

From Camaraderie to the Cash Nexus: economic reforms, social stratification and their political consequences in China

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He Qinglian, *The Pitfalls of Modernization: Economic and Social Problems in Contemporary China* [Xiandaihua de xianjing: dangdai zhongguo de jingji shehui wenti] (Beijing: Jinri zhongguo chubanshe, January 1998), 394 pp.

Liang Xiaosheng, *An Analysis of Social Strata in China* [Zhongguo shehui gejieceng fengxi] (Beijing: Jingjiribao chubanshe, December 1997), 426 pp.

Li Tongwen, ed., *A Report on the Lives of Chinese People: The Current Situation and the Future of Social Strata in China* [Zhongguo minsheng baogao: Zhongguo shehui gejieceng de xianzhuang yu weilai] (Beijing: Jincheng chubanshe, January 1998), 513 pp.

Wu Junping and Xu Ying, *Who Am I? The Contemporary Chinese Social Location* [Woshishui? Dangdai zhongguoren de shehui dingwei] (Huhehot: Neimenggu Renmin chubanshe, November 1997), 467 pp.

Nowadays it is difficult for people to find an appropriate title by which to address each other in China. Only a few years ago, ‘comrade’ was still popular. Today, when it comes out of someone’s mouth, it makes both the addresser and the addressee uneasy, for they hardly share the same ideals and values. However, the recent fashionable titles of ‘Mister’ (*Xiansheng*), ‘Miss’ (*Xiaojie*) or ‘Madame’ (*Taitai*) have caused the same kind of uneasiness. Most Chinese have not become fully accustomed to a relationship smacking of inequality. People are still too reluctant to admit the fact that the cash nexus despised by Karl Marx and condemned by the Communist party has crept into human relationships in China.

Human relationships in China used to be defined by a common commitment to communist goals. Today, this spiritual unity has been shattered. The relationship among the Chinese is more defined by their relationship to property and wealth. In other words, people’s relationship to material goods regulates their human relationship to each other. This fundamental shift has caused confusion and anxiety among them. They are searching for new identities by reflecting upon these questions: Who am I? Who are they? What is the relationship between me and them?

Within the last year and a half, four interesting and insightful books have been

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published in China that address the issue of social stratification. They focus on the changing relationships among different social classes, the painful process of re-evaluating identities, and adaptation to a new social context. These books are He Qinglian's *The Pitfalls of Modernization* (hereafter referred to as *Pitfalls*), Liang Xiaosheng's *An Analysis of Social Strata in China* (hereafter referred to as *Analysis*), Li Tongwen, ed., *A Report on the Lives of Chinese People* (hereafter referred to as *Report*), and Wu Junping and Xu Ying's, *Who Am I?* (hereafter referred to as *Who*). They are very valuable because they were written by insiders who are personally experiencing the ongoing transformation and who understand the pains and joys associated with it.

Li's *Report* has the most optimistic tone. Although they do say friction will increase, the authors see a rosy future for every stratum and little tension among various strata (p. 513). They claim that this book is 'an authoritative report', 'an important, hard-to-get book of sociology' written by 'young economists, political scientists and sociologists'. In fact, the book fails to live up to these claims. Xu and Wu, authors of *Who*, have noted some serious problems within each social stratum, but they seem to think that all these problems are curable if efforts are made and the economy continues to develop. They give this disclaimer in the preface: 'We are not sociologists. This book neither intends to provide encyclopedic answers nor does it have a rigorous theoretical framework. It is a candid chat with readers' (p. 6). They do provide theoretical comments, but a systematic theoretical analysis is lacking. The writing of these two books is loose, sometimes disorganized, but they are full of fascinating stories and first-hand observations. Their merit, which the remaining two books lack, is their comprehensive and balanced coverage of every stratum.

