocation and possession of resources, especially the unfair distribution of power.<sup>21</sup>

“Current social evils in China”, argues another liberal Zhu Xueqin, “cannot be simplified and equated with a ‘western disease’ and ‘market disease’. They are a ‘Chinese disease’ and a ‘power disease’ resulting from the peculiar circumstances where the market mechanism is parasitised, distorted, and even suppressed by an outmoded power mechanism. The liberals raised the issue of social justice long before the new left did, and they dug deeper to the root of the problem, pointing out that the problem already existed in the Mao era, such as in the plunder of private property, possession of public property and suppression of different political views by the privileged stratum. These social injustices took shape from the inception of that system, but had been covered by Mao’s illusory ideology of egalitarianism. The power mechanism has not changed with the introduction of the market mechanism but has increased its privileges and augmented the scope of rent-seeking. Hence there is structural corruption and unprecedentedly acute social injustice in our society”.<sup>22</sup>

Second, instead of waging an all-out war against the market, capitalism and the “middle class” as the left did, the liberals firmly defend the market, capital and the “middle class” while focusing their attacks on the unjust power structure of the party-state and the “upstarts” (*baofahu*) getting rich through the abuse of political power in one way or another. Xu Youyu complains that “the new left pick up other people’s phrases to attack marketisation, ignoring the positive effect of marketisation in breaking down the oppressive old system”. According to him, what should be done is to protect the interests of working people against “bigwig privatisation” (*quanguo siyouthua*) through the creation of a just legal framework to regulate the market and human behaviour.<sup>23</sup>

Qin Hui argues, since social injustice in China today is rooted in an unfair process of competition where some are abusing political power to create and accumulate wealth while others are losing out, “what is important is that there should be a simultaneous process of taking away both the constraints and protection of the old system, avoiding thereby the consequences in which some people continue to enjoy protection after taking away the constraint and others continue to suffer from the constraint after losing the

<sup>21</sup> He Qinglian, *Xiandaihuade Xianjing* (The Pitfall of Modernisation), Beijing: Jinri Zhongguo Chubanshe, 1998, P.4.

<sup>22</sup> Zhu Xueqin, ‘Ziyoushuyi yu xin zuopai fenqi hezai’, ‘What Is the Difference Between the Liberals and the New Left’, in Zhu Xueqin, *Shuzai li de geming* (Revolution Within the Study), Changchun Chubanshe, 1999, p.419-420. There are those who argue that state socialism cannot be reformed and market socialism is an illusion, simply because market coordination and bureaucratic coordination are not compatible. See Janos Kornai, *The Socialist System: the Political Economy of Communism*, Princeton: Princeton University Press, 1992.

<sup>23</sup> Xu Youyu, ‘Jiushi niandai de shehui sichao’ (Intellectual Trends in the 1990s), in Xu Youyu, *Ziyoudede Yanshuo* (Liberal Discourse), Changchun Chubanshe, 1999, p. 257, 260.

protection, that the opportunities are monopolised by the former whereas the risks are taken by the latter, and that the former take the ‘fruits’ whereas the latter pay the price”.<sup>24</sup>

Zhu Xueqin summarises the liberal solution in combating the social evils of equality as follows: “Liberalism aims to deepen market-oriented reform while opposing any attempt to plunder, in the name of economic reform, the social wealth accumulated from the contributions by lower strata of the society, and opposing any attempt to repeat the experience of Land Reform and Boxer-style false nationalism. Twenty years of economic reform has not been accompanied by corresponding political reform to balance power, hence the problem of the accumulation of social injustice. The only way out is to establish constitutional democracy and the rule of law through political reform, rather than falling back to the trap of campaigns and mass movements of the past”.<sup>25</sup>

