THE RISE OF THE SOCIAL AND THE CHINESE STATE

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Abstract

The systematic straddlings between political and economic spheres that the Chinese society is witnessing does not seem to impede economic growth. Does that mean that China has to be considered an exception in the apparent convergence of different modernizing countries towards the Weberian model of the state? In this article I suggest another way of solving the apparent contradiction between the two faces of Chinese society. When Chinese society is compared with modern societies as they really function the contradiction disappears. Indeed, according to numerous authors, modern societies are not characterized by a clear distinction between public and private spheres, economic and political relations but by the blurring of these distinctions under the influence of a societalization of the state. In other words, political life is more and more centered on “domestic” problems (income, investment, employment, etc.) while the control of the state on society is gradually increasing. As we compare China to these characteristics of the modernizing process it is possible to understand how corruption and economic growth can go hand in hand, why official-led capitalism does not endanger prosperity, how the apparently inefficient Chinese state meets social challenges, and why the worsening of social problems does not lead to social unrest.

Keywords

corruption, state, protests, modernity, relations (guanxi), public/private

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There is evidence of the Chinese state on the wane. The rapid transition from a totalitarian state controlling all aspects of social life to a state which sanctions the market economy and which has met increasing difficulties in fulfilling its basic tasks (public order, tax collecting, etc.) has led some scholars to emphasize the decay of the Chinese state. Nevertheless, a new question that has arisen concerns the void left by the so-called “waning state.” While some analysts have stated that the socialist state can only be replaced by democracy and the market, others view the destiny of China to be far less positive. China could be undergoing a period of chaos comparable to the turbulent episodes in Chinese history. The mafia and the law of the jungle could make a comeback in the Middle Kingdom.

Yet, none of these analyses seems to reflect the complexity of post-reform China. The progression of a China “in transition” to one in which private and public interests would be clearly separated is at odds with the current systematic straddlings between political and economic spheres. However, such straddlings have not impeded economic growth and, to a certain extent, they seem to have boosted economic development. As we will see, numerous scholars insist on the role officials have played in China’s economic success. Likewise, the picture of a stateless China is not in accordance with the reality of a society which is proving to be—albeit with increasing disparity—globally stable and prosperous. Notwithstanding embezzlement of tax resources, China’s treasury is far from empty. Although most cadres seem to be corrupt and have set up efficient systems of protection for their activities, every year an increasing number of them are convicted and sometimes severely punished. Despite the emergence of a strong local power over the years, cadres who are too independent are systematically dismissed. Although the economy appears to be plagued by extensive collusion between private and public positions of power, the standard of living has considerably increased in urban as well as in rural areas. Obviously, in China there is still one form or another of institutionalized power which regulates social life.

Of course, the distinction between public and private realms in China does not correspond to the definition of the Weberian ideal. Does that mean that China has to be considered as an exception in the apparent convergence of the different modernizing countries towards the Weberian model? Could it be a new expression of the specificity of the Chinese culture, the uniqueness of Asian values? But within such a perspective, how should we interpret the fact that the Chinese way of life is increasingly closer to the one which dominates Western countries, that the Chinese state is more and more integrated in the international system (be it legal, geo-strategic or political) or that, like in Western countries, the ideological conflict seems to have been replaced by a consensual aspiration to a better, longer, and a more comfortable life?

In this article I suggest a new approach to the apparent contradiction between the two faces of Chinese society. My hypothesis is that the origin of
this contradiction does not lie in reality itself but in the way we compare China. The comparison is not made between Chinese society and modern societies but between Chinese society and the ideology of modernity.

Calling into question the confusion between the modern world and the ideology of modernity is not new. Different authors have extensively criticized the image the modern world has given itself. According to Hannah Arendt, far from being structured around the concept of spheres, modern societies have destroyed public and private spheres and even the realm of intimacy in favor of the new “social sphere.” What she calls “the social” is the domestic aspect of life (income, consumption, lifestyle, demography, familial relationships, etc.). “Society is the form in which the fact of mutual dependence for the sake of life and nothing else assumes public significance, and where the activities connected with sheer survival are permitted to appear in public.” This aspect of life, generally separated from politics in traditional societies, is gradually bonded with the political sphere in modern societies and finally colonizes all spheres. In modern societies, every aspect of life is “social.”

According to Jürgen Habermas, the notion of public and private spheres has been a fundamental moment but only a moment in the creation of the modern world. At a more recent stage (the nineteenth and twentieth centuries), we have witnessed the end of the public sphere of debate and the reign of passive public opinion. Finally, the findings of two academic schools converge in the same direction. The new economic sociology emphasizes the embeddedness of the economy in social networks and the impossibility of separating the spheres while historical sociology insists on the continual straddlings between realms which characterize the modern history of Western countries.

Such blurring of distinctions does not mean that ideas, norms, and values have no importance and that we must focus exclusively on a materialist approach to reality. Actually, it is essential to differentiate between ideology and the imaginary. Ideology does not relate to reality whereas the imaginary is a part of reality. But the imaginary does not coincide entirely with reality. And although there is no doubt about the fact that the Weberian paradigm influences and determines to a certain extent the nature of the modern state, the latter does not correspond completely to the former. Turning now to the specific problem of the state, the question of the imaginary is of primary importance. The building of a state is always based on a certain model that is to say a certain imaginary. Irregardless of whether this model is a good one or not, efficient or not, it shapes reality. However, during its process of implementation the model meets resistance emerging from the material conditions and different sectors of society.

The first part of this article is devoted to the analysis of state-society relations in modern societies in order to find a basis for comparison. Actually,
modern societies are not characterized by growing independence of spheres but on the contrary by a blurring of the lines between private and public realms and by the increasing importance of social preoccupations in political life and economic life. The “social” emerges as the main determinant sphere of society. Conversely, the state is by no means without influence on private life and private economy. In other words, modern societies have experienced a double and dialectic process of “societalization” of the state and “stateification” of society which narrows the distance between state and society. This article also aims to show that China is undergoing a phenomenon that is very close to this dual process. Far from emerging as an independent realm, the private sphere is increasingly being influenced by the “rise of the social.” For example, the definition of what is a corrupt act tends to depend on the social consequences of the economic activities and not on ideological norms. Property is more socialized than privatized that is to say property is controlled by social groups—including those from the political and economic spheres—and not by “private” forces independent of the political sphere. Besides, at this very moment Chinese society is increasing its influence in the political sphere, the state has increased its field of intervention in relying on professional competences and specific policies.

