



China's Transformation: Dynamics and Directions

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FLUCTUATING POLITICAL MOVEMENTS AND ECONOMIC POLICIES HAVE STRONGLY influenced the lives of believers in China. Between 1949 and 1978, in particular, periods of persecution alternated with periods of relative tolerance. Shifting political fortunes and personal conflicts within the Communist party leadership had an immediate and indelible impact at the local level. An understanding of the personal lives, challenges, and particular gifts of Chinese religious believers is therefore incomplete without an understanding of the broad range of forces shaping the environment in which they lived out their faith during those years. Although the threat of systematized persecution has faded today, the lives of these believers are still affected by impersonal forces over which they have little or no control. Politics may no longer be in command, but a pragmatic, economically prudent decision-making has become the driving force of change in China. As we struggle to understand the experiences, fears, and hopes of religious believers there, it is necessary to identify as clearly as possible the nature of the sweeping transformation in which they find themselves.

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There is little correlation between current Chinese market reform and the prospect of liberal democracy. Corruption and bureaucracy remain. Believers offer hope through their commitment to justice and social responsibility.

I. ECONOMIC REFORM

The reform of the Chinese economy initiated by Deng Xiaoping in 1978 has caused massive changes in the social, political, and personal lives of the Chinese people. There can be no doubt that the material conditions of the populace have improved faster than anyone could have anticipated at the close of the Maoist era. However, the nature and long-term effects of the changes currently enveloping China remain unclear, especially to western observers, who tend to stress the connection between the emergence of a market economy and the potential for western-style political democracy. This preconception, which is based on the rise of an independent bourgeoisie and liberal democracy in the west, may not be warranted in Chinese circumstances and may tend to obscure other significant social and economic dynamics that will be more decisive for China's direction in the future.

Confusion about the present changes in China stems from the ambiguous effects of the market reforms. Certainly these reforms have freed a large number of individuals from centralized control and have enabled them to pursue their own economic initiatives. This has contributed to the growth of an incipient civil society that has grown disenchanted with Communist party rule. The expansion of this private sphere is most apparent in the proliferation of special-interest associations and small enterprises at the grass-roots level.¹ The role of peasants has been especially influential in driving the point of a wedge between state and society, for this group was able to take advantage of the first stages of reform to improve their economic conditions in a way which radically challenged party dominance and eventually necessitated the implementation of state controls on their activities and freedom of movement.² The vigor of the emerging private sector is pointed to by outside observers as an indication of increased personal freedom, the decline of the Communist party's authority, and a greater possibility for democracy.

While there is considerable evidence to support this perspective, we cannot necessarily conclude that the upsurge in private business activity and the traces of an emerging civil society completely or even adequately describe the effects of reform in China today. On the contrary, one can make a strong case that the future of the Chinese people is being shaped by another aspect of the market economy, one which may prove more enduring and decisive in the long run. In this view, Deng's reforms have also had the effect of strengthening the position of the Communist party by generating and sustaining a system dependent on the existing party and state bureaucracy. The reform movement has so closely linked an increasingly capitalist market economy to a Stalinist bureaucratic apparatus that they have become inseparable. It is one of the paradoxes of contemporary Chinese history that the market reforms that were intended to break down a centrally

¹Martin K. Whyte, "Urban China: A Civil Society in the Making?" in *State and Society in China: The Consequences of Reform*, ed. Arthur Lewis Rosenbaum (Boulder: Westview, 1992) 77-103.