### Public Discourse

The contestation between liberals and the new left on the issue of equity epitomises the controversy in Chinese society as a whole. This is simply because China is still a closed society where access to information is difficult and many politically sensitive issues are forbidden zones for academic enquiry; it is hard to assess the real extent of inequality, let alone its causes. Public discourse on social stratification and the disparity between the rich and the poor in particular has become fashionable in China since the early 1990s. There is no consensus on social categories in China today. One study, following the official line, divides Chinese society into nine categories: workers in state enterprises, workers in urban collective enterprises, workers in “other enterprises”, peasants, individual labourers, private owner-operators, intellectuals, cadres, and the poor (urban and rural).<sup>26</sup> Another study makes use of twelve categories: business people, officials, peasants, blue collar workers, white collar workers, intellectuals, ordinary urbanites (*shimin*), free professionals (*ziyou zhiyezhe*), the floating population, students, celebrities, and itinerants (*jianghu*).<sup>27</sup> Yet another study further divides society into fifteen classes and strata: blue collar workers, white collar workers, intellectuals, officials, unemployed people, retirees, peasants, workers in rural enterprises, rural cadres and intellectuals, peasant-workers and the floating population, individual labourers, private owner-operators, managers, soldiers, and students.<sup>28</sup>

<sup>24</sup> Qin Hui, ‘Shehui gongzheng yu xueshu liangxin’ (Social Justice and Academic Conscience), in Li Shitao (ed), *Ziyou zhuyizhizheng yu zhongguo sixiangjie de fenhua* (Debate on Liberalism and the Split in the Chinese World of Thought), Shidai Wenyi Chubanshe, 2000, P.395-396.

<sup>25</sup> Zhu Xueqin, ‘1998 ziyouzhuji xueli de yanshuo’ (Discourse on Liberalism in China in 1998), in Lu Yuming, et al, *Xueshuo Zhongguo* (Theories in China), Jiangxi Jiaoyu Chubanshe, 1999, p.213.

<sup>26</sup> Zhong Ming and Wang Yu, *Liangji Honggou? Dangdai Zhongguo de Pingfu Jiecheng* (Polar Gap? The Poor and Rich Strata in Contemporary China), Zhongguo Jingji Chubanshe, 1999.

<sup>27</sup> Wu Junping and Xu Yin, *Wo Shi Cui: Dangdai Zhongguoren de Shehui Dingwei* (Who Am I: Social Identification of Chinese Today), Neimenggu Renmin Chubanshe, 1997.

<sup>28</sup> Zhu Guanglei, et al, *Dangdai Zhongguo Shehui Ge Jiecheng Fenxi* (An Analysis of Social Strata in Contemporary China), Tianjin Renmin Chubanshe, 1998.

On the surface, it appears that extensive empirical research has been performed to assess the gap between rich and poor. Widely employed techniques to determine the extent of difference between rich and poor include the Gini-coefficient to measure difference in per capita income among the entire population, and the “five grades division” to compare the proportion of family income in five groups. Commonly cited findings include the following: the Gini-coefficient of per capita urban income in China increased from 0.15 in 1978 to 0.37 or even as high as 0.59 in 1994; in 1994 the income of the top 20% of families accounted for 50.14 % of the total national income (compared to 44.3% in the United States in 1990), whereas the bottom 20% of families accounted for 4.27% of total national income (compared to 4.6% in the United States in 1990); conspicuous consumption by thousands of millionaires contrasts sharply with the hardship of millions of people struggling below the poverty line; and there are huge differences in income between rural and urban residents, between different regions and between different professions.<sup>29</sup>

Useful as it is, these standard approaches cover up the truth as much as they reveal, simply because the real situation in China is anything but standard. Calculation based on income tax in China is bound to be inaccurate due to the fact that income tax has only just been introduced over the last several years in China and that substantial “grey income” and “black money” have never been included in the formula. Worse still, calculation of formal salary income can be very misleading in assessing social difference and inequality in Mao’s China, where social status was determined by “political life” rather than personal income or wealth, and officials of the party-state acquired innumerable goods and services without any payment, often even legally. Based on the calculation of formal salary income, one could allege that economic inequality hardly existed in the People’s Republic during the Mao era but has become increasingly salient since the 1980s.<sup>30</sup> This assertion is less than adequate if we take into account the financial worth of the office and political power (*quanli de hanjinliang*) at each level of government, and particularly the free mansions, cars, servants, special supply shops and other privileges and services allocated to high-ranking officials.

