Beyond the Right-Left Divide: Searching for Reform from the History of Practice

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Abstract

Does a history-of-practice-based research approach lack prospective vision—as the commentators suggest? Seen in terms of practice, local governments working under a decentralized system allowing for initiative and competition, and a centralized cadre evaluation-appointment system that prizes gross domestic product growth above all else, have been the driving force for economic development. Their secret in attracting investments has been cheap peasant labor, used without regard to labor laws and benefits or environmental protection. That is the system that lies at the root both of stunning economic development and mounting social-environmental crisis. Such an analysis calls for better provision of public services and social welfare to address the issue of social equity and also to expand the domestic market. But the central leadership's stated goal of changing the state system from an extractive-controlling one to a service-oriented one can only be so much empty talk unless the cadre evaluation system itself is revamped.

Keywords

economic development, social crisis, environmental protection, cadre system, public services

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Our three rounds of discussions in these Dialogues issues have to some degree reflected a Right-Left divide but have also deliberately tried to transcend it. The divide in the Chinese context may be characterized as follows: while one side spotlights the social crisis stemming from the 30 years of reforms, the other emphasizes its economic development, even "miracle." It is a divide that comes, of course, in part from the historical background of a Mao Zedong period that had espoused Marxism-Mao Zedong Thought versus a Reform period that has embraced neoliberalism-modernizationism (or developmentalism). More important, however, is our attempt to go beyond such a divide, to search out the common ground between them, and to separate out actual historical experience from ideological constructions. Most of the articles included in our discussions have leaned toward one particular research approach, what may be termed a (history-of-) practice-based perspective as opposed to ideological arguments. The comments, on the other hand, while affirming at least in part such an approach, have also implicitly or explicitly raised the objection that it can become a purely retrospective point of view and lack prospective vision, that it can lapse into mere descriptions and explanations of what is, even become apologies for such, without consideration of what ought to be. This article will focus on that issue, hence the title "Searching for Reform from the History of Practice."

To begin with, I argue that if we look at the past 30 years of Reform from a history-of-practice perspective,[1] a crucial point that emerges is that the Right's economic miracle and the Left's social crisis have both come from one and the same source—namely, the distinctive state system (*guojia tizhi*) of the Reform period. I have published a brief essay in Chinese on this point: "The Reform Chinese State System: The Same Source for Both the Economic Miracle and the Social Crisis" (Huang Zongzhi, 2009b). Here I will begin with a restatement of that argument as a way to enter into discussion of the retrospective-prospective problem.

The Reform State System as Agency and Motive Force for the Economic Miracle

If we set aside ideological concerns and focus on practice, it becomes obvious that the state system has played a crucial role in the economic development of the Reform period. By standard theories of capitalism, capitalist market economies are driven mainly by the creative energies of private entrepreneurs. Under China's planned economy, such energies were completely suffocated. For would-be entrepreneurs, one might say, the "cost" of enterprising initiative was simply insurmountable. The totalistic rule of a party-state did have the ability to mobilize massive resources for big strategic endeavors on short order,

achieving scales and speeds not possible for private capitalist enterprise, but it could not generate the sustained entrepreneurial dynamic of capitalism. Under totalistic rule, in effect only the state itself could initiate enterprises. Given the realities of that kind of a system, to release energies for capitalist development required the dismantling of the old system and turning completely toward a market economy. That was the logic behind the "shock therapy" adopted by the former Soviet Union and Eastern Europe. But history has shown that capitalist market economy requires a host of other accompanying institutions that could not be created in one big lunge, and the shock approach ended only in massive depression. China did not adopt that approach, employing instead the methods of simultaneous reliance on the "twin tracks" (*shuanggui*) of plan and market and "crossing the river by groping for stepping stones" (*mozhe shitou guohe*) to marketize step by step. In the end, what emerged was a state system of divided powers between the center and the localities (concretely represented in the 1980s by the "eating from separate stoves" [of tax revenues] [*fenzao chifan*] and "fiscal contracting" [*caizheng baogan*] systems, and the 1994 "tax-sharing system" [*fenshuizhi*] that recentralized to some degree on the basis of the existing decentralization). Local governments became the key agents that, with market stimuli, drove economic development. Precisely because of the reliance on the old system, it was possible to draw first on the preexisting foundations of the brigades and communes to develop the vigorous township and village enterprises (rural industrialization) of the 1980s. Unlike the upper levels, the brigades and communes as collective entities possessed not only managerial but also ownership powers and therefore enjoyed greater flexibility in responding to calls from the center for entrepreneurial initiatives. Then, when the dimensions of investments grew, the main agents for economic development moved up the administrative ladder to the levels of the county, municipality, and province, which became the main entities for "attracting businesses and capital" (*zhaoshang yinzi*). Combined with special economic zones and other measures, they succeeded in drawing in massive amounts of domestic and foreign capital thereby driving further rapid economic development.

