

12th EADI General Conference  
**Global Governance for  
Sustainable Development**

The Need for Policy Coherence  
and New Partnerships



**The Changing Nature of Chinese Socialism  
in the Context of East Asian Hybrid Developmental Regime**

Author:	Dingping Guo
Institution:	School of International Relations and Public Affairs, Fudan University
Address:	220 Handan Road, Shanghai, China, Peoples Republic of
E-mail:	guodingping@hotmail.com

## **Abstract**

This paper intends to explore and explain the fundamental changes and main features in Chinese socialist theory and practice during the past three decades since the policy of reform and opening up to the outside world was adopted in 1978 at the Third Plenary Session of the Eleventh Central Committee of the Chinese Communist Party (CCP). After almost thirty years of reform and development, China has already liberalized its markets, opened up to foreign trade and investment, and become a global economic powerhouse and an increasing important member of international community. Meanwhile, the new CCP leadership has to deal with a series of challenges and crisis such as a ravaged environment, rising inflation, rampant corruption and wide-spread social unrest. The progress and problems can be explained from the revisionist concept and innovative practice of socialism with Chinese characteristics. Since Chinese leaders sought drastically to reform China's socialist economic and political system because they were ashamed and chagrined by the fact that Chinese socialism had produced only meager results in the preceding thirty years in comparison with the other nations of capitalist East Asia, the East Asian development model has been discussed broadly and many institutions in it have been introduced and emulated in China. However, in comparison with other East Asian countries and areas where democratic governments were replaced by authoritarian regimes in order to promote economic development during the 1960s and 1970s, China had to promote development and democracy simultaneously in order to avoid economic collapse and political tragedy culminating during the Cultural Revolution. China has developed its own model of economic and political development through redefining the concept of Chinese socialism and learning from western and eastern capitalism. The paper is divided into four parts: (1) the end of pure socialism; (2) China and East Asian developmental regime; (3) East Asian-style developmental state? (4) Chinese model of socialist development; (5) Conclusion.

## **The end of pure socialism**

Socialism is usually understood in many different ways, for example, as a theory, a movement and a system. During the past two centuries of socialist theory and practice, varieties of socialism have existed in western and eastern countries, among which China has successfully maintained its socialist system for nearly sixty years. The longevity and vitality of Chinese socialism can be explored and explained from its revisionist definition and innovative practice.

According to the classic Marxist theory, the fundamental features of socialism include at least the following elements: (1) Eliminating the private property and implementing the public ownership in economy. As Karl Marx and Friedrich Engels pointed out, “the theory of the Communists may be summed up in the single sentence: Abolition of private property.”<sup>1</sup> (2) Limiting free competition and carrying out economic plan. The classic socialist believes that the capitalist free competition may lead to economic disorder and increasing inequality. Economic development can be promoted and economic crisis avoided only after all economic activities are placed under the comprehensive economic plan. (3) Distributing the economic surplus based on labor. In contrast with the capitalism in which capital play the most important role in the process of distribution, socialism insists that labor is the most important factor in distributing social wealth. (4) Bringing the proletariat to power, annihilating exploiting class, especially the bourgeoisie in politic. As Marx and Engels said, “the first step in the revolution by the working class is to raise the proletariat to the position of ruling class, to win the battle of democracy”.<sup>2</sup> The communist party as the avant-garde of the proletariat comes to power after winning the struggle against the old class such as landowner and bourgeoisie.

The classic socialist theory was put forward and elaborated based on the historical developments in the western industrialized countries such as England, France and Germany. Contrary to Marx’s expectations, the socialist countries were not founded in those western advanced countries, but in some underdeveloped countries such as Russia and China. According to Marxist logic, only after the capitalist commodity economy developed fully and highly would socialism succeed based on it. Unfortunately, after the communist revolution succeeded and the Communist Party came to power in China, the Communist leaders decided to implement and promote the socialist transformation of Chinese economy and society, ignoring the basic fact about the underdevelopment, and dreaming that their countries would

---

<sup>1</sup> Karl Marx and Friedrich Engels. *The Communist Manifesto*. New York: Bantam Dell, 2004, p. 27.

<sup>2</sup> Karl Marx and Friedrich Engels. *The Communist Manifesto*. New York: Bantam Dell, 2004, p. 34.

immediately leap forward into Communism. Therefore, in order to build socialism and realize communism as soon as possible, they conducted radical and drastic reforms in the socialist practice in the light of Marxist theory. They tried to eliminate the private ownership and establish public ownership, reduce free competition and developed the planned economy, limit the role of capital in distribution of resources and promote egalitarianism in order to eradicate the exploitation and suppression. To promote the socialist transformation and build a new socialist country, the Communist Party must always keep the power in the hand of the proletarian class, take the class struggle as basic line; and consolidate the central leadership. After eight years of the socialist transformation, Mao Zedong declared confidently in 1957: “We are building socialism. Hundreds of millions of people are involved into the movements of socialist transformation. The relations between different classes are changing all over the country. Petit bourgeois and industrial-commercial bourgeois in agriculture and craft are changing. The social and economic systems are changing. The private economy is being transformed into collective economy and the capitalist private ownership is being transformed into socialist public ownership.”<sup>3</sup>

In search of its own socialist model, China ruled by Mao Zedong adopted many radical policies and launched mass movements one after another. The most important were the Great Leap Forward (1958-1960) and Cultural Revolution (1966-1976) after the founding of People’s Republic of China (PRC). During the period of Great Leap Forward, in rural areas of China, 750000 higher-stage cooperatives were merged into 25000 people’s communes with multifunction in order to transform the private farmers into collective peasants and pursue the egalitarian ideals. A huge amount of manpower had been mobilized to build the famous backyard steel furnaces and irrigation works. China’s leaders were eager to catch up with Britain, and eventually with the United States, and at least for a brief moment willing to believe that utopian methods worked and would produce more tons of steel and food.<sup>4</sup> GLF caused a great deal of waste in the development of socialist economy. What’s more, owing to this policy placing emphasis on the accumulation rather than the consumption, the meager development of heavy industry was at the huge cost of less or no improvement in people’s living standard. The GLF caused an immense famine and the death rate rose from 18.12 per thousand in 1957 to 44.60 per thousand in 1960-the consequence not only of declining harvests but of excessive requisitioning of grain, based on the false reports that far more grain had been produced than was actually the case. Many years later, official sources admitted that

---

<sup>3</sup> Mao Zedong, *Selected Works of Mao Zedong*. Renmin Chubanshe (People’s Press), 1977, p. 403.

