

TWO PARADIGMS FOR MANAGING CHINA

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INTRODUCTION

This chapter compares two radically different paradigms for managing China. From 1949 to 1976 Chairman Mao Zedong's management by revolutionary campaigns prevailed. This was followed in 1979 by Deng Xiaoping's pragmatic economic reforms. Deng's strategy has resulted in an emerging mixed economy with a growing private sector increasingly integrated into the global economy. The reforms have opened China to the world, allowed private property ownership, and instituted incentive systems throughout the economy. Unlike those of the Mao era, China's policymakers have chosen cautious experimentation in pursuing socialism with Chinese characteristics while insisting on four cardinal ideological principles.

The workings of the Chinese models in this century provide one more opportunity to examine some traditional questions. Is public management limited to "conceiving and implementing public policies that realize the potential of a given political and institutional setting"? (Moore, 1984, p. 3; cited in Lynn, 1992, p. 9). Or does it "focus not on the means whereby government acts but on the ends to which government power may be put"? (Fleischman, 1990, p. 737; cited in Lynn, 1992, p. 6). Decades of debate in the West have failed to resolve the separability of politics and administration.

A useful way to resolve this issue is to distinguish between micro-public management and macro-public management (PM). Whereas micro-PM is concerned with managing government agencies, macro-PM deals with nations and political systems. In an agency setting, managers, at least in the short run, can assume a relatively stable institutional structure and policies, so their efforts are devoted mainly to policy implementation and organizational operations. Given adequate political will and resources, the "three Es" (economy, efficiency, and effectiveness) of managerial and organizational performance could be objectively measured and evaluated. In the absence of major external turbulence, agency heads would tend to adopt standard operating procedures, and changes would be incremental.¹

Macro-public management,² on the other hand, is not entitled to the luxury of the assumptions stated above. Here, the definition and scope of "management" is stretched to include the formulation of goals and agenda-setting for the entire polity. The boundary between politics and administration becomes so hopelessly blurred that they lose their meanings as analytical categories. The "managers" are national leaders, who are more commonly called policymakers than managers. But they are managers in an expanded sense. National policies tend to be of a long-run nature, or at least for as long as their advocates hold power. Whether the policy implementing institutions are stable or not would depend on the currents of national history, perhaps even world history. Macro-management's successes and failures tend to be harder to measure, and their evaluation often entails a great deal of value judgment. In the place of standard operating procedures, grand strategies would be invoked to guide the direction of statecraft. Under many circumstances, such as swift shifts in domestic or international politics, those strategies may change abruptly as well. Moreover, whereas the damage of micro-

mismanagement would be limited to particular individual agencies or programs, the consequences of macro-mismanagement are huge. At stake is the future of an entire nation, sometimes with international repercussions.

This chapter deals with the macro-management of China. Already a regional power in Asia, China is emerging to take its place as a political and economic global superpower. By some recent estimates it is already the third largest economy in terms of gross domestic product valued in terms of the purchasing power of its own currency at home.³ In the words of economist Lawrence H. Summer, the Clinton Administration's Undersecretary of the Treasury for International Affairs; "It may well be that when the history of the late 20th century is written, 100 years from now, the most significant event will be the revolutionary changes in China. For more than a century, the United States has been the world's largest economy. The only nation with a chance of surpassing it, in the next generation, in absolute scale is China" (Hsu, 1995, p. 976),

The events during the last 50 years in China can be best understood in the context of modern Chinese history. Modern Chinese history amounts to a series of successive attempts to implement Western economic and political theories, whether capitalist or socialist. Since the mid-1800s virtually all the major Western colonial powers knocked on China's door and succeeded in taking advantage of the weak Qing Dynasty. After the Qing Dynasty was overthrown by Sun Yatsen's republican revolution in the 1920s, the West continued to be a powerful economic force in China in the next three decades. During this period the Chinese fought against Japanese invasion and subsequently waged a civil war. The Chinese Communist Party, inspired by Marxism and nationalism, finally captured power and established the People's Republic of China in 1949 (Fairbank, 1987, 1992; Hsu, 1995).

