



A Political Economic Introspection of the National Development of Mainland China

Associate Prof. Ching-Yu Wang (Corresponding author)

Institute of Political Economy

National Cheng-Kung University of Taiwan

1, Ta Shea Road, Tainan, Taiwan

Tel: 886-6-6-275-7575-50218; (h) 886-6-6-209-8692

E-mail: wangcy@mail.ncku.edu.tw

Abstract

Adopting Marx's "Historical Materialism Theory", I will discuss the interaction between the Market Economic System and the Ideology of Mainland China, treating the former as the bottom structure and the latter as the upper structure. I used the concept of "a double head structure of ideology" by Seliger and split Mainland China's official ideology into a "core" concept and a "perimeter" concept, in order to analyze the changes in the PRC's ideology. In addition to this research approach, I developed four introspections on Mainland China's political economy, namely from the perspectives of (1) the institutional economic school, (2) the Marxist political economy, (3) the classical liberal political economic school (Hayek as a representative), and (4) the modern liberal school (Dahl and Rawls as representatives).

I will conclude, first, because the Chinese Communist Party adopted a Stalinist type of economic central planning during the Mao's ruling time, the trade cost of the central economic planning system was then bigger than the market economic system. As a result, a transformation was inevitable. Second, from the perspective of Dahl's and Rawls' works, the Chinese Communist Party's ideology or policy of social justice, in its recent stage, was still far from the authorized definition of distributional justice. Third, while the Chinese Communist Party claimed it represented the proletariat and owned the true democratic system, it did not even achieve the basic voting fairness target. Thus, how can it claim that it owns the true democratic system?

Keywords: Market economic system, An official ideology, Classical liberal political economic school, Marxist political economy, Modern liberal school

1. Introduction

From our observation of the mutative path of Chinese Communist Party towards political power, and this ideology, we will find that it is a very close union with authoritarian rule. Therefore, this ideology has become the tool of a persons who have the policy-making power over politics in the country. According to the view of a domestic scholar, Professor Zhao Chienmin, the character of the Chinese Communist Party regime in the Mao Zedong era, can be simplified and understood as "a totalitarian political system", but in the times of the regimes of Deng and Jian and even Hu, they may be simplified and understood as " post totalitarian or as a developing authoritarian political system". Since the former one is more than "a totalitarian political system", therefore, its two part ideology of a country, which is combined with a civil society that can be viewed as one. On the other hand, "the authoritarian political system", with its double head ideology of a country and a civil society, has been gradually separated. Concerning this point of view, Professor Yin Paoyun, who belongs to the Beijing University institute for society's development, holds the same idea.

American scholar Harry Harding also expressed that, the fires of the revolution, which the Chinese Communist Party used to gain political power are impossible to keep burning forever, because Mao's real politics altered the nature of the materialism of Marxism into a form of idealism, and then he attempted to use the nature of idealism for a method in the transformation of human nature; and as Mao separated from the material goals of communism, which he revealed in the revolutionary period, then another wave of dissimilation could be expected quite naturally.

And this other wave of dissimilation was the reform and open policy route of direction in Deng, Jian and Hu's time. To

view the reform and open policy route from another angle, this route shows that the regime of the communists yields inevitably to a period of reality and adjustment, and then makes a transformation in ideology and policy. Because, in this adjusting period, the Chinese Communist Party faced a condition of lower economic competitive strength, then knowledge individuals could ask for power to participate in politics, and because of the limited legal system and lower productive forces; besides, it also faced some pressure from the emergence of a civil society, and a growing clique in its ruling party, plus the specialization of the bureaucracy and the marketization of the economy .

When Deng Xiaoping's economic ideology came to direct mainland China, (It is actually "removing Mao's ideology" from Mainland China) directs mainland China, and then has gradually established a market economic system, the system has come to effect several fields in mainland China. Such as politics, economy, social culture and education etc... Now its development cannot be controlled completely by the director of the Chinese Communist Party.

The research method which is used in this article is mainly to take Marx's "historical materialism" as a research methodology. This methodology means that, economic conditions restrict the upper structure. When productive forces change, then many kinds of systems such as politics, law, economy, social culture, education and the corresponding ideology, will change. This article simply follows a political economic discussion about how the official ideology was influenced and restricted by economic conditions that are the productive forces.

As for the time of discussion covered in this paper, I take the years 1979~1992 as the main period. Since the area of mainland China study is broad then the area of political economics and ideology are also broad. The reason that we choose the years 1979~1992 as the time range when Deng Xiaoping lead the new reforming and opening policy, is because we can reduce our research scope, and also because the peak is in the year 1992. In that year, Deng Xiaoping published his famous speech, when he made his round trip to southern China. This speech was given as a directing policy document in the 14th Plenary Congress of the Chinese Communist Party in October 1992. With this document, the Chinese Communist Party proposed that "the socialist market economy system adopt a public ownership system as the main economic system" in its slogan. Therefore, this paper adopts 1992 as a special demarcation line.