The Chinese state is losing its previously eminent and independent position as it enters into the social arena. Not only did the state lose an important part of its original ambition to change society but social constraints increasingly determine public decisions. There is nothing weird in this phenomenon since the waning of the planned economy as well as the decline of state control on social life created much space for guanxi (relations) to operate. However that does not mean that the Chinese state is an imitation of the Western model. If we follow Berman and Lonsdale’s distinction between state building and state formation, it appears that a state never matches its model entirely. State building is “a conscious effort at creating an apparatus of control,” it cannot but lead to state formation, “as an historical process of conflicts, negotiations and compromises between diverse groups whose self-serving actions and trade-offs constitute the ‘vulgarization’ of power.” In other words even if the model of state building was in accordance to the Western imaginary—and of course it is not the case—state formation would still be a process involving the specificities of contemporary Chinese society. The fact that China has entered a dual process of societalization of the state and stateification of the society does not mean it has become a modern society. From this point of view, the state still has some problems in recognizing that the distinction between the “social” and the “political” is coming to an end. Political struggle remains confined within the state/party organizations which does not allow the social to coalesce into large interest groups. Groups can only express their interests on a local and loosely organized basis. As a consequence, the “social” is more so a source of pressure and justifications of

political positions and public policies rather than a source of structuration of the political sphere.

**Modern World**

Throughout the twentieth century, different authors have criticized the common view about the independence of spheres and in particular the private/public divide as the main element of political modernity. On the contrary, it seems that the most predominant characteristics of modern societies are the progressive waning of public and private spheres and the emergence of a social sphere.

According to Habermas, political modernity is connected to the emergence of a “bourgeois public sphere” which arose in opposition to the powerful in order to negotiate the rules of exchange. The emergence of this public sphere would have led to the distinction between private and public spheres, which would then constitute the birth of the modern state. However, this analysis only concerns the seventeenth and eighteenth centuries: Habermas insists that the public sphere was undergoing a process of decay in the nineteenth century and that it disappeared in the twentieth century. This process of decay has taken the form of a dual process of “societalization” of the state and of “stateification” of society.

Interventionism had its origin in the transfer onto a political level of such conflicts of interest as could no longer be settled within the private sphere alone. Consequently, in the long run State intervention in the sphere of society found its counterpart in the transfer of public functions to private corporate bodies. Likewise, the opposite process of a substitution of State authority by the power of society was connected to the extension of public authority over sectors of the private realm. Only this dialectic of a progressive “societalization” of the State simultaneously with an increasing “stateification” of society gradually destroyed the basis of the bourgeois public sphere—the separation of State and society. Between the two and out of the two, as it were, a repoliticized social sphere emerged to which the distinction between “public” and “private” could not be usefully applied.

Society is increasingly controlled by the state through social policies while the objectives and the functioning of the state tend to be more and more under the influence of demands and needs of the society. The state becomes an


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arena of confrontations between social interests which contributes to weakening and after a while to eradicating the "publicization of debate." 11

Hannah Arendt analyzes the modern world in different but convergent terms:

The emergence of society—the rise of housekeeping, its activities, problems, and organizational devices—from the shadowy interior of the household into the light of the public sphere, has not only blurred the old borderline between private and political, it has also changed almost beyond recognition the meaning of the two terms and their significance for the life of the individual and the citizen.12

... We know that the contradiction between private and public, typical of the initial stages of the modern age, has been a temporary phenomenon which introduced the utter extinction of the very difference between the private and the public, the submersion of both in the sphere of the social.13

... In other words, the State is under the influence of the social needs and conflicts represented by social interests—and has gradually lost its autonomy.

As for private interests, they are also victims of the rise of the "social." Property "lost its private use value which was determined by its location and acquired an exclusively social value determined through its ever-changing exchangeability whose fluctuation could itself be fixed only temporarily by relating it to the common denominator of money."14 Here, we are very close to the analysis of Peter Drucker who considers the development of modern capitalism as a "socialization of capital," since most big enterprises belong to institutions representing collective interests like pension funds.15

In his attempt to analyze the development of capitalist societies, Polanyi reveals the interconnected influence of both state and society. The building of national markets has been achieved through a deliberate mercantilist state policy. Moreover, the commodification of labor, land, and money, which is a condition for setting up a market society, has not led to the supremacy of the market but to the emergence of a counter-movement:

It can be personified as the action of two organizing principles in society, each of them setting itself specific institutional aims, having the support of definite social

forces and using its own distinctive methods. The one was the principle of economic liberalism, aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely laissez-faire and free trade as its methods; the other was the principle of social protection aiming at conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market—primarily, but not exclusively, the working and the land-ed classes—and using protective legislation, restrictive associations, and other instruments of intervention as its methods.\textsuperscript{16}

Thus, modern societies are not based on the supremacy of the market but on an equilibrium between the “antisocial” logic of a liberal economy and the state logic of protection of society. In present times, if we look at the real nature of what one usually calls “markets,” it appears that in most sectors, world markets are controlled by two or three monopolies\textsuperscript{17} whose activities are not limited to economic matters but include a political element. Political influence takes the form of direct intervention in state policies or of indirect lobbying, for example during international commercial negotiations. Then, the logic of today’s market economy is not one based on private initiatives but on the initiatives of “groups” fighting for power in economic as well as in political arenas. The notion of “embeddedness” developed by Granovetter heightens the contradiction that modern societies fit completely with the imaginary of modernity.\textsuperscript{18} The economy does not at all become an autonomous sphere determining other spheres. Capitalist societies are characterized by a mixture of state and market, and contemporary capitalist institutions are embedded in society.\textsuperscript{19}

\textbf{Public/Private: The Rise of the “Social” in China}

The issue of corruption is a good means to illustrate these theoretical developments. In the history of modern societies, corruption appeared as a typical by-product of the emergence of two separate public and private spheres. When an activity or an action trespasses the boundary between the two spheres, this activity or action can be termed as corruption. These distinctions were meaningful at the time where the difference between the two spheres was real. But, the encroachment of the two spheres by the concomitant “rise of the social” has completely blurred the nature of corruption. Social needs, particularly economic needs, are the main element that determines state action. Hence, the notion of public interest that dominated during the birth of the modern world...
tends to disappear. Public debate has been replaced by state mediation between social interests regarding the repartition of wealth and power. As a consequence, the judgment on what constitutes a corrupt activity and what does not depends on political struggle between social forces. The social interests are the norm. In other words, modern societies lack clear distinctions between corrupt and non-corrupt behavior because a great part of social life is conducted in the blurred boundary between the private and public spheres.