In retrospect, we can safely say that economic development in the Reform period came neither simply from "the state" nor simply from market economy enterprises, but from the combination of the two, to make up what I call here "the Reform period [state] system." Given the reality of the continued presence of the old party-state system, only the government itself could quickly overcome institutional obstacles and establish new enterprises at low cost and high efficiency; those from outside the system continued to face layer upon layer of bureaucratic obstruction. At the same time, it is precisely the Reform state system that has turned the overbearing powers of the state from a weakness

into a strength: the authoritarian powers of the old state system is what enabled rapid deployment of resources under the control of the old system, including "human capital" (*renli ziben*, especially able collective and state cadres), land (hence large-scale "land requisitioning," *zhengdi*), capital, labor, and raw materials. Moreover, precisely because the state enjoys authoritarian powers, it is able to operate outside existing labor laws and regulations to employ massive amounts of cheap labor that works without benefits—namely, the 250 million peasant migrant workers (*nongmingong*) and disemployed state workers (*xiagang gongren*) of the "informal economy," studied in some detail in my article for Dialogues II (Huang, 2009). The forceful suppression of labor costs (sometimes even skimping on basic safety measures) and the use of workers who put in on average 1.5 to 2 times the normal eight-hour work day, who carry no benefits costs, and who are not allowed to organize unions, have been carried out under this Reform state system. Thus has China competed successfully for global capital, mainly by providing very cheap labor, something that neoclassical economists have dubbed "China's comparative advantage" (Lin, Cai, and Zhou, [1996] 2003). It has managed to attract more foreign investment than any other developing country.

Contrary to explanations proffered by market fundamentalists of the Right, the economic development of the past 30 years of Reform has not come just from capitalist market dynamics. It is decentralization of the old system, combined with marketization, that has brought forth aggressive pursuit of development among competing local governments and has led to the cadre-rewards system based on the so-called administrative achievement (*zhengji*), understood mainly as quantifiable gross domestic product (GDP) growth. What distinguishes the Chinese economy from most capitalist economies is the special role played by local governments in its development. If we must use language such as "socialist market economy" or "capitalism" "with Chinese characteristics" to describe China's Reform economy, then the role of the local governments must surely occupy the very center of such characterizations.

In the face of these experiential realities, some Western economists have employed the American category of "federalism" to highlight the crucial role played by local governments in Chinese reforms. They begin by differentiating between federalism as used in the U.S. context and as they apply it to China: that it does not come with American-style concerns for rights, the constitution, and democracy; that it is not based on a fully developed common market; and that it is therefore "Chinese federalism." Only after these qualifications are they able to explain the substance of what they mean by Chinese federalism: namely, that it comes with decentralization and local competition within a centrally unified state system. It is a rather circuitous and painstaking

way to explain the Chinese Reform system and tells coincidentally about the supremacy of Western models in general economics discourse (Montinola, Qian, and Weingast, 1995; Qian and Weingast, 1997). From the point of view of Chinese readers who are accustomed to separating TV channels by center, provinces, and municipalities, however, American federalism can only lead to obfuscation of Chinese political-economic realities and serious misunderstandings of the U.S. system (e.g., TV channels based on the federal government and states such as California or cities such as New York and Washington, D.C., would be simply unthinkable, as would appointments of state governors by a centralized party's organization department). Here we might pause to imagine what it would be like if medieval European feudalism had to be explained in terms of Chinese *fengjian*, and what such a state of affairs would say about the discursive environment and the implications therein. In fact, we can more directly and persuasively talk about the decentralization of the state system by linking it to the tendencies evident in the Great Leap Forward and the Cultural Revolution (Shirk, 1993). Of course, the Reform period has added marketization to that tendency. Be that as it may, the crucial role played by local governments forms today a kind of consensus understanding among Western economists about China's Reform (in addition to Montinola et al., 1995, and Qian and Weingast, 1997, see, e.g., David Li, 1998).