The point of this paper is to study the effect of the Chinese Communist Party official ideology, which is created by the market economic system and was a result of their reforming policy. Afterwards, I used four aspects of the political economy as introspection tools to analyze the above mentioned contents. The four aspects are, "the school of new institutionalism", "the school of classical liberalism", "and the school of radical Marxism", and "the school of modern liberalism".

2. A study on the establishment of market economic systems and their affects on the changes of the official ideology of Mainland China

If we take the definition of the "core" of ideology, which was made by the American scholar Martin Seliger in his book "Then the Marxist Conception of "core "Ideology ", is, "The ideology which has the power to mold moral judgment systems and to tell humanity about the real, the good and the beautiful." The core "of Marxist ideology, Mao Zedong practiced more closely. And its corresponding economic system was a part of the socialist economic central planning economic system. However, during Deng's, Jian's and Hu's directing period, " the core" of Chinese Communist Party official ideology has no longer closely practiced the ideal of communism as a goal. "This core" has been transformed into realism. The goal is now for "the promotion of production, common enrichment... and... the elimination of exploitation "As well as that" the judgment standard for their policy should mainly consider whether it is advantageous to the development of productive forces in a socialist society or not, and whether it is advantageous to the enhancement of comprehensive national power in socialist countries or not, and whether it is advantageous in increasing the people's living standard or not." In this period, its corresponding economic system was "the socialist market economic system".

In the following content, we will discuss the establishment of a market economic system and how it has affected change of in the official ideology in Mainland China.

During Deng's, Jian's and Hu's period of leadership, they obviously discarded parts of Mao Zedong's ideology. This process of historical evolution is as follows:

- 1). Other countries that were outside of mainland China were richer than the Chinese people, because they followed the market economic system. As a result, they were wealthier than the Mainland Chinese people. This is an originated point which shows that the market economic system has the formation of "the core" of the ideology in Deng's, Jian's and Hu's affected period of leadership.
- 2). The economic reformation in the first stage of the Chinese Communist Party has had as, its basic statement that "The adjustment plan is primary, while the adjustment of the market is auxiliary ".The establishment of a market economy has affected changes in "the core" of the official ideology, including(1) gradually giving up on Mao Zedong's " tradition of ideology ", as well as on populism, and the thoughts of the former revolution, and the thoughts of the guerrilla warfare; (2) revised Mao Zedong's opinion on the primary contradictions of society, Transformed "this ideology regarding the proletariat and the bourgeoisie's contradiction, as the primary contradiction in society "into one concerned

with" the construction problem of the modernization-namely the problem of releasing productive forces as the primary contradiction of the society"; (3) revised Mao Zedong's "the proletarian dictatorship" into "the people's democratic dictatorship", denied "the Great Cultural Revolution" and that there is "any class struggle"; (4) gave up on Mao Zedong's motive of romanticism and removed the ideology of fighting for communism; (5) the core of ideology in this later stage has established a content which corresponds with the market economic system, including, A. They broke through the taboo that would allow commodities and their currency to exist independently in a socialistic society, and let them could flow with the "market". While no longer using the overall planning method to control production as well as, the distribution of "products"; According to the view of the new economic school, the market economy must exist in a perfect legal environment in order to operate freely; therefore, the Chinese Communist Party has already taken steps towards building a modern legal system, and then this has created an environment for much better market economic operation; C. The Chinese Communist Party has also established the condition for an economic market system, for example (A) expanding an autonomous enterprise independence, developing "a creative spirit" (namely "an enterprise spirit ") (B) to abide to economic law; (C) to respect the function of the law of value; (D) to solve the phenomenon of official intervention in enterprise.

3). The Chinese Communist Party changed their slogan into, "establishing and planning for a commodity economy with the foundation based upon a public ownership system", in the second stage. As they approached the market economic system more closely, this had some effect on their core ideology; (1) It caused them to revise the theory taken from "the Great Cultural Revolution", "of class struggle" more deeply; (2) to deepen the core content so that their ideology would correspond with the economic market system, including a. allowing for commodities, and for their currency to circulate in an open "market", b. developing the perfect environment for a legal system and so on; (3) gradually establishing a core theory for their new ideology, namely, the basic road of, " socialistic initial stage theory" and "a center with, two fundamental points".

4). The slogan of the Chinese Communist Party for the third stage of their reforming policy is "the country adjusting to markets, markets guiding enterprise." The process of establishing the market economy affected changes in official ideology and was:(1) formally proposed as the basic road of " the socialistic initial stage theory" and "a center, with two fundamental points"; (2) the transformation of transform two opposite concepts, such as planing and markets, into one intrinsic united system.