Political and social inequality was of course much more serious than economic inequality in Mao’s China. Nowadays there are many popular sayings describing social stratification in China. The popular expression “ten classes of citizens” (*shideng gongmin*) is one of the most popular among these. It vividly divides citizens in contemporary China into ten classes, particularly identifying officials who benefit three generations of their families and the ordinary people (*laobaixing*) who make sacrifices for the “revolution”.<sup>31</sup>

<sup>29</sup> For details see He Qinglian, *Xiandaihuade Xianjing* (The Pitfalls of Modernisation), Beijing: Jinri Zhongguo Chubanshe, 1998, P.235-236; Zhong Ming and Wang Yu, *Liangji Honggou? Dangdai Zhongguo de Pingfu Jiecheng* (Polar Gap? The Poor and Rich Strata in Contemporary China), Zhongguo Jingji Chubanshe, 1999, p. 31-33; and Yang Yiyong, et al, *Gongping yu Xiaolu: Dangdai Zhongguo de Shouru Fenpei Wenti* (Equity and Efficiency: the Problems of Income and Distribution in Contemporary China), Jinri Zhongguo Chubanshe, 1997.

<sup>30</sup> See, for example, Zhu Guanglei, et al, *Dangdai Zhongguo Shehui Ge Jiecheng Fenxi* (An Analysis of Social Strata in Contemporary China), Tianjin Renmin Chubanshe, 1998, p. 591-592.

<sup>31</sup> Chu Jian and Zuo Yu, *Dangdai Shunkouliu yu Shehui Redian Shaomiao* (Popular Sayings in Contemporary China and A Survey of Public Concerns), Beijing: Dangan Chubanshe, 1994, p.176. There

However, that in Mao's China there existed a strict social hierarchy dividing individuals according to one's social status and class label allocated by the party-state should not be ignored. Firstly there was a demarcation line clearly separating the "people" from the "class enemy" (landlords, rich peasants, counterrevolutionaries, bad elements, rightists, etc) who were condemned to the status of untouchable in the People's Republic. Then there was an unbridgeable gap between urban and rural China regulated by the *hukou* system, an elaborate administrative structure that bound the peasantry, a caste of low status, to their birthplace and excluded them from employment in the urban state sector and from welfare benefits available for urban residents. Within the category of urban resident, people were further divided into categories of cadre and worker, and the latter into state and collective workers, with very clear implications for access to job placement, social security and welfare benefits. Lifetime job security, generous pensions, free housing, free medical care and other welfare benefits did exist in Mao's China, but they were granted exclusively to the "revolutionary cadres" and workers in the state sector at the expense of the rest of society. Absence of private wealth did not prevent "revolutionary cadres" in Mao's China from enjoying various privileges and even a luxurious lifestyle far beyond the reach of ordinary people. The gap between officialdom and the public in the People's Republic was not less salient than that in imperial China. There will be no social equality in the world if a society of this sort is regarded as equal and fair.

Current studies on social stratification in China invariably focus on the emergence of a super rich stratum and reveal a strong social sentiment of envy towards them. This strong sentiment of envy is reflected in the following two phrases: "seeking to be rich but immoral" (*weifū buren*) and "those who should not be rich are getting rich but those who should be rich are not" (*gaifu de bu fu, bugai fu de dao fu liao*). One study describes the "image" of private owner-operators in the following ways: seeking wealth by devious means, low level of education, manufacturing and selling fake goods for staggering profits, badly treating employees, as well as bribing officials and bending the laws.<sup>32</sup> Another study concentrates on the "disparity between wealth and knowledge" and complains about the fact that a majority of business people in the private sector only have a secondary or lower level of education whereas "intellectuals" with a higher level of education are particularly poor.<sup>33</sup> But this study does not explain why those "intellectuals" who exclusively serve an oppressive state with little benefit for society as a whole should be better rewarded by the market. However, there are also more sensible assessments that those who are getting rich by abusing political power or other illegal means should be distinguished from those who are getting rich through fully legitimate means, and that there are those who used to be the least advantaged but have been "forced" to take the opportunities to get rich first.<sup>34</sup>

are several versions of this popular saying, see also Lu Wen, *Baixing Huati: Dangdai Shunkouliu* (Subject Topic for Ordinary People: Current Popular Sayings), Beijing: Dang'an Chubanshe, 1998, p.188, 247-248.