The Reform State System as the Source for the Social (and Environmental) Crisis

It should be readily apparent that the source of the economic miracle is also the source of the social (and environmental) crisis—that the two make up two sides of the same phenomenon. The "attract businesses and capital" and "land requisitioning" measures used by the Reform for economic development could only result in "official-merchant collusion" (*guanshang goujie*) and the formation of an officials + entrepreneurs "interest group" (*liyi jituan*). At the same time, exploiting the "comparative advantage" of "informal" cheap labor could only result in sharp social inequities and tensions. Added to preexisting rural-urban differences, these problems constitute the main content of the "social crisis" today. According to the Gini coefficient measurements of the World Bank, China has changed in the 30 years of Reform from one of the most equal societies on earth to one of the most unequal (China Development Research Foundation, 2005: 13).

Contrary to the critiques of the Left, the present social crisis does not come simply from marketization or capitalism. The social inequities and injustices today come not simply from the exploitation of labor by capital, or the

exploitation of Chinese cheap labor by foreign capital, as the more nationalistic Left would have it. They come rather with the strong engagement of the Chinese state—a state very different from that of the era of imperialism in the past. The disregard for labor laws and regulations and the prohibition of labor organizing are choices made by the state, not unilaterally imposed by CAPITAL. Those actions, of course, also cannot be equated with a "comprador" system such as what happened under imperialist aggression in China's past. The Chinese state today is one that enjoys a very high degree of sovereignty and pursues its own goal of economic development. It has indeed achieved stunning GDP growth under the Reform system and greatly raised the standard of living of many, even while it has instituted inequitable treatment of the peasant (migrant) workers and greatly widened the gap between city and countryside.

Environmental degradation is likewise not a simple result of the intrusion of Western capitalism, not a simple matter of allowing it to transfer environmental damage from the developed countries to China. To be sure, this is one aspect of the problem; China has indeed become the "factory of the world," accepting the costs of massive energy consumption and environmental pollution. But, at the same time, we cannot overlook the role played by the Chinese state itself. We need to acknowledge both the problems wrought by globalization and the Chinese state's responsibility in its own deliberate choices. It is decentralization and marketization to trigger the aggressive pursuit of development by local governments, and the institution of a GDP-centered cadre evaluation system, that have caused local officials to make "attracting businesses and capital" their paramount concern above all others. Thus have those local governments allocated scarce resources first to infrastructural construction (of roads, railways, energy supply, etc.) to attract outside investment, to the relative neglect of environmental protection.[2] The result is that the state environmental agencies have become more entities of empty talk than of substantive action, thereby greatly aggravating environmental degradation (Zhang Yulin, 2009; Economy, 2004).

In other words, the Reform local state system has done great environmental damage as well as driven forward the economic "miracle." The two are different sides of the same coin. The primacy given to GDP growth and the relative neglect of environmental protection are important parts of the policy to "attract businesses and capital." They are a critical structural component for ensuring higher returns to incoming capital, indeed the very "secret" to attracting outside capital. The logic involved here is the same as that for cheap labor.

Outside capital and local governments have quite naturally shared a commonality of interest in maintaining this system. As many investigative reports about popular protests have shown, environmental "movements" in different locales have almost always met first with suppression and attack from the side

of the local administration and capital. They are generally not able to obtain satisfaction from either the government's environmental agencies or the courts, because those are under the control of local governments in budget and personnel. Only when they manage to reach a certain level of power by organizing and mobilizing, information networking, media exposés, and the like do they have any chance of breaching that first-layer response by the officials + capital side to "keep the lid on" (*wu gaizi*) and reaching the second-layer response of "smoothing over" problems (*baiping*). Then and only then do they have any chance of obtaining partial satisfaction.[3]

The Left and the Right's portrayals of the issues as an either-or matter of capital versus labor, the West versus China, capitalism versus socialism, marketism versus planned economy, therefore, are all one-sided. The Reform system is neither simply capitalist nor simply the old planned economy, but rather the product from the combination of the two. It has at its core the developmentalist local governments as agents and as motive force. Those marketized and enterprise-ized local governments make up a kind of local-state + enterprise, foreign capital + Chinese government amalgamation that cannot be comprehended in dichotomized ideological terms.