<sup>4</sup> Thomas P. Bernstein. “China: Change in a Marxist-Leninist State”. James W. Morley, ed. *Driven by Growth: Political Chang in The Asia-Pacific Region*. M. E. Sharpe, Inc. 1993, p. 41.

8 million people had died of causes related to the GLF; unofficial sources estimated the figure at between 12-20 million.<sup>5</sup>

During the period of culture revolution, under the guideline of pure theoretical socialism, Mao took the class struggle as basic line and believed that the main goal of culture revolution was to save Chinese socialism from the threat of “revisionism” by purging his lieutenants who, as in case of Liu Shaoqi and Deng Xiaoping, attached greater importance to economic efficiency than ideological purity. The culture revolution placed emphasis on purifying the superstructure rather than changing the economic conditions, because Maoists believed that purification would give a push to economic development in which the bureaucrats would engage directly, and to which the masses, imbued with revolutionary ideals, would exert themselves on behalf of collective undertakings. Meanwhile, with the ideal of egalitarian, leftist “wind” swept through the countries, which resulted in curtailing of private plots, free market and other personal rights. However, the fact proved that china ended up in 1976 with neither efficiency nor equity. In the process of successive movements, Chinese Communist Party lost most of its legitimacy, the society was in disorder and the economy was on the verge of collapse.

After the death of Mao and the end of culture revolution, Deng Xiaoping emerged as the new supreme leader and began to review and revise the basic line adopted by Mao. He was dissatisfied with the poor performance that had been achieved in the preceding twenty years and painfully found that Chinese socialism had produced only meager results in comparison with the other nations of capitalist East Asia. He thought that this consequences arose from the rigid and dogmatic understanding of socialism, that is, taking classic socialist theory as our guideline without considering the china’s special circumstances and blindly believing that the socialism equal to public ownership plus planned economy. So Deng Xiaoping thought it was imperative to give a new perspective on socialism and make a breakthrough on socialist theory under the banner of “emancipating the mind” and “seeking the truth from the facts”.<sup>6</sup>

The new theory of socialism with Chinese characteristics expounded by Deng Xiaoping and other Communist leaders went through the following stage:

(1) In 1978 at the Third Plenary Session of the Eleventh Central Committee of CCP, the CCP restored the guideline of “seeking the truth from the facts”, stopped using the slogan “politics taking command”, and shifted the major goals to the socialist construction, focusing on economic development and modernization. This made a good start on reconsidering the socialism. What’s more, it made the historic decision on “reform and opening up” which

---

<sup>5</sup> June Teufel Dreyer. *China’s Political System: Modernization and Tradition*. Pearson Education, Inc. 2004. p.96.

<sup>6</sup> Deng Xiaoping. *Selected Works of Deng Xiaoping*. Vol. II, Renmin Chubanshe (People’s Press), 1994, pp. 140-153.

marked the beginning of china's reform era. At the time china had a clear desire to increase productivity and raise living standards by reforming its economic system though it didn't have a clear objective of what the new system would be like and thus proceeded with the reform as though "crossing the river by touching stones".

In 1982, at the 12th National Congress of the CCP, Deng Xiaoping proposed the idea of constructing the socialism with Chinese characteristics that combine the basic principle of Marxism and China's special national condition. In 1987, at the 13th National Congress of the CCP, the CCP had a new perspective on theory of socialist developmental stage and proposed that China was still in the primary stage of socialism This Congress outlined the theory of socialism with Chinese Characteristics or the Chinese-style socialism.

(2) At the beginning of 1992, Deng Xiaoping made a famous southern tour in which he talked a lot about the nature of socialism, and redefined it as "liberating productivity, developing productivity, eradicating exploitation, getting rid of the polarization between rich and poor, and finally getting rich together".He said: "The planned economy is not equal to socialism, and there are plans in the capitalist countries. The Market economy is not equal to socialism, and there are markets in the socialist countries." The criteria for socialism or capitalism are not that there are more markets or more plans, but whether it is helpful to develop productivity, enhance the comprehensive power of state, and improve the living standard for common people.<sup>7</sup> In October, at the Fourteenth National Congress of CCP, Jian Zeming, the new supreme leader as General Secretary of the CCP, contributed the fruits of reform and opening up to the theory of socialism with Chinese characteristics proposed by Deng Xiaoping, and declared that the goal of the economic structural reform would be establishing the socialist market economy.

In 1993, at the Third Plenary Session of the Fourteenth Central Committee of the CCP, the CCP leaders adopted "the decision on issues concerning the establishing of a socialist market economic system", which was the turning point on china's road to marketization. Thus Chinese Government and Communist Party formally admitted and adopted the market economy in which the market would play the major role in allocating economic and social resources. In 1997, at the Fifteenth National Congress of the CCP, the CCP leaders made an official decision on Deng Xiaoping theory as their guiding thought along with the Marxist-Leninist and Mao Zedong Thought.

(3) In 2002, at the 16th National Congress of the CCP, the CCP leaders endorsed officially the important thought of the "Three Represents" proposed by Jiang Zemin as their

---

<sup>7</sup> Deng Xiaoping. *Selected Works of Deng Xiaoping*. Vol.III, Renmin Chubanshe (People's Press), 1993, pp. 372-373.

guiding thought along with the Marxist-Leninist, Mao Zedong Thought and Deng Xiaoping theory. The “Three Represents” means that the CCP must represent the most advanced productivity, the most advanced culture, and the most comprehensive interest of Chinese people. This marked the fundamental transformation of the CCP from the working class party to catch-all party.

(4) In 2007, at the 17th National Congress of the CCP, the CCP leaders decided to build the socialist harmonious society according to the scientific outlook on development proposed by Hu Jintao at the Third Plenary Session of the sixteenth Central Committee of the CCP in 2003.

From the above reflections and discussions, we found that the new perspectives on socialism during the reform era mainly referred to the theoretical transition from the pure, classic and traditional socialism characterized by public ownership and planned economy to Chinese-style socialism emphasizing the reform and opening up, developing the market economy, and seeking to build the prosperous and harmonious society.

