

LIBERALIZATION IN CHINA: CAN ECONOMICS BE THE ENGINE OF POLITICAL CHANGE?

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INTRODUCTION

Throughout the world, those opposed to Deng Xiaoping's "reforms" are holding their peace; everyone else seems to be enthusiastic for what the successor to Mao Zedong is trying to accomplish for over a billion Chinese people. From all quarters there is great enthusiasm for the success of the economic reforms.¹

But on closer examination it seems that behind the conformity in applause lie contradictory expectations about what the economic reforms will bring. These differences are not trivial, either in substance or in the testing of grand theories. It would be hard to find in all of history such an extreme example of convergent support for policies for such divergent reasons. Indeed, China's reforms constitute a laboratory not only for the historic modernization of China, but also for testing contradictory theories to issues in the advancement of the social sciences.

Specifically, outsiders, and particularly Americans, have been throwing their hats in the air over Chinese reforms because they intuitively believe that Chinese economic reforms will herald the gradual end of communism in China and a transition to an open and essentially liberal, rational society. In contrast, Chinese leaders proclaim that the reforms represent a necessary transition through a preliminary stage of socialism, a regrouping before a more appropriate big push to carry the country into the blessed state of true communism. In short, some see the reforms as a first step toward the end of the socialist-communist effort in China, while others expect that they will solidify the prospects for socialism in China and guarantee the eventual arrival of true communism.

These are the implicit assumptions about where the reforms may lead. There has been no need to debate them openly, for they are smugly held by all concerned, and no one wants to rock the boat for fear of threatening the pleasures of their private expectations. But those expectations represent pro-

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1. The alacrity with which American specialists on China looked at Deng's reforms and declared them good, and their unabated enthusiasm for the reforms can be documented by the number of conferences to assess them that have been held over the last decade. Without doing any systematic research, I am able to think of some twelve national and international conferences on the "Reforms" and, I believe, at least eight published volumes.

found challenges to our state of knowledge. Fundamental theories about man and society are at stake.

The issue is the great historical question as to whether or not economic development is a preeminent engine for social and political change. Will the liberalization of the Chinese economy with its concomitant incorporation of more advanced technologies and foreign practices bring in its wake a parallel intellectual, social and eventually political liberalization? Is there a historic tendency for harmony in the different realms into which we analytically divide societies? Or can the Chinese rulers have their cake and eat it, too? Can they modernize their economy but keep intellectual and political life frozen in the patterns of conformity as in the past? Will economic successes make it easier to require that the Chinese people toe the line politically and not challenge the Communist Party's monopoly of power?²²

Elsewhere in the developing world the United States government has bet billions of dollars that economic development will lead naturally to forms of democracy and to antipathy toward communism. Scholars have also made the case that economic prosperity will create the conditions for ultimate transitions to democracy. And, after all, even Marx maintained that there was an inevitable historical connection between bourgeois values and liberal democracy.

Yet, Deng Xiaoping and his chosen successors have spoken with one voice in anathematizing "bourgeois liberalization" and acting forcefully in trying to stamp out any hint of such a tendency in Chinese social life. Deng and his fellow "reformers" are in full agreement with their so-called "conservative" critics, who wish more caution in the pace of economic change, and insist that China must adhere to the sacred "Four Principles" — dictatorship of the proletariat, democratic centralism, leadership of the party, and Marxist-Leninist-Maoist thought.

However, untold numbers of Chinese must be quietly hoping that the American conventional wisdom about the power of economic progress to break down the barriers to social and political liberalism is more on the mark than is the theory of their reformist leaders. And, of course, there are those Chinese opponents of the reforms who are absolutely certain, to their great sorrow, that the American theories will prove correct. Hence, an odd paradox: Western liberals, who enthusiastically support the reformers, find themselves sharing expectations with the old guard Maoists they dislike, and not with the reformers with whom they wish to be like-minded. No wonder nobody wants to be too explicit about the probable consequences, if the reforms should be truly successful economically.

2. The thought that economic progress tends to correlate with democratic development has been the core of political development theories and the rationale for American foreign aid. Among those who reject such theories there is a double irony. First, there is the irony that Western right-wing critics of political development theories turn out to be in agreement with their opponents, the communist leaders who hold that economic development need not influence political change. Second, there is the irony of the communists denying Marx by suggesting that economics does not shape politics.