Some Characteristics of the Reform State System in Actual Operation

This Reform state has in practice become a distinctive system with special characteristics. We have looked at the role played by decentralized local governments, but we must not overlook the other side of the picture, namely, the role played by a centralized authoritarian government.

Jiang Shigong's article on Chinese constitutionalism is relevant here. As he points out, we must not limit our understanding of Chinese constitutionalism to just its written texts. In the history of constitutionalism of the West, there are, in fact, two different traditions, one the written constitution tradition exemplified by the United States, the other the "unwritten constitution" tradition exemplified by Britain. In China, the written constitution tradition has been largely dominated by the hegemonic discourse of the West. If studied in the manner of most past scholarship—equating the Chinese written constitution with the American model or emphasizing how the Chinese text falls short of the American model—one would not be able to arrive at any understanding of the actual nature of the Chinese state system. That system, Jiang argues, cannot be understood apart from the historical background of the Revolution led by the Chinese Communist Party and the "unwritten constitution" embodied in that legacy. While the different levels of the people's congresses (of the written constitution) make up

a decentralized system, as opposed to the vertical chain of command in the government bureaucracy, the Chinese Communist Party differs from both. It is, first of all, a highly centralized entity, most apparent in its cadre appointment (*ganbu renming*) and party discipline (*jilü jiancha*) systems. At the same time, however, it comes with a decentralized tradition as well, originating in the "initiatives from two sources" (*liangge jijixing*) idea of Mao's "Ten Great Relationships," which calls for centralized authority and yet also decentralized initiative. Mao's criticism of the Soviet system was that it was excessively centralized and bureaucratic. In his view, it is the "mass line"' of the Chinese revolutionary tradition that truly embodies the spirit of the "democratic centralism" principle of the party's charter: it asks for active local initiative and extensive "consultation" (*shangliang banshi*) with the localities by the center. Deng Xiaoping's use of "granting powers to lower levels and allowing them to keep a larger profit" (*fangquan rangli*) to drive the Reform originates from that tradition. Jiang's analysis, it seems to me, is a good way to comprehend central-local relations in constitutional terms and explains why a category such as "American federalism" is not adequate for comprehending China's Reform system.

Pierre Landry's new book has employed a paradoxical concept—"decentralized authoritarianism"—to describe the Reform Chinese state system. From a fiscal angle, he points out, China appears to be the most decentralized of countries—in 2002, local government expenditures accounted for 70% of all state expenditures (Landry, 2008: 3–5). This is a counterintuitive fact, since most authoritarian states are more centralized than democratic states: in the former, local governments accounted between 1972 and 2000 for just one sixth of total state expenditures, while in the latter, they accounted for one quarter. But in Reform China, that proportion was strikingly higher than both of those, amounting between 1958 and 2000 to more than one half (55%) (Landry, 2008: 6). By conventional theoretical expectations, such a degree of decentralization should severely diminish the central government's powers and capacities and could possibly lead to its fragmentation or collapse. Yet China has been very different, able to maintain a high degree of unity even through massive reforms of the state system, like the widespread replacement of cadres to attain higher levels of education and technical qualifications or changing prefectures into municipalities (*di gai shi*) and placing cities in charge of counties (*shi guan xian*).

In Landry's view, the key here is the cadre appointment system. The party has effectively controlled through its Organization Department the selection and advancement of cadres. And it is precisely that cadre appointment system that undergirds the highly effective political-economic system as a whole. For this reason, Landry employs a term made up of two paradoxical adjectives, decentralized and authoritarian, to characterize China's Reform state system

(see especially Landry, 2008: chapters 2 and 4). The two together make for both a decentralized and a highly centralized-authoritarian system in subtle combination; government and party are joined in ways that cannot be comprehended one without the other. This seems to me an apt characterization that is consistent with Jiang's analysis of operative center-local relationships as seen through a written cum unwritten constitutional structure.

