

POST-MAO ECONOMIC REFORMS IN CHINA: AN ANALYSIS OF STATE-SOCIETY RELATIONS

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This paper attempts the examination of the impact of China's post-Mao economic reforms on its state-society relations.

INTRODUCTION

The post-Mao Chinese leaders since 1978 have developed and implemented various reform policies to promote China's modernization and development. These reform policies have improved China's macroeconomic performance and the Chinese people's living standards. The post-Mao reforms have also resulted in direct or indirect effects on other important aspects of Chinese society, such as state-society relations.

The issue of state-society relations is important because it covers not only the environment of the economic reforms but also the impact of the reforms on the social environment. Economic development researchers¹ have recognized the importance of stable political and social environment in the process of economic development. They have emphasized that a stable environment is one of the major factors that are associated with the success of reform and development and they have maintained that the stable environment will allow policy makers to formulate and implement policies and structures to achieve development goals.²

The study of China's state-society relations has also been recognized by many researchers as a new model of studying Chinese politics.³ The new model focuses on studies of neither the state nor the society in isolation, but rather on the interaction between the two.⁴ In other words, researchers interpret changes, both causes and consequences, in Chinese politics as a

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product of interactions between the state apparatus and society at large.⁵ The major research issue raised in the study of state-society relations is whether the post-Mao economic reforms are producing a significant change in the relative power of state-society relations. The research issue is important to China's future development because of possible outcomes and consequences associated with changes in the state and society relations.⁶ In the case of Eastern Europe and the USSR, for example, it is important to notice that the down fall of communist regimes in these countries between 1989 and 1991 was based on the initiative of the people living there, which was the outcome of their political and economic reforms. How do the Chinese economic reforms change the nature of the traditional tie that connects the society to the state? Especially, for many Chinese observers, the Tiananmen mass movement in April-June 1989 provided a clear signal that the reforms have indeed promoted democratic ideas and activities as well as the development of some forms of social groups that were not noticed in Maoist China.

While studying the issue of state-society relations, previous researchers have reported different conclusions about the possible consequences of the economic reforms. Some researchers like White⁷ argued that the economic reforms have resulted in a basic contradiction between economic transformation and political immobility and that the social and political changes associated with economic reforms will undermine the legitimacy of the previous state-socialist polity and accelerate its political breakdown. Others like Solinger⁸ contend that economic reforms have blurred and softened, rather than sharpened, the separation of state and society and that the reforms have not yet led to the emergence of civil society and any immediate changes in the existing system.

Recognizing the importance of the state-society relations, this study will examine the impact of post-Mao economic reforms on Chinese society and identify major challenge issues. The study first provides an overview of China's state-society relations before the post-Mao reforms. It then analyzes changes in state-society relations that stem from the economic reforms, which include five areas: (1) changes in rural areas, (2) changes in urban areas, (3) changes in social mobility, (4) changes in individual and social ideology, and (5) changes in social control and stability. The

study concludes with discussions about challenges that may affect China's future development.

PRE-REFORM YEARS: STATE-SOCIETY RELATIONS

Before the post-Mao reforms, Chinese state-society relations could be categorized as a state-dominated society, i.e., the existence of a strong state and a weak society. The Communist Party-state controlled almost every aspect of social life among the Chinese people.⁹ The Party-state control over the society was mainly through a huge and complex administrative structure, various monitoring policies and systems, as well as continued political and ideological struggles. Focusing on the impact of economic reforms, the present study of state-society relations before the reform years addresses the life and conditions among rural peasants, urban residents, and the intellectuals, as well as the overall attitudes of the general public in the society.

Before the reform years, the major policies used in China's countryside were the *hukou* resident-registration system, the food allocation system, and the work-point system. Under the registration system, every rural resident had to belong to a production brigade and a people's commune. The system strictly inhibited people's geographical mobility, especially from the villages to the cities. For rural peasants, they were required to engage in agricultural activities and produce agricultural products according to the state plan. A small group of local cadres provided political, economic, and cultural leadership in each village. These cadres had to implement state allocation policies and fulfill state demands for grains and other services (e.g., labor forces for public works). The rural villages during the Mao era were basically isolated and separated from China's urban areas.