5). The slogan of the Chinese Communist Party in the fourth stage of reforming their policy is "the socialistic economic market system with a public ownership system is as its foundation", The process of establishing the economic market system affected the changes of official ideology was (1) formally agree that the market economic system would be used in China. They boldly recommend the use of foreign capital, and technology and a capitalistic fine system which is advantageous in the development of productive forces coming into China; (2) They advocated many new kinds of systems of ownership in this economy which may coexist, together as well as the principle that the "individual may get rich first,".

In short, after the Chinese Communist Party leader's introspection of Mao's route, Deng, and the other leaders have recognized the great merits of a market economy, such as: 1. capital formation is quicker; 2. The development of power is stronger, and the method of encouragement is more exuberant; 3. Developing risks can be more easily dispersed, and the government can have more freedom to operate; 4. economic efficiency is higher. This is why Deng used the concept of "the ideological liberation" to turn Chinese economic change into " de-ideologization ". He views " ideological liberation" as a rational "instrument".

An understanding of the above mentioned information on the upper leadership, was formed very obviously, by their cultivation of economic market principles. such as efficiency, the economic motivation of pursuing maximum profit, competition, private ownership and so on.

In the core part of Deng Xiaoping's ideology, there exists a contradiction in his principles of unification and the contents of it are:

- 1). Although he has made some degree of change through "developments", "supplements" and " revilements" in the practice of Marx-Leninism; nevertheless he has still emphasized the universal truth of Marx-Leninism.
- 2). Although he has made a substantive critique and a partial denial to Mao's thought; he still continued to emphasize and to persist in the principle of Mao's thought.
- 3). Although he advocated that socialism is superior; at the same time, when he was borrowing the capitalist method, he also denied the view of socialistic superiority.
- 4). When he was using the capitalistic method, he was also criticizing the spiritual pollution produced by the capitalistic method, and that pollution from it will cause "a peaceful evolution". In this way, it caused question of accuracy and continuity since he was "denying Mao's ideology".

As for Deng Xiaoping's basic task of forming "Ideology," in this new age (after 1979), there are two views; (1) to criticize different tendencies and thoughts which do not conform to the Four Fundamental Principles and will not be advantageous to the four principles of modern construction; (2) to construct a socialist spiritual civilization. These two aspects complement each other and are indispensable. Deng Xiaoping's opinion of this "basic task" is very obvious. When he developed the ideology in which a market economy controls China, the policy of rebellion against older views was made because a market economy produces negative influences in mainland China.

3. Four reflections on a political economy

In the field of political economics, according to U.S. scholar Barry Clark's book, "A Political Economy—A Comparative Approach", there are four schools: 1. liberalism 2. Radicalism 3. Conservatism 4. New liberalism. (Barry Clark, 2001, pp.49-131) In this paragraph, classical liberalism and new liberalism will be the main method of analysis in our approach, and the reasons are: 1). to narrow down the range of our discussion because the four major schools have many branches; 2. conservatism is against modern civilization in its egalitarianism and its individualism (because these two social values are deeply rooted in modern society, especially in western culture). Conservatism is certainly and widely restrained by the attempts at emphasizing the authority of the class system. Besides, with local values and local culture, conservatism seems trite and ruin. (Barry Clark, *ibid*). Therefore, the viewpoint of this school is not discussed.

If we look at the topic of this article from the viewpoint of a Political Economy, there are a few things we can discuss, which are: 1. the reasons for the P.R.C. to change its economic system from the viewpoint of institutional economics 2). introspection of China's theory according to Marxism 3. the classical liberal political economic school's introspection on China's political and economical system—let us take Friedrich A. Hayek as an example. 4. the modern liberal school's introspection of China's political economic system and ideology—let us take Robert A. Dahl and John Rawls as examples.

3.1 A Review on what caused China to change its political economic system's structure—from an institutional economic viewpoint

In 1960, Professor R.H. Coase published the article, "The Problem of Social Cost", (Wu-chang Zhang, 1989, p.120) which brought up the "Law of Coase". The Law says that with no transaction costs, (Wu-chang Zhang, p.208) (Note 1) and regardless of property rights, once the property is clearly defined as private, it will certainly lead to the highest efficiency in the application of resources.

Take farm land for example, Professor R.H. Coase proved that if the property right are not clearly marked as private land or private land right does not exist, then disputes will occur because of violations of the property rights of the owners. Therefore, from this operation system, the need for transaction cost is incurred. If the land is private property, then a market transaction would be developed naturally to solve the problem and lower the transaction cost of the operation system. Professor R.H. Coase pointed out that if the transaction cost were zero, under the system of private property rights, no matter how lands are distributed, lands will certainly be used for the biggest economic interest. (Wu-chang Zhang, p.210)

The changes to China's economic system, after applying Gauss' law are stated below. From Mao's era up until Deng's reformed private ownership system, the reason for the changes is due to the much larger transaction cost of communism compared to privatization. There are two reasons for this: (Wu-chang Zhang, p.216)

- (1). Only through a private property rights system can we save transaction costs by applying many different operating methods.
- (2). Only through a private property right system can we save transaction costs by the transfer or sale of ownership to encourage more competition.