In the context of 3,000 years of recorded history, the 50-year history of the People's Republic of China is both consequential and eventful. Whereas the Soviet Union, China's former ideological "Older Brother," has receded into history, China not only survived as a sovereign nation, but it has become an economic giant. Its vast potential market has attracted tens of billions of dollars of international investment and global business. Napoleon Bonaparte supposedly prophesied: "When China wakes, it will shake the world" (Kristof & WuDunn, 1994). But there is more to China than its sheer size and influence in international affairs. Fundamentally, China is intent on proving the success—or at least viability—of a philosophy that blends political authoritarianism with economic liberalism.⁴

Such a national management philosophy has not come without a struggle. While the adoption of this philosophy has to be understood in its proper historical context involving many events and people, it boils down to the duel between, two strategists; Mao Zedong, the romantic revolutionary, and Deng Xiaoping, the pragmatic nation builder.⁵ In an unlikely manner, the serious business of statecraft has been compared to a game between cats and mice. One school of thought, represented by Chairman Mao, argues that a black cat is preferred to a white cat, even if the black cat does not catch any mice, as long as it is a Marxist cat. Deng Xiaoping, China's paramount leader since the late 1970s, however, holds that a good cat is the one that catches mice, whether it is black or white.⁶

The "Cat Theory" might be regarded as bit of folk wisdom—indeed Deng Xiaoping attributed it to a farmer in the Anhui Province—if it did not describe accurately the radical shift in how China was to be managed. Behind the farmer's observation lies three

decades of bitter ideological struggles, in which lives were lost, careers ruined, and reputations tarnished. This chapter compares Mao's and Deng's competing paradigms for managing China, and describes the current policy of building socialism with Chinese characteristics through "bird cage economics" and "crossing the river by feeling for the rocks."

POLITICAL CAMPAIGNS AS MAO'S MANAGEMENT TOOLS

Chairman Mao believed in management by revolution. He saw nation building as a continued series of political campaigns to cement the People's Republic's founding principles. These principles combined Marxism and Leninism as interpreted by the Chairman himself, that is, Mao Zedong's Thought. Mao was concerned that, after three decades of political and military struggles against powerful foreign and domestic enemies, victory would lead to complacency. He continued the revolution by launching a succession of political campaigns against real or imagined enemies until he died in 1976.

Political Campaigns

Political campaigns are concerted nationwide efforts to achieve a specific political objective. Pursuant to Mao's strategy they tended to follow a general pattern. A theme or objective was decided by party leaders and the Central Committee of the CCP sent directives to party organizations throughout the nation. The directives were to be followed by party cadres in conducting the campaign. Typically, people were mobilized through large rallies and small group study sessions. Opponents to the prevailing policy were identified and struggled against. The accused were required to search their souls and make public confessions. A political verdict was rendered and the guilty were punished. Punishment ranged from humiliation, loss of position, imprisonment, to death. Later, if the political wind blew in the opposite direction, survivors of past campaigns might be rehabilitated, with some even rising to the top in the next wave of political campaigns (Lieberthal, 1995, pp. 66-77). The most famous example of political survival is none other than Deng Xiaoping himself, who was purged twice, only to bounce back again to lead the country.

The 27 years of Chairman Mao's reign as the supreme leader of China were punctuated by a half dozen major political campaigns:

- the Land Reform Movement (1950 to 1953);
- the Against Three Evils and Against Five Evils Movement (1951 to 1952);
- the Anti-Rightist Struggle (1957);
- the Great Leap Forward Movement (1958 to 1961); and,
- the Great Proletariat Cultural Revolution (1966 to 1976).

These are briefly analyzed below,⁷

The Land Reform Movement (1950-1953)

Soon after the establishment of the People's Republic, the Land Reform Movement was started to transfer rural land ownership from landlords to peasants. It enabled the Chinese Communist Party (CCP) to repay its debt to the Chinese peasantry, the party's power base throughout its struggle for power. A total of 700 million mu (a mu is equal to 6/10 of an acre) of land was transferred to 300 million poor peasants. The process was full of revolutionary vengeance, and there were many cases of physical abuse, killings, and illegal property seizures. At about the same time, private enterprises were nationalized, thus firmly implementing the socialist principle of collective ownership in China.