In contrast, Liang Xiaosheng, a well-known novelist, presents his stories and observations in a more interesting and coherent way. With a strong flavor of cynicism, he reports the deplorable situation of the common people and the danger of their impoverishment. He is, however, more comfortable with 'classy' stories of the *nouveaux riches* (are they more marketable?) and only uses 100 pages (i.e. a quarter of the book) for four social groups (intellectuals, urban common people and the poor, peasants, and the secret societies) among whom more tragedies are happening and more crises generated, and to whom more attention needs to be directed. As an economist trained at Fudan University and now a chief reporter for the *Legal News* in Shenzhen, He Qianglian, author of *Pitfalls*, seems to be the least optimistic about the developments in China as the book title reveals. *Pitfalls* is much more theoretical than the other three. Despite the fact that it also needs more shaping in terms of writing, it is much more coherent and provocative. The author's background in economics and legal journalism accounts for the greatest strength of her book: the combination of surprising stories and wonderful theoretical analysis. Her observation post is Shenzhen and Guangzhou, Liang lives in Beijing, Wu and Xu seem to have more data on Shanghai. I have no clue to the background of the authors of *Report*, but my hunch is that they are young scholars based in Beijing. Although all these books talk about the whole of China, their different observational angles provide readers with a panorama of recent development in various areas.

The major purpose of this book review is to cross-examine the empirical materials and theoretical arguments in these four books, to tease out their contributions to our understanding of some of the major developments in Chinese society, and finally to draw from them a consistent, systematic explanation of the process of social stratification, its dynamics, impacts upon different groups, and its political consequences in changing China. Generally speaking, all four of these books, with the possible exception of *Pitfalls*, are long on data and anecdotes, but short on theoretical analysis. The redeeming factor is that their provocative raw material and insights allow one to build a coherent theory from them.

All of these books share a common assumption. In the past two decades, especially during the 1990s, the accelerating development of the market economy in China has shattered the old egalitarian socialism and dealt a fatal blow to its simple social structure, which included only three basic social groups: workers, peasants and cadres. As a result, a new social structure is taking shape in which many people have left the old categories and numerous new social groups have emerged.

To get a general survey and comprehensive understanding of the various Chinese social strata, their past, transformation and current state, it is best to start with *Who and Report*. Based on multiple criteria of vocation, income, social status and education, Wu and Xu divide the Chinese people into 12 strata: business people, officials, peasants, blue-collar workers, white-collar employees, intellectuals, urban civilians, free-lance professionals, floating people, students, celebrities and stars, and itinerant quacks. Mainly using income and education, Li categorizes the Chinese into eight strata: peasants, workers, intellectuals, industrial and commercial managers and business people, civil servants, the military, stars and celebrities, and finally free-lance employees. Liang's classification is simpler: seven strata of capitalists, compradors, the middle class, intellectuals, urban common people and poor people, peasants, and the secret societies. All of them have adopted multiple criteria and ended up with an over-fragmentation of Chinese society. Some categories (e.g. students and soldiers) are transitional and are disqualified as terminal social strata. They all avoid using the concept of 'class', which is understandable. The term does not sound palatable to the communist ruling elite. However, I think it very useful for creating the first division of the entire Chinese population, even though class and social stratum are not as distinct from each other as Karl Marx thought.

The dynamics of social stratification will help us to clarify the typology of social strata and understand the social and political consequences generated by group interactions. All authors have correctly pinpointed the forces of production as being the source of change (thanks to a long-term education in Marxism). The author of *Analysis* gives this metaphor to describe the process of Chinese social stratification: the forces of production are like a 'comb'. If the forces of production are underdeveloped, this 'comb' has few teeth, the society is only divided into two classes, the ruling and the ruled. The class contradictions intensify the solidarity among the ruled and glue them more tightly together. The comb cannot separate the hairs from each other. As the forces of production develop, this 'comb' has more teeth and becomes stronger; meanwhile, the commercial economy and economic

prosperity become a 'shampoo' to cleanse the glued hair, therefore, social stratification happens. Here the author of *Analysis* accurately illustrates the fundamental source of social stratification, but as any metaphor is limited, so is the 'comb' metaphor. It neglects what we can also infer from a 14th century English philosopher, William Ockham, namely that capitalism is like his 'razor' in that it cuts off all the superfluous stuff hampering market economy and simplifies social life.

Karl Marx used the relationship of production to classify a society. According to him, 'Classes are political forces based on the relations of property and power'.¹ Since the means of production in China are still largely under state control, the concept of resources will be helpful to classify Chinese society. Property and power are two important types of resources. The author of *Pitfalls* believes that there are tangible and intangible resources. Tangible resources are land and materials under the control of central planning; intangible ones are permission for doing some business, certificates for importing and exporting, and many other opportunities (He, p. 16). Through a staged evolution from his 'theory of cats' to that of the 'groping stone', and finally to that of the 'three goods',² Deng Xiaoping had already finished his 'commercial revolution' (or 'revolution of de-communization') in China before his departure. Thus, the nature of the Chinese social relationship has settled on the exchange of resources among social members and is as simple as the old spiritual bondage.