EXPECTATIONS OUTWEIGH REALITIES

When the question of the broader potential consequences of the economic reforms are presented in a stark, abstract form, as I have done above, the conclusion would follow that time will prove one view or the other to have been correct. Either the economic reforms, if they are successful, will also change the social and political life of China, or they will not — a straightforward case of up or down. Unfortunately, developments in the real world are rarely so neat or clean as to prove to be the best ambiguous propositions advanced by social scientists. Rather, people are usually able to cling to the purity of their logically justified theories more easily than they are able to evaluate the realities of unfolding events. History is not likely to prove either point of view to have been correct with anywhere near the degree of certainty necessary for all sides to agree on a verdict. Instead, everyone will probably continue to hold to their expectations in the face of whatever the events may bring. We do not need to elaborate theories of cognitive dissonance to appreciate how little effect changing realities usually have on the visions people have that serve as the bases of their political thoughts and expectations. This is particularly true with respect to China. For nearly three decades the realities of China's failures made no dent in the enthusiasms of those who worshipped Mao's thoughts. And, of course, today the admirers of Deng Xiaoping seem unaware that the pace of the reforms is generally as slow as molasses because they are dazzled by the few quick and easy changes.

Yet, reality will change, and new circumstances will mean that some elements in China will take heart and become more active while others will fall silent. Thus, although reality may not change basic views, changed circumstances will influence who feels confident and who will be more passive. The student activists of the winter of 1986-87 have been forced into silence, and they are likely to remain apolitical until there are signs of change, at which time they may revive their demands for a more responsive political system.

The point we wish to make is that one should use great caution in jumping to conclusions about the larger consequences of the economic reforms. Such words of caution are in order because there are many observers who are anxiously calibrating every development among the reforms to evaluate the progress of political and social change.

Rather than making premature judgments about which direction the whole Chinese society and polity will take, it is probably more useful to ask questions about how the reforms are affecting different elements of Chinese society and different regions of the country. We will examine, first, one of the key groups in Chinese society, the intellectuals, and then some of the problems of regional diversity under conditions of economic change. These two matters should be among the most sensitive in revealing the prospects for the economic reforms to produce political and social changes.

INTELLECTUALS: PRISONERS OF PATRIOTISM

Certainly a key potential agent for transforming economic progress into social and political liberalization would be the intellectuals. Can it not be argued that as the country gets richer and as technologies in industry become more sophisticated, levels of education will have to rise and more people will be exposed more intensely to foreign knowledge? And therefore should we not expect that students trained abroad will return, dissatisfied to find the stultifying atmosphere of Chinese public life, and anxious to disseminate information about what life is like in more liberal societies?

Moreover, intellectuals have always had exceptional political clout in China. Historically, the Confucian-educated Mandarins constituted the ruling class. But, ever since the end of the nineteenth century and the Self-Strengtheners, it has been the modern educated Chinese who have called for change and have been at the forefront of those who would reform most aspects of Chinese life. Indeed, the creative force behind the founding of the Chinese Communist Party was an earlier generation of China's best and brightest intellectuals. The collapse of the nationalists and the coming to power of the communists could be attributed more to the attitudes of China's educated elements than to the work of its peasants.

Therefore, it would seem that the Chinese environment should be an ideal setting for intellectuals to translate economic reforms into social and political change. Unfortunately, however, China's ruling class is also aware of this possibility. It has shown itself to be hypersensitive to the potential that the economic reforms would become a justification for other forms of liberalization.³ And as tough-minded rulers they have not been slow to react, first in the "anti-spiritual pollution" campaign and then in the "anti-bourgeois liberalization" campaign. The pattern has been the basic rhythm of Chinese politics: tightening and loosening, centralizing and decentralizing — not the pendulum of left and right as in the West, but the perpendicular motion of compression and explosion.

Some will take heart that although the revered leader Deng Xiaoping supported the dismissal from the Communist Party of several outspoken dissenters, the one who initiated the heavy handed intellectual suppression was Deng Liqun, who subsequently failed to receive enough votes from his peers to win a seat on the 13th Central Committee. Among those intellectuals dismissed from the party were Liu Binyan, the courageous, truth-speaking investigative reporter; Fang Lizhi, the freethinking physicist and academic administrator who inspired the student demonstrations for democracy; and Wang Ruowang, the author who sought to break the shackles of proletarian thought control to achieve bourgeois liberalization. Unquestionably, the fall from power of such old, inflexible propagandists as Deng Liqun, whose thinking, as the Chinese like to say, is "ossified or semi-ossified," should be

3. Unquestionably, the best single work on the dilemma of the intellectuals is Merle Goldman's *China's Intellectuals: Advise and Dissent* (Cambridge: Harvard University Press, 1981).

welcomed by all who hope that economic progress can pave the way for other forms of progress.