²Kate Xiao Zhou, *How the Farmers Changed China* (Boulder: Westview, 1996) 231-245.

controlled command economy have served to enrich and strengthen the position of party and state officials.³

II. CONSERVATIVE MODERNIZATION

From this perspective, the transformation of China appears to be transpiring in a way similar to the “conservative modernization” model described by Barrington Moore. This pattern applies to societies in which a strong, highly authoritarian state attempts to catch up with advanced capitalist countries by eliminating social and institutional barriers to rapid capitalist development. This “revolution from above” is carried out, according to Moore, by creating conditions favorable for rural and urban entrepreneurs and by forging a labor market to squeeze an ever-larger surplus from the working population for the goal of building a modern industrial and military power.⁴

In China, the Mao era supplied the authoritarian state and Deng Xiaoping’s reform movement has swept away the remaining feudal and Maoist obstacles to capitalist development. As was the case in Bismarckian Germany and Meiji Japan, conservative modernization in China is accompanied by a highly chauvinistic nationalism and conservative social policies, such as the re-creation of an elitist school system and the dismantling of welfare networks. Moore suggests that a conservative capitalist revolution from above can easily be co-opted by fascism,⁵ but the unique conditions of China may not warrant such a conclusion. All that can safely be said at this point is that the growth of political democracy, the focus of so many western observers of the China scene, may *not* be the necessary outcome of the modernization program in China.

The defining feature of the Chinese market reforms is the emergence of what dissident journalist Liu Binyan has labeled a “new bureaucratic bourgeois stratum.”⁶ In a society where the bourgeoisie had virtually been eliminated in the name of socialist revolution, only the Communist party has had the means to create a new class of entrepreneurs necessary for a capitalist-style market system. Bureaucrats within the regime were ideally situated to take advantage of the new market mechanisms and to act on Deng Xiaoping’s assertion that “to get rich is glorious.” This was especially true in rural areas where cadres and officials were encouraged to give up their posts and enter business or real estate by being offered preferential credit and officially exhorted to “dive into the sea” (*xiaohai*) of business activity.⁷ The de facto (but not yet de jure) privatization of land and houses which

³Maurice Meisner, *The Deng Xiaoping Era: An Inquiry into the Fate of Chinese Socialism, 1978-1994* (New York: Hill and Wang, 1996) 300.

⁴Barrington Moore, *Social Origins of Dictatorship and Democracy* (Boston: Beacon, 1966) chaps. 5 and 7.

⁵*Ibid.*, 433-452.

⁶Liu Binyan, with Ruan Ming and Xu Gang, *Tell the World* (New York: Pantheon, 1989) 164.

⁷Nicholas D. Kristof, “China Applauds Officials Who Plunge into Profit,” *New York Times*, 6 April 1993, A6.

followed the dissolution of the collectives provided these bureaucrats with ample opportunities to test their entrepreneurial skills.

In the cities, the "bureaucratic bourgeois stratum" has been largely composed of party and state officials, ex-officials, their relatives and their friends. Most notoriously prominent among these are the sons and daughters of high-ranking cadres who have been given the cynical title of "crown princes and princesses" and who have been closely associated with charges of corruption. Their involvement in quasi-official and pseudo-private enterprises demonstrates the integration of state and society that is characteristic of the present system. This aspect of Deng's reforms has caused extreme resentment among the Chinese people and was subjected to intense public scrutiny in the relatively relaxed atmosphere before June 4, 1989. The evils of nepotism were candidly described by journalists, academics, and others, and the criticism directed at the children of officials who were using their personal connections for private gain was particularly scathing. Nevertheless, the repression following the Tiananmen massacre silenced these critical voices, and the number of officials and their relatives who benefit from the reforms has continued to grow as the market economy has become more entrenched. One investigator has recently estimated that "the proportion of officials' sons in trading companies approaches 90 per cent in the special economic zones and 70 per cent in Shanghai."⁸

Although a significant proportion of the new entrepreneurial class derives from a bureaucratic background, there is also, as mentioned above, a growing number of private, non-bureaucratic merchants who are taking advantage of the opportunities offered by the market. However, the independence of this group is limited by its need for official patronage in order to receive contracts, licenses, knowledge of regulations, material supplies, and start-up capital. As a result, private merchants are dependent on relationships with officials to the point where, as one scholar has pointed out, "there is as yet no true autonomy of economic power for a private sector, nor any genuine division of labor between economic and political power in the cities."⁹ Private entrepreneurs are thus forced to collude with their bureaucratic counterparts, and the symbiotic relationships which take shape are often formalized through the creation of state-sponsored organizations that circumscribe the activities of private merchants and strengthen the existing party-state institutions.