Let us analyze the two reasons that are mentioned above. The first reason brings into existence more choices for skills and available techniques, and lowers cost such as production costs, which is a commonly known law by people. Also, when the available production form is formed, the more choices there are, the lower the transaction costs arranged in this system will be. However, under the system of communism, while they are making production decision, the choices for skills and techniques are very limited compared to privatization, which causes much bigger transaction costs than a private rights system would. Similarly, for communism, the choices for forming of a production system are limited with only one plan formed by the central government, which causes transaction costs undoubtedly to be much larger. Then they would be with private property right. For instance, if a people's commune would bring in a higher income, then the farmers in the U.S. would want it also; nevertheless, a people's commune does not bring such benefits. The U.S. farmers choose a system that is in their own best interest; also, with the passage of time, techniques and systems advanced, more and more making interaction costs continuously lower for the U.S. farmers. (Wu-chang Zhang, p.218)

Secondly, if reason two which is mentioned above is true, it would be the result of rising competition among private

property owners who hold the options for sales, causing transaction costs. Furthermore, make over rights can also increase market competition and encourage individuals to use information they have access to, which would also save on transaction costs. However, in the system of communism, transaction costs can not be lowered because resources are not allowed to be sold freely and competition does not exist. (Wu-chang Zhang, pp.218-219) As the idiom says “water flows downwards”, naturally, then, the transaction costs of communism are higher than that of privatization, it is no surprise that it has become a system of essential private property rights during the Deng Xiaoping, Jiang Zemin and Hu Jintao’s eras.

Still, there is one thing we need to look into. Before Deng’s reform and his opening-up policy became the consensus for China’s top leaders a good question to ask is, have they received any information which revealed rough number noting that the reform would increase their people’s fortune by lowering transaction costs? In my opinion, even before China’s top leaders’ formed this consensus, China’s reform was merely the result of Deng’s struggling act to keep communism from collapsing, and was not the result of any careful calculation. Even so, the structural factor for China’s reform was caused by the much lower operating transaction cost of private property rights.

3.2 Some reflections from Marx's political economy towards Chinese communism

3.2.1 If we see Marx’s historical materialism as the methodology of this paper, then from what we have already discussed, we found disagreement in the Marxism in China.

From the viewpoint of Marx’s historical materialism, the momentum of history comes from the dialectics of productive force and productive relation, and also comes from the class struggle, which is caused by the distribution of products within a class society. (Robert Gilpin, 1987, p.35) Mao followed Marxism’s principles of class struggle and sent the Chinese people into great poverty, and proved Marx was wrong. However, according to the principles of historical materialism, the economic foundation had been changing, from the time of Mao up until to Deng and then to Deng’s later period, along with changes in their ideology as well. The discussion above has proven this to be correct.

3.2.2 When we look at Marxism as a school of political economics, then R.H.Coase’s “The Problem of Social Cost” must be mentioned and also that “Due to ambiguity, errors can not be easily seen.” (Wu-chang Zhang, p.191)

In the theory of a neo-classical economy, people are motivated by personal interest which causes them to seek after their own individual preference where in they desire the maximum possession of personal wealth. As for an economic sociology, this process will not only be maximized, but also, from an ideal point of view, be produced to create bigger fortunes for the whole society. Then the relationship between the cause and effect which comes from personal interests and (we assume this to be subjective) has been transformed into a bigger part of the economic structure. Yet, as far as Marx is concerned, who was originally a philosopher, and not like a political economist’s focusing simply on power and interests, but he analyzed human beings from the angle of human society and history. Therefore, in this simple discussion of personal interests, he can also discuss it in a more complex form.

Also, unlike in a neo-classical economy, Marx chose the opposite way to discuss the consequences which occur when personal interests conflict with economic structure. On the one hand, when Marx’s phrase, “personal interests”, is explained in a more complicated way, it can also refer to the individual. Since Marx didn’t tell the individuals as a whole what they should want, and what they should do in order to achieve their goal, then the mobility lies with the individuals. So, to sum it up, economic order comes from unplanned and uncontrollable personal behavior. (James A. Caporaso, David P. Levine, 1995, p.83) That is to say, it’s hard for us to understand in a clear way about the real meaning of Marx’s personal interests and economic structure. On the other hand, if it’s the economic structure on the country that decided the personal interests, then the consequences of economy structure should be explained first, and thus the control and power do not lie in the hands of the individual, but in the hands of an objective economic structure. Marx didn’t give us a concrete policy that would show us how to change or to function with this kind of objective economic structure or how to improve and maximize our personal interests. This caused Den to embrace capitalism while still promoting the thoughts of Marxism. We can see this clearly in the following situation:

- (1) A fascination with merchandizing Fetish of merchandize (As the saying goes in China: 9 out of 10 people are businessmen, and the rest are learning how to become one.)
- (2) Anarchy in the market economy
- (3) The gap between the rich and the poor is getting bigger rapidly.