Another characteristic of the Reform Chinese state, it seems to me, is the disjunction between its representations and its practices.[4] On the one hand, for the sake of promoting rapid economic development, that state has not stopped short of setting aside labor laws and regulations to use the cheap labor of migrant workers to attract global investment; on the other hand, it also espouses ideals of social equity, societal harmony, and even socialism. On the one hand, it has not stopped short of neglecting environmental damage to draw in outside capital to drive economic development; on the other hand, it has also set up many environmental protection agencies and promulgated a host of environmental laws and regulations. It has espoused developmentalism and established a cadre review system centered on GDP growth, but has at the same time called for social equity and environmental protection.

Such disjunction in words and deeds seems to me one important source for the pervasive phenomenon in the Chinese state system of "those above have policies, but those below have countermeasures" (*shang you zhengce, xia you duice*). The contradictory words and behavior of the center have led local governments to behave in similar ways. When it comes to "soft" targets, local officials act more or less in cahoots to go through the pretense of meeting central requirements. At the same time, they concentrate on the pursuit of developmentalist GDP growth, which they know to be the really "hard logic" (*ying daoli*) of the system. It is under such a logic that county, township, and village organs of power might collude to redirect resources earmarked for a soft purpose, such as reforestation (*tuigeng huanlin*); to meet a more important "hard" target, such as infrastructural construction to attract capital and expand GDP.

Xueguang Zhou in his article for this volume uses organization theory to explain widespread "collusion" among different local levels, pointing out that its roots lie in the systemic organizational environment, given the distance separating central policies from local realities and the shared interests among different levels of local governments to cope with central demands (cf. Zhou Xueguang, 2008). His analysis is quite persuasive and comes with the added advantage of a dialogue with existing organization theory, without being limited by such theory and managing at the same time to make Chinese realities understandable to scholars of organization. But we can also comprehend the collusion phenomenon in terms of the disjunction between the representations and the

practices of the central government. Local officials all know economic development to be the "hard logic," *the* crucial standard by which the party evaluates local officials, while environmental protection, health, harmony, and such are relatively soft logics. For that reason, different levels of local governments "collude" in going through the appearance of meeting the soft requirements of the center. Given the reality of scarce resources, they will weigh different goals and make the "rational choice" of giving priority to the hard targets. Seen this way, the center and the local governments also act in a kind of "collusion."

Wang Hansheng and Wang Yige's recent article (2009) looks at these matters in terms of the "logic of practice"[5] of a particular institutional environment. Under the "targeted responsibility management system" (*mubiao zeren guanlizhi*) established and employed by the Reform state, different administrative and specialized local government agencies sign "responsibility pledges" (*zerenshu*) with the next level above; that is the way by which centrally set targets are meant to be implemented downward through the administrative hierarchy. The set targets include social equity, public services, environmental protections, and so on, but the management system used in practice relies mainly on quantitative measurement, such that the truly hard demands are tasks that are readily quantifiable, most especially "attracting businesses and capital" and GDP growth. Thus does the system's "logic of practice" come to make economic development "the most important of important" (*zhong zhong zhi zhong*) targets. This too seems to me an apt description and analysis of how things actually work.

Another side of this logic is that, for the sake of the hard logic of development, "disturbances" (*shengshi*) must be avoided, and everything possible done to "smooth over" conflicts, leading thereby to local officials' suppression or concealment of popular protests, making concessions only when forced to do so. I have mentioned above the example of environmental incidents. Protests against the collapse of many substandard school buildings in the recent Wenchuan earthquake in Sichuan are another example.

In addition, the Reform state system has also led to profit-seeking behavior by the different departments of the state system. Such tendencies, and the conflicts therefrom among different official agencies, are another aspect of the combining of the old system with the new market economy. To take an example from my own research into divorce law practices, the civil affairs office of County R in the south has in the past twenty years refused to continue to register mutual-consent divorces. The reason is that the agency receives only a small fee (currently only eight yuan) for such registrations but risks becoming involved in what can sometimes become complex and heated conflicts between the husband and the wife during that final step of a divorce. It was in order to avoid such unwanted expenditure of time and effort (*mafan*) that the bureau