Campaigns Against Three Evils and Five Evils (1951-1952)

In the midst of the Land Reform Movement, in December 1951, the CCP initiated a campaign against the three evils of corruption, waste, and bureaucratic practices. Aimed at elements within the party and the newly established government organization, the "Against Three Evils" campaign reflected the populist sentiments of the CCP and Chairman Mao's own deep-seated suspicion of his own bureaucracy. In the name of streamlining administration and improving productivity, no stones were left unturned at all levels of party and government organizations in search of possible misdeeds.

During the "Against Three Evils" campaign, the Chairman found that party and government officials had been corrupted by the practices of bribery, tax evasion, theft of state property, cheating on government contracts, and stealing of economic information. These became the "Five Evils" to be eliminated in a concurrent campaign. Whereas the "Against Three Evils" campaign was internal house cleaning, the "Against Five Evils" movement amounted to social cleansing to get rid of the corrupt influences of merchants and others on party and public officials,

When both of these movements concluded in October 1952, according to official statistics, 196,000 party members and cadres were found guilty of corruption. Among them, 3.6 percent (or approximately 7,000) were sentenced to death and 20.7 percent received administrative penalties (Li & Lok, 1995, p. 362).

Anti-Rightist Struggle (1957)

In a display of open-mindedness, in early 1956 Chairman Mao decided that China should "let a hundred flowers bloom" in the arts and literature, and should "let a hundred schools of thoughts contend" in academic circles. Furthermore, he expressed the desire for a relationship of "long-term coexistence and mutual supervision" between the CCP and the other political parties that were allowed to exist in China. In response to this generous offer many of China's intellectuals and non-CCP leaders spoke up. Some of their criticisms were too threatening to the party and to the Chairman personally. This provoked him to fight back with the Anti-Rightist Struggle. In the course of the struggle, 450,000 individuals were labeled as "rightists." Eventually in 1980 all but 3 percent of them were rehabilitated (Li & Lok, 1995, p. 99).

After the "Against Three Evils and Five Evils" campaign China patterned itself after the Soviet Union and began its first Five-Year Plan under the leadership of Premier Zhou Enlai. Zhou deferred to Mao's political supremacy and contented himself with running the country of 600 million. Under his leadership the government stabilized the currency

and increased industrial and agricultural production. The methodical development of the country ran against Chairman Mao's revolutionary grain. He soon started another initiative called the Great Leap Forward Movement.

Great Leap Forward Movement (1958-1961)

Mao accused Zhou, and others who cautioned against rash advances, of dampening the revolutionary enthusiasm of the people for building a socialist country. In 1958, proclaiming the Great Leap Forward policy, Mao adopted the slogan "greater, faster, better, and more economical" to motivate the masses to achieve unrealistic production output targets. The slogan "one day equals 20 years"—China can in one day achieve what it takes the West 20 years to do—symbolizes the extravagant expectations of the period. Local officials unable to meet quotas resorted to falsifying records to exaggerate their units' achievements. This man-made fiasco has been documented in-depth (Yang, 1996). It was exacerbated by three years of natural disasters and the withdrawal of Soviet aid (as a consequence of the ideological split with the Soviet Union). Subsequently, demographic data revealed "roughly 30 million people, primarily the very young and the old, starved to death. Nearly another 30 million who would have been born in this period [1960-61] were either stillborn or not conceived" (Lieberthal, 1995, p. 108).

After the damage was done cooler heads prevailed and in 1961 the CCP adopted measures specifying economic adjustments to get the country on its feet again. Chairman Mao rested for five years, contemplating his next move. His next move came in the form of the Great Proletariat Cultural Revolution, which was to throw China into a prolonged upheaval.

The Great Proletariat Cultural Revolution (1966 to 1976)

Whereas the Great Leap Forward movement was undertaken mainly to achieve economic goals, the 10-year Cultural Revolution was aimed at cleaning the party and government of anyone suspected of deviating from Mao's interpretation of Marxism-Leninism. It implemented Mao's theory of "continuing revolution under the proletariat dictatorship," Red Guards, youthful supporters of Chairman Mao, under the leadership of Lin Biao (Mao's designated successor) and the Gang of Four (including Jian Qing, Mao's wife), symbolically and physically dragged senior party leaders and government officials down from their positions of authority. Among them was Den Xiaoping, who was purged, recalled to run the government after Zhou Enlai fell ill, and purged again.