With the new perspectives on socialism, the new performance of socialism has achieved during the thirty years of reform and opening up to the outside world. The reformers began by repudiating the late Mao’s obsession with class struggle and ideological transformation and proclaimed that henceforth, the “central task” of the country would be the “four modernizations” of agriculture, industry, science and technology, and national defense. The political reforms, although incomplete, have provided something of a framework for economic reform. They sought to enliven the economy by introducing market relations, using the profit motive, thereby unleashing the initiative, energy and drive so lacking in the previous system. The political-economic reform policies led to remarkable success. At the beginning of China's opening-up to the outside world in the late 1970s, anyone considered rich was called Wan Yuan Hu (a person with 10,000 yuan □1,205 US dollars□). That title is outdated as such people are too common to stand out, especially in cities and towns. Rapid economic growth has amazed the world for three decades and multiplied personal wealth and household income. Since the policy of reform and opening up to the outside world was adopted in 1978, China has averaged 9.4% annual GDP growth, one of the highest growth rates in the world. In 1978, China accounted for less than 1% of the world economy and its total foreign trade was worth only \$ 20.6 billion. In 2005, it accounted for 4% of the world economy and has foreign trade worth \$ 851 billion. Therefore, China ranked fourth in 2006 and sixth in 2001 in the world in terms of GDP, compared with 10th in 1990, becoming one of the world's major economic powers. Prior to 1978, 97% of all prices were set by the state.

Now, the market mechanism is playing a decisive role in the economy. In foreign trade, the agent system has been widely implemented, and large and medium-sized enterprises have been granted more freedom in exports. This has helped promote a continuous and rapid increase in imports and exports, and enabled China's foreign exchange reserves to hit a record of US\$140 billion in 1997, cushioning the blow of the Asian financial crisis and shielding the Renminbi Yuan from devaluation.<sup>8</sup> This figure went up to US\$212 billion in 2001 and more than US\$1000 billion in 2007.

The most important changes took place in the process of privatization. In china, the term "privatization" has not been admitted and accepted officially and instead several other terms such as "transformation of ownership" (*zhuangzhi*) or "restructuring of ownership" (*suoyuozhi gaizao*) have widely used to indicate the process of privatization. Similarly, the term "non-public ownership" has always been used as a substitute for "private ownership". From the reform strategy, the small businesses have been developed in the private sector. The privatization of State-Owned Enterprises (SOEs) had been postponed to the early 1990s. The privatization of SOEs has been promoted on a large scale from 1995. With the slogan of "grasping the large and letting go the small" (*zhuada fangxiao*), the small and medium-size SOEs were privatized. In 1993, they accounted for 95 percent in number, 57 percent in employment, and 43 percent in output of state industrial sectors. By the end of 1996, up to 70 percent of small SOEs had been privatized in pioneering provinces and about half were privatized in many other provinces.

At the same time, the strategic adjustment was implemented in the central-level SOEs. By the end of 2006, the number of central-level SOEs had been reduced to 159, down from 169 at the end of 2005, and the main business scope of 137 enterprises was identified and confirmed. Those central-level 159 SOEs are responsible for nearly all the production of crude oil, gas, and all the basic telecommunications services and most of value-added services.

Along with the privatization of the small local-level SOEs and restructuring of the large central-level SOEs, the private economy has developed quickly. By the end of 2006, there were 4947 million private enterprises in the country, 15 percent increase over 2005, accounting for 57.4 percent of all enterprises in china; the total amount of their registered capital was RMB 7500 billion, 22 percent increase; the number of their employment was 63.955 million, 9.81 percent increase; the number of their investors was 12.249 million, 10.36 percent increase; .the number of private business owners registered was 25.76 million, 3.8

---

<sup>8</sup> Song Tingming, "Two Decades of Economic Reform", *China Today*, Vol.47, No.10, October 1998, p.11-13.

percent increase over 2005; a total amount of their capital was RMB 651.5 billion, 12 percent increase. Nowadays, the private economy is playing an important role in promoting regional economic development, stimulating employment, increasing financial incomes in china.<sup>9</sup>

### **China and East Asian developmental regime**

After the three decades of incremental reforms and rapid growth, the miracle of China's development attracted many scholars in their endeavor to grasp accurately the logic of Chinese development. Scholars measured the china's situation in comparative perspective and created mainly three comparative approaches. That is, observe and analyze china within three contexts, or three theories of "convergence": china's convergence with Western world, with the Eastern Europe, or with the East Asia. Among the three approaches, few scholars think that the experiences of East Europe provided a distinctive model that can serve as the ideal type for China to emulate; most scholars think that there are fundamental differences in the way of modernization between China and the Western. The western-style development has been criticized by the Communist leaders in China. Nowadays, the East Asia model has become the hegemonic paradigm in china-related studies, because as the Chinese have gained more confidence in their culture, they have been less inclined to try out western-derived solutions to the problems, but they have tried instead to seek an alternative world view to western-style liberalism. What's more, the Chinese Communist leaders have shown no intention to follow the liberal democratic development model. This has illustrated by the persistent political campaigns against "bourgeois liberalization" and "western false democracy". Comparing with the western liberal model, the East Asian development model become more popular and fashionable in China.

There are ample reasons for a comparison between mainland China and other East Asian countries and areas such as Japan, South Korea and Singapore. On the one hand, there are close historical linkages and cultural similarities between China and other East Asian countries and areas. On the other, during the new era of modernization, with implementation of reform and open-door policies, great importance was attached to East Asian economic and political development experiences when China selected its development strategy. Two years after Chairman Mao's death, the second leadership group with Deng Xiaoping as the core sought drastically to reform China's economic and political systems, because Chinese were ashamed and chagrined by the fact that socialism had produced only meager results in the

---

<sup>9</sup> Statistics from the state administration of industry and commerce in 2005, 2006.