Does that means China should go through another proletarian revolution?

3.3 Some reflections from classical liberalism toward the CCP government economic system that mainly comes from Friedrich A. Hayek

Based on the U.S. scholar Barry Clark’s classification, the Austrian scholar, Friedrich A. Hayek, belongs to the Classical Theory of Economics. He supported the “laissez-faire” capitalistic market function and was opposed to any governments’ interference on markets. We have decided to use Friedrich A. Hayek’s viewpoint as our approach in

observing China's economic system and reforms. This is due to the problems of communistic practice which he often mentioned. Also, he was a Nobel Laureate in Economics, and therefore, his publishings are of a good reference value. Hence, Friedrich A. Hayek's important discussions are referred here.

In the book, *"The Road to Serfdom"*, Friedrich A. Hayek denied that there was any grey area between capitalism and socialism. He considered that such a "mixed economy" simply cannot function. When the government interfered in the regulation and functioning of free market economy, it would only increase the need for more mandatory interference. Such problems that are caused by governments, will only lead to vicious cycles of interference and ultimately propel societies into socialism. The only way to curb this process is to stop these governments' from attempting to reform their societies in the first place. (Hayek Friedrich A, 1979; Barry Clark, 2001, p.56.)

Friedrich A. Hayek criticized socialism's planned economy as false, because he supported capitalism's market function. His defense of the market is not because of his belief in the power of personal rationality but it comes from his doubts about human ability in the area of knowledge acquisition. Every individual could only understand a little part of the society, because people lack sufficient knowledge for planning and advising a full economy. Here, Hayek Friedrich A. tried to reestablish a society with more humanity and sensible values, which is called "resolutionism's rationalism". (Hayek Friedrich A, 1960; Barry Clark, 2001, p.56) Furthermore, from methodology's viewpoint, he criticized the holism of socialism, and agreed with Karl Popper's, "piecemeal tinkering method" considering holism to be wrong.

If democratic countries apply interference policy in an unlimited way and with most people's consent, then democratic countries will ultimately end up like socialistic countries and become a totalitarian system (such as happened in Stalinism's social countries before the 70s).

Furthermore, he criticized a few aspects of socialistic countries' labor policies. 1. criticism on moral grounds 2. criticism of socialistic countries' depriving people's production tools 3. criticism of people losing their freedom under the rule of socialism 4. criticism of people having no justice. The above, are the reasons why he was strongly opposed to governments' interference on markets since ultimately interference leads to totalitarian governments which would certainly bring hardships on their people. (G.R. Steel, 1993, pp.31-38, p.59) (Note 2)

If we look at China's, "right route of economics and left route of politics", policy from Friedrich A. Hayek's viewpoint, then this present policy would be absolutely unacceptable. On account of the fact that China is still a one-party dictatorship, then slavery is a fact of life and might not end any time soon. Interference in economics should not be attempted.

3.4 The modern liberal political economic school's introspection of China's political and economic system and ideology is based on Robert A. Dahl's and John Rawls' discussions as in their representations.

Regarding the Chinese government's ideology, an introspection of a few items such as socialism's democracy, fairness, justice, and freedom will be brought up.

The U.S. Scholar Robert A. Dahl's publishing of the article, *"Democracy Liberty and Equality,"* will be given here as reference.

Based on Robert A. Dahl's concept, he believed that only when all members of a group or a country have complete and equal right will a group or a country reach true democracy. He also considered that qualification for group membership should conform to a Procedural Democracy. In order to explain such a concept, Robert A. Dahl made "The Argument for a procedural democracy in a Schematic outline" shown as figure 1 below: (Robert A. Dahl, 1986, p222)

The explanations of figure 1 are also given below. Robert A. Dahl has fully developed the concept of Procedural Democracy, starting from the 6 presumptions which are given on the left column of figure 1 (included is the additional presumption A5.1). Then in order to make any binding decisions, there are 5 procedures which must be followed and they are given in the middle column. Finally, if the procedures in the middle column are satisfied to the maximum level, then a full procedural democracy will be achieved as shown on the right column.

In Figure 1, the Enlightened Understanding of C.3 and the Inclusiveness of C.5 need further explanations.

Enlightened Understanding means:

In order to fully express his or her preference, every citizen is entitled to equal opportunity and time for his or her opinions to be heard and evaluated before decisions are made. (Robert A. Dahl, 1986, p199)

As for C.5, "Inclusiveness", Robert A. Dahl's definition is: The demos must include all adult members of the association except transients and persons proved to be mentally defective. (Robert A. Dahl, 1986, p.221)

In Figure 1, if we exclude A.5.1 from A1 to A5, then only C.1. (Voting equality), C.2.(Effective participation) and C.3. (Enlightened Understanding) are satisfied; if A.5.1 (The full condition of equal qualification exists.) is also included into consideration, C.4 (Final control of the Agenda) will also be achieved; furthermore, if A.6.is also included into consideration, C.5. will be reached, too.