decided to refuse to continue to register such divorces, redirecting those to the local court. The result was added burdens for the latter, leading in the end to an appeals complaint to the higher-level provincial civil affairs office (Huang Zongzhi and Wu Ruozhi, 2008). This is a very small example, but it does tell about what has come to be dubbed the phenomenon of (government) department-ism (*bumen zhuyi*). It is a phenomenon that emerged out of the new state system's demand that local government departments generate their own revenue. It, of course, also explains in part the rampant corruption of local government departments and officials. For example, recent research shows how central appropriations to support the "Build New Socialist Villages" drive are usually squeezed by layer after layer of local government sections or individual officials, such that what reaches the basic level for actual use is generally only one half or less than what was originally appropriated. This includes appropriations to township governments to support the development of local markets and local hospitals, the reconstruction of endangered school buildings, and so on. It is a widespread and semiopen phenomenon (Jie Bing, Ren Shengde, and Zhang Junbiao, 2008). Under the present system, most people assume that one cannot get anything done at a local government office without some gift or benefit for the official or agency concerned.

Such trains of thought, of course, require more systematic delineation and research, but perhaps one can raise here the following tentative idea: the Reform state system may be a "transition" system, but it may also become rigidified into a longer lasting one. On the positive side, it is a system that has driven stunning economic development; on the negative side, it has led to social and environmental crises and evinces the flaws both of the old system and the new profit-seeking system. On top of the original tendencies toward "bureaucratization"—tortuous procedures, formalistic tendencies, bloated size and inefficiency, officials covering for one another, and so on—has come the removal of the constraints imposed by the past ideology of "to serve the people" and the addition of the profit-seeking intent of departments and officials. Its flaws may well dwarf those of the old bureaucratism. If not further reformed, it might well solidify into a rigid new system. Such an eventuality can only lead to even greater inequalities and pollution and trigger even more and larger-scale popular protests.

Further Reforms?

The urgent question of the moment in the Chinese context is how might this present state system be further reformed. The discussion above suggests that simple either-or binary juxtapositions between "democracy" and "authoritarianism," or "constitutionalism" and "despotism," or "socialism" and "capitalism"

can only result in ideological disputes divorced from Chinese realities. Separated from operative realities, there can be little possibility of addressing real problems or developing practical plans for change. Ensuing arguments come to be only about ideals and can lead only to reified positions on both sides, usually ending in each talking only to its own side. To be sure, a retrospective look at (the history of) practice might well neglect questions of what ought to be, but it can also be the basis for reality-based and specifically directed thoughts about reform.[6]

The Chinese government has already officially espoused the goal of transitioning from an extractive-controlling state to a service-oriented state. That seems to me a critically important step and could mean the government taking on (once more) the main responsibility for public services and providing those and welfare benefits to rural peasants, as well as to migrant workers and disemployed workers of the urban informal economy. It could potentially even mean fundamental changes in the nature of the state system.

Some Chinese marketeers oppose such a government role in principle and on theoretical grounds. They believe that it would lead to further enlargement of the state and only result in the kind of bureaucratization that characterized the planned economy. They argue that private enterprise could more efficiently provide services such as education, health, and welfare. Such ideas seem to me to come from a narrow market fundamentalism originating from recently dominant neoconservative ideology (especially of the United States) and do not accord with the operative realities of developed Western countries, which actually combine marketism with the welfare state. Even a neoclassical economist like Friedrich Hayek conceded that public goods are unlike conventional consumer goods and must be supplied by a public authority and not profit-seeking private enterprise (Hayek, [1948] 1980: chapter 6). In the Chinese context, it would be well to keep in mind that the excessively ideological bent of the Mao era must not be replaced by a similar mistake of excessive identification with U.S. neoconservatism.

The current massive economic depression has demonstrated once more the inadequacies of market fundamentalism and neoclassical economics. The export-led growth in China during the Reform period has already faced major setbacks. Its past performance should, of course, not be completely negated, for it did lead to large-scale outside investment and technology transfer, as well as nonagricultural employment for more than 200 million peasants. But today, the more urgent task may well be to raise the consumption level of most Chinese people and enlarge China's own domestic market for the purpose of more sustainable development.

A key concept here may be to use social reform to drive economic development. People of low income are those who spend the largest proportion of their earnings on consumption; raising their income will raise consumption faster

and more effectively than raising the incomes of the limited numbers of China's "middle classes." Given the fact of economic depression and decline in outside demand, this can be an important way to stimulate economic development. It is also a part of the Obama administration's antidepression prescription. Alleviating social inequity can, in other words, serve to expand domestic demand and drive economic development.