<sup>32</sup> Zhu Guanglei, et al, *Dangdai Zhongguo Shehui Ge Jiecheng Fenxi* (An Analysis of Social Strata in Contemporary China), Tianjin Renmin Chubanshe, 1998, P.391-393.

<sup>33</sup> Xu Xiangyang, *Chuanxing Qi Zhongguo de Kunhuo: Lun Caifu yu Zhishi de Fenli* (A Puzzle of China in Transition: the Disparity between Wealth and Knowledge), Beijing: Huaxia Chubanshe, 1998.

<sup>34</sup> Yuan Zhizhong, *Guozhong Zhiguo: Zhongguo Geti Jingji quan Shehui Toushi* (State Within State: A Perspective on the Private Economy in China), Jinan Daxue Chubanshe, 1992. See also Zhong Ming and

## Prospects for a Third Way

As argued elsewhere, the search for the “third way”, a combination of socialism and democracy, has been under way in China for a century.<sup>35</sup> For the last hundred years, several generations of modernizing Chinese elites have been trying their best to follow the latest international trends, especially when imports like the socialist sub-culture of the West can satisfy their “surpassing [the West] complex” (*ganchao qingjie*) and national pride as well as their interpretation of the national need for development. It is the power struggle between ambitious political leaders of different political persuasions, more than anything else, that has prevented the rise and the success of social democracy in China. Now that a fundamental transformation, through an intertwined process of marketisation, democratisation and globalisation, seems to be a prevailing trend among developing countries all over the world, be they right-wing authoritarian societies or former communist societies, there is little wonder then that the Chinese should have renewed interest in social democracy, which is thought to be superior to capitalism by virtue of simultaneously boosting production and improving the livelihood of the people.

In the early 20<sup>th</sup> century, social democracy shared the same goal with communism in replacing capitalism with socialism, but differed from communism in advocacy of achieving socialism through elections and other lawful democratic means, as opposed to the means of violent revolution promoted by communists. However, the trajectory of the development of social democracy has been a history of moderation or regression. By the 1950s, when many socialist parties rose to power in the West, social democrats had given up their original belief in the abolition of capitalism, in replacing private ownership with public ownership, and in substituting central economic planning for free market competition, but concentrated rather upon nationalization of some key industries, establishment of the welfare state and the policy of full employment. Later, the doctrines of nationalization and full-employment were also abandoned. In its current form, defined as the “third way”, it is moving toward a convergence with neo-liberalism, but differs from the latter in that it continues to defend some essential parts of the welfare state (such as social security and universal medical care) and insists on state regulations enshrining the rights of trade unions and equitable distribution of wealth. Social democracy has been successful to a certain degree in the West, not so much as an alternative to capitalism but as a supplementary device for managing and regulating capitalism for the benefit of society as a whole, including the working class. Democratic socialists have been the true heirs to the European Enlightenment and the champions of democracy. Among other things they have fought for the abolition of entrenched interests and privileges of the old regime. Mainly to the credit of social democracy, capitalism as known by Marx has been revised and transformed almost beyond recognition.

Wang Yu, *Liangji Honggou? Dangdai Zhongguo de Pingfu Jiecheng* (Polar Gap? The Poor and Rich Strata in Contemporary China), Zhongguo Jingji Chubanshe, 1999, p. 54-58.

<sup>35</sup> Feng Chongyi ‘A Century’s Search for the Third Way: A Historical Perspective of Social Democracy in China’, presented at *Internationalisation and Identity Workshop*, Sydney, 26-28 November 2000.