A unique feature of the Chinese conservative modernization program is the degree to which bureaucratic organs are significant participants in the international world of capitalist trade, finance, and investment. The cutting back of state allotments, mainly caused by insufficient tax revenues at the center, has forced governmental agencies to make up their budgetary shortfalls by going into busi-

⁸Jean-Luis Rocca, "Corruption and Its Shadow: An Anthropological View of Corruption in China," *The China Quarterly* 130 (June 1992) 415.

⁹Dorothea J. Solinger, "Urban Entrepreneurs and the State: The Merger of State and Society," in *State and Society in China*, 123.

ness. Virtually every bureaucratic agency, from grade schools to the Ministry of Public Security, is engaged in raising funds through business enterprise. The largest of these bureaucratic entrepreneurs is the People's Liberation Army, which owns a number of leading hotels and, it is estimated, more than a thousand manufacturing and commercial enterprises in Guangdong Province alone. The PLA's largest business is the export of arms, an activity carried out by a number of pseudo-private subsidiaries of the armaments department of the PLA general staff and manned by a number of close relatives of the Communist ruling elite.¹⁰

III. CONSEQUENCES OF MARKET REFORM

As this brief description of the Chinese market reforms suggests, corruption is essentially an ineradicable reality in the present system. The transition to a market economy did not include any guidelines for distinguishing "economic crimes" from "socialist entrepreneurship," and despite periodic, but short-lived and basically ineffective, anti-corruption campaigns, the reforms have produced an economy that revolves around the use of political power for private profit. Official decisions, such as the switch to a "three-tiered" price system in 1985 and increased autonomy for local governments and bank branches, have contributed to a de facto legalization of corrupt practices.¹¹ The light punishments meted out to officials when their activities have become publicly known, such as the infamous scandal on Hainan Island involving high-ranking Communist party members, have demonstrated reluctance to hinder the entrepreneurial endeavors of cadres or discourage their enthusiasm for the market reforms.¹²

Endemic corruption is only one negative aspect of the rapid economic growth changing the face of China today. The reforms have raised living standards throughout China, but in doing so they have created new social problems and exacerbated old ones. The dissolution of the commune system in the early 1980s, while welcomed by the peasants, also had the effect of destroying the public welfare and social security systems that had provided a basic level of subsistence and security for the rural population. With the subsequent commercialization of agriculture, nearly 200 million farm workers were rendered redundant and were forced to leave the land. Many of these found work in rural industries, but most have migrated to the cities in search of temporary work.¹³ This has contributed to the growth of a propertyless mass of people who are forced to sell their labor according to the needs of the market and are therefore ripe for exploitation. The formation of this vast pool of low-wage workers, from whom surplus value can be

¹⁰Eric Hyer, "China's Arms Merchants: Profits in Command," *The China Quarterly* 132 (December 1992) 1111.

¹¹Carl Riskin, *China's Political Economy: The Quest for Development Since 1949* (New York: Oxford University, 1987) 352.

¹²Lau Shinghou and Louise de Rosario, "Anatomy of a Scam," *China Trade Report* (October 1985) 8-10.

¹³Lena H. Sun, "China Wallows in Its Blind Flow," *International Herald Tribune*, 11 October 1994, 7.

extracted and who can be used to attract foreign investment, is the real secret of China's unparalleled economic growth, not its Confucian heritage or an innate entrepreneurial genius, as some outside observers have claimed.