Following Mao's death in 1976 the Gang of Four was arrested and an accounting was made of the "Ten Years of Calamity." A Beijing newspaper reported 729,511 people had been framed and purged, with 34,800 of them persecuted to death (Li & Lok, 1995, p. 471). A senior party leader asserted that the Cultural Revolution "destroyed" 100 million people or one-ninth of the entire Chinese population (Nianyi, 1989, p. 623; cited in Li & Lok, 1995, p. 471). Besides these human costs, the destruction of public and private property was equally staggering.

Revolution and Management

Twenty years after Chairman Mao's death the Chinese are still assessing his mixed legacy. He is credited with leading the Chinese Communist Party to power and unifying the nation (with the exception of Taiwan). The Chinese people have finally arisen from 100 years of foreign domination and internal strife. On the other hand, Mao's theory of continuing revolution kept the country on a roller coaster of political campaigns, tearing asunder China's social and economic fabric.

There is no doubt that Mao was the supreme manager of China in the sense that he ran the country. Indeed he ran it as though he were leading a revolution. His management style defied the conventional criteria of sound management in terms of efficiency and effectiveness. Kenneth Lieberthal observes:

Governance and revolutionary change are, however, mutually antagonistic. Government administration works best in an environment that permits development of long-term programs, staffed by competent individuals, who agree on the basic goals they wish to nurture.... Revolutionary change, by contrast, is by its very nature unsettling. Its adherents must maintain a level of frenetic intensity and passion that rarely is compatible with smooth administration. Revolutionaries tend to view complex administration as an obstacle to their goals, while civil servants often want to temper the enthusiasm and lack of technical expertise that accompany the policy thrusts of revolutionaries (Lieberthal, 1995, p, 60),

After the Cultural Revolution and the Chairman's death, Mao's infallibility was called into question, paving the way for the reemergence of Deng Xiaoping.

ECONOMIC REFORM UNDER DENG

Following his return to power in the late 1970s Deng Xiaoping began a sustained effort to implement an economic reform strategy dubbed the "White Cat or Black Theory," or "Cat Theory" in short. The theory as originally enunciated by an anonymous farmer stated: "We don't care if it is a black cat or a yellow cat; as long as it catches mice, it's a good cat" (*40 Years of Chinese Communist Rule*, p, 220; quoted by Li & Lok, 1995, pp. 12-13). Since color did not matter anyway under the theory, yellow was changed to white in future reiterations of this piece of folk wisdom. The farmer was soon forgotten and Deng Xiaoping is credited with the statement: "Black cat or white cat, as long as it catches mice, it's a good cat."

Elements of the Strategy

As early as 1979 Deng told a foreign visitor: "The minimum target of our Four Modernizations is to achieve a comparatively comfortable standard of living by the end of the century. By a comfortable standard we mean that per capita GNP will reach US\$800" (Deng, 1987, p. 55; quoted in Li & Lok, 1995, p. 423). The Four Modernizations refer to improvements in agriculture, industry, science and technology, and national defense. Deng's strategy to achieve these goals has evolved to include several key elements: opening China to foreign investment, restoration of private property rights, and the use of responsibility systems and incentive contracts.

Opening China⁹

For almost 30 years after the establishment of the PRC, China was essentially closed to the Western world. Tentative steps of opening China to the West were taken in the late 1970s in the form of the designation of Special Economic Zones (SEZ) in several coastal cities, and more cities were subsequently opened to foreign business and investment. Businesses in these zones produced products mainly for exports, mostly through joint ventures with foreign firms. Preferential tax and tariff treatments were offered to attract foreign investors. Their economic activities were determined by market forces of supply and demand.

The experiences of these economic incubators were in effect experiments with a market economy.¹⁰ These experiments enabled Chinese policymakers and managers to learn valuable lessons in operating a market economy in a global market. Successes might be replicated elsewhere. On the other hand, the small number and the geographical limitations of these experimental sites could also protect China against the adverse consequences of failures or policy reversals.