In Figure 1, once C.1.(Voting equality), C.2.(Effective participation) and A.1 and A.2 **co-exist**, procedural democracy in a narrow sense will be reached.

If A.1. to A.3 can **co-exist** with C.1. to C.3., then a part of the agenda within the system and a full procedural democracy in relation to a demos would be achieved. When assumption A.1. to A.5.1 and index C.1 to C.4 can **co-exist**, a full procedural democracy in relation to a demos would be reached. If A.1. to A.6. and C.1. to C.5. can all **co-exist**, then a full procedural democracy in relation to a demos would be achieved in a most complete level.

From Robert A. Dahl's "full procedural democracy" and "Inclusiveness", we have acknowledged that Chinese government claimed their socialism democracy is more democratic than capitalism because they make decisions for the larger population of the proletariat than the smaller population of the bourgeoisie. However, in fact, China is servitude under CCP's one party dictatorship. CCP would not be satisfied with presumptions A.1. to A.6 and index C.1. to C.5., or even with Jiang's "The Concept of Three", which tried to include all people into the scope of communism. For instance, A.5. (The preferences of a significant number of members, as to the decision, are equally valid and no member's preferences are of overriding validity.). However, CCP's one party dictatorship apparently requires a minority's preference valid over all the 1.3 billion peoples as for C.1.(Voting equality), it is an undebatable fact that CCP still controls the voting of the National People's Congress and all types of elections throughout China; if China could not achieved this one basic index, not to mention achieving other index. Therefore, CCP's one party dictatorship is immeasurably far from full procedural democracy! Besides, when the people cannot make binding decisions, which are valid to themselves, then the decisions for the country's resources must fall into the hands of a small group of people, causing corruption rampant with no fairness or justice at all. This is one of the political realities detested by the ordinary Chinese people since "Tiananmen Square protests" in 1989.

Furthermore, based on a renowned book called "A theory of Justice", Philosophy Professor John Rawls of Harvard University made some criticism, saying that, after establishing market economy system, the Chinese government is operating with no principle, and is in lack of the sense of common interest and justice. Therefore; the Chinese government is easily influenced by interest groups.

According to John Rawls's viewpoint, modern liberalists cannot respond to two questions: 1. Definition to what property right should be restricted. 2. Re-distribution to what extent should be defined. He considered that theoretically an equal distribution of wealth, which can be accepted by all members of society, can be achieved. He also considered people's selfishness would hinder the effort of attaining fairness. Therefore, the people who has the power of wealth should be last to make decisions. He gave an example saying that if a group of people wanted some pie, then the one who cuts the pie should be the last to receive his piece. In this way, it assures that selfishness does not influence the size of every pie. (Barry Clark, 2001, pp.122~123)

The selfishness that hindered the effort for society to achieve fairness, according to John Rawls, theoretically can be avoided by people not knowing their interests. Within the above context, two principles of fairness were obtained. First, to guarantee that everyone has the same basic freedom; Second, making the poorest of the society the most beneficial ones through redistribution of wealth. The second principle is controversial, but he believed that the poorest would be the most benefited ones if people do not know their positions in the society, because anyone has the possibility to belong to the poorest group. John Rawls did not mean to condemn selfishness, whereas people can be fair in decision-making when interests of their own are not considered.

Rawls believes that it doesn't require a perfect equal to maximize the welfare of the most unprivileged group in the society. He admitted that unfairness is the motivation that encouraged people to fight for their own benefit and to accumulate the capital. However, the re-distribution of the wealth should be carried on till the point that further distribution not only will stop the encouragement and growth, but also prove to be harmful to the unprivileged group. Rawls admitted that he doesn't know where that certain point for the re-distribution to stop is, and some countries may be on, or exceed that point of the best equality.

John Rawls was the first modern liberalist who brought up the idea of distributive justice. Many political upheavals that destroy social coherence might be avoided if his principles were accepted. The claims that were brought up by Deng, which are still enforced are: "Allow some people to be rich first" and the result of that is far beyond Deng's imagination then. (Note 3) According to John Rawls's redistribution theory mentioned before, the Chinese government should self-examine on this problem whether or not China has fallen into the trap of lack of public interest and justice theory, causing no-principle operation. The Chinese government should no longer focus only on making a fortune while neglecting justice distribution in the society. After all, efficiency is only one of the standards for a good society, which might also mildly decrease the doubts about the Chinese regime's legitimacy. Nevertheless, a good society should also possess other good values such as freedom, fairness and justice. John Rawls' principle of distribution happened to make up for China's embarrassment on lacking public interest and justice theory.