The question, though, for the serious analyst is whether we are welcoming only another motion of tightening and then loosening or whether there may also be a secular trend toward greater intellectual freedom.

Before rejoicing too enthusiastically, we need to take note of two potential problems. One comes from the nature of modernized Leninism, and the other is inherent in the traditions of modern Chinese intellectual life.

The first is the strategy used in all socialist countries of coopting intellectuals, as well as rewarding, honoring, nurturing, or containing them in what the Hungarian dissident and Sinologist Miklos Haraszti has called the "velvet prison."⁴ This practice is to allow intellectuals to study abroad, to attend international conferences, to live well above the average in terms of physical comforts at home, and in return they can be expected to learn where the line of the permissible lies, and that on their own they will stay within it. Self-interest and spontaneity blend; direct controls recede; and conformity — the supreme enemy of intellectual vitality — prevails.

The danger that this may be the trend is heightened by the second potential problem, and this is the obsession of modern Chinese intellectuals with patriotism. Whatever their political orientations, Chinese intellectuals believe that their highest duty is to be patriotic and none has shown that he would give the slightest credence to the idea that possibly "patriotism is the last refuge of scoundrels." Consequently, to conform to the national policies of the day becomes almost second nature and to criticize them becomes an act of treachery. In China today, there is as little free thinking criticism of Deng's reforms as there was of Mao's policies in his day. Automatically, Chinese intellectuals bend to the conformists' task of extolling the bright promise of the nation's efforts of the day.

Needless to say, Chinese intellectuals individually are not as simple-minded as their public protestations of patriotism would suggest. In private they are capable of reasoned analysis and they do not just parrot the words of their political masters. But, if the Chinese intellectuals are going to be the agents for transforming economic change into political change, it will be what they say in public that will be important. As of now, the evidence is that their private views are not likely to break down their conformist public positions. Note, for example, how Yue Daiyun, a professor who has recorded her horrible experiences through nearly twenty years of ceaseless suffering and family tortures as a Maoist loyalist who had been labeled a "rightist," when offered a chance to return to the iron discipline of the party welcomed the opportunity.⁵ Or, reflect on how the intellectuals who told their stories of traumatic stress during the Cultural Revolution to Anne Thurston came out of their

4. Miklos Haraszti, *The Velvet Prison: Artists Under State Socialism* (New York: Basic Books, 1987).

5. Yue Daiyun and Carolyn Wakeman, *To the Storm: The Odyssey of a Revolutionary Chinese Woman* (Berkeley: University of California Press, 1985).

nightmare experiences mindlessly praising patriotism and making *ad hominem* attacks on the integrity of expatriate Chinese who are now striving to figure out how Chinese culture might be made more hospitable to democracy.⁶ Their responses suggest how frighteningly close liberalizing communism can be to social fascism.

Youth: A Hope That Springs Eternal

Some would say the category of youth cannot be separated from the classification of intellectuals, and they would have a point, because in China just about any student ranks as an intellectual. Yet, a distinction is appropriate because today's students and young people are so different from their elders who have set the standards for the entire intellectual class.

Even officially sponsored sample surveys reveal this difference. The youth are several orders of magnitude more skeptical of political promises, more doubting of easy solutions to China's problems, than their leaders. They are, in a word, wiser. No doubt the survey figures are a bit skewed because many are probably only wiseacres.

One of the major miracles of modern China was the way senior high school and college students throughout the country in the winter of 1986-87 went public with demands for democracy that were based on extraordinarily sophisticated interpretations and justifications for a liberal community. In a land that is still largely cut off from world currents of thought, it remains something of a mystery how a generation brought up in the values of Chinese communist orthodoxy could have come to such liberated thoughts as did the hundreds of thousands in some 117 cities. It is not hard to see how a few were fortunate enough to have had exposure to such ideas from outside; what is mystifying is how so many could have responded as a "prairie fire" to the "sparks" of a few. Seemingly, a generation was poised and ready for radical social and political change.

Today the students are docile, as aware as their elders are of the futility of protest, but they seem to differ from the conforming intellectuals in their blend of skepticism and cynicism. As they seek to forge their own worlds, using whatever ingenuity and "back doors" they can, they grudgingly give to the regime the few rods of ritual praise it seems so desperately to want to hear. But perhaps in time their chance will come. Therefore, we may have to wait for a full generational transition before we can hope for political change, and not place too great expectations on the mini-step generational changes that took place at the 13th Party Congress when Deng's generation was replaced by what the Chinese press, bless its collective hearts, called a "youthful

6. Anne F. Thurston, *Enemies of the People: The Ordeal of the Intellectuals in China's Great Cultural Revolution* (New York: Alfred A. Knopf, 1987).

leadership” of leaders who averaged 63 years of age, lead by a mere 69-year-old new Secretary General.