The temptation to construct social democracy in China is real indeed. For one thing, social democracy can be an ideal way for China to deal effectively with the tangled problems of inefficiency and inequality. And the trajectory of transformation of communism in the former Soviet Union and Eastern Europe has indicated that while communism is absolutely out of date, fully-fledged capitalism is neither a desirable nor viable way for a society where a smooth and fair operation of market mechanisms will still take an extended period of time to properly function, where many socialist values have been kept alive among the population but social disparity is escalating due mainly to an authoritarian power structure, and where the “primitive accumulation complex” has generated tremendous resentment threatening social stability. The Chinese transition to a market economy has passed the point of no return. The real problem lies in the *difficulty* of the transition to democracy, which, hopefully, will help to nurture and maintain some socialist values and keep some evils of market competition in check. While the party-state has much at stake during the transition to democracy, Chinese society as a whole has a profound fear of chaos that might result from democratization, a chaos experienced recently by the former Soviet Union and Eastern Europe.<sup>36</sup> However, apart from the fact that democracy has intrinsic value in promoting a decent life, regardless of its economic and other functions, and apart from the fact that democracy has demonstrated its effectiveness in maintaining long term social stability necessary for economic development in the long term, democratisation seems the only effective way to minimize inequality in the transition to the market economy from the communist system.

Interest in social democracy has been on the rise in China since the mid-1990s. The Chinese are of course familiar with social democracy. Major publications by social democrats in the West and, recently, in Eastern Europe, have long been available in Chinese. However, the recent interest in social democracy has been stimulated by the predicament of reform at home and the debate on the “third way” abroad, particularly in the works of Anthony Giddens.<sup>37</sup> There is an unprecedented tendency to regard the ideas of social democracy as a source for inspiration and of solutions for the problems in

<sup>36</sup> As to the process of the transformation of the communist system, democracy proved to be neither necessary nor sufficient for good economic performance, simply because economic results are determined by economic policies as much as by the form of government. There are successful examples of democratisation with healthy economic development, such as the Czech Republic and Slovenia (part of the former Yugoslavia); there are disappointing examples of democratisation with a collapsing economy, such as Russia and Ukraine; there are confusing examples of rapid economic development without corresponding democratisation, such as China and Vietnam; and there are also examples of economic collapse without democratisation, such as North Korea and many other former communist countries before the grand transformation. For a very useful summary, see Michael Intriligator, ‘Democracy in Reforming Collapsed Communist Economies: Blessing or Curse?’, *Contemporary Economic Policy*, Vol.16, No.2, April 1998, p. 241-246.

<sup>37</sup> Chen Lin and Lin Deshan, eds., *Disantiao Daolu: Shiji Zhijiaode Xifang Zhengzhi Biange* (The Third Way: Political Change in the West at the Turn of Century), Dangdai Shijie Chubanshe, 2000; Yang Dongxue, ‘Disantiao daolu: xinlu haishi jiutu’ (The Third Way: Is It New or Old), in Yang Xuedong and Xue Xiaoyuan, eds., “*Disantiao Daolu*” *yu Xin Lilun* (The Third Way and New Theories), Shehui Kexue Wenxian Chubanshe, 2000, p. 1-21. Ge Tingting and Zhu Hong, ‘Andongni-Jidengsi chanshu disantiao daolu: yizhong xinde shehui zhengzhi linian’ (Anthony Giddens’ Talk on the Third Way: A New Concept of Society and Politics’, *Zhongguo Gaige Bao*, 20 October 1998; Zhang Rulun, ‘Disantiao daolu’ (The Third Way), *Dushu* (Reading), No.4, 1999; Wang Zhenhua, ‘Cong Kesuowo zhanzheng kan “disantiao daolu”’ (“The Third Way from the Perspective of the War in Kosovo), *Renmin Ribao*, 6 August 1999.