preceding twenty years in comparison with the other nations of East Asia. Chinese were aware of the extent to which China had fallen behind internationally. There was not only Japan, which had forged ahead with stunning speed, but also the “four tigers” of Korea, Taiwan, Hong Kong and Singapore, all of which had outpaced China with regard to rapid modernization. Just before the Third Plenary Session of the CCP Eleventh Committee on which the policy of reform and open-door was officially adopted, Deng Xiaoping visited Japan during the late October 1978 for the conclusion of Sino-Japan Peace and Friendship Treaty. Deng went to see many places including big companies, took on the high-speed train (Shinkansen) and held talks with Japanese leaders and people from various background. Those visits and talks gave Deng a shocking impression on Japan’s rapid development. Deng Xiaoping was firmly determined to promote the modernization drive in China by learning and emulating the development experiences in all advanced countries such as Japan, introducing and importing their advanced technology and monetary capital.<sup>10</sup> During the early years of 1990s, with the normalization of relations between China and Korea, Korean development strategy was studied and adopted as China’s model by both Chinese scholars and officials. Just before the Korean financial crisis in 1997, Chinese government tried to formulate a plan in which government supports and strengthens top 500 big companies like the Chaebol(conglomerate) in the Korean model.<sup>11</sup> The East Asian economic crisis, especially the Korean crisis struck a blow for Chinese scholars and leaders, but it also made them reflect and discuss foreign experiences and their own strategy widely and deeply.<sup>12</sup> From the early 1990s, the economic and political development model became a new object of learning and study in China. Chinese leaders and scholars have been deeply impressed by the economic miracle, political stability, clean government and social order. During the famous southern tour in the early 1992, Deng Xiaoping said, Canton should catch up with the “four little dragon”, not only in terms of economic development, but also social order and public morals. We must get ahead of them in promoting two civilizations (material and moral). Only this can be called the socialism with Chinese characteristics. The social order in Singapore is reportedly good because many strict and stern measures have been taken. We should learn and emulate their experiences and do better than them.<sup>13</sup>

The East Asian developmental regime has different names, such as “the east Asia development model”, “the strategic capacity model”, “bureaucratic authoritarian

---

<sup>10</sup> Tian Huan, ed. *The History of Post-War Sino-Japanese Relations*. China’s Social Sciences Press, 2002, pp. 336-337.

<sup>11</sup> Rao Yuqing, “The influences and Apocalypse of Asian Financial Crisis on China and Hong Kong”, *Er Shi Yi Shiji* (Twenty-one Century), April 1998, p.12.

<sup>12</sup> Fan Gang, “Lessons of East Asian Financial Crisis for China: Policy, Institution and Solution”, *Zhanlue Yu Guanli* (Strategy and Management), No.2, 1998, p.61.

<sup>13</sup> Deng Xiaoping. *Selected Works of Deng Xiaoping*, Renmin Chubanshe (People’s Press), 1994, pp. 378-379.

industrializing regimes (BAIRs)”, “authoritarian capitalism”, and “developmental state model”. What is the “East Asia developmental regime”? The East Asian developmental regime, or in other word, the capitalist developmental state, is a mixture of plan-rational economy with market-rational political institutions. After closely examining this model, the following important characteristics can be found in the East Asian developmental regime.

**(1) Strong state.** There is an active and strong role for the state in economic development and a collaborative relationship between the state and the businesses in East Asia developmental regime. The state committed to developing a market system. The state must be “market-fostering,” “market-facilitating,” and committed to nurturing markets. So in contrast to the passive role of an instrumental state perceived by liberalism, the states in East Asia are “active states” or “strong states”. Their roles are far beyond providing a framework for the economy. They act as agents in the economic and social transformation.

**(2) Government intervention.** In the rapidly growing literature on the East Asian political economies, there are many different political explanations of economic development, but only the theory of the “developmental state” has enjoyed incomparable popularity during the last decades.<sup>14</sup> Even the World Bank confirmed the important role of government in the East Asian economic development with the 1993 publication of “The East Asian Miracle: Economic Growth and Public Policy”. It was argued in this report that in <sup>15</sup>most of the East Asian economies, mainly in Northeast Asia, “government intervention resulted in higher and more equal growth than otherwise would have occurred.”<sup>16</sup> The government made industrial policies and encouraged investments. An industrial policy is the development, guidance, and supervision of industry by the government. The secret of success in east Asian development states is the implementation of deepening industrial policies; that is , the ability and flexibility of the state to move in and move out of sectors , to promote this or that industry. Although the market economy has been adopted as the basic goal of economic reforms, considering the nature of socialism, the Chinese government has not completely abandoned the planned economy inherited from Soviet model, and has had a great ability to mobilize the social resources and intervened heavily in economy.

**(3) Authoritarian leadership.** The developmental dictatorship existed in East Asian development, for example, Park Chung Hee in Korea, Lee Kuan Yew in Singapore ,Chiang

---

<sup>14</sup> Cf. Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*, Princeton University Press, 1990; James Cotton, “The State in the Asian NICs”, *Asian perspective*, Vol. 18, No. 1, Spring-Winter 1994; Ren Xiao, *The Political Analysis of Economic Development in Korea*, Korean Studies of Fudan University, Shanghai People’s Press, 1995, etc.

<sup>15</sup>  
<sup>16</sup> *The East Asian Miracle: Economic Growth and Public Policy*, published for the World Bank, Oxford University Press, 1993, p. 6.

Ching-Kuo in Taiwan and Deng Xiaoping in mainland china. A dictator or a group of ruling elites are in power with the fear that a full democracy might lead their countries to spin out of control, and the ruling establishment purposefully delays the process of democratization. The authoritarian political arrangements follow a “four part model”. First, an elite group dominates the ruling establishment. Second, interest groups are limited and weak. Mass movements, especially the labor movement, are weak. Third, the importance of political decision based on the market mechanism as means of intervening into economy is emphasized. And fourth, national pride and nationalism are nurtured. Because of these institutional characteristics, the state is insulated from social forces. To distinguish it from the old authoritarian, this authoritarian is often referred as a “semi-authoritarian,” “neo-authoritarian,” “soft authoritarian” or a “paternalistic authoritarian system”.It is development-oriented, based on meritocracy, and enthusiastically pursuing social equity in the process of development. The legitimacy of such a system is not based on democratic procedures but economic performance. In china, Deng and many of his colleagues are afraid of chaos(luan). This fear is rooted deeply in Chinese political culture. It is also rooted in the experiences of the pre-1949 period, and especially in those of the Cultural Revolution. Deng abrogated the so-called four greats of that era, namely, rights that included putting up critical wall posters and going to strike, because of their association with disorder. Deng believed that a strong authoritarian regime of which the party is the core is essential to hold china together. So in china, the scholars can find the political reform always lag behind the economic reform owing to their authoritarian regime.