Under a market economy, as Adam Smith argued, every individual has to offer something valuable to society in order to engage in an exchange for something he or she desires. The possession of resources is not natural, but rather determined by the social system and institutions. In return, it determines everyone's potential to satisfy his or her desires. Therefore, what kind of scarce resources people have and can offer to other people determines their value in that society. Scarce resources are several: labor and free time which is associated with the body, brain power (education enables people to offer information, skills, technology and advice), capital, real estate, property, money, land and natural resources, political power, social connections, and finally prestige. In fact, the social stratification in China has been made simple by people's relationships with these resources, and how desirable and fungible their resources are. Therefore, by using only one criterion (the possession of natural resources, or the strategic position of each in the relationship of exchange), a simpler classification of Chinese society can be provided here: the capitalists, the bureaucratic elite, white-collar middle class, the wage laborers, peasants, and the poor. This classification is supported by the data in these four books and also makes these data more sensible. It is much more helpful for understanding the real meaning of the radical changes going on in Chinese society.

For example, this classification makes it easier to understand the creation of new social strata, the metamorphosis of each old social stratum and the change in relations among them. These authors all seem to agree that the process of social

1. Cited from Ralf Dahrendorf, *Class and Class Conflict in Industrial Society* (Stanford, CA: Stanford University Press, 1959), p. 17.

2. In 1992 Deng said that to judge one policy depends on whether it is good for the force of production, good for the improvement of people's living standard, and good for increasing the general state capacity.

stratification in today's China is a two-way street: new groups are moving upwards and becoming better-off while many people in the traditional old three groups have moved downwards and become worse-off. This is different from what has happened in Taiwan and South Korea where the entire society is better off, although degrees of benefit have varied. The newly emerged groups are accumulating more wealth, power and prestige with miraculous speed. Why? The four books give readers some clues and partial answers. I would like to put them into a more coherent and forceful form using their own insights and data.

Generally speaking, all these authors agree that some strata are the direct results of the market economy. These new strata, for example, the capitalists, compradors and white-collar employees who work for foreign multinational corporations, stars and celebrities in the entertainment industry and sports, are most likely the greatest beneficiaries of social stratification. As for the three old strata (workers, peasants and cadres), they have experienced division, regrouping and transformation. Some of them have become the beneficiaries of this process. For example, some intellectuals have either gone into business or have become independent professionals (lawyers, brokers and newspaper columnists) or have been promoted to official positions. Some officials have used their power to seek rent from businesses or accept bribes from the common people, or to privatize state-owned property to become wealthy.

Undoubtedly, the capitalists have benefited most from the current Chinese economic development. The entrance of this new class into Chinese society has destroyed the old equilibrium under egalitarian socialism. Therefore, even to explain the transformation of other social strata, we have to relate them to the emergence and development of capitalists in Chinese society. In *Who*, the business people are discussed first, because Wu and Xu regard them as 'contemporary heroes'. Several points made by them are worth our attention. (1) In terms of their origin, Wu and Xu argue that the business people all have one thing in common: 'More than ten years ago, they were empty-handed, just like you and me, ordinary and economically not wealthy people. They did not have "legacies" in any form or the assistance of capital from heaven. They could have accumulated such large scale property only due to their shrewdness, foresight and determination' (p. 6). (2) In terms of their impact upon society, the authors argue that because they are 'the sons of idealism and heroism' (p. 18), their impact upon society is not destructive. Instead it is 'an internal driving force for progress of the times and social development' (p. 8). 'The prosperous and brisk markets in China are single-handedly created by them; the old system has gradually disintegrated due to their role; and the new system will mature and perfect under their drive' (pp. 27-28). As for the disorders and cheating activities in the commercial world, they are regarded as the inevitable costs of transition and can also be blamed on society, including collusion from consumers. (3) Given their constructive role, Wu and Xu maintain that business people should be respected and they should make a great leap forward from having supporting to leading roles in Chinese society. The authors suggest that 'capitalists' is a neutral term without any negative meaning.