Deng's reforms have also had the effect of eroding a sense of community by destroying the traditional and socialist values which had inculcated solidarity among the Chinese people and by replacing them with values conducive to the creation of a market economy. The result has been a rise in radical individualism and a corresponding decline in public morality and concern for others. As one Chinese intellectual has noted:

Some foreign observers of China pay attention only to the unprecedented growth in the economy, ignoring the fact that the current degree of social disorder, alienation, and moral degeneration is also without precedent. At no previous time in her history has China ever seen phenomena such as today's general lack of any feeling of social responsibility paired with the absence of any sense that this is a worrisome thing. Never before have so few citizens suffered pangs of conscience upon harming their fellows or the greater society. Never before have so many gazed upon the suffering of others with such utter indifference.¹⁴

The disintegration of a sense of community, the undermining of traditional and socialist values, and the decline in public morality have reinforced increased social inequality and a widening gap between rich and poor that is comparable to that in more advanced countries.

IV. POSSIBLE RESPONSES

Responses to the corruption and social needs of the current system are constrained by the close ties between the bureaucracy and China's new entrepreneurial class. The democratic potential of this class is limited, not only because it is economically dependent on the state for access to goods and resources, but also because it relies on the state's police power to secure its political and economic well-being. It is significant, for example, that China's most rapid rates of growth were achieved in the years of repression following the massacre in Tiananmen Square. At a time when most western observers were predicting that the demise of the democracy movement would mean the end of economic growth and even the termination of market reforms, the Chinese economy reached its highest levels of growth. This fact suggests that the Communist political structure has become the protector of the market system and entrepreneurial class it has created, and the members of this class, far from assuming an independent role in relation to the state, have effectively become agents for the status quo. The guiding ideology of this alliance is a chauvinistic nationalism that legitimates repressive measures in the name of national wealth and power.

The current party-state regime is therefore likely to remain dominant in the foreseeable future, as long as it maintains sufficient economic growth to satisfy its bureaucratic, entrepreneurial, and nationalistic loyalists. It will be less susceptible

¹⁴Liu Zian, "China Calls for Morality," *China Focus* 2/4 (April 1, 1994) 5.

to a western-inspired democratic revolution propagated by an independent bourgeoisie than it will be to a movement based on democratic socialist values. Popular resistance to the present system, if it should arise, is likely to appeal to some form of democracy because it involves opposition to a Stalinist party apparatus; it is likely to be socialist because it is a response to social ills caused by what increasingly appears to be capitalism. Such resistance could draw on a legacy of twentieth-century Chinese socialist thought that has sought modernization without the agonies and displacements of capitalism, and which, even in its most extreme Maoist manifestations, was considered to be compatible with some form of democratic process.

One indication of support for a form of democratic socialism can be found in the growing prevalence of township and village enterprises that are noteworthy for their collectivist, communitarian, and democratic potential. Although the influence of these enterprises should not be overstated, they nevertheless represent one of the few genuinely democratic socialist currents in contemporary politics of the People's Republic of China and, as such, one of the potential centers of resistance against the party-state system.¹⁵ Perhaps one of the ironies of the present situation is that opposition to the Communist regime is most likely to come from the direction of an alternative form of socialism and not from more capitalist development or the introduction of liberal democracy.

V. THE ROLE OF BELIEVERS

What can we say about the role of religious believers, and Christians in particular, given the current circumstances? The survival of authoritarian structures riddled with corruption suggests that low-level persecution and local harassment of these believers will continue, even as the power to conduct widespread campaigns recedes. At the same time, religious believers will be confronted by a plethora of new problems, such as leading a faithful life in a situation characterized by expanding wealth and a jingoistic nationalism. They will also find new opportunities for service and ministry to their neighbors as inequalities and injustices multiply under the current regime. Finally, it may be that the future hopes of the Chinese people will reside to a significant degree in these believers, for their varying expressions of faith will place them among those who remain committed to the ideals of justice, community, and social responsibility. ⊕

¹⁵Meisner, *The Deng Xiaoping Era*, 518-521.