**(4) Export-oriented economy.** One of the most important features in the East Asia development model is the export-oriented economy. For example, from 1965 to 1990, Japan emerged as the world’s biggest exporter of manufactured goods, increasing its share of the world market from nearly 8 to almost 12 percent. In the 1970s and 1980s, the locus of growth shifted to the four tigers, whose share of manufactured exports grew nearly four times faster than Japan’s. After China opened its door to the outside world, China’s abundance of cheap labor has made it internationally competitive in many low cost, labor-intensive manufactures. China has become a major trading power. Chinese exports rose from US\$14 billion in 1979 to nearly US\$ 195 billion in 1999, China’s ranking as a trading power rose from 27<sup>th</sup> in 1979 to 10<sup>th</sup> in 1998. In 2007, the total trade amount has over \$2000 billion and rank 4<sup>th</sup> in the world.<sup>17</sup> According to another studies, manufactured export growth took off after 1984. The ratio of foreign trade (exports plus imports) to GDP jumped from 10 percent in 1978 to 17

---

<sup>17</sup> China statistic yearbook,1979,1998,2007

percent in 1984, and to 44 percent in 1994. In 1978, China accounted for only 0.75 percent of total world exports, however, by 1995, it amounted to 3.0 percent largely because of massive FDI related processing initiatives.<sup>18</sup>

### **East Asian-style developmental state?**

The political system and political development in China are commonly characterized as “authoritarian” at home and abroad because China consistently adheres to the leadership of the Communist Party, constantly strengthens the central authority and repeatedly emphasizes political stability based on the development experiences in East Asian countries and regions. Robert A. Scalapino in 1998 pointed out: “The most basic political trend in China today is the gradual transformation of Leninism into authoritarian pluralism, not democracy. Authoritarian pluralism can be defined as a system wherein political life remains under the unchallenged control of a dominant-party or single party regime; strict limits are placed on liberty; and military or national security organs keep a close eye on things. At the same time, however, an authoritarian-pluralist system typically has a civil society apart from the state. The various branches of this society enjoy a certain degree of autonomy, and thus are able to express diverse interests. Finally, the economy is mixed, with the market playing an ever more important role.” He also said: “Authoritarian pluralism has been widely utilized in developing East Asian societies, partly because it accords with their political culture, but more importantly. Because it is a means of maintaining stability in the midst of rapid growth and the huge socioeconomic changes it brings.”<sup>19</sup> Many China experts in Japan such as Kazuko Mori, Ryosei Kokubun and Satoshi Amako believed that Chinese politics is moving toward authoritarian system by imitating the development model of the newly industrialized countries and areas especially in East Asia.<sup>20</sup> Xiao Gongqin, a strong advocate of the “new authoritarianism” during the late 1980s, said that there are obvious similarities in history, culture, nationality and transition from highly centralized political system to market-based system between China and other East Asian countries and areas.<sup>21</sup>

---

<sup>18</sup> Ding Jianping. *Empirical Studies on China's Integration into the World Economy*. Hunan University Press, 2001, p.2.

<sup>19</sup> Robert A. Scalapino, “Will China Democratize? Current Trends and Future Prospects”, *Journal of Democracy*, January 1998 Volume 9, Number 1, p.38.

<sup>20</sup> Kazuko Mori. *Gendai Tyugoku Seiji (Contemporary Chinese Politics)*, Nagoya University Press, 2004, pp.245-246; Ryosei Kokubun. *Ajia Jidai No Kensho: Tyugoku No Shiten Kara (Testing Asian Era: From China's Angle)*, Asahi Shimbun, 1996, p.38; Satoshi Amako. “Seiji Taisei No Kouzou Henka (The Structural Changes in Political System)”, Kazuko Mori. ed. *Gendai Tyugoku No Kouzou Hendo (The Structural Changes in Contemporary China, Volume 1)*, Tokyo University Press, 2000, p.51.

<sup>21</sup> Xiao Gongqin. *Gaobie Zhengzhi Langman Zhuyi (Farewell to Political Romanticism)*, Hubei Education Press, 2001, p.97.

Indeed, during the discussions about and debates over “new authoritarianism”, some scholars suggested that China should establish authoritarian rule just like South Korea and other East Asian countries in order to maintain political stability and promote economic development. In the early 1992 Deng Xiaoping's southern tour speech, he highly praising the good social order in Singapore and said that we should learn their experience do better. As a result, many scholars think that China is imitating the development model of East Asian countries to establish its own authoritarian system as shown above. However, if we compare the historical experiences and political developments in details, we will find that China's road of political development is not in accordance with the authoritarian developmental model displayed in South Korea and other East Asian countries and areas. Just as Ming Xia pointed out: “China has had to creatively transform its institutional arrangements and modify the developmental state model in order to be market-facilitating and maintain a strong state capacity. The two most important modifications are seen in the relationships between the government and the legislative system, between the center and localities.” “If China has turned into a developmental state, it has done so by following a dual developmental state model. The duality of the Chinese developmental state is illustrated by an active role played by the People’s Congresses in the developmental system, in partnership with the central state, makes it appropriate to speak of s two-tiered structure involving the center and localities.”<sup>22</sup> There is not East Asian-style authoritarianism in China and political transition from authoritarianism to democracy in other East Asian countries and areas did not occur in China. The main differences in political development between China and other East Asian Countries are as follows:

First, the historical experience is different. South Korea, Singapore and other East Asian countries established their developmental authoritarian regime only when the “democratic experiment” failed during the 1950s and 1960s. Although the specific reasons for the breakdown of democratic system and the establishment of authoritarian regime vary, the weak political system and backward economic development are some common factors.<sup>23</sup> China's historical experience was totally different. After founding the New China in 1949, the highly centralized planned economic system had been established and the personal dictatorship of Mao Zedong had been strengthened, eventually leading to a 10-year "Cultural Revolution", in which China suffered from serious political turbulence and economic collapse. The reform

---

<sup>22</sup> Ming Xia. *The Dual Developmental State: Development Strategy and Institutional Arrangements for China's Transition*. Ashgate, 2000, pp.209-210.

<sup>23</sup> More about the breakdown of democratic experiments, see Minxin Pei, “The Fall and Rise of Democracy in East Asia”, Larry Diamond and Marc F. Plattner, ed., *Democracy in East Asia*, John Hopkins University Press, 1998, pp.62-63; Guo Dingping, *Study of Political Transition in South Korea*, China Social Science Press, 2000, pp.39-44.

and opening up policy originated from the correction of mistakes and reflections on the past economic, political and social crisis. Therefore, from the beginning, an important goal for political reform has been the separation and decentralization of powers in order to develop and perfect socialist democracy.