For Liang, the emergence of a capitalist stratum is also an important phenomenon and he devotes his first chapter and one third of his book to it, but in contrast

to Wu and Xu, Liang has less romantic passion and affinity for the capitalists. He thinks that among the capitalists some bureaucratic capitalists have been successful because they are the children of powerful officials, some are opportunists who took advantage of rare opportunities for speculation, and some began the accumulation of capital by hard work and strenuous fighting against adversities in life, such as the entrepreneurs in Wenzhou. The last group are those whom he admires and regards as the 'really beautiful baby' born under the Chinese market economy.

In *Pitfalls*, He Qinglian argues that today's China is in a stage of 'an imitation market economy'. It is not an authentic one for at least two reasons: the resources are not completely distributed through the market and the role of the state is still too omnipresent; its 'visible hand' has often replaced the 'invisible hand' in distributing resources. Thus over the past 10 years, 'spontaneous privatization' and the 'primitive accumulation of capital' have created a new stratum of millionaires. The author attempts to find out who those millionaires are and who has benefited from this process of 'primitive accumulation of capital'.

According to He Qinglian, the Chinese millionaires include three generations (here it echoes the observation by Liang). The first generation comes from those people who were excluded and faced discrimination in the traditional system (such as the offspring of landlords, the old capitalists, and released criminals) in the late 1970s. They could not get a job from the state and were forced to become 'self-employed individuals' (*Getihu*). The second generation includes mostly people with expertise and skills (for example, intellectuals and skilled workers) in the early 1980s. The third generation are those who 'jumped into the sea of business' after the implementation of the 'dual-track price system' in 1985. Although they were late-comers, their connections with the powerful officials (either they were the children of high-ranking officials or they themselves were former government officials) helped them to accelerate their accumulation of wealth. Because of these background differences, the first generation is regarded as 'half human, half ghost', the second generation as 'common people', and the third generation as 'half human, half god' (He, p. 20). Most multimillionaires and billionaires are from the third generation, bureaucratic capitalists who made their fortune from manipulation and speculation during the stock fever, or from the development of real estate, or from the share-holding reforms in state-owned enterprises. As argued by He Qinglian:

During the past ten years in China, a primitive accumulation of capital has proceeded with a rapidity rarely seen in the world. It might be the only case completed so quickly and within such a short period of time. In addition, it has another characteristic other countries do not have: This primitive accumulation targeted and looted the state-owned properties. A privileged class and some corrupt officials used all kinds of means in their capacity as the administrators of the society to rob and steal social wealth under their supervision. They transferred wealth from the national coffer into their private pockets in a peaceful way, without resorting to 'fire and sword'. Although this involved a little less naked violence and blood, the extent of the greed, shamelessness, and immorality is by no means inferior (p. 163). ... In the initial round of competition for accumulating wealth, the main beneficiaries are these people: First, some administrators of social resources. Their positions gave them the power of examination, approval and appropriation to decide the distribution of resources and money under

state planning. Second, some responsible leaders in the state-owned enterprises. These 'insiders' had special advantages to turn the state-owned properties into their private control in many ways. Third, those middlemen who were able to turn power into money. Fourth, the power-holders who were working for the Chinese state-owned enterprises in foreign countries, Hong Kong and Macao. Beyond those four groups who derived wealth from rent-seeking activities, there were a few people who were lucky and got on the train for all kinds of accidental reasons (p. 141).

The new capitalists have money and capital to invest. In a capital-hungry country like China, these resources are certainly most desirable and fungible. Their social status accordingly must rise. Besides, the capitalists can also accumulate and control other resources that money can buy, for example, education, information, real estate, power and connections, etc. As Liang Xiaosheng and He Qinglian have demonstrated in their books, since the most wealthy capitalists have been transmuted from the bureaucratic elite, this fusion of capital and power has had an unfathomable impact upon Chinese social structure.

The bureaucratic elite controls power and administers the society. Since many resources are under the monopoly control of the government in China, power remains one of the most important resources. It is chased by all other social strata, it is highly fungible. As Liang argues, 'The state can only cut a "cake" and deliver a piece of it. The transition process creates opportunities. In a time of commercial activity, an opportunity is much more valuable than a piece of cake. Privileges can be circulated as currency. Once circulated out of the [old planned] system, they turned into opportunities. Given such opportunities, even idiots can be rich'. He further argues, 'The growth of money must rely on the "seeds" of money. Power turning into the seeds of money is a hundred times easier and simpler than turning knowledge and hard-work into the seeds of money' (p. 149).