PLURALISM THROUGH REGIONAL VARIATION?

Next to potential pressures of intellectuals and students, the most likely influence arising from the reforms that might produce political change is the impact of decentralization and greater local decision making in a country with great regional differences. As farmers have more say in their activities, as plant managers have more decision making responsibilities, as more freedom is given to establish cooperatives and private enterprises, and as the government is separated from the domination of the party, so, it is argued by some, there will arise greater competition of interests, which in turn will encourage pluralism, a key step to democracy — or at least a more open political order.

The argument has the support of plausibility — especially when stated in bold terms and without the qualifications essential for realism. The trouble is, these qualifications loom awfully large.

First, the economic reforms, glorious as they are and while still apparently ahead of the Soviet reforms, have not altered the basic structural character of the Chinese form of state socialism. What Mao built is largely still in place. The Chinese peasant is, of course, much better off than under Mao, but he must still live with quotas, which are happily more generous than in the past but which still affect his main cash crops. He can sell his chickens and produce for what the market will bear, but the state still dominates that market with its massive involvement in price-fixing. Ninety percent of industry is still run according to mandatory or “guidance” plans. Wages remain largely fixed, prices are not rational, and much of the essential supplies for factories under supposedly free management must come from state-run industries.

But let us not quibble over the limitations of the reforms, but rather welcome the spirit in which they have been promulgated and proceed with our analysis as though everything that might be hoped for is going to be realized. Can we not then paint an equally optimistic picture of the future of politics?

The answer, I am afraid, must probably be a qualified “no.” Moreover, the qualified answer is likely to suggest an awkward paradox: the more the economic reforms, as they are now cast, “succeed,” the more they are likely to check political liberalization; while if the economic reforms run into certain problems, there is a better prospect for a political loosening.

The essence of this paradox is a profoundly important feature of China’s traditional political economy. Of all the great myths which have given legitimacy to Chinese political systems throughout history, one of the most critically important was the pretension that, in spite of the tremendous regional variations in the country, a single and uniform set of policies emanating from the wisdom of the supreme central authorities was without question always in the best interest of every subject. The forces that in other societies would

have produced contending political economic interests were simply ignored in China and everyone acted as though they believed that China should operate as a homogeneous, monolithic system, responding in unison to the direction of a single guiding authority. The differences between the rice-growing south and the wheat-growing north, between a more cosmopolitan and densely populated east coast and a poorer, backward interior did not produce contending interests. There can be little doubt that the myth of the wisdom of the supreme central authority was best for everyone regardless of economic or regional circumstances was a major factor in preserving the unity of China and keeping that empire from splintering into a number of separate states, as Europe did when its diversities were too great for its Roman Empire, either classical or Holy. When the People's Republic was established the same tradition was maintained and the central authorities continued to pretend that their uniform policies were of equal virtue in all regions, for China was, after all, a coherent unit, needing, for example, only one time zone to embrace an area that would for other people have required four or five.

All of this was, of course, pretension made possible by the great Chinese political art form of feigned compliance. Local authorities ritualistically deferred to the presumed superior wisdom of the high and mighty at the "center" while acting to protect local interests. The central authorities, whether Mandarins or cadres, knew better than to check too closely on compliance with their orders, except when for extraneous reasons they wished to be hard on some local figure. Regardless of which phase of the rhythm of tightening or loosening, of centralizing or decentralizing, officials throughout the system have known how to adjust their behavior in order to assure unity while allowing some variations.

The reforms of Deng, when combined with the legacy of Mao's policies, could, if successful, lead to a crisis in this tradition that possibly could only be overcome by a harsh strengthening of central controls. In particular, there are two potential problems that might set back political development. We can here only outline these two problems.

The first is the fact that the reform policies are certain to accentuate regional differences by making the rich richer and the poor poorer. The reform policy of allowing successful enterprises to keep a substantial portion of their profits for further investment is rational and is basic to all successful economies. But in China it is combined with the economically "irrational" policy of not allowing free movement of the population so there is no real labor market. People cannot move to the regions where successful enterprises should be creating more jobs and keeping wages closer to a national norm as set by a true labor market. Instead, enterprises in the poorer parts of the country find it harder to get new capital so there is little incentive for new investment, and labor in such regions will increasingly find that there is no growth in jobs. Consequently, as the rich get richer and the poor get poorer, there will be stress in the system. For a time it will be possible to pretend that the differential is only temporary — "some will lead in benefits but the others

will follow." But eventually it will become apparent that the formula is one that exaggerates regional differences in China and creates permanent divisions.