Second, the functions of the representative organs are different. After authoritarian rule is established in South Korea or other East Asian countries, one of the common institutional characteristics is that the powers and functions of the executive branch had been extended, while the powers and functions of the representative body had been weakened and restrained. For example, under the "Yushin System" of the Republic of Korea established in 1972, the basic principle of check and balance of powers was violated and the powers of President greatly strengthened, the powers of the Congress seriously weakened. As China's People's Congress system had been seriously damaged during the anti-rightist struggle in the late 1950s, especially during the Cultural Revolution, more attention has been paid to democratic development and legal system since the Third Plenum of the 11th Central Committee of CCP adopted reform policy in December 1978. Strengthening and perfecting the People's Congress system has become an important element of the political reform. Its basic objective is to make the People's Congresses at all levels and their standing committees the true legislative organs with highest authority. After nearly 30 years of reform and practice, the People's Congress system has been significantly improved. The status and influences of People's Congresses and their standing committees at all levels in the process of political decision-making have gradually increased.<sup>24</sup> Especially local provincial people's congresses have now become indispensable actors in political process because of their rising status and improved quality of delegates. The last 20 years witness a series of new developments in People's Congress system. For example, there are several cases in which the candidates nominated by the Communist Party Committee of the People's Congress failed to be elected during elections, but the candidates nominated by common delegates were elected successfully; People's Congress and its Standing Committee decided to remove the unsuitable government officials from office; People's Congress did not pass the unsatisfactory report on the work of the people's courts.<sup>25</sup>

Third, the relationships between the central and local government are different. Most of other East Asian countries and regions are small in terms of territory and population. They

---

<sup>24</sup> Pu Xingzu etc, *Zhonghua Remin Gongheguo Zhengzhi Zhidu (Political institutions of PRC)*, Shanghai Renmin Press, 1999, pp.78-81.

<sup>25</sup> Ming Xia, "Political Contestation and the Emergence of the Provincial People's Congress as Power Player in Chinese Politics: a network explanation", *Journal of Contemporary China* (2000), 9(24), p.191. Also see: Tang Liang, *Henbo Suru Tyugoku Seiji (Chinese Politics in Transition)*, Tokyo University Press, 2001, pp.191-228.

adopted a centralized rule in order to promote economic development. For example, "Act of local Autonomy" was promulgated in 1949 in South Korea, but never really implemented. After Park Chung-Hee started a military coup d'état in 1961, the local system in which local leaders were elected directly by local residents was suspended. During the following 30 years, the centralized system was adopted again. China's reforms are significantly different. Decentralization of power from the central to the local has been a major trend and obvious feature during the 20 years' reform in China. Although the decentralization of powers has been mainly implemented in the economic field, it has political significance under the special institutional environment in China. For example, the decentralization of the central financial power to the local had direct and great impact on the behavior of local governments and influences on the relationships between them. Of course, decentralization is not only confined to the economy, decentralization of legislative power and expansion of local legislative power is another important aspect of political development in China. In regard to the decentralization of political power, the many measures have been taken in the reform of the cadre management system. For example, the local governments have more powers on personnel management in the state-owned local enterprises and other economic units; the local organizations of the CCP have more powers to manage local party and government cadres; the local residents have more influences on the selection of local leaders.<sup>26</sup>

Fourth, the international environment is different. During the 1950s and 1960s, most of democratic governments in East Asia collapsed or decayed; and authoritarian rule had been established. This is the so-called reverse wave of democratization along with the escalation of the Cold War. As Samuel Huntington put it, "Political development and regime transitions were taking on a heavily authoritarian cast."<sup>27</sup> For example, in the late 1950s Syngman Rhee began to undermine democratic procedures in Korea, and the democratic government that succeeded him in 1960 was overthrown by a military coup in 1960. Then, Park Chung-hee established and developed a highly military authoritarianism during the 1960s and 1970s. In 1957 Sukarno replaced parliamentary democracy with guided democracy in Indonesia, and in 1965 the Indonesian military ended guided democracy and took over the government. In 1972 President Ferdinand Marcos instituted a martial law regime in the Philippines. But from the middle 1970s, after the dictatorship was overthrown in Portugal in 1974, democratic governments replaced authoritarian rule in many countries in Europe, Asia and Latin America. "The movement toward democracy seemed to take on the character of an almost

---

<sup>26</sup> Wu Guoguang and Zheng Yongnian. *On Central-Local Relations*, Hong Kong: Oxford Press, 1995, p.170.

<sup>27</sup> Samuel Huntington. *The Third Wave: the Democratization in the Late Twentieth Century*, University of Oklahoma Press, 1991, p19.

irresistible global tide moving on from one triumph to the next.”<sup>28</sup> According to statistics, by early 1998, the number of democratic states in the world has increased to 117. Even in the period of the third wave of democratization the number of independent countries grew steadily by one-third, the percentage of the world's democratic countries also doubled, reaching more than 60%.<sup>29</sup> At the end of the 1970s after the global wave of democratization began, China began to promote its reform and opening up policies. Although China stands out of the "third wave" of global democratization according to some foreign observers,<sup>30</sup> China can not completely ignore the global wave of democratization and must be influenced by it because it has expanded its opening up to the outside world and integrated itself into the international community.

Fifth, the major problems are different. As is well known to all, the essence of the East Asian miracle is rapid growth with equity. Most of East Asian countries and areas enjoyed much higher per capita income growth at the same time that income distribution improved by as much or more than in other developing economies. They have high growth and declining inequality. Moreover, the fastest growing East Asian economies, Japan and the Four Tigers, are the most equal.<sup>31</sup> However, in China, there are huge regional differences between the urban and rural areas, the coastal east and mountainous west. The reforms began in rural areas thirty years ago and great changes took place indeed along with the implementation of responsibility system and the abolition of agrarian tax. But farmer's incomes are growing almost three times more slowly than urban incomes, leading to an increasing gap between the haves in the urban areas and the have-nots on the farm. The income ratio between urban and rural residents was 2.36 in 1978. It decreased to 2.14 in 1985, but increased to 2.38 in 1987, 2.79 in 1995, 3.2 in 2000.<sup>32</sup> The inequality in income distribution exists not only between urban and rural areas, but also among the urban residents or rural residents. In contrast with the growth with equity in other East Asian countries and areas, China has rapid growth but growing inequality and increasing gap between the rich and poor.