China. Some establishment intellectuals, as well as liberal intellectuals, have argued that social democracy should not be rejected in the first place because “scientific socialism” was originally known as social democracy; that by definition social democracy means socialism plus democracy, two of the fully legitimate goals for the official ideology; that social democracy has proven to be the best method for the developed capitalist world to achieve socialism; and that social democracy has been effectively adapted to the changing environment of the world.<sup>38</sup> There is even a rumor that a debate has taken place within the party leadership about whether the party should transform itself into a social democratic party. Jiang Zemin’s recent “idea of three representations” (*sange daibiao sixiang*) is said to abandon the definition of the CCP as “the vanguard of the proletarian class” and change the nature of the party in line with social democracy.<sup>39</sup> A change of this kind can be regarded as a major revolution in thought. Closely following the Leninist tradition, the CCP treated social democracy or any brand of “revisionism” as the “most dangerous enemy” up until the early 1990s, more dangerous than capitalism because it was seen to be capable of subverting communism from within. During the early 1990s in particular, and mostly blaming the revisionist shift to social democracy for the collapse of communism in the former Soviet Union and Eastern Europe, the CCP leadership had every reason to maintain sharp vigilance against the rise of that ideology in China. It seems at least some academics and some communist leaders in China are able to understand social democracy and the drastic change in the former communist camp with reasonable calm, now that the dust of the change has largely settled with a new Russia and Eastern Europe emerging from the economic crisis. China, by contrast, has been experiencing the agony of a halfway reform, including the conflicts of the smooth operation of a market economy and the outmoded power structure of the party-state, systemic corruption and inefficiency, and the legitimacy crisis of communist rule and Marxist ideology.<sup>40</sup>

According to Qin Hui, China is still at the stage where the “liberal order” (*ziyou zhixu*) has not yet been established. Therefore, the basic values of liberalism, social democracy,

<sup>38</sup> Xu Chongwen, *Minzu Shehuizhuyi Pingxi* (Analysis on Social Democracy), Chongqing: Chongqing Chubanshe, 1995, p.2; Chen Lemin, ‘Miandui lilunde kunjing: ben shiji shehui minzuzhuyi de sange shiqi (In the Face of Theoretical Predicaments: Three Stages of Social Democracy in this Century)’, in Chen Lin and Lin Deshan, eds., *Disantiao Daolu: Shiji Zhijiaode Xifang Zhengzhi Biange* (The Third Way: Political Change in the West at the Turn of Century), Dangdai Shijie Chubanshe, 2000, p.123-129; Yan Xuyu, et al, ‘Guanyu zhuanxing zhong de shehui minzuzhuyi de duihua’ (A Dialogue on Social Democracy in Transition), in Chen Lin and Lin Deshan, eds., *Disantiao Daolu: Shiji Zhijiaode Xifang Zhengzhi Biange* (The Third Way: Political Change in the West at the Turn of Century), Dangdai Shijie Chubanshe, 2000, p.130-157; Yan Xuyu and Xiang Wenhua, ‘Su dong jubian yu shehui zhuyi de mingyun’ (The Fate of Socialism and Drastic Change in the Former Soviet Union and Eastern Europe), in Xian Wenhua, ed, *Shiji Mo de Sikao* (Thinking at the End of the Century), Zhongyang Bianyu Chubanshe, 1998, p. 153-168; Huang Anbiao and Xiang Wenhua, ‘Qingzhe zi qing, zhuozhe zi zhuo (The Evil and the Virtuous Can Never Be Mixed)’, Xian Wenhua, ed, *Shiji Mo de Sikao* (Thinking at the End of the Century), Zhongyang Bianyu Chubanshe, 1998, p. 169-181.

<sup>39</sup> *Xianggang Xinbao* (date?). Jiang’s “idea of three representations” sees the CCP representing the interest of the whole people in China, the most advanced production forces, and the most advanced culture of the world.

<sup>40</sup> For the most sophisticated study in Chinese on the change of the former Soviet Union, see Gong Dafei, et al, eds., *Sulian Jubian Xintan* (A New Inquiry into the Drastic Change in the Soviet Union), Shijie Zhishi Chubanshe, 1998.

and even classic socialism are not incompatible, not least because they are facing the same enemy of despotism and populism and they are defending the “same bottom line” (*gongtong dixian*) defined by human rights, liberty and procedural justice.<sup>41</sup> In a society where for several decades the population has been fed with the assertion that liberalism will only lead to inequality, social division and exploitation, especially when “economic liberalism” backed by bureaucratic power turns public property worth millions of dollars into private assets every day, social democracy might be seen as the best choice, if the government and the population are wise enough to make a sensible right choice at this time.