Of course in certain cases, the existence of a boundary and corrupt behavior can be clearly demonstrated. For example, when a power holder exchanges money in return for power and uses the money for personal purposes, everybody judges him/her to be corrupt. But in most cases, when power is used for personal purposes, the assessment is not easy to make and the state, judicial power, and popular morality are generally very hesitant to judge such behavior. Is a bribe still a bribe when it was redistributed to a part of the population? Does a slightly corrupt but efficient mayor deserve to be punished by law? Does a company that has been granted approval in a dubious procedure to build a public facility merit the accusation of corruption if we consider that thanks to this decision by the town authorities the company created a lot of jobs for the locals? Is a professor who had helped his daughter to get a summer job corrupt? Generally speaking, the criteria according to which assessments are made are the consequences of the act. When political calculations focus on the social rather than judicial consequences of an act, corruption can only be defined socially through behaviors, actions, and activities. Besides, judgment passed on such consequences lacks objective grounding and depends on subjective points of view. The decision will depend on the degree of influence of the different social forces (local inhabitants, competing firms, regional powers, opponents to ruling leaders, etc.). In other words, even in what Joël Migdal calls "strong states," "the politics of survival" and "the accommodations with strongmen" are widespread and challenge the state's pretensions to regulating society according to universal and transparent procedures. To understand the very nature of a state "there is a need constantly to look back and forth between the top reaches of the state and local society."22

Consequently, corruption becomes a byproduct of the political context and the power struggle between social interests. Corruption has to be "built" as a subject of research and reflection in the same way it is "built" by a specific society itself. It is obvious, for example, that the incidence of corruption is more frequent when a society is experiencing an economic crisis or when political competition is more open. In that case, the accusation of corruption can become an important weapon in order to discredit a political challenger. Anyway, even in the cases where corrupt behavior is obvious, the decision to sue the power holder will be politically motivated.

The way the issue of corruption is treated by Chinese society seems to justify the hypothesis of the "rise of the social" in China. During the pre-

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reformist period, there was no difference between private and public spheres. The social class controlling the state was also the owner of the means of production. After the decision to open up Chinese society according to the model of capitalist society it has appeared necessary for Chinese leaders to implement a distinction between the two spheres but without success. Moreover, the ideological references of the regime have lost much of their strength under the influence of the rise of the "social." Since the main constraint in politics is to satisfy social demands, moral principles have lesser importance and far from having led to a decrease in straddlings between private and public spheres, the reform policy has boosted them. Chinese historical experience as well are economic success sustained since the beginning of the 1980s is precisely based on a systematic intermingling between private and public spheres through the operation of guanxi networks. At the beginning of the reform policy, because of the absence of legal and market rules, "relations" have become the main vector of social and economic lives. Since then, and despite the efforts of the state to promote the rule of law, cadres—as well as managers and ordinary citizens—have continued to consider networks of relations as the firmest support of economic activities.

Because of the fact that cadres use public money and their official position to conduct business, entrepreneurs who are not political insiders must acquire protection from power holders. For example, when Chen Kejie, vice-president of the National People's Congress, was the strongman of Guangxi Autonomous Region, he arranged things so that the major projects in the region were contracted to companies set up by his supporters and parents. Some officials sell everything they can from land to diplomas and reductions in sentence. They build houses, buy cars, and travel abroad at the state's expense. In cases concerning fraudulent bankruptcies, embezzlement of public money, financial scandals, etc., the main culprits are high cadres and their offsprings. It is very common for judges and prosecutors to accept bribes. The Chinese press has uncovered numerous cases of corruption in the police force. Tax collectors ask for money so as to reduce the level of taxation while peasants are racketed by cadres who illegally increase their fiscal burden. Power holders also use their privileges to organize illegal trafficking of products and to speculate in stocks and shares. Military and police institutions are involved in illegal activities such as prostitution; reselling of stolen goods; real estate and shares speculation; cars, cigarettes and drugs smuggling; confiscation of land and natural resources, etc.

Under such a situation how does one deal with the issue of corruption? Is China entirely ruled by the "law of corruption?" If not what are the criteria that determine what corrupt behavior is and what it is not? The answer to these questions is connected to two new phenomena. The first one is the emergence—as a consequence of the rise of the "social"—of "social pressure" in China. It is still difficult to speak of public opinion but there is no

doubt that the criticisms expressed by Chinese "society" against bureaucratic malpractices exert an increasing influence on the political apparatus. Consequently, the nature of political legitimacy has changed. Since the 1980s we have been witnessing a reshaping of the relations between the state and society. While Chinese society is acquiring room for maneuver in social and economic matters, the regime is supposed to provide a certain number of "services": social welfare, infrastructures, wealth redistribution, etc. Social criticisms tend to focus on whether or not these services are provided and in the recent years, there have been countless occasions where protests were heard. Popular newspapers such as Beijing wantao have become the vehicle to express social discontent. The topics of discontent tolerated by the censors are limited to everyday problems. However, certain topics like employment or behavior of officials are not without political implications.

Neglect of duties is related more or less to corrupt behavior. In fiscal matters, many protest movements demand the abolition of the san luan (three arbitraries) that impose illegal taxes, fines, and fees. The increasing gap between the haves (political relations) and the have-nots in the competition for wealth is a continual reproach directed to the power holders. In particular, many object to the excessive privileges accorded to high cadres' children which enable them to accumulate a huge fortune. However, if most people are of the opinion that "all cadres are corrupt," they do not consider cadres to be corrupt in the same way. The efficiency of the cadres is also taken into account. For example, many Peking dwellers hold that though Chen Xitong, the former Peking mayor was corrupt, he was a good mayor as he contributed a lot to the modernization of the city.