Private Property Rights

For foreign investors it was not enough for China's doors to be open; they required respect for, and protection of, private property rights, China was therefore forced to reconsider one of the cardinal principles of Marxism: public ownership of the means of production. In order to regulate and contract with foreign investors, China enacted laws to recognize and protect private property. Furthermore, China began to allow farmers to have small private plots and individuals to start their own small businesses. This incipient "individual economy," buttressed by private property rights, became an important cornerstone of China's market economy.

Responsibility Systems and Incentive Contracts

The ideological exhortation of the Maoist era was gradually replaced by a responsibility system in industries and by incentive contracts in agriculture. Specifically, in 1986 the CCP Central Committee and the State Council required all state-owned industrial enterprises to install the "factory director [manager] responsibility system." Under this system factory managers are held responsible for their factories' production and operations. However, the presence of party secretaries in all organizations is evidence of the CCP's ultimate oversight authority.

The factory director responsibility system is a modest variation of the more innovative contract system experimented with in agriculture. In rural areas a variety of incentive schemes were tried. Under one system, after fulfilling fixed quotas, farmers were given the three freedoms of private plot, access to free markets for their products, and the freedom to keep profits or suffer losses. Responsibility to fulfill production quotas was variously assigned to individual households, work teams, and work brigades. A system of points was developed to serve as a basis for distributing agricultural outputs

in excess of quotas turned over the state. In the most advanced form, the quota system was replaced by an incentive system that relates compensation to output levels.

Foreign investments, the incentive system, and property rights were the major pillars of Deng Xiaoping's economic strategy for achieving the Four Modernizations. It appears that this strategy has paid off in terms of Chinese economic recovery and growth since economic reform began in 1978 (Overholt, 1993). On the basis of purchasing power, the World Bank recently estimated China's Gross Domestic Product (GDP) at \$2.35 trillion, the third largest in the world after the United States (\$5.61 trillion) and Japan (\$2.37 trillion). Needless to say, the huge population of 1.2 billion results in a much smaller per capita income of \$2,040 in terms of purchasing power parity (Hsu, 1995, pp. 977-978).

Four Cardinal Principles

In carrying out our modernization program we must proceed from Chinese realities. Both in revolution and in construction we should also learn from foreign countries and draw on their experience, but mechanical copying and application of foreign experience and models will get us nowhere. We have had many lessons in this respect. We must integrate the universal truths of Marxism with the concrete realities of China, blaze a path of our own and build a socialism with Chinese characteristics—that is the basic conclusion we have reached after reviewing our long historical experience, (Deng, 1987, p. 3; quoted by Li & Lok, 1995, p. 587),

In the above passage, Deng Xiaoping enunciated socialism with Chinese characteristics. These characteristics have not been explicitly identified, but any list would include the Four Cardinal Principles. They are:

1. upholding the socialist road;
2. upholding the dictatorship of the proletariat (later changed to upholding “the people’s democratic dictatorship”);
3. upholding the leadership of the Communist Party; and,
4. upholding Marxism-Leninism and Mao Zedong Thought. (Li & Lok, 1995, p. 438),”

In pursuing this course the Chinese leaders are aiming at the integration of an authoritarian style of governance with a market economy. Such a task is regarded as impossible by conventional wisdom in the West.

IMPLEMENTING DENG'S REFORMS

Deng Xiaoping's program for China's development rests on two major pillars:

1. the economic pillar of Four Modernizations; and,
2. the political pillar of Four Cardinal Principles.

Deng's gift for invoking metaphors is matched by Chen Yun, who for several decades was China's leading economic planner and policymaker. Chen characterized China's

socialist market economy as “bird cage economics,” and the cautious incremental approach to reform as “crossing the river by feeling for the rocks.”

Bird Cage Economics

Chen Yun described the theory of “bird cage economics” in the following vivid terms in 1980:

The enlivening of the economy is permitted under the guidance of (state) planning, and must not overstep the guidance of planning. This is like the relationship between a bird and its cage, The bird must not be held tightly in the hand or it will die, It should fly, but only within the cage; without the cage, it will just fly away,..., Naturally the size of the cage has to be appropriate...[and] must be adjusted frequently (Chen, 1986, p. 287; quoted in Li & Lok, 1995, p. 290),

Chen’s statement describes the philosophy underlying China’s socialist market economy; it also embodies the hope and fear of Chinese leaders. They hope the state planning framework is flexible enough to give the Chinese economy space to grow. Otherwise, the economy, like a tightly caged bird, will lose its vitality. Chen was reacting to the acute dilemma captured by the popular lament that “Tightening control leads to stagnation; loosening control will be followed by chaos.”¹² Avoiding these extremes poses a great challenge to Chinese policymakers.