Wu and Xu expose another interesting group, namely 'amphibians', or governmental officials who also moonlight in business. Some families are also amphibious: the husband has 'jumped into the sea', while the wife stays in the government office. They enjoy the best benefits from two systems but can avoid the risks of working in only one system (pp. 67-72). According to Wu and Xu, 54.4% of Chinese thought that officials were corrupt, 74.9% believed that you have to have the support of the powerful in order to make money. They conclude: 'The blatant activities of turning public properties into private, and the exchange between political power and money are permeating up to the higher levels and developing into larger group phenomena' (p. 92). Li predicts that at this moment and in the near future the 'capital of power' is increasing and will increase fastest, its energy will be strongest, its force to dominate and control greatest among all types of capital (p. 339). In addressing the issue of 'rent-seeking' behavior by governmental officials, the authors of all four books seem to agree that collusion between officials and businesses, commercialization of power, stealing of state-owned properties and their transfer overseas out of China under the names of officials or their children, are political cancers in Chinese society.

The white-collar middle class is a larger category than the capitalists and bureaucratic elite. They include the intellectuals and professionals who make a living by offering skill and information. In the long run, this group will grow into

a moderate middle class, which has been regarded as the foundation for democracy since Aristotle. This group of people possesses education and information, which are hard-to-get commodities in a backward society like China. Hence they have more bargaining chips to claim back higher returns and rewards from society. Although it is convincing to argue that power has created the most wealthy people in China, the lack of power does not *per se* turn people into victims. Intellectuals have no political power; and neither do many capitalists and white-collar employees, but by relying on their resources, they have escaped from being victimized in the process of developing a market economy. Although under Premier Zhu Rongji's 'downsizing' policy half of the government officials (mostly ordinary functionaries at the middle and lower levels) will be forced out to other sectors, those with skills, connections and education will mostly be able to maintain their social status.

The possession of different resources explains why people with better education have escaped from misfortune and some have even moved upward on the social ladder. It also explains why the two traditional classes under egalitarian socialism (the wage laborers and the peasants) have been hurt most in the process of transition. All of the authors agree that these two traditional strata have been hurt most. The wage laborers and peasants can only make a living by selling their time and labor. They have few resources apart from owning their own bodies and free time. Since China has an oversupply of human bodies, this type of resource is not highly desirable and not fungible. The large number of workers and peasants itself constitutes an obstacle to their upward social mobility. The authors of both *Report* (p. 100) and *Who* point to this principle: scarce resources are more expensive; therefore, people with skills in short supply are more needed and valued. Wu and Xu state, 'This is the same situation in the market of human resources and labor. Those people who are needed by society but are in short supply will get a higher return' (p. 178). While more than 35 million workers are struggling with the problem of 'stepping down from their posts' (*Xiagang*), the peasants have to deal with more than 100 million unemployed laborers. They have little chance to ask for high returns and rewards from society. This social law also applies to prostitutes, an emerging but expanding labor force in Chinese society. Liang (pp. 125–144) tells stories about how some young women bet on their bodies as the 'first share of stock'. He muses, 'In today's China, I have known some women, not a small number, eagerly expecting to become wealthy gentlewomen within seconds by investing their bodies as the first share capital' (p. 140). Unfortunately, since China is the biggest supplier of excessive bodies and heads, prosperity is likely to bypass all those relying on selling such resources. All four books serve as a warning that the tragic impact upon the workers and peasants will tenaciously accompany the entire process of Chinese development.

The most unfortunate people, however, are those who cannot even find an employer to sell themselves to, namely the jobless urban and rural people, the *nouveaux pauvres*. More accurately, they are the children of workers and peasants who have even been deprived of the right and denied the opportunity to be a worker or a peasant. They have either become a part of the laid-off and jobless or a part of the 'floating population'. Unfortunately, these unlucky ones are no small

number. There may be as many as 320 million, equivalent to the total population of the US, France and Great Britain combined (Li, pp. 49 and 100). It indicates that the potential human sacrifice of Chinese development can be outrageously high. The poor are taking the brunt of the transition and are forced to pay a high human cost for Chinese development, but according to Li (p. 513), there are now more than a million 'millionaire households' in China. Certainly the development process in China is not a 'pastoral song'. Many people in China have been both relatively and absolutely deprived. A gap between rich and poor exists and is widening.