The second element which determines the way corruption is perceived in Chinese society concerns the new form taken by political struggle. The conflicts between cliques are no longer limited to a small circle of people fueled by personal ambitions. Conflicts also have a social background. In other words, the rise of the "social" has ruined the socialist structure of power based on "personal cliques" which were largely independent of any social basis. Particularistic interests—local, kinship, clique, enterprise—have now a certain influence on political decisions. Of course, social interests—workers, peasants, entrepreneurs—are not represented directly by independent bodies but within Party and government official bodies. At every level, the leadership has succeeded in its attempts to avoid "aggregation of interests" and organization of autonomous interests. However, the fact that the society-state relations are henceforth defined through an agreement—that the bureaucracy preserves its power but must ensure a steady improvement of standard of living and a certain level of redistribution—compels the state to take into account the needs of the society.

As a consequence, the notion of corruption is formed in a specific way. The structural straddlings between wealth and power—which is the
price of modernity—impede the eradication of “corruption.” In other words, the waning of the socialist system also meant the waning of the structured economic relations (commercial and transportation networks, sources of financing, etc.) between entities. This vacuum has been quickly filled by “relations” and this phenomenon has allowed the Chinese economy to recover quickly from the socialist collapse. Nowadays, it would be very dangerous to systematically call into question the new networks. Consequently the definition of corrupt activities cannot be but restricted to a set of behavior: social criteria have to be determined. There are two important considerations. The first one is the extent of a cadre’s greed, the second is his/her position in the political struggle.

Concerning the former, the power holder who is perceived as corrupt by the population is the one who does not redistribute to the population he or she is supposed to protect and who does not reward clients and patrons with financial and symbolic resources. The assessment of a cadre’s behavior depends partly on objective factors like the level of development of the region, the standard of living, the employment situation, etc., and not on ideological and political alignment. The emergence of economic or social problems is often considered a sign of a predatory attitude. Nevertheless, subjective elements like lifestyle (size of house, type of car, expenditure on food, etc.), and the reputation of the cadre are also taken into account in popular and bureaucratic assessments.

The other source of corruption lies in the political battlefield. To accuse a political enemy of corruption is an easy way to get rid of him/her. The fact that corruption—the main manifestation of transgression of the “gap” between public and private realms—has become a determinant in political struggle clearly illustrates the blurring of the boundaries between the two realms, which accounts for the rise of the “social.” The publicity given to these cases reveals the importance accorded to the image of the power holders. It is now necessary to consider social demands.

From this point of view the case of Chen Xitong is very interesting. Not only is he the first prominent leader condemned for corruption but the way his case has been dealt with clearly illustrates the “shaping” of the notion of corruption in China. In April 1995 the dismissal of Chen Xitong, member of the political bureau and the boss of Beijing municipality, was announced. He was accused of acting in collusion with one of Beijing’s vice-mayors and the boss of Capital Steel company. He was also accused of leading a dissolute way of life. Actually, the real reason lay in Jiang Zemin’s wish to get rid of a firm and long-term opponent. Chen never came to terms with the fact that he lost out to Jiang who was chosen Party secretary in 1989. Since then he had systematically criticized Jiang’s policies. Evidence of power contention has been revealed by documents circulated among high cadres accusing Chen of attempting to set up an “independent kingdom” in Beijing.
The fact that it took more than two years to strip Chen Xitong of party membership demonstrates that it was not a simple criminal case.

Another example of the "political management" of corruption cases concerns the antiprinces (children and grandchildren of high officials) campaign which took place in 1995. The increasing power monopolized by these princes (in China and abroad) and their lack of respect for bureaucratic hierarchy led the central authorities to take measures. The financial company Venturetech, which was supposed to attract foreign investment in the high-tech sector but was actually used as a means for financial operations in international markets, was dismantled. The company was headed by Chen Weili, daughter of Chen Yuan and granddaughter of Chen Yun who is the son of a former minister of health. Some weeks before Guan Jinsheng was arrested a financial scandal broke out in Shanghai's Stock Exchange. This very ambitious man was closely associated with numerous high cadres' children. In March, Zhou Beifang, son of Zhou Guanwu who was a close friend of Deng Xiaoping, was arrested in connection with an inquiry on a Hong Kong consortium of the Capital Steel company. He was accused of investing too much money abroad, participating in illegal gold trading and financial deals.

At first glance it is possible to consider these cases as state responses which aimed to restore a minimum of morality in economic activities. This interpretation based on the existence of a "substantialist" nature of the state—the state as a neutral and objective agent—would be satisfactory if illegal activities were sanctioned irrespective of whom were involved. But the analysis of cases seems to prove just the opposite. Of course, the princes' companies lost an astonishing amount of money and the flight of capital is clearly limited to a question of sovereignty. Nonetheless, in accusing the princes the ruling leaders killed two birds with one stone: they limit the influence of emerging power of the young generation and they publicize their determination to fight against corruption. As most of the princes owe their success in business to political leverage it is logical that their failure was precipitated by political motives. For example, the fall of the Zhou family cannot be explained except in terms of Deng Xiaoping's declining health. Less privileged competitors have taken advantage of the opportunities.

What has been striking in the last two years is the increase in anticorruption activities. Many very important cadres have been reprimanded and some of them severely punished. In other words the case of Chen Xitong is no longer exceptional. Apart from the case of Chen Kejie, in 1999 Meng Qingping former vice-governor of the provinces of Hainan and then Hubei was jailed for bribery; Xu Bingsong vice-chairman of Guangxi Autonomous Region was given a life sentence for taking bribes; and Hu Changqing deputy governor of Jiangxi Province was condemned to death for economic crimes. It is without doubt that this radicalization of the anticorruption campaign aims at securing a new social legitimacy for political leaders. In showing that it

really has the intention of cleaning the Augean stables, the government wants to appear as a servant of the people's will. The aim of anticorruption campaigns is to deliver a message to cadres: you can go beyond legal barriers in doing business but on the condition that these practices do not endanger economic growth, political legitimacy, and social order. However, the new standards of how to do business and who can do business are not at all isolated from intra-elite competition. Those spearheading the anticorruption struggle also take part in the political fight.