This increase in regional inequalities may be compounded by a second problem which is a direct legacy of Mao's policy of provincial autarky. Mao totally rejected the concept of marginal utility. He not only wanted China to be self-sufficient, totally isolated from international trade, but he hoped to see each province in China be economically independent. He even decreed that every province should have its own auto industry — a policy which spawned a multitude of inefficient enterprises which would go out of business if the country operated as a single coherent market. China has already decided, however, that the costs of allowing bankruptcies to take place are too great because of the ensuing unemployment, so the inefficient enterprises must continue to be subsidized. Policies of decentralization are making it possible for provincial and regional officials to "protect" their "infant" industries against "imports" from the more efficient producers in other regions. All of this will exacerbate the costs of regional differentiation. Again, the prohibitions against labor mobility will intensify the problem.

Consequently, should the reform proceed according to the idealized plan? It can only make more vivid the regional differences of China, and thereby expose the pretense that the "center's" policies are designed to be in the best interests of everyone. Feigned compliance will be more difficult. Unity will require the suppression of complaints. The sum effect will be the traditional response of tightening up and reverting to even more authoritarian ways.

On the other hand, a more positive scenario would require that the "reforms" be less than perfectly implemented, that labor mobility take place to the degree necessary to relieve strains both in the poorer areas with fewer jobs and in the richer areas where more manpower might be absorbed. Decentralization would have to be checked to the extent of not allowing the protection of inefficient local enterprises. The subsequent shifts away from provincial self-sufficiency would allow comparative advantages to reign. The stage would then be set for national policies that would reflect the realities of the Chinese political economy. Differences could gain legitimacy and the pretensions of homogeneity that have fed the Chinese propensity to conform would be abandoned.

In short, a rigid enforcement of the reforms as now designed would make it more likely that the political system would have to fall back upon authoritarian controls to contain the inevitable increase in tensions over heightened inequalities. If, however, adjustments have to be made earlier it is more likely that awareness of the realities of the regional economic diversity can be matched by parallel political adaptations. The practice of feigned compliance can thus be abandoned in favor of a more forthright acknowledgment of the existence of diverse and often contradictory regional interests.

Unfortunately, however, any ready compromising of the economic reforms is all too likely to suggest to the Chinese public the dangers of a return not just to a command economy but of command politics as well. A more

fundamental consideration that is likely to keep the reform from becoming a check upon authoritarian ways is that the government is all too likely to act sternly to prevent the movement of people necessary to produce a true labor market. Chinese officials do not want the spectacle of poor people flocking to the larger cities, which they treat as show places for foreign visitors. They prefer to hide poverty in out-of-the-way places, thereby producing the inequalities that require repressive measures.

POLITICS REMAIN IN COMMAND

The conclusion we seem to be moving toward is that the economic changes in China may not bring about comparable political changes. The principal effects of economic progress are most likely to surface in behavior that is largely limited to the domain of economic activity. This will mean that there will be more "corruption," using connections or the "back door" to get benefits, and a rise in various forms of anti-social behavior. But as far as politics goes, the Chinese response is likely to be one of continued tolerance for the party's monopoly on power, of leaving government to officialdom, and of an instinctive willingness to give lip service to whatever the rulers seem to want of the public. To a limited degree, a rise in cynicism may undermine the legitimacy of the system, but the government will be quick to punish any overt manifestations of opposition — as it did in the student demonstrations of the winter of 1986-87.

Indeed, the most troublesome connections between the economic reforms and political life that have surfaced to date have been the speed with which the authorities have reverted to authoritarian ways at any signs of potential uncertainty and unpredictability in public life. For example, the Jan. 19, 1988, reimposition of price controls on key raw materials and transportation in response to signs of inflation suggests that the post-Deng leadership may have little nerve for facing the uncertainties of market performance.⁷ This quick reaction to inflationary pressures that might bring popular discontent raises a totally different problem: the possibility that political considerations will undermine the economic reforms. Instead of the question of how economics might affect politics, the flow of causation would be reversed — but to examine the implication of that would take us beyond the boundary of our initial question.

7. *The Boston Globe*, 20 January 1988.