As for welfare, the logic is the same. For the government to organize and provide free education and cooperative health care will affect immediately the consumption of China's vast numbers of lower and lower-middle classes. That great majority of the people are particularly keen on education and particularly vulnerable to the risks of illness and unemployment. Once the state effectively takes on such provisions and establishes a sense of security among the population, it will most certainly stimulate consumption and thereby expand the domestic market. The Chinese government has in recent years already taken a series of steps in these directions, including terminating the agricultural tax, establishing nine years of free compulsory education, providing rural people above the age of 60 with subsidies, organizing cooperative health care capable of covering the majority of the people, and so on. Other much-needed welfare, health care, and environmental protection steps have yet to be taken.

At the same time, it may be well to draw on China's persistent historical practice of "centralized minimalism"—a minimalist state under highly centralized imperial power that resorted widely to "semiformal governance" by the use of quasi-officials drawn from the communities and by the state bureaucracy's interfering only in the event of disputes—that I outlined in the first round of these discussions (Huang, 2008). The authoritarian capabilities of the state might be combined with local community supervision and participation, with the stimulus of market competition added. In the provision of public services especially, the authoritarian powers that remain from the planned economy might be drawn upon for the state to take the lead in providing new-style public services, possibly involving private enterprises for innovative initiatives and using competition (including competition among localities) to raise efficiency. Some services may be provided through joint state-private enterprises in which the state leads the way while the local communities cooperate and supervise and private enterprises join in. The simple juxtaposition between public and private in the past led some people to the mistaken notion that a market economy can only be based on private ownership alone. Here we might distinguish between ownership and market mechanisms and clarify that market mechanisms do not necessarily have to exclude public ownership.

In cooperative health care, according to the research of Shaoguang Wang (2009) in Dialogues II, after a rather extended period of trial and error, the future appears to lie with the model of central state leadership and investment,

local state and collective cooperation, and individual payments. Such pluralistic participation differs from health care under the controlling state in that services come not only from above, with all power emanating from above, but rather with competition among localities and community supervision and participation, as well as individual choice to purchase or not. It should therefore not necessarily fall prey to bureaucratism in the manner of the command economy. It should also be different from health care under the profit-seeking state, which in the first 30 years of the Reform era led to services only in return for monetary gain. The totalistic control system of the planned-economy state should, of course, be discarded, but its effective provision of public services might appropriately be succeeded to and improved upon. Through community participation and partial marketization, a "third way" might be forged (see, e.g., Yang Tuan, 2006). The expansion of public services may, in fact, be seen as an opportunity to transform the state system.

The central government's policy choices are obviously crucial. In light of the experience of the past 30 years, the key perhaps lies in the system for evaluating local officials. If sound welfare benefits, social equity, and environmental protection can be turned into truly hard logics, and a far-sighted perspective adopted in place of the current shortsighted developmentalism, it should be possible to drive forward not only market development but also the reform of the state system itself. Needless to say, the purpose would be to transform the controlling state into a genuinely serve-the-people state.

From the history-of-practice perspective, precisely because China's present comes not just from the 30 years of neoliberal Reform but also from the 30 years of socialism during the earlier half of the People's Republic, China's future cannot be sought in an either-or choice between the two but must rather be based on combining and transcending the two. Zhiyuan Cui has advanced the provocative vision of a "liberal socialism" for China, one key concept of which is to incorporate the still massive state properties into a market perspective, thereby going beyond both an antimarket planned-economy and a completely privatized capitalist perspective. The central idea is to draw on market-appreciated values of state properties for the provision of public services and social welfare, or even redistribution of income, thereby lending concrete substance to the ideal of "market socialism" (Cui, 2005; see also Fan Gang and Gao Minghua, 2005). This is an alternative vision that comes with a substantial history and theoretical depth. It also shares a common perspective with Jiang Shigong's article, which can be understood to advocate the combining of the written constitution for liberal-democracy with the "unwritten constitution" for socialism (of the party's charter) in order to go beyond both. One might, for example, imagine the possibilities for what might be termed a

"one-party democracy" system in which the people's congresses command not only legislative power, but also budgetary power and the power to recall state officials, and perhaps further the power to manage state properties.