The blurring of the boundaries between public and private spheres can be also analyzed through the question of property. Far from leading to a consolidation of the private sphere, the introduction of capitalism in China has impeded the development of the private sphere. Since the private sector—including petty capitalism—was eliminated in the 1950s, it was necessary to ensure that there would be no room for a new private sphere. In the Chinese economy, the role played by the private sector is marginal. Most enterprises are state-owned or collectively owned by administrative or official entities (e.g., trade unions). Of course, certain scholars insist that numerous state-owned or collective enterprises function as private enterprises whose aim is to generate profits that are monopolized by individuals. Following this criterion, the World Bank states that 33% of the domestic product is derived from the “private economy.” Yet, this assessment is based on two analytical mistakes. The first stems from confusion between management and property. Even though the main objective of the state-owned and collective enterprises is to make the maximum profit, most of them belong to public institutions (provincial administrative bureaus, municipalities, local administration, etc.). To describe this phenomenon, Jane Duckett has introduced the notion of “entrepreneurial states.” She states that “departments have taken up opportunities provided by market reform and created new businesses to earn income for themselves and to decrease their staff. Thus, while the central leadership envisages a minimal state that plays only a macro-economic role in the market economy, urban State agencies, like those in other parts of the State system have remained involved in micro-economic activities.” These activities are profit-seeking and risk-taking businesses and remain under the control of the departments and are subsequently directed by political strategies. They are elements of collective bargaining between political forces. In the countryside, economic activities are dominated by what Jean Oi calls “local state corporatism” in which the bureaucrats play the role of entrepreneurs. In other words, in China like in Western societies officialdom and entrepreneurship are not completely opposite notions, even though the nature of the straddlings is not the same.

The second analytical mistake concerns the monopolization of profits. Although a part of the wealth goes to individuals, these individuals are generally themselves part of collective groups and they cannot act solely

as private persons. In other words, we could sum up the situation by saying that the Chinese economy is characterized by the influential role played by collective interests. In small or medium-sized business, numerous specialists emphasize the emergence of interest groups comprising cadres and entrepreneurs. David Wank shows that in Xiamen the most important asset in business is the social capital one can mobilize. Social capital enables people to gain access to state resources (licenses, state-controlled goods, commercial channels, information, etc.). Social capital is obtained and maintained through different processes of "power conversion" (matrimonial strategies, using of relations, gift-giving). In rural enterprises, the constant straddlings between public and private interests give rise to the emergence of social interests based on clan, familial, and bureaucratic ties. Such "social interests" mean that cadres and entrepreneurs pursue social objectives—straddling different spheres—more than state objectives. The aim is neither to control for the sake of control nor to make money for money's sake but to fulfill social tasks: accumulation of wealth, creation of jobs, and protection of social stability. It is also important to note that it is not easy to draw a clear line between "bureaucratic business" and the "abuse of office for private gain." Individual strategies of survival and accumulation are part of bureaucratic business.

Besides, "in sharp contrast to the transition orthodoxy, the Chinese government has attempted to support the growth of powerful, autonomous big business that can compete with the global giants. Large enterprises, initially purely state-owned, maintained their leading role throughout the reform process." The holding has become the dominant form of organization of Chinese firms. The result is an increasing role played by bureaucratic cliques and client ties. In such a context, the difference between Chinese groups and international monopolies are not so important. Of course, the Chinese corporations do not function as multinational corporations. If "entrepreneurial spirit" and "structured social networks operating within the confines of companies" exist "they are not synchronized to operate together" and in particular China has not yet clarified the question of the guarantee of ownership rights of property and means of production. However the aim of the Chinese government is clearly to imitate the model of multinational corporations, and, after all, the way Chinese enterprises are treated by international corporations seems to indicate that modern capitalism takes this policy seriously.

The "Societalization" of the State and the "Stateification" of Society

Between 1949 and the end of the 1970s the Chinese state had two main objectives. The first was to develop a centralized and powerful economy in order to establish China as a military superpower. The second was to transform social structures and individual behavior in order to create a new society. A strict
differentiation between state and society was a prerequisite of state developmentalism and social rebuilding. The Chinese state was above society and the influence of society on political power was reduced to a minimum. Even though the regime has never succeeded in its attempt to eliminate subjective and particularistic ties among the people and between cadres and the people, the limitation of state/society interaction remains an unquestioned dogma.

Everything has changed since the end of the 1970s. Development is no longer solely a state matter. A laissez-faire strategy has been launched in which social dynamics are viewed as the main ingredients of economic growth. In removing administrative controls on material resources as well as on labor and in liquidating the state-owned sector the state itself has become the *deus ex machina* of the Chinese economy. In parallel, the central state has abandoned any attempt to reshape society.

This phenomenon had two consequences. On the one hand, it leads to an increasing power of local cadres in financial and policy matters. On the other hand, it gives rise to social constraints on state policies. In other words, stateification of society and societalization of the state go hand by hand.

In rural areas, the dual process is well documented even though the concept itself is not used. The deconcentration policy has conferred extensive privileges to the local administration, notably in taxation, land management, and local development matters. But policies are mainly influenced by social demands. The appraisals and the careers of cadres are officially dependent on their abilities to fulfill a certain number of criteria like increasing economic prosperity and standard of living, assuring social stability, etc. Even though it is still possible for an inefficient and corrupt official to retain his position, especially if he enjoys some protection, it is becoming increasingly difficult to do so. In parallel, through the decollectivization of land, development of rural enterprises, and relaxed migration control, we are witnessing an increasing role played by interest groups. The political vacuum produced by the waning of the planned economy has not been filled by the return of tradition. Instead one sees a reinvention of the traditional ties and hierarchies and their adaptation to the present necessities of wealth accumulation. Familial, clan, religious networks are used as a means of access to political and economic resources. Different interest groups take charge of numerous public tasks: public order, local infrastructure, and basic education. Besides, at the individual level, social capital is not restricted to local solidarities. Migration, business or military service enables rural inhabitants to develop new sets of personal relations. From the above, it is possible to speak of privatization of the state. However, a more accurate term is the societalization of the state. The interest groups—inside and outside the bureaucracy—are not private but somewhere between public and private realms, that is to say social.