4. Conclusion

The focus of this study is the combined form of the mindset of its authority and the thought of its leadership level, after the market economy system has been adopted as the economy system of China in the 14th Central Committee. As stated above, this study adopted Marx's "historical materialism" as an attempt of a methodology that after the market economy system is set; it will form a conditioning to the change of the mindset of its authorities. This theory has been proven in this study, and our conclusion is as followed.

After China gradually accepted the market economy system, the core of China's mindset has also been affected by the conditioning. First, China announced the "primary stage of socialism" which allowed them to further adopt the system, technology, and thoughts from the western countries. And the main idea of their productivity liberation "One center, two basic points" is also a reflection to show how they follow the trend of humanity and morality in order to maximize its effectiveness in productivity. Second, their allegation of the ownership structure also followed the essence of market economy; "everything based on private ownership".

Deng has two statements on the new period of "ideology period"(since 1979): 1. To criticize on the thoughts and trends that is harmful to the four basic principles or the four modernizations. 2. To establish the spiritual culture of socialism (It is clear that this statement is a counter action toward the negative impact of market economy when it was first introduced to China.)

After Hu seized the leadership, the fundamental mindset of the whole leadership level hasn't change much from Deng's thought, but only emphasizes more on the development of market economy, and to get on track with the global countries. Jian suggested the "Three representatives" may have the following contents: 1. Chinese communist party (CCP) represents the modern productivity of China, 2. The CCP represents the way of China's modernization, 3. The CCP represents the fundamental benefit of the Chinese people, and will fight for it by setting the correct route and policy. Therefore, Jian ask the member of the CCP to insist in "Care about study, care about politics, and care about justice". (Ze-ming Jian, 2001, pp.2~4)

We can see from his statement that Jian was lecturing the members of the CCP about their corruption, and further strengthens the "Insist the leadership of communist party" in the four insists in order to increase the legitimacy of their governance. Those statements didn't exceed the ideas of Deng.

After reviewing all the important statements of political economy in paragraph four, we can see the main ideas behind the changing of economy system and ideology of China. 1. China adopted Starling's command economy, which gave them higher trading cost. Ultimately, China is not going to stand it any longer, therefore change is inevitable. 2. From the viewpoint of political economy, we can see that Marxism includes many ambiguous statements, so their flaws were not exposed under the sun. For example, Marxism talks about personal benefits in a rather complicated philosophical way, but never clearly tells the majorities what they should want, or what they should do to achieve their goal.

According to Hayek, the reason why he was opposed to socialism to such extent is because the government interferes economy activities to enslave its people. So he suggested strongly that the government should set rules for economy, but leave the market to decide other factors freely. From reviewing the work of the modern liberalists; such as Robert Dahl and Rawls John, it's not hard to tell that the ideology and policy of the current CCP is still far from what people think democracy or justice are. Though the CCP claimed to be proletarian and is a true democracy in socialism, but after examining them? with several indicators, the CCP didn't even reach the basic standard of equal voting, not to mention democracy. The CCP emphasized on seemly equal justice, but the fact is that they are in lack of public interest theory, which left their society no equality and justice. As a result, the CCP really shouldn't resist the ideology of market economy, or they might face the consequences of system breakdown.

References

- Barry Clark. (2001). *Political Economy: A Comparative Approach*, trans. by Wang Shun. Beijing: Economic Science.
- G.R. Steel. (1993). *The Economics of Friedrich Hayek*. New York: St. Martin's Press.
- Hayek Friedrich A. (1960). *The Constitution of Liberty*. Chicago: University of Chicago Press.
- Hayek Friedrich A. (1979). *The Road to Serfdom*. London: Rutledge & Kegan Paul.
- James A. Caporaso & David P. Levine. (1995). *Theories of political economy*, trans. by Lin Han, Taipei: Fang Yen.
- Jian, Ze-ming. (2001). *Three representative*. Beijing: Central publisher.
- John Rawls. (1999). *A Theory of Justice*. Cambridge: Harvard University Press.
- Robert A. Dahl. (1986). *Democracy, Liberty, and Equality*. Oxford: Norwegian University Press.
- Robert Gilpin. (1987). *The Political Economy of International Relations*. Princeton: Princeton University Press.
- Zhang, Wu-chang. (1989). *The Future of China*. Taipei: Yuan-Liou Publishing Co., Ltd.

Notes

Note 1. The “transaction costs” are the operating cost within any economic system. In private sectors, there are many items of cost, for example: partition, property protection, negotiation and contract inspection, searching for suitable partners, anti-deceiving, and coordinating production activities. Changing a system also is expensive: first, we must search out and collect information from other systems; second, costs are required for negotiation or mandatory transformation. These costs need to be well classified, yet this is extremely difficult or even unachievable. Therefore, we classify all these costs under the name of transaction costs. Had the name “transaction costs” not been widely used, it should be called “Institutional costs”.