The role of the intellectuals in the Chinese society had been seriously challenged and damaged during Mao's era. In the traditional Chinese society, the intellectuals, both Confucian scholars in the past and the westernized scholars in modern times, enjoyed a special social status. Providing a society-wide balancing force (Pye, 1991),¹⁰ the intellectuals were allowed to criticize the government's policies to promote state

interests. The special status and balancing role of the intellectuals were basically destroyed in the Maoist era. For example, the intellectuals did not trust the Chinese authority and became mindless supporters of the official policy after the Hundred Flowers and Anti-rightist campaigns in 1957. During the campaigns, the intellectuals were punished for their suggestions and critiques even though they were first invited by the authorities. Especially, these intellectuals were further humiliated during the Cultural Revolution and many of them suffered both physical and psychological abuse.

The general public attitudes before the reform years were unstable and violent, anti-intellectual and anti-consumer, isolated within the Chinese society and outside the world activities (Lieberthal, 1995: pp. 296-297).¹¹ It was unstable and violent because continuous political and class struggles taught the Chinese people that violence is perfectly acceptable for the purpose of ideological purification. It was anti-intellectual because, influenced by the official policy, the public felt that it was better to be a worker or farmer than an intellectual. It was anti-consumer because officials emphasized plain living and basic egalitarianism and criticized anyone who pursued personal gains. It was isolated within the Chinese society because the registration system and the personnel system allowed no one to escape from their work units and communes without permission. Finally, the long-term isolation from world activities made the Chinese people distrust foreigners and believe that most of them wanted to exploit the Chinese.

THE REFORM YEARS: CHANGES IN STATE-SOCIETY RELATIONS

A. Rural Areas

The post-Mao reforms introduced not only policy changes in the agricultural prices but also structural changes in production methods.¹² The policy changes consisted of, for example, increasing state procurement prices for agricultural products and reducing grain procurement quotas. The production changes included, for example, allowing more household production activities and granting communes

autonomy in making decisions over production, distribution, and management. Especially, the government gradually introduced the Household Responsibility System: first, leasing land for household farming (*fentian dangan*) and second, setting quotas of agricultural production on a household basis (*baochan daohu*).

The implementation of the Household Responsibility System has made significant changes in China's rural society. The new system not only promoted agricultural productivity but also changed social structures in the rural areas. Under the responsibility system, peasants have more freedom to make their farming decisions and selling their products in free markets for flexible prices after the contract quotas are fulfilled. By the end of 1984, most of China's cultivated land had been contracted to individual households. People's communes were abolished and their functions divided between local townships for governmental operations and local economic committees for economic management. In other words, through the responsibility system, Chinese peasants have been liberalized from the state control regarding their economic activities.

B. Urban Areas

The post-Mao reforms have also introduced major changes in China's urban society. The changes were especially related to the industrial reforms that were implemented gradually since the late 1970s. The government first decentralized the control of enterprises to enterprise managers and allowed these enterprises to share profits and control daily operational issues. Next, the government gradually created markets for inputs and outputs of certain goods and reduced its control in urban services. Finally, enterprise managers were required to behave according to the market rules after the government introduced mechanisms that emphasized competition. These include, for example, the introduction of the bankruptcy law and the management contract system, as well as the abolition of the guaranteed bail-out.