The new local state is the product of peasants' struggle against predatory cadres. In the recent years numerous conflicts, some of them violent,
have broken out in the countryside. The population has now legal (village elections, petitions), illegal (demonstrations), and informal (gossips, anonymous denunciations) channels at their disposal to destabilize cadres. But conflicts are often solved by the way of negotiation and everyday pressure. As Isabelle Thireau has shown in a recent paper,

the decreasing dependence of villagers on rural officials supports the development of all kinds of formal and informal discussions regarding village affairs, and eventually of criticisms regarding the official decisions taken. The cooperation needed between officials and those “who matter in the village” requires negotiations in order to establish compromises favoring all parties’ interests. The new institutional forms transmitted from the upper levels are often contradictory, difficult to interpret and implement, or needing some adjustment to the local context. Such adjustment is made through discussions held in various arenas.

Moreover, barriers between Chinese society and state are continually being reshaped and the framework of the conflict is not based solely on a clear opposition between cadres and population. Interest groups are also formed by alliances between segments of the administration and segments of “society” against other segments of the administration and the state.

In urban areas, the process of societalization of the state is less evident. At first glance, Chinese society and state seem to have kept the same position on the battlefield. The autonomy of society is limited to economic activities and the influence of social demands concerning public policies seem strictly reduced. Yet, the example of the employment policy tends to indicate that social necessities in cities come first in the state’s preoccupations.

Since the mid-1990s, massive redundancies have taken place in state-owned enterprises and administration. From 1994 to 2000, between 36 million to 55 million workers were sacked. Most of them have not found stable new jobs. To survive, they depend on the allowances given by enterprises and above all by the state as well as on temporary jobs created by a state-financed reemployment project. Here, we have a perfect example of the dual process of societalization of the state and stateification of the society. On the one hand, the state has abolished the socialist “working unit system” in which the workers were completely dependent on their employer in every aspect of their life. This system has been replaced by a new one based directly on state agencies. The social is “bureaucratized” as every worker must enter a national framework of welfare that from unemployment funds to health and pension

funds is supposed to cover all the welfare needs. For example, the enterprises are compelled to set up "reemployment service centers" (zaijiuyefuwu zhongxin) when they lay off workers. These centers must cater for laid-off workers in all aspects of their new situation: payment of basic allowances, acquiring of new professional skills, etc.68

But on the other hand, state policies are not implemented throughout the administrative channels from top to bottom. The re-employment project operates at the grass-roots level, mainly at municipality level where the local labor bureaus are in charge of the coordination of the multiple activities of the project. But above all, what is striking is the importance of the role played by the institutions which are supposed to "represent" society—like the residents' committees—and by quasi-public organizations called mass movements (women's federation, trade unions, etc.). They organize training sessions for the unemployed, they set up employment service centers, they finance petty jobs and community jobs for laid-off workers, and they collect money for helping families in need.69 These initiatives do not replace relations (guanxi) as the main means of getting a job and financial support. Actually, it is more efficient to rely on family and friends than on the local state or quasi-public organizations but for people with few relations or living in poor areas it is often the only solution. The mass movements are supposed to function as quasi-NGOs,70 while high-level officials encourage the setting up of Chinese NGOs in order to take care of social problems.71 Of course, almost all the Chinese NGOs depend, one way or another, upon official organizations. However, the existence of numerous and active foreign NGOs as well as a growing room for maneuver conceded to domestic NGOs endow this sector with limited but real autonomy in its activities.72

The importance given to criteria such as job opportunities, the payment of allowances (and pensions) in the official assessments of cadres' actions reveals the process of societalization of the state. This is a very important change compared to the pre-reformist period where the influence of social needs and social appraisals of officials, albeit not completely nihil, were limited and indirect.73 Now the state must satisfy demands from urban dwellers when these demands appear to be socially legitimate. And from the point of view of Chinese social morality it is legitimate to have a job or at least to receive pensions and allowances which enable people to survive.

The characteristics of protest movements that have broken out during the recent years in big cities contribute to a new state legitimacy. Unlike what is going on in rural areas the protest movements rarely try to popularize their struggle by contacting the media or resorting to the law to justify their demands. In other words the protesters do not seem to have the intention of breaking the organic ties that link them to the regime. What is the most striking in the protest movements that have taken place in central and northern SOEs enterprises is their standardized course of action.74 It usually
starts with a gathering in the center of the town in front of the municipal government. This fact shows the growing importance of municipal authorities which have become the main interlocutor for the angry mob. The protesters block a main road junction in order to confront the officials and to hand them a petition or documents stating their demands. The incident usually lasts a short time because officials accept the representatives and deal with the problem. Or, but it is quite rare, the police and the constabulary intervene and disperse the crowd usually peacefully. In some cases, the scenario is different. Demonstrations sometimes lead to riots, officials are beaten up, and some demonstrators and cadres are killed. But usually the conflicts are dealt with in a relatively "soft" way, especially if we compare how the authorities deal with flare-ups in rural areas.\textsuperscript{75} Arrests are infrequent except when the protest is violent—but even in this case only the leaders are usually taken into custody—or when dissidents are involved.\textsuperscript{76} Most movements are marked by spontaneity and a lack of organization. A few sources give examples of organized strikes and demonstrations by organized groups.\textsuperscript{77} However, if these groups exist, they do not seem to have developed to a great extent as they remain very discreet and they are rarely mentioned even in internal documents and informal discussions with researchers. The demands of the protest movements are usually not connected with political objectives. Even when redundancies or company closures are contested, the aim is not to contest the policies themselves but the social consequences of the restructuring like the non-payment of wages and pensions or the absence of social and financial protection for the laid-off workers. Most of the slogans are pragmatic: "We want to eat," "We want food and work," "We must survive, we need justice," "Save the people," "We want wages," "Respect for the old workers," "We need money to live," "We want our pensions."\textsuperscript{78}

Apart from standardized modes of action, the analysis of protest movements brings another process to light: a ritualization of social anger. It seems that in the provinces where restructuring started the earliest the protesters have adopted a mode of action based on frequent and peaceful demonstrations. In particular, in industrial cities of northeastern China and in big industrial centers like Wuhan, the protesters gather in front of a municipality building or in the center of the town on a weekly and sometimes daily basis.\textsuperscript{79} The tactic consists of putting the retirees in the first few rows in order to avoid repression and to be present as often as possible to exert a semi-permanent pressure on officials so as to force negotiation. The demands are very basic: the protesters claim their rights to money and food. Even though the result is generally not significant, this ritualization has become a predominant form of negotiation with the authorities.