Beyond these legitimate strata are secret societies and gangs, who constitute another stratum but are outside the system. Three of the four books have chapters on the revival of secret societies in China. Wu and Xu correctly point out that, 'In the new era, the increasing number of jobless rovers in urban and rural areas provides limitless human resources for secret societies. Every time a society is chaotic and unstable, itinerant gangs become more active' (p. 439). The large number of victims of social transition provides hotbeds for social unrest. In 1994, for example, 46% of criminal cases in Beijing were committed by the 'floating population' (He, p. 255). These crimes are their revenge on the society that has treated them unjustly. The revival of 'secret societies' (gangs) is thus a notable feature of the transition to a market economy. Their influence is fully demonstrated in three 'colorful' businesses: the white one—drug smuggling, the black—gang violence, and the yellow—prostitution.

According to the author of *Pitfalls*, 'money politics, a collusion between officials and secret societies, the floating population and mobs are three root causes for future social crises in China' (He, p. 17). Unfortunately, these three time-bombs are interconnected with each other. As the market economy has torn down the traditional social structure, anomie and dislocations have been created. For the poor victims, the best strategy to claim back a part of the wealth that they think they deserve may be to organize themselves into criminal gangs, given that legitimate channels are blocked. If the social order is non-existent, then many rich people require protection from the secret societies. After the gang members have accumulated enough money, they can invest in officials to seek state protection or at least benign neglect. The regime can easily become a captive of the gangs. These books provide examples to show how rampant the activities of gang members have become. The author of *Pitfalls* personally expressed to me her concern for her own safety because she exposed the activities of secret societies. Given the influence of gangs in Taiwanese politics and the Mafia connections within the Russian government, the odds that China will avoid rampant rule by gangsters are not high.

If Chinese development has provided a 'socialist free lunch' for the power-holders (He, p. 28), and if power has been the most effective 'golden touch', then injustice has been done to those without power or access to power. The issue here is not that the equal distribution of poverty under the old egalitarianism is more desirable, nor that an equality of condition should be guaranteed in the process of marketization. The central issue is that even the equality of opportunity has been elusive as the resources have been distributed unequally and the traditionally disadvantaged people (the over-exploited peasants under the dual economy and the low-paid workers under the excuse of life-term work-units benefits) are forced to

sacrifice disproportionately. As Rawls argues, justice starts with fairness and any just institution should make some people better off without making the least advantaged worse off.³ These problems lead all the authors to the discussion of issues of justice and fairness, and to the search for some solutions. The authors of *Pitfalls* and *Analysis* have demonstrated more sympathy for the deprived and more courage in pursuing this direction of justice. They have even reached the danger zone by directing their criticisms at the rent-seeking behavior of officials and the collusion between officialdom and the secret societies. He Qinglian gives most space to analyzing the political consequences of corruption and relates it to the issue of social justice.

Injustice has been done. The question is how to find remedies and to prevent it from worsening. Some Communist officials and common people have blamed the social problems on the explosion of selfish desires. The authors of *Who* and *Report* call on all social groups to be considerate and to impose self-control on their desires. These lofty ideals have proven powerless. Instead, the discussion of 'desires' by Liang Xiaosheng and 'resources' by He Qinglian jointly point out where injustice has come from and where possible solutions lie. Liang argues that three desires are fundamental to human nature: sexual instinct, worship of totems, and the consciousness of private possession. Among them, the consciousness of private possession is the strongest, even god cannot suppress it. However, Marxism is based on the suppression and elimination of the consciousness of private possession (Liang, p. 396). The artificial suppression of people's desires has a high cost for human society. To some extent, after Adam Smith discovered capitalism and pointed out selfish human nature as its dynamic, Karl Marx invented communism and expected his followers to construct his ideal society through the artificial control of selfish human nature. For Liang, it is to expect human beings to be like a god when you expect them to eradicate their desires and to serve other people selflessly all the time (p. 347). He is right. In some sense, Deng Xiaoping's reforms did nothing more than remove this artificial suppression and allow selfish human nature to pursue its own goal. Therefore, the degeneration of moral values in any post-Communist society is a natural by-product of marketization.