Crossing the River by Feeling for the Rocks

As in the case of the Soviet Union under Gorbachev and Russia under Yeltsin, Chinese leaders are divided on the issue of the pace of reform. Radical reformers argue one cannot cross an abyss in two steps, Prudent reformers reject the abyss metaphor in favor of a river, Even then they are cautious. Again, in the words of Chen Yun:

We want reform, but we must take steady steps, Our reform issue is complex, therefore we must not make impatient demands, It is true that to reform we must rely on theoretic studies, economic statistics, and economic forecasts. But it is more vital that we begin reform by conducting experiments, and by summing up our experiences at all times. That is to say, we cross the river by feeling for the rocks. First we take small steps and move slowly. This does not mean that we don’t want reform; it is just that we want the reform programs to benefit adjustment and eventually lead to the victory of reform (Chen, 1986, p. 251; quoted in Li & Lok, 1995, p. 281),

By and large, economic reform under Deng Xiaoping has operated under Chen Yun’s twin principles of “bird cage economics” and “crossing the river by feeling for the rocks.” The creative tension resulting from Chen’s caution and Deng’s “reform impulse” (Lieberthal, 1995, p, 124) has kept China on a relatively steady economic course.

CONCLUSION

Two distinctive paradigms successively guided the daunting task of managing China. Chairman Mao's revolutionary management paradigm used relentless, repeated political campaigns of ideological purification. Politics took command, and economic disruptions were of secondary importance. He ran the country as though he were waging a revolution, which he had done brilliantly for several decades, Deng Xiaoping, while no less a committed Marxist himself, waged a management revolution to save China from the disastrous economic consequences he inherited from Mao. His strategy of socialism with Chinese characteristics bears striking resemblance with state capitalism. Even though he had advanced the "color-blind" doctrine of "Black Cat or White Cat," economics has not always taken command. Managing China toward the next millennium will be, as it has always been, a delicate task of balancing the economics of Four Modernizations and the politics of Four Cardinal Principles. Nothing has occurred since the death of Deng to suggest that China will depart radically from its previous course of slow accommodation of change and strong efforts to build its infrastructure and base of capital. Perhaps most significant is China's efforts to adapt new information and other technologies to begin to compete more effectively with the West and other economic rivals in Asia. The acquisition of Hong Kong will likely enhance this effort. And inevitably, politics and management are as inseparable in the East as they are in the West.

NOTES

1. For a multifaceted account of public management—as "art, science, and profession"—read Lynn's 1996 book with that title. "The intellectual domain of public management" (Lynn, 1996, p. 2) "logically encompasses all officials and agencies sharing executive authority and their collective impact on public policy." Within this all-encompassing intellectual domain the executive function is the main professional territory of public managers. This chapter treats public management in the generic sense of running the affairs of the state.

2. The author has not yet found in the public management/administration literature an explicit reference to "macro-public management." The "macro" scope seems to place it more in political science. It is perhaps controversial to speak of managing a nation. But even in countries where governments do not "run" the economy, and to an even less extent the society, politicians are often blamed for economic and social problems, and occasionally credited for what goes well. I believe it is appropriate to talk about "managing" China, because the ruling Communist Party and the government apparatus are responsible for not only policy making but policy implementation as well. By focusing on two major personalities—Mao and Deng, I am implicitly parting company with French historian Fernand Braudel's assertion that "men do not make history, rather it is history above all that makes men and thereby absolves them from blame" (quoted by Yang, 1996, p. ix).