Thus, the analysis of the contents of slogans reveal that most workers seem to accept the idea that state decisions have to be based not on political principles but on socio-economic interests of the "society." As a conse-

quence, the question at stake for protesters now is no longer whether or not the socialist system needs to be replaced but how to cope with the consequences of what we could call the “depolitization of the state.” Within such a context, the most rational and pragmatic form of protest is to “blackmail” the authorities. To reach this objective, the workers can play two cards. First of all, the ideological card, as the regime still pretends to be socialist, it cannot refuse to help the workers. Second, the “socialist stability” card: in most places SOE workers or ex-workers still represent the great majority of the population. In order to protect social stability, local authorities must limit the consequences of the restructuring. This tactic is quite efficient. Not only do local authorities try to avoid violent confrontation, they are usually very keen to effect a deal with the protesters. The fact that the negotiations take place at the grass-roots level facilitates the dialogue and improves the efficacy of the popular pressure.

Conclusion

The evolution of the Chinese state cannot be analyzed in terms of the waning of the state or even in terms of a “strong state” or “weak state.” As the European experience tends to show, the blurring of the boundaries between public and private spheres and the “rise of the social” does not mean the waning of the state. The other face of the societalization of the state is a stateification of society, which means that in modern societies there are an increasing number of situations in which “conflicts between interests have led to political conflicts” because “it has not been possible to solve them in the private sphere.” Consequently the state becomes a place of mediation and a space of struggle between social interests. Besides, new channels of communication and negotiation (trade unions, professional association, lobbies) between the state and interest groups emerge. Here it is not a question of “civil society,” a notion that supposes a “private” terrain against or beside the state. Actually, the question at stake is one of gradual colonization of the state by society. On this point, we are not very far from what Charles Tilly says about the changing nature of popular contention in Great Britain between 1758 and 1834. At that time, “taxation, military service, political representation, treatment of the poor, religious administration, official corruption, and much more that had long fallen under the nearly exclusive jurisdiction of the ruling classes became regular and accepted objects of popular influence.”

Within such a perspective, it is difficult to characterize the Chinese state as strong or weak. It is weaker than it was during the socialist period as it has a low level of “capacities to penetrate society, regulate social relationships, extract resources, and appropriate or use resources in determined ways.” But it is stronger as its policies meet much less resistance from the

"social organizations" which are "the settings within which people have had structured, regularized interactions with others."\textsuperscript{84}

However, this process is not a simple imitation of the process that took place in Western societies. The "imaginary" of the modern state influences Chinese society but we cannot ignore the historical factors. In this respect, it is tempting to explain the difficulties of building a social state according to the historical trajectory of China. For Yves Chevrier, when the Chinese state lost its grip on society it conceded limited autonomy but impeded any kind of institutionalization of society that is to say any kind of direct and official representation of social interests within the political apparatus.\textsuperscript{85} Today, even though the reform policy compels the regime to take the path of the societalization of the state, it continues to refuse to allow social interests to "aggregate." Professional associations continue to be controlled more or less directly by the state institutions. That is obviously the case for various entrepreneurs' associations and private business associations,\textsuperscript{86} while workers' and peasants' independent associations are still strictly prohibited. Besides when protest movements occur, the first reaction in the bureaucratic apparatus is to avoid any kind of contagion to other segments of the population. Finally the Chinese NGOs dealing with environmental or social problems are most of the time under the control of an official structure or serve the interests of a national leader. In other words, the growth of horizontal interests is limited and the voice of lobbies is controlled through internal and informal channels. The case of the workers is the most interesting. The organic ties linking the workers and the regime—workers as the country's master are a privileged class—are maintained. On the one hand, workers benefit from this preferential relation. But on the other hand, the existence of organic ties impedes any autonomous expression of workers. Only geographical interests can be expressed in a formal way as they do not challenge the basis of the regime. In other words, the "repoliticized social sphere" described by Habermas has not yet emerged in China.

Another point which justifies emphasis on the importance of the historical trajectory of China is the difficulties encountered in the administration of the state. A social state needs to have more or less independent procedures of conflict regulation. In the Chinese case, because of the domination of the state by a very small number of cliques, the main channel of regulation is still arbitrary in nature. In the recent years, the National People Congress has played a certain role but more as an echo chamber than as an organ where rules of the game are adopted.\textsuperscript{87}

However, it is questionable whether history played a similar role as culture as postulated in some analyses of the Chinese political structures.\textsuperscript{88} In limiting the analysis to the influence of one factor, one confines the Chinese state to an over-rigid framework. Moreover there are a certain number of indicators that suggest that the Chinese state is leaving the "traditional" path.
In particular, the state has rejected basing its power on moral values. This is not new. As early as the 1950s, in putting the economy first the socialist regime broke with tradition and adopted the imaginary of modernity. In introducing the “rise of the social,” the 1980s have only contributed to putting the finishing touches to the process. Now, the state has abandoned changing the social structures and has adopted the point of view of the society, as Arendt puts it, the point of view of “housekeeping.”

Consequently, social demands have acquired legitimacy. The local power holders are supposed to guarantee a certain standard of living among the population and economic activities are legitimate. The questions related to taxation, justice, and access to public services are publicly debated in the newspapers. How to develop a region if the cadres raise taxation to such a level? Why do the central authorities adopt regulations protecting peasants if they are not applied by local bureaucracy? Those are examples of questions posed to leaders by readers, journalists, researchers, and angry peasants, and to which Beijing authorities have great difficulty in replying.

The reign of housekeeping has two consequences. Firstly, it compels local and national leaders to produce material results. The existence of this norm represents a constant pressure in their day-to-day activities. Secondly, in promoting village elections, in supporting—to a certain extent—social expressions at grass-roots level and in giving legitimacy to certain popular demands, the central government tries to compel local cadres to respect the new framework. As a consequence, initiatives can take place in the interstices created by the new framework. Of course, it is not easy to evaluate the scope of these interstices. But it would be a mistake to assume that in view of limited social autonomy there is no autonomy at all.