If we assume that selfish desires are natural and normal, and therefore legitimate under a market economy, then they should not be blamed for the loss of moral values. The suppression of human desires and a return to the old Spartanism are obviously not the right option. The question for our consideration has become how to strike a balance among the pluralistic aspects of human nature, and how human nature as 'religious man', 'social man', 'political man' and 'moral man' will be nurtured at the same time that human nature as 'economic man' is liberated.⁴ The crisis for China has become why some people can satisfy their desires and some other people have been denied the chance to do so. Simply speaking, the desires explain what human beings want in society, and resources explain how people can possibly gratify their desires. The author of *Pitfalls* sheds light upon it. According to her:

3. John Rawls, *A Theory of Justice* (Cambridge, MA: The Belknap Press of Harvard University Press, 1971).

4. Hans J. Morgenthau, *Politics Among Nations* (4th Edition) (New York: Alfred A. Knopf, 1966), p. 13.

In recent years, the social problem about which the public has complained most has been the unequal redistribution of wealth. In fact, we have to clarify the concept, because the problem in China recently does not arise from the distribution or redistribution of the national income, but from the disposition of resources under the influence of political power even before people participate in the market. In the several rounds of competition for accumulating wealth during the past ten years, the people who have benefited most are those in positions of power who control the resources in the two bureaucracies of governmental departments and state-owned enterprises. These select few formed a group for sharing the booty in the process of social transition. By using the political, social and economic resources under their control, for the purpose of mutual benefits, they have engaged in large-scale rent-seeking activities (He, p. 16).

If it is the case that injustice started with unequal access to resources, practical solutions to redress the problem of injustice have to be related to the issue of resources. As Harold Lasswell said, politics is about 'who gets what, when, and how'. The unequal distribution of resources has become the biggest political issue for today's China. Here we face several problems: how to stop the rent-seeking behavior among the governmental officials? How to open up opportunities and access to some more desirable resources for the disadvantaged people? Unfortunately, the authors of all four books fail to provide clear and practical solutions. Liang is clear, 'The obstacle of ideas can be wiped out by an emancipation of the mind. As for widespread social problems, it is not a problem of knowledge. Since these problems are matters of life, the public has a right to refuse ideological teaching. To try to solve social problems through ideological preaching does not work. Certainly it will not work through the ideological preaching of officials who are beyond the impact of these social problems. There is only one fundamental solution, namely to solve root problems' (p. 425). But he disappoints his readers by having them travel with him so far and then showing them empty hands at the end. He does not clearly locate his so-called 'root problems', not to mention the solutions. Even the author of *Pitfalls* who critiques the Chinese political economy in the light of institutional analysis and has also come so close to the root problem, namely, the unfair disposition of resources, returns to moral teachings at the end after an exciting journey of institutional analysis. She tries to find the high ideals and recover the humanism that has been lost in the economic discussion. She does say that China's future lies in the establishment of a proper property system, reforms of the 'superstructure', and the creation of a civil society, but she fails to elaborate on these points (He, p. 283).

The authors of these four books do not give us prescriptions for the crises in China. The reason may be not intellectual, but supra-academic, and most likely political, but I think all readers of these books will appreciate their contributions. They have provoked us to reflect upon the recent developments in China, and to search for possible solutions. Inspired by reading these four books, I believe that to restore justice and fairness, to achieve a moral renewal in China, all the Chinese people have to start with the following issues, most of them institutional.

(1) The government should take primary responsibility for solving the problem of injustice and for generating a moral renewal. Under developmentalism, the

Chinese state has been economized. Its achievements are great, but the price has been the neglect of social and political issues. Since the economic actors have become more and more mature, the government at every level should be gradually phased out of many economic activities and return to other fundamental functions, namely, social and political management. The experiences of Western countries reveal that governments often take responsibility for public goods (social equity and social order are some of them) while private citizens are free to pursue their selfish interests. If the Chinese population has been restructured and the traditional system of political management has become obsolete, then the state has to learn how to manage social and political crises arising from the clashes of social strata. The authors of *Analysis* and *Report* underestimate the seriousness of conflicts based on the difference of social strata. To some extent, Karl Marx's theory of class struggle does provide help for the Chinese leadership. In present-day China, social tensions have followed the process of stratification, and political and social crises loom large. It is quite possible that future social and political crises will come from the newly formed classes who will challenge the old status quo for more political power and higher social status. These crises will also come from the victimized classes who will try to seek revenge against other better-off classes through their destructive actions.

How can we make sure that the government is a guardian of justice, instead of the source of injustice? In order to guarantee each social stratum an equal access to political power, political pluralism must be gradually introduced. It has become impossible for the Communist Party of China to act as a representative of all social groups. Interest group politics and competitive party politics will be inevitable. If governmental officials share the same human nature as ordinary people, we cannot simply expect them to behave in a more moral way. Based on this general agnosticism and skepticism about human nature, we have to allow democratic political processes, which provide channels for social participation and encourage disadvantaged people to use legitimate means to protect themselves. Otherwise, they will retaliate against the whole society through illegal channels. Actually this is happening now.