3. Under this new method China's GDP in the early 1990s was stated at US\$2.35 trillion by the World Bank and US\$1.66 trillion by the International Monetary Fund, compared with US\$5.61 trillion for the United States and US\$2.37 trillion for Japan. The old system uses international exchange rates to convert China's yuan-based GDP (yuan being

Chinese currency). On that basis, China's GDP was only US\$.43 trillion and per capita income of SS370. The new method estimated Chinese per capita income at US\$1,450 (IMF estimate) and US\$2,040 (World Bank estimate) (Greenhouse, 1993).

4. This combination of authoritarianism and market economy (the "Singapore Model") is unsettling to many Western observers, To them the Chinese have raised contradictions to a new art form by inventing terms such as "socialist market economy." The problem may lie with the beholder who assumes China must follow the European paradigm, according to sinologist John K. Fairbank, Fairbank (1992) concluded his *China: A New History* with this passage:

We may justifiably see the Chinese movement toward civil society as a historic trend without jumping to the conclusion that it must lead in China to the Western type of democracy with free elections, representative government, and human rights guaranteed by law. On the contrary, a Chinese type of democracy might have, for example, elections within status groups, representation by consensus and within a peer group, with the individual's rights specified more narrowly than in the West. China's attempts to imitate the democratic procedure used in other countries have gotten very mixed results. And until Western democratic regimes have a more effective way of curbing corruption and maintaining public morale, these examples of democratic government may fail to win public approval in China, We outsiders can offer China advice about the overriding need for human rights, but until we can set an example by properly curbing our own media violence and the drug and gun industries, we can hardly urge China to be more like us. Instead we must scrutinize the adequacy of our basic assumptions about the Chinese scene (p. 432).

5. Premier Zhou Enlai as head of the government faithfully executed party and national policies as enunciated by Chairman Mao and at times tried valiantly to reduce their excesses. However, he was so closely identified with the chairman that it seems justifiable to speak of recent Chinese history in terms of the Mao era and Deng era. The following books are particularly useful in providing a historical context of the specific events and figures described in this chapter (Fairbank, 1987, 1992; Hsu, 1995; Spence, 1990; Dernberger et al., 1991; MacFarquhar, 1993), The 1988 Library of Congress 1988 country study on China is also a valuable source of information.

6. This debate in China has been popularly called an argument of the "Black Cat or White Cat Theory," Because of this statement, Deng Xiaoping is often called a pragmatist. One should not, however, jump to the conclusion that he is an unprincipled compromiser. As will be clear later in this chapter, Deng insists on four cardinal political principles in pursuing economic goals.

7. What follows is not intended to be a comprehensive historical account of the Mao era, which is available in the general surveys identified in note 5 above.

8. Chinese economists associated with these reforms have tried to articulate the theoretical basis of a socialist market economy. Prominent among them are Ma (1983)

and Xue (1986). Liu and Wu (1986) cover the PRC economy from 1949 to 1984. A sampling of books on Deng's reform include: Burns and Rosen (1986), Cheng (1989), Chow (1994), Dorn and Xi (1990), Fewsmith (1994), Hsu (1991), Overholt (1993), Perry and Wong (1985), Shirk (1993), U.S. Library of Congress (1991), White (1993), and Yabuki (1995). This chapter draws from these references.

9. The Chinese term for "open" is *kaifan*. *Kai* means to open; *fan* to release, Thus the *kaifan* policy has led to both the inflows and outflows of not only goods but also significantly ideas and people,

10. The idea of thinking about the SEZs as incubators was inspired by reading Vogel's (1989) account of the reform experiences of Guangdong Province, which he characterized as "one step ahead in China."

11. The Chinese term for what is translated as dictatorship is *zhuanzhen* (pronounced as *juan-jen*), *Zhuan* means to specialize; *zhen* means politics, *Zhuanzhen* seems to come close to monopolizing political power, but not quite. The CCP believes it represents the people because it would not have come to power without popular support; therefore the party's dominant political power constitutes the "people's democratic *zhuanzhen*." The party would further deny it is a dictatorship because there exists an elected people congress at every level of government. Nor would it consent to be called a totalitarian regime: a group of almost 10 non-Communist "democratic parties and factions" participate in the Political Consultative Conference, Even though there have been wide swings in policy, the basic political system has not changed, as can be seen from a comparison of the descriptions in the literature (Schurmann, 1968; Lieberthal, 1995).

12. The actual statement literally says "tightening control leads to death."

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