C. Social Mobility

In addition to the changes within China's rural and urban areas, the post-Mao reforms have also brought a major change regarding the connection between the two areas. The change is especially related to the large and increasing numbers of people moving from the rural to the urban areas, i.e., the rural to urban migration. The increase of the rural-urban mobility is related to several factors (Chan, 1996; Li, 1992; Wu, 1994).¹³ First, the dramatic rise in productivity in the countryside has made tens of millions of rural laborers redundant. Second, the high growth of industrial and commercial activities in the urban areas has created many job opportunities for rural peasants. Moreover, the increase in mobility also resulted from the changes in the government's policy toward migration. The economic reforms have weakened much of the traditional administrative control of social and economic changes (i.e., the *hukou* system; the street committee) for the purpose of promoting economic growth. Relaxation of migration and employment controls were officially recognized in 1983 in some provinces and later extended to nationwide in 1985 (Solinger, 1985; *Renmin ribao*, 1985).¹⁴ The system was further eroded by Deng Xiaoping's 1992 summons for unbridled economic growth. That call mobilized an army of nearly 100 million migrant laborers pouring into the cities in search of work.

The result of this removal of traditional control mechanisms is that in the present Chinese society, there is an estimated 100-150 million people on the move at any time (Ferdinand, 1996).¹⁵ The so-called "floating population" refers to people staying in places for which they do not have a permanent household registration status, which include people hunting for jobs, away on official business, visiting relatives, on holiday, etc. (Li, 1994: pp. 65-72; Solinger, 1995: pp. 127-146).¹⁶ In addition, the situation of the rural to urban migration includes both intra-provincial and inter-provincial moves. While the former refers to individuals moving from rural to urban areas within the same province, the latter has to do with individuals moving from inland provinces to the cities in the coastal provinces.

D. Individual and Social Ideology

The post-Mao reforms have caused many changes not only in the structural aspect of Chinese society but also in the ideological and attitudinal aspect of the society. The ideological and attitudinal changes include: the demising role of the state in guiding daily life of the Chinese people, the rising materialism in the Chinese society, and the increasing perception of social inequality among most of the Chinese people.¹⁷ The outcomes of these interrelated ideological changes have also had major impacts on Chinese society.

First, with regard to the role of the state, Chinese government no longer provides a moral compass for the general population. During the reform years, many traditional, non-state sources of moral authority have emerged in Chinese society. For example, there has been a resurgence of traditional religions such as Buddhism, Daoism, and Christianity. Unlike Mao's society, official political ideology has become increasingly irrelevant as a source for the future direction of society. The socialist norm of collective interests has been replaced by the concern of the self interest and the importance of individualism.

The increased interest in individualism is especially important to the Chinese society. In both the traditional and socialist China, the right and autonomy of individuals have been constantly denied by the state in order to maximize the benefit of the group and the government.¹⁸ During the post-Mao reform years, it has been noticed that many artistic and intellectual creativity works (e.g., films) were produced for a greater individual self-expression. In addition, it has been noticed that individuals are increasingly shaping their own identities less in terms of their family or *danwei* but more in terms of their broad strata of the society, such as workers, migrants, students, and intellectuals.¹⁹

Next, along with the improvement of economic conditions, the post-Mao society also witnessed the rise of materialism and commercialism. In Mao's era, the leaders emphasized plain living and criticized anyone who pursued personal gains. To promote economic development, the post-Mao leaders used material incentives to spur greater effort. They claimed that

to be rich is glorious and that spending on consumer goods is good for the economy. This emphasis on material incentives occurred at the same time as the Chinese society experienced the decline of the traditional Confucian value system and the loss of confidence and interest in the socialist norms of collective interest.

The rise of commercialism and the concern for business interests have affected not only the general public but also many government agencies. For the general public, it was noticed that many people left their stable government jobs and jumped into the sea of commerce to make money. The increased interest in making money among the general public was also evident in a situation where in daily life, many basic services were not undertaken unless additional fees were provided. For the government agencies, many of them were doing their best to become involved in business activities to enrich themselves. For example, it was recognized that even the People's Liberation Army (PLA) has been involved in various business activities (e.g., dealings in arms, hotels, and traditional Chinese medicine) to supplement the official defense budget. The PLA's business activities have resulted in some negative problems, including both its internal control (e.g., corruption and conflict between units in different regions) and its external relations with civilian officials (e.g., disputes about the PLA's control of local land and resources as well as receiving special treatments such as tax breaks).²⁰