## **Chinese model of socialist developments**

---

<sup>28</sup> Samuel Huntington. *The Third Wave: the Democratization in the Late Twentieth Century*, University of Oklahoma Press, 1991, p.21.

<sup>29</sup> Larry Diamond, *Developing Democracy: Toward Consolidation*, The Johns Hopkins University Press, 1999, p. 24.

<sup>30</sup> Larry Diamond, *Developing Democracy: Toward Consolidation*, The Johns Hopkins University Press, 1999, p. 279-280.

<sup>31</sup> The World Bank. *The East Asian Miracle: Economic Growth and Public Policy*, Oxford University Press, 1993, pp.2-4.

<sup>32</sup> Zhong Dajun, "Eryuan Jiegou dui Zhongguo Shehui de Yingxiang" (The Influences of Dual Structure on Chinese Society), eds., Ru Xing, Lu Xueyi, Chan Tianlu, *2001 Nian: Zhongguo Shehui Xingshi Fengxi yu Yuce (The Year 2001: Analysis and Prediction of Social Situations in China)*, (Shehui Kexue Wenxian Chubanshe, Social Sciences Documentation Publishing House, 2001), p. 198.

Through the above analysis, we can find that China's political development shared the same characteristics to some extent with the East Asian developmental state, for example, to maintain macroeconomic stability, to strengthen the government's macro-economic control, to streamline the government structure, and to improve the governmental efficiency. However, from the internal dynamics and basic trend of political development, there are considerable differences between China and other East Asian countries and areas. Although China may not catch up with some of other East Asian countries during the period of their rapid economic growth in democratic reform and political development, just as in South Korea there were a wide range of competitive elections even during the 1960s and 1970s, China is moving to more democratic and more open system. In this sense, the political development in China is different from other East Asian authoritarianism. Therefore, I believe that China did not follow the East Asian model of authoritarian development, nor establish the East Asian-style authoritarian rule. As Elizabeth J. Perry noted, although many comparative studies between China and the Communist states in the former Soviet Union and East Europe, China and other East Asian countries and areas, China and India, the fact is that contemporary China is not easily likened to other countries. In some respects the “East Asian developmental state” afforded a fruitful paradigm for the analysis of other rapidly growing economies in the region, China’s huge size and heterogeneity render facile comparisons with Japan—let alone the “Four Little Tigers (Taiwan, South Korea, Singapore and Hong Kong)” —of limited applicability.<sup>33</sup>

Since the East Asian-style authoritarianism is not suitable to China, what are the Chinese characteristics in political developments? I think that the imbalances and contradictions between rapid growth and delayed democratization in China can be explored and explained for the following reasons.

(1) Partial liberalization. Although there is no true political freedom and strict restrictions are placed on some kind of political activities, Chinese people have enjoyed more freedom than ever before in a growing civil society since the market was introduced to play a major role in economic life and the isolated China was opened up to the outside world. Chinese citizens show more interest in and have more knowledge of political affairs, and mass media are more and more available to them. Any public criticism of the CCP regime, Chinese leaders or the four cardinal principles is not permitted, but Chinese government is not able to check and control the exploding flow of information in all kinds of mass media. The past three decades have seen a surprising increase in the number of mass media outlets. Moreover,

---

<sup>33</sup> Elizabeth J. Perry, “Studying Chinese Politics: Farewell to Revolution?” *The China Journal*, No.57, January 2007, pp. 2-3.

there are a lot of free expressions through e-mail, the Internet and cell phones as a result of the revolution in global information technology.

According to 2003 Asiabarometer survey, the respondents expressed high level of satisfaction with the human right conditions, that to some extent means the marked improvements in human rights in China. There are much higher percentages of the urban residents in China who are satisfied with the right to vote (68.3%), the right to organize (68.9%), freedom of speech (66.6%) and the right to criticize (56.6%). Only with the right to gather and demonstrate (47.9%) and the right to know (43.0%), the level of satisfaction is lower than the one of dissatisfaction.<sup>34</sup>

(2) Good governance. Instead of overall and massive political reforms, Chinese Communist Party and government have taken many concrete and efficient measures to promote governance especially at the local level. More scientific and more democratic policy-making procedures have been set up at all levels by introducing collective leadership, attracting experts of all different fields to join in discussions and deliberations, encouraging common citizens to contribute their ideas and opinions. Deng Xiaoping sought to reestablish the party's legitimacy by emphasizing collective rule, regularizing procedures, and reforming political institutions. To that end, he and his colleagues called for "socialist democracy" and "socialist legality" so as to reform the political system that had allowed the unbridled expansion of one leader's political power. The functions and activities of the government and the party have been separated to some extent. For example, the party formulate overall national goals and priorities, while the government make and implement policies to carry them out. Procedures and rules in political process have been gradually established, such as convening regular party meetings, abolishing life-long tenure and establishing retirement system, recruiting younger and well-educated elites. Furthermore, the crisis management systems have been created at all levels and the government's ability to manage crisis is impressive. The crisis usually includes natural disasters, incidents and accidents, and popular unrest and protest. All party and government officials pay much attention to the social instability. Should any protest threaten to get out of control, the arms of the government can move quickly to deal with it. The government usually offers compensation and punishes the officials or agencies directly responsible. As a result, such protests are resolved locally, and any impact is effectively contained in the localities involved.<sup>35</sup>

---

<sup>34</sup> Dingping Guo, "Political Culture and Political Development in China: An Interpretation of Three Surveys," *Political Science in Asia (PSA)*, Volume 2, Number 1 (Winter,2006), p. 41.

<sup>35</sup> Zhengxu Wang, "Explaining Regime Strength in China," *China: An International Journal* 4, 2 (September 2006), p. 232.