(2) The issues of economic liberty, economic democracy, political liberty and political democracy should be addressed now; they should go hand in hand. Robert Dahl has pointed out that the biggest problem all democracies are facing is the need 'to reduce the adverse effects on democracy and political equality that result when economic liberty produces great inequality in the distribution of resources and thus, directly and indirectly, of power'.⁵ Political inequality becomes unavoidable if there is a distributive inequality in wealth, income, social standing, education, knowledge, occupational prestige and authority, and many other resources. Since the Chinese state has not totally lost its commitment to the 'proletariat', and the Marxist legacy still remains strong, China has a chance to move in the direction of a social democracy instead of corporate capitalism, a name given by Robert Dahl to the American model, an incarnation of social Darwinism.

What should the Chinese government immediately do? There are two major

5. Robert A. Dahl, *A Preface to Economic Democracy* (Berkeley, CA: University of California Press, 1985), p. 51.

channels for the people at the lower strata to acquire new more desirable resources for upward mobility. First, by introducing open and fair loan application processes, banks and credit institutions should be made more accessible to the common people in order to provide loans for them to start their own businesses. Second, the university system should shift away from elitism to affordable mass consumption in order to allow more ordinary people to get an education. Unfortunately, the abandonment of a nominal college tuition policy has reduced the chance for families of common people to see a 'savior' sent by the impartial god (Liang, p. 379), and the development of elitist mentality among new officials will increase the callousness of the state toward the needy and the weak.

(3) To maximize the responsibility and minimize the immorality of government, Western countries have developed a democratic culture, but how are we to construct such a democratic culture in China? In *Analysis*, Liang could not conceal his admiration for the middle class (intellectuals will eventually become a part of it) in Western countries who embody the most virtues in a society, such as sympathy, responsibility, education and commitment to the public interest. He was disappointed by the current state of the Chinese middle class, which is still too young and lacks spiritual sublimation, but he certainly expects to see this class mature as time takes effect and the intellectuals are infused into it.

According to modern history, three pillar institutions have been crucial to sustaining the key moral values in Western society. By advocating universal fraternity, religious associations have been the guardian of moral values; by acting as a social gadfly constantly criticizing social ills, academia has been the conscience of society in the West; as the grassroots of self-government, communities have been the fountain for civic values and civilities.⁶ Little wonder that He Qinglian expects the intellectuals to take justice and fairness as their 'Archimedean point' for the project of social engineering (He, p. 378). Even if we ignore the fact that Chinese intellectuals have not evolved into a class by themselves they are too weak to take the social responsibility of speaking for the victims of injustice. In any case, reason alone cannot solve spiritual problems for the Chinese. Religious groups are another institutional support needed for China's transition and renaissance. He Qinglian (p. 377) suggests that the troubles of the *nouveaux riches* are attributable to their lack of education in humanism and the lack of constraints associated with religion. Liang suggests that the hearts of the rich be baptized in the water of religious sentiment (p. 150).

Unfortunately in China, the three biggest legacies from Communist rule are the absence of independent academia, the absence of autonomous churches, and disintegrating communities. The authors of these four books show us a collective image of spineless intellectuals who have been corrupted either by power or by money. They do not give us any indication of religious renaissance. Despite the fact that religious believers in China have increased from 30 million to 100 million from 1982 to 1992 (Wu and Xu, p. 360–361), we have not seen influential religious groups or leaders committing themselves to philanthropy and fraternity. In contrast, according to these books, superstitions, voodooism, *feng-shui*, and witchcraft have

6. Alexis de Tocqueville discussed the roles of these three institutions in a democracy in his *Democracy in America*.

gotten out of control. Meanwhile, the foundations for communities, namely, work-units (*Danwei*) in urban areas and communes in the countryside, have been damaged or dissolved in the process of marketization. All these do not give us enough reason to be optimistic for the future of China. It will be difficult for Chinese society to achieve a moral renewal and it will be a long period of darkness for the Chinese 'proletariat' before they see the light of fairness and justice. If it comes someday, it will be too late for many crushed by the wheel of history. There can never be too much sympathy, care, attention, love and humanism for the Chinese people.