Note 2. Karl R. Popper’s “piecemeal tinkering method” is based on his critics on the fallacy of “dialectics” and “holism”. He considered human as incompetent to see things in detail let along as a whole such as affairs concerning history and society. Therefore, the true scientific method is “piecemeal tinkering method”. Cited from:Popper, Karl, Raymond Sir. 1981, The poverty of historicism, trans. by Li Fang-pin. Taipei: Union Press.

Note 3. Based on Chinese government’s official statistics of 2002, the average annual per capita income of Shanghai residents was USD 4,000-5,000. By comparison, people in most rural areas earned an average of less than USD300 (around USD280-290/year). The gap is more than 10-fold. It explains the appearance of millions of blind influx in China’s major cities (include Guangzhou, Shanghai and Beijing).

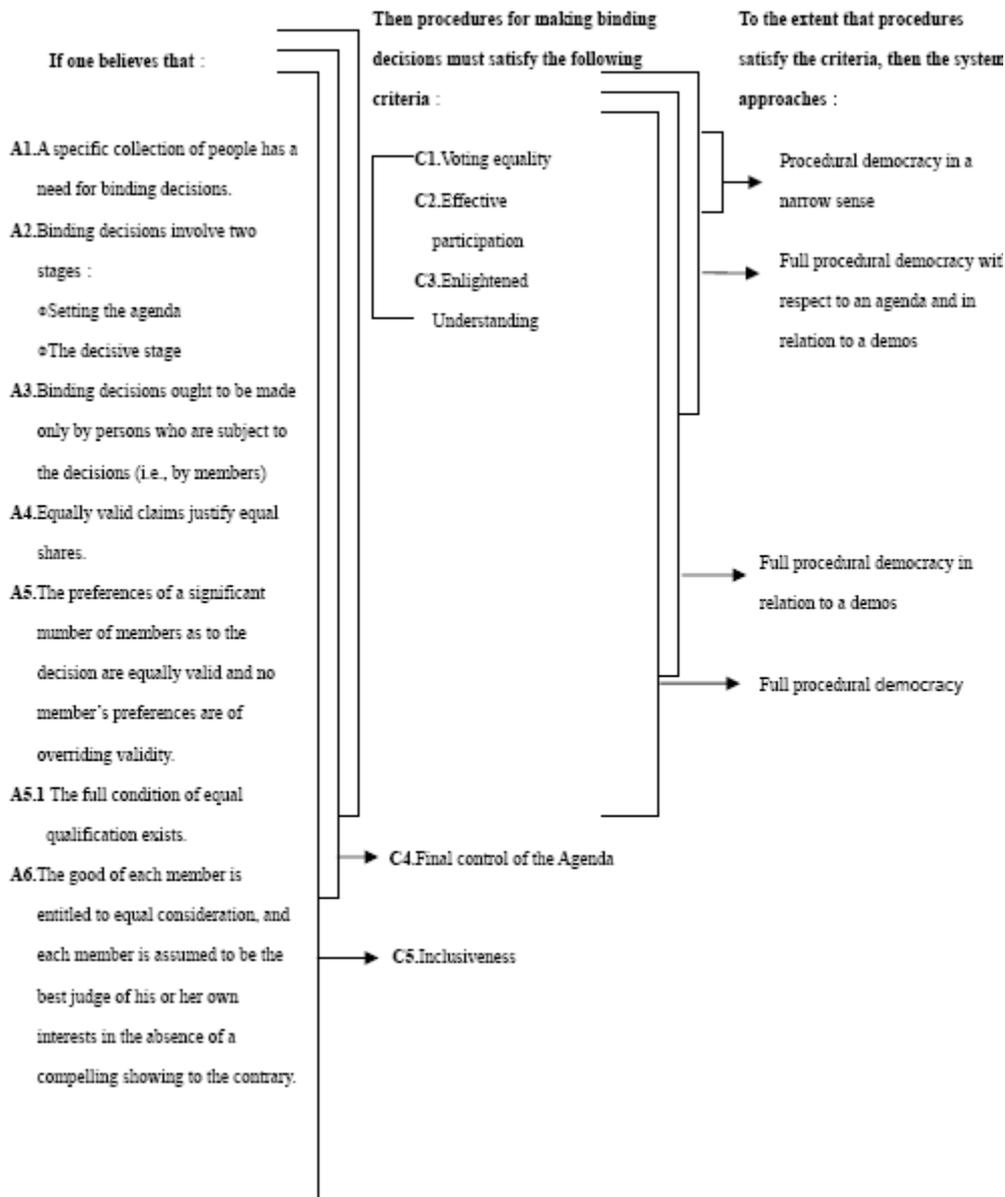


Figure 1. The argument for procedural democracy in schematic outline