Finally, comparing Chinese society according to the characteristics of modernity can yield a better understanding of the apparent paradoxes of the Chinese modernization process. The issue at stake is not to conclude that China is modern or is on the right path to modernity but thanks to comparisons we are able to measure the difference between Chinese society and modernity. Today the issue is not whether the rule of law is firmly entrenched at the core of Chinese society but to evaluate the respective roles of law, relations, social imaginary, social interests, personal ambitions, etc., in Chinese society. Modernity is not characterized by the triumph of law and regulations but by a complex mixture (which varies according to different societies) of these ingredients.

Notes


Here my definition of the imaginary is very close to that given by Cornelius Castoriadis. According to him, the imaginary is a universe of significations giving birth and meanings to societies. It is not only a mental construction it has also implications in reality “History is impossible and inconceivable outside of the productive or creative imagination . . . as this is manifested indissolubly in both historical doing and in the constitution, before any explicit rationality, of a universe of significations.” Cornelius Castoriadis, The Imaginary Institution of Society (Cambridge: Polity Press, 1997), 46.


Berman and Lonsdale, Unhappy Valley, 5.

Habermas, The Structural Transformation of the Public Sphere.

Ibid., 142.

Ibid.

Arendt, The Human Condition.

Ibid., 69.

Ibid.


22 Ibid., in Prologue.
23 Heidenheimer, Johnston, and Levine, *Political Corruption*.
25 Meng Qingping Vice-Governor of Hubei Province Accepted Bribes for Approving Land, *Summary of World Broadcasts, Far East* (hereafter *SWB-FE*) 3709:G/11, 4 December 1999.
30 *Xinhua Agency* cited by *SWB-FE/2192/ G/11-12, 4 January 1995.
32 Remin ribao, 1 September 1995, 2.
37 For example, trade unions and associations of private entrepreneurs.
38 This statement is mainly based on extensive discussions with cadres and researchers in different parts of China.
41 *FEER*, 19 January 1995, 47.

45 It is also opposed to the notion of embeddedness as it considers the state as possessing its own sphere.
46 Lien he pao cited by SWB-FE/2375G/8, 7 August 1995; see also Zhengming, no. 214, August 1995, 14–15.
49 Ibid., 42–43.
52 Rocca, Etudes chinoises.
55 Duckett, The Entrepreneurial State in China, 171.
57 Charles de Trenck et al., Red Chips and the Globalisation of China’s Entreprises (Hong Kong: Asia 2000 Ltd., 1998).
59 Trenck et al., Red Chips, 20.


See Rocca, “The Rise of Unemployment.”


See Rocca, “The Rise of Unemployment.”

Discussions with researchers from Qinghua University NGO research center (October 2000).

To obtain more information about NGO sector in China, see the excellent review by Nick Young, *Chinabrief*, Beijing.

Even during the most totalitarian phases of the socialist period, social groups and individuals succeeded in limiting the impact of the most extreme policies supported by the central leaders. In this respect, local leaders played a very important role in trying to satisfy both central demands and local necessities. See Oi, *State and Peasant*, Vivienne Shue, *The Reach of the State*.

Sketches of the Chinese Body Politics (Stanford: Stanford University Press, 1988). However, at that time there was little room for maneuver to deal with the central policies as compared to the present situation.

74 The following statements are based on the analysis of over one hundred cases of protest movements which took place in 1996, 1997, and 1998 in more than thirty towns. It is only a small sample of the impressive number of incidents reported by witnesses. I have chosen these cases because I was able to obtain further information (through Chinese and Western newspapers, internal documents, interviews). These incidents took place in Nanchong, Dujiangyan, Zigong, Yibin, Suning, Mianyang Chengdu in Sichuan, Achang, Jiamusi, Qiqihar, Mudanjiang, Yichun in Heilongjiang, Anshan, Fushun, Shenyang in Liaoning, Zhengzhou, Xudang, Kaifeng in Henan, Changsha and Shaoyang in Hunan, Baoji and Xi’an in Shaanxi, Taiyuan and Datong in Shanxi, Hefei in Anhui, Lianyungang in Jiangsu, Wuhan in Hubei, Zunyi in Guizhou, Shizuishan in Ningxia, Anyuan in Jiangxi, Jinan in Shandong, Maotai in Guangdong, Baotou in Inner Mongolia and Shijiazhuang in Hebei. The frequency and degree of violence of these incidents vary greatly from place to place. In certain cities like Wuhan, Shenyang or Fushun, such incidents are very frequent. In other places like Mianyang or Zigong protest movements have been sporadic but very violent.


76 This involved Tan Li in Guangzhou and Tu Guangwen in Jiangxi, China Labour Bulletin 43 (July–August 1998), 10–13.

77 According to Zhengming, several secret organizations of workers were established in different places, Zhengming, no. 230, December 1996, 11–13. See also Zhengming, no. 241, November 1997, 36. The Hong Kong press noted certain cases of terrorism see Ping kuo jih pao cited in SWB-FE, 2873/G/5, 21 March 1997.

78 Rocca, “Old Working Class.”

79 Fieldwork in Liaoning, October–November 1998; Rocca, “Old Working Class.”

80 Of course repression is far from absent in the stategies of control of social unrest. For example, Zhengzhou authorities set up an antiriot corps made up of young soldiers, see Henan ribao cited in SWB-FE, 296/G/5, 2 July 1997. According to internal information similar corps have been set up in Sichuan and Liaoning. Nevertheless the objective of these organs does not seem to be about “militarizing” society, rather it is to isolate the protesters in order to prevent unrest from spreading.

81 Habermas, The Structural Transformation of the Public Sphere, 150.


83 Migdal, Strong Societies and Weak Societies, 4–5.

Ibid., 25. In fact the analysis in terms of strong and weak state can be considered as a first and very fruitful attempt to take into account the failure of the “imperialist” vision of the state as an independent and “above-the-society” structure. On this point the analysis of Joel Migdal is of primary importance.


Each session is used by deputees to express the different interests they are in charge of and sometimes to protest against certain decisions. The legislative power of deputees is minimal but they are not without influence where the most important political decisions are concerned.