(3) Improved performance. Without democratic legitimacy, the Communist regime has to enhance its legitimacy based on economic development and income growth. Therefore, the criteria of evaluation are geared toward a developmentalist and materialist direction in contrast to the post-materialist direction in the industrial democracies. Just as Deng Xiaoping put it, “Economic works are the biggest political works at present; economic issues are the overriding political issues.”<sup>36</sup> The CCP gave priority to economic affairs and regarded economic development as the fundamental criteria for judging all policies and measures. Considering China’s experiences as a semi-colonial, semi-feudal society, and that its productive forces lag far behind those of the developed industrial societies, this developmental backwardness has restricted the Chinese people’s political demands. The people are more concerned with living conditions and are, consequently, more easily satisfied with rapid growth and economic betterment. Under these special conditions, the party and government enjoyed high level of trust and popularity by improving performance. Indeed, measuring performance objectively is a challenging task. One obvious approach is to measure macro-economic outcomes. China has experienced amazingly rapid growth, especially along coastal areas. Consequently, the living standard of Chinese citizens has been raised many times. Many Chinese people believed that their living conditions have noticeably improved since the reforms in 1978 and their social status has noticeably improved during the last three decades. This good feeling contributed very much to the high scores for the Communist regime.

How, then, do Chinese evaluate government performance in various policy areas? The 2006 AsiaBarometer<sup>37</sup> ask respondents to consider ten different policy areas: (i) the economy, (ii) political corruption, (iii) human rights, (iv) unemployment, (v) crime, (vi) public service, (vii) increasing immigration, (viii) ethnic conflict, (ix) religious conflict, and (x) environmental problems. On average, Chinese are quite satisfied with the efforts of the government in dealing with ethnic and religious conflicts and managing increasing immigration and public services. More than 50% of the respondents report that they are satisfied with the government performance in these four policy areas.

Meanwhile, more than 40% of the public hold a positive view on the government policies in economic management, human rights and environment protection. The picture is less optimistic with regard to the other three policy areas. Specifically, 37.4% of the respondents

---

<sup>36</sup> Deng Xiaoping, *Deng Xiaoping Wenxuan (Selected Works of Deng Xiaoping)* (Beijing: Renmin Chubanshe, People’s Publishing House) Volume II, p.194.

<sup>37</sup> The 2006 AsiaBarometer survey was organized by Professor Takashi Inoguchi at Chuo University, Tokyo, Japan, in cooperation with scholars from other Asian countries and areas. Dingping Guo is his partner in charge of China country report.

give a positive rating of the government performance in anti-crime policies. The corresponding figure reduced to 22.9% when it comes to the problem of unemployment. It is however political corruption that received the lowest score of public evaluation. Only 14.7% of the respondents believe that the government has done a good job in this area, while 84.8% hold an opposite view. In 2006, the central government launched a major anti-corruption campaign in China. The survey results suggest that the effectiveness of the campaign is going to play a vital part in shaping the public perception of government performance. Moreover, successful anti-corruption records will substantially enhance the level of public trust in government.

(4) Gradual democratization. Political experience strengthens confidence in government and politics. Political experience with democracy and alternative regimes has a sizable independent effect on political attitudes and values, often overpowering the national level of socioeconomic development, individual socioeconomic status, and the regime's economic performance.<sup>38</sup> China has no experience with democracy. From the 1912-1913 transitory experiments with democracy, including multi-party politics, that failed in Yuan Shikai's restoration of the imperial system, most Chinese people, in particular the CCP, drew the lesson that Western-style democracy is not suitable to China. After political turmoil in war and revolution, Chinese appreciate very much the national independence, political stability, social order and economic prosperity of the last three decades. Furthermore, since they have no experience with democracy but they admire democracy, albeit not on Western terms, Chinese tend to be satisfied with recent achievements in democratization compared with the cult of the personality, dictatorship and cruel class struggle of the past, particularly the Cultural Revolution. As some scholars have observed, little has been achieved thus far in the way of actual democratization, but the institutional foundations for genuine democracy are slowly taking shape. For example, the maturation of the rule of law, the emergence of the National People's Congress and local People's Congress as power player, and village self-government and grass-root democratization are important components of this evolutionary process.<sup>39</sup> At the 17<sup>th</sup> National Congress of the CCP, General Secretary Hu Jintao emphasized democracy further as the lifeblood of socialism and pledged to unswervingly develop democracy so as to make the ruling party more inclusive, decision-making more transparent and democratic rights better guaranteed. That is why most of Chinese people are

---

<sup>38</sup> Larry Diamond, *Developing Democracy*, The Johns Hopkins University Press, 1999, p. 162.

<sup>39</sup> Larry Diamond, etc. ed., *Consolidating the Third Wave Democracies: Regional Challenges*, The Johns Hopkins University Press, 1997, pp. 224-225.

content with past political development and optimistic about democratization in the future. In the process of gradual democratization, grass-root democracy and intra-party democracy have been promoted greatly and appreciated highly at home as well as abroad.

## **Conclusion**

During the thirty years of reform and opening up to the outside world in China, the pure, classic and traditional socialism has been abandoned and a series of revisionist definitions and innovative policies has been admitted and adopted in order to get richer and more prosperous. By learning from the advanced countries such as Japan, the “four little dragons” and western countries, the developmental state has been strengthened, the government capacity improved and the political system institutionalized to some extent during the last three decades. Although the political institutions of the People’s Republic of China remain essentially Leninist in that the Communist Party continues to monopoly political power and independent media, and autonomous trade unions are almost wholly absent, it is obvious that the Chinese political system has adapted to its changing environment. Unlike the 1950s, the Communist Party is more “middle class”, and its leaders are better educated and more highly differentiated. Public officials with higher capacity are performing new functions in an environment in which the law has become increasingly important. Government decision-making is increasingly based on rational considerations as authorities struggle to develop the economy in a market. China has made great achievements through its market-oriented economic reform and limited political reform, that is, through its state-led development strategy since the early 1980s. Although the Communist leaders always pledge to uphold their cardinal principles such as the Communist leadership, socialist road and Marxist guidance, it is obvious that all of them have been reviewed and revised to great extent. The socialism with Chinese characteristics may be correctly described as Red Capitalism in the sense that most of capitalist elements have been utilized in China under the Communist leadership. From the late 1990s, many private businessmen, erstwhile major enemy of the CCP, have been admitted to join in the CCP as the formal members. However, it is necessary for China to further political reform and promote democratization within a changing environment, especially faced with the impact of rapid economic development and social change, under the pressure of globalization and in order to prevent social and economic crisis, strengthen the legitimacy of the CCP and maintain political stability.