## Conclusion

In terms of the current debate between Chinese liberals and the new left, the liberals stand much closer to social democracy, although these two groups need not be irreconcilable enemies. Chinese true believers of liberalism want nothing less than a legal framework for the protection of property rights, personal freedoms and the smooth operation of the market economy, but they also pay much attention to equality and the well-being of the poor stratum and social justice in general. The liberals and the new left in China should not be confused with their nominal counterparts in the West. Different stages of economic, political and social development render completely different meanings of the same terms in China and the West. Whereas liberals in the contemporary West are a conservative force with vested interests in an inequitable economic order, Chinese liberals constitute a revolutionary force seeking to transform the party-state which monopolises both power and wealth; whereas the left in the contemporary West is a progressive force attempting to champion the interests of the poor and the weak, the new left in China is in danger of lending its services to the party-state by diverting concerns away from an exploitive and repressive power structure and blaming market forces for social injustice.<sup>42</sup>

The core of the debate on the issue of equity in China today is whether the state or the market should be afforded greater power. It has taken several decades for the Chinese, in fact, for people from across the entire communist camp, to realise that communist officialdom (*guanchang*) is much worse than the market (*shichang*) in boosting the economy and, to some at least, in bringing about social justice and equality. That is why the Chinese have set off down a road of no return toward a market economy. History seems to be on the side of Chinese liberals, who insist that the authoritarian political system and an inadequate development of the market economy are the main sources of social inequality and other social evils in contemporary China, and that the future of China lies in the market economy and liberal democracy embodied by the West. In the West, where there is a mature market economy and civil society, it might be necessary to balance the market with state power, especially in protecting the less advantaged. But the welfare state in the West, or even the “developmental state” or “entrepreneurial state” in

<sup>41</sup> Qin Hui, ‘Ziyou zhuyi, shehui minzu zhuyi yu dangdai zhongguo “wenti”’, *Zhanlue yu Guanli* (Strategy and Management), 2000:5, p. 83-91.

<sup>42</sup> For useful analysis on the left in the West, see Willie Thompson, *The Left in History: Revolution and Reform in Twentieth-Century Politics*, London: Pluto Press, 1997.

newly industrialised market economies, is not to be confused with the “totalitarian state” or “party-state” with unlimited power over personal property and personal life in the communist world. There is no doubt that the market contains within it both emancipating and dominating forces, but the market has played quite a positive role in China in the last two decades in boosting the economy and reducing inequalities at the same time. In delaying the introduction of democratic reforms to break down the hierarchical power system that allows political power holders and their associates to plunder much of the public property during the transition to a market economy, the Chinese have missed the best chance to provide an equal start for everyone in the marketplace. Resolute remedial measures need to be taken in order for the Chinese to benefit more from the dynamics and the liberating potential of the market while limiting its tendency to produce inequality and the commercialism detrimental to a healthy life.

After all, the collapse of communism in the former Soviet Union and Eastern Europe and the emergence of a quite new global economy and politics have rendered irrelevant much of the conventional left-right polarities based on the capitalism-socialism divide. The old concepts, such as capitalism and socialism, with their purity and militant certainty, are no longer desirable or viable for Chinese aspirations nor, for that matter, for understanding China, which may transform into a creative ambiguity with a mixed economy - in which the non-state sectors will play the dominant role even if the state sector is not wiped out completely - and with a “mixed politics” in which liberal democracy is supplemented by social democracy. Of course this is not to suggest that there is great optimism about the prospects for social democracy in China. Even if there is a consensus emerging in China, the project of social democracy will still face tremendous difficulties, as an expert on the history of the left has put it: “Social democracy’s principal strength has been manifested in advanced industrial societies – ones where the largest social surplus has been available for distribution”.<sup>43</sup>

<sup>43</sup> Willie Thompson, *The Left in History: Revolution and Reform in Twentieth-Century Politics*, London: Pluto Press, 1997, p. 153-154.