It should be clarified here that, in my reading, Cui's "liberal socialism" and Jiang's "written and unwritten constitutions" are not muddled and wishy-washy compromises between two opposed views, but rather attempts to transcend and synthesize based on an acknowledgement of the necessary copresence of both. An understanding of state properties as coming with marketized appreciations in value, and of using such appreciated values for the provisions of public services and social welfare, and even income redistribution, embodies to me such transcending. The same applies to uniting the written constitution for liberal democracy and the unwritten constitution of the Communist Party charter for socialism. As for how concretely to unite and implement them in practice, that seems to me a matter for trial experimentation and step by step sifting out of the relevant theoretical logic.

In the 60 years of the People's Republic, there has been a persistent systemic characteristic that is worthy of adoption for further reform. As Sebastian Heilmann pointed out in Dialogues II, unlike in democratic systems, the Chinese government in its policy making has applied widely the approach of first experimenting in "test point" (*shidian*) locales before adopting a policy across the board. In democratic states, in contrast, one must try to predict the likely outcome and on that basis adopt a policy. The centralized and yet hierarchically differentiated Chinese state, in contrast, allows for widespread experimentation, and assessing the actual results in particular locales, before adopting a policy for full implementation (Heilmann, 2009; cf. 2008a, 2008b). In the same discussion, Shaoguang Wang (2009) further points out that, on the basis of his case study of the search for and changes in rural health care policy, that the Chinese state, in addition to learning from experimenting and test-pointing, has also demonstrated the ability to learn from spontaneous initiatives from below and also to adapt to realities in the course of practice.[7] This kind of practice-based method and approach to policy making should be perfectly applicable to further reform of the state system. The recently reported and discussed "Chongqing experience" (*Chongqing jingyan*)—using market-appreciated state properties to fund public projects, with private participation, and the further appreciated values therefrom to fund additional works—might well embody to some degree such an attempt (Cui Zhiyuan, 2008a, 2008b). For reform in the near term, the transition of the state from a controlling entity to a service entity has already been affirmed as a prospective ideal and moral value; what is missing is the recognition of its relevance also for promoting economic development, and the determination to

carry it out in practice. As for reform in the long term, there is every reason to turn to the already existing practice-based approach to policy making to search for a way that can combine market economy with social service, and the ideals of liberalism with those of socialism. These are some examples of tentative ideas about practical steps for reform that emanate from a history-of-practice perspective.

In the exchanges of Dialogues I, we were left in the end with the central question: just what might an alternative to the liberal-democratic capitalism of the modern West and the planned-economy socialism of China's Mao era look like? Our Dialogues II and III, and my attempt at a summary comment here, may be seen as preliminary efforts to suggest possible answers to that question.

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Notes

1. I think of "practice" as comprising three overlapping yet different meanings: practice as opposed to theory, referring mainly to actions; practice as opposed to representation, referring mainly to actual operation; and practice as opposed to institutional structure, referring mainly to the process of actual operation. As for the "history of practice," it includes interactions accumulated over time between practice and the three dimensions against which it is juxtaposed here. I have discussed these ideas in more detail in several Chinese publications, especially Huang Zongzhi (2009a), and in my forthcoming book *Chinese Civil Justice, Past and Present* (Huang, forthcoming).
2. There have been quite a number of recent studies that make this point. See Zhang Henglong and Chen Xian (2006) and Fu Yong and Zhang Yan (2007).
3. There are many investigative reports about individual environmental protests. See, for examples, Zhang Yulin (2007), Huang Jialiang (2008), and Shi Fayong (2005).
4. Representation versus practice is the framework of analysis I employed for my study of civil justice in Qing China (Huang, 1996).
5. "Logic of practice" is, of course, Pierre Bourdieu's term. Sun Liping is China's leading advocate of such an approach, well exemplified by his call for a "sociology of practice" in the article for our Dialogues I (Sun, 2008).
6. The topic of discussion here is economy and society. My own thoughts about the relationship between the history of practice and civil legislation reform are

detailed in Huang Zongzhi (2009a) and my forthcoming book in English (Huang, forthcoming)

7. Heilmann points out, however, that initiatives from below should not be overestimated, given the high degree of centralization of policy making (Heilmann, 2009).

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