Finally, despite many improvements in people's standard of living, many Chinese people have perceived an increase of social inequality among them (Lieberthal, 1995: pp. 308-309; White, 1991: p. 16).²¹ The unequal feeling is related to not only the income gap between the rich and the poor but also the general feeling of falling behind the advance of others. Many people expressed dissatisfaction over their personal status. They felt that too many others are acquiring wealth they do not deserve. The feeling of social inequality is easy to understand because of the homogeneous and egalitarian nature of Mao's society. The consequences of the inequality perceptions are the general lack of empathy for other groups and the increase of social hostilities and conflict.

E. Social Control and Stability

The success of the economic reforms has made Chinese society more complex and fluid. The complexity refers to the structural and attitudinal changes in both rural and urban areas, while the fluidity has to do with the increased mobility between the rural and urban areas as well as between the interior and coastal regions. In addition, the process of the social changes has also caused a redistribution of social power from the state and toward individuals, households, and groups.²²

The problems of social control occurred during the process of economic reforms because many of the past control mechanisms have been removed for the purpose of increasing incentives and productivity. The control problems became a serious policy issue also due to the changes in social mobility and changes in individual and social ideologies. People are more free in both their attitudes and behaviors with regard to almost every aspect of life (except the political activities after the Tiananmen Incident). The control problems were further intensified by the lack of or weak new control mechanisms. One example of the problem of social control is that the state has lost its control over society in China's single-child population policy. After the success of economic reforms, it is noticed that the peasants' households have the ability to resist state pressure and avoid or adjust to the related penalties.²² The outcome of this problem is that the Chinese population passed the 1.2 billion mark in early 1995, five years earlier than the date of 2000 which the government laid down in the early 1980s (Ferdinand, 1996).²³

To deal with the problems of social control and stability, the Chinese leaders have continuously emphasized the importance of maintaining law and public order to ensure a better social environment for economic development. They urged that local Party and government officials work together with judicial departments to double their efforts to crack down on crimes. With regard to corruption, the leaders have enacted ethical codes for government officials and have actively prosecuted corruption cases. Without an independent legal and supervisory system, however, the overall effect of the government's campaign against crimes and corruption has been relatively limited.

CONCLUSION

The analysis of the impact of the post-Mao economic reforms on China's state-society relations clearly reveals that the economic reforms indeed have brought many fundamental changes in China's society. The reform measures such as the decentralization from the central to local governments, the contract responsibility system, and the separation of government administration and enterprise management have certainly changed the lives of peasants in the rural areas as well as the lives of workers and managers in the urban areas. In the rural areas, the peasants have been liberalized by the reform measures because they are now allowed to make their own decisions about the production, management, and distribution of their agricultural activities. Workers and managers in the urban areas have also been affected by the reform measures and worked closely with each other to obtain additional bonuses and benefits from their work units. Again, some of them left their government jobs and worked for the growing private or joint-venture sector. Based on their relationship with the authorities, a few of them have started their own companies and are involved in domestic or international business activities. All of these indicate that the economic reforms have changed the Chinese society by gradually reducing the size of the state-directly controlled economic activities on the one hand, and increasing the size of some private-oriented market activities on the other. These changes have resulted in several critical issues that may challenge China's future development.

To promote development, the post-Mao leaders have also removed the past monitoring and control system and allowed Chinese people to move freely from countryside to the city and from one province to another. The consequences of the changing state-society relations are critical to the future development of China. With regard to the impact of the changes, it is possible that some kinds of social disorder problems will emerge and exist in the Chinese society in the near future. Some mechanisms have to be evolved to resolve conflicts between different faction groups, between central and local governments, between the coastal and the interior regions, as well as between the new rich class